

CHAPTER 41B

RURAL FINANCE AUTHORITY

41B.043 AGRICULTURAL IMPROVEMENT
LOAN PROGRAM.41B.047 DISASTER RECOVERY LOAN
PROGRAM.41B.055 LIVESTOCK EQUIPMENT PILOT LOAN
PROGRAM.41B.06 RURAL FINANCE AUTHORITY
REVOLVING LOAN ACCOUNT.**41B.043 AGRICULTURAL IMPROVEMENT LOAN PROGRAM.***[For text of subd 1, see M.S.2006]*

Subd. 1a. [Repealed, 2007 c 45 art 1 s 66]

[For text of subd 1b, see M.S.2006]

Subd. 2. **Specifications.** Each loan participation must be secured by a mortgage on real property and such other security as the authority may require.

[For text of subd 2a, see M.S.2006]

Subd. 3. **Application and origination fee.** The authority may impose a reasonable nonrefundable application fee for each application submitted for a participation issued under the agricultural improvement loan program. The application fee is initially \$50. The authority may review the fees annually and make adjustments as necessary. The fees must be deposited in the state treasury and credited to an account in the special revenue fund. Money in this account is appropriated to the commissioner for administrative expenses of the agricultural improvement loan program.

Subd. 4. **Interest rate.** The interest rate per annum on the agricultural improvement participation must be the rate of interest determined by the authority to be necessary to provide for the timely payment of principal and interest when due on bonds or other obligations of the authority issued under chapter 41B to provide financing for participations made under the agricultural improvement loan program, and to provide for reasonable and necessary costs of issuing, carrying, administering, and securing the bonds or notes and to pay the costs incurred and to be incurred by the authority in the implementation of the agricultural improvement loan program.

*[For text of subd 5, see M.S.2006]***History:** 2007 c 45 art 1 s 49–51**41B.047 DISASTER RECOVERY LOAN PROGRAM.**

Subdivision 1. **Establishment.** The authority shall establish and implement a disaster recovery loan program to help farmers:

(1) clean up, repair, or replace farm structures and septic and water systems, as well as replace seed, other crop inputs, feed, and livestock, when damaged by high winds, hail, tornado, or flood; or

(2) purchase watering systems, irrigation systems, and other drought mitigation systems and practices when drought is the cause of the purchase.

Subd. 3. **Eligibility.** To be eligible for this program, a borrower must:

(1) meet the requirements of section 41B.03, subdivision 1;

(2) certify that the damage or loss was sustained within a county that was the subject of a state or federal disaster declaration;

(3) demonstrate an ability to repay the loan;

(4) have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than \$660,000 in 2004 and an amount in subsequent years which is ad-

justed for inflation by multiplying that amount by the cumulative inflation rate as determined by the Consumer Price Index; and

(5) have received at least 50 percent of average annual gross income from farming for the past three years.

Subd. 4. **Loans.** (a) The authority may participate in a disaster recovery loan with an eligible lender to a farmer who is eligible under subdivision 3. Participation is limited to 45 percent of the principal amount of the loan or \$50,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may differ from the interest rates and repayment terms of the lender's retained portion of the loan, but the authority's interest rate must not exceed four percent.

(b) Standards for loan amortization shall be set by the Rural Finance Authority not to exceed ten years.

(c) Security for the disaster recovery loans must be a personal note executed by the borrower and whatever other security is required by the eligible lender or the authority.

(d) The authority may impose a reasonable nonrefundable application fee for a disaster recovery loan. The authority may review the fee annually and make adjustments as necessary. The application fee is initially \$50. Application fees received by the authority must be deposited in the revolving loan account established under section 41B.06.

(e) Disaster recovery loans under this program will be made using money in the revolving loan account established under section 41B.06.

(f) Repayments of financial assistance under this section, including principal and interest, must be deposited into the revolving loan account established under section 41B.06.

History: 2007 c 45 art 1 s 52

41B.055 LIVESTOCK EQUIPMENT PILOT LOAN PROGRAM.

Subdivision 1. **Establishment.** The authority must establish and implement a livestock equipment pilot loan program to help finance the purchase of livestock-related equipment and make livestock facilities improvements.

Subd. 2. **Eligibility.** Notwithstanding section 41B.03, to be eligible for this program a borrower must:

(1) be a resident of Minnesota or general partnership or a family farm corporation, authorized farm corporation, family farm partnership, or authorized farm partnership as defined in section 500.24, subdivision 2;

(2) be the principal operator of a livestock farm;

(3) have a total net worth, including assets and liabilities of the borrower's spouse and dependents, no greater than the amount stipulated in section 41B.03, subdivision 3;

(4) demonstrate an ability to repay the loan; and

(5) hold an appropriate feedlot registration or be using the loan under this program to meet registration requirements.

Subd. 3. **Loans.** (a) The authority may participate in a livestock equipment loan equal to 90 percent of the purchased equipment value with an eligible lender to a farmer who is eligible under subdivision 2. Participation is limited to 45 percent of the principal amount of the loan or \$40,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may differ from the interest rates and repayment terms of the lender's retained portion of the loan, but the authority's interest rate must not exceed three percent. The authority may review the interest annually and make adjustments as necessary.

(b) Standards for loan amortization must be set by the Rural Finance Authority and must not exceed ten years.

(c) Security for a livestock equipment loan must be a personal note executed by the borrower and whatever other security is required by the eligible lender or the authority.

(d) Refinancing of existing debt is not an eligible purpose.

(e) The authority may impose a reasonable, nonrefundable application fee for a livestock equipment loan. The authority may review the fee annually and make adjustments as

necessary. The initial application fee is \$50. Application fees received by the authority must be deposited in the revolving loan account established in section 41B.06.

(f) Loans under this program must be made using money in the revolving loan account established in section 41B.06.

Subd. 4. **Eligible expenditures.** Money may be used for loans for the acquisition of equipment for animal housing, confinement, animal feeding, milk production, and waste management, including the following, if related to animal husbandry:

- (1) fences;
- (2) watering facilities;
- (3) feed storage and handling equipment;
- (4) milking parlors;
- (5) milking equipment;
- (6) scales;
- (7) milk storage and cooling facilities;
- (8) manure pumping and storage facilities;
- (9) capital investment in pasture;
- (10) hoop barns;
- (11) portable structures;
- (12) hay and forage equipment; and
- (13) related structural work for the installation of equipment.

History: 2007 c 45 art 1 s 53

41B.06 RURAL FINANCE AUTHORITY REVOLVING LOAN ACCOUNT.

There is established in the rural finance administration fund a Rural Finance Authority revolving loan account that is eligible to receive appropriations and the transfer of loan funds from other programs. All repayments of financial assistance granted from this account, including principal and interest, must be deposited into this account. Interest earned on money in the account accrues to the account, and the money in the account is appropriated to the commissioner of agriculture for purposes of the Rural Finance Authority livestock equipment, methane digester, disaster recovery, and value-added agricultural product loan programs, including costs incurred by the authority to establish and administer the programs.

History: 2007 c 45 art 1 s 54