

commercial operational purposes. The affidavit must be filed with the commissioner along with an annual \$25 fee. On being satisfied that the affidavit is true and correct, the commissioner shall issue to the applicant a decal. Should the aircraft be operated other than as a recreational aircraft, the owner shall list the aircraft for taxation and registration and pay the appropriate registration fee under sections 360.511 to 360.67. If the aircraft is sold, the new owner shall list the aircraft for taxation and registration under this subdivision, including the payment of the annual \$25 fee, or under sections 360.511 to 360.67, whichever is applicable.

Sec. 3. **EFFECTIVE DATE.**

Section 1 is effective the day following final enactment.

Presented to the governor May 23, 1989

Signed by the governor May 26, 1989, 4:50 p.m.

CHAPTER 273—S.F.No. 104

An act relating to agriculture; making changes in the rural finance authority loan program; amending Minnesota Statutes 1988, sections 41B.02, subdivisions 12, 15, and 18; 41B.03, subdivision 3, and by adding a subdivision; 41B.039, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 41B; repealing Minnesota Statutes 1988, sections 41B.03, subdivision 4; and 41B.039, subdivisions 3, 4, and 5.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1988, section 41B.02, subdivision 12, is amended to read:

Subd. 12. **PRIMARY PRINCIPAL.** "Primary principal" means that portion of the outstanding balance on a loan covered by ~~sections 41B.01 to 41B.23~~ section 41B.04 that is equal to the current market value of the property secured by the loan.

Sec. 2. Minnesota Statutes 1988, section 41B.02, subdivision 15, is amended to read:

Subd. 15. **SECONDARY PRINCIPAL.** "Secondary principal" means that portion of the ~~principal~~ outstanding balance of a restructured loan covered by ~~sections 41B.01 to 41B.23~~ section 41B.04 that is in excess of the current market value of the property secured by the loan.

Sec. 3. Minnesota Statutes 1988, section 41B.02, subdivision 18, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 18. **SELLER-SPONSORED LOAN.** "Seller-sponsored loan" means a loan in which part or all of the price of a farm is financed by a loan from the seller of the farm who is a natural person, a partnership, or a family farm corporation as defined in section 500.24, located in Minnesota. ~~The loan must be secured by a real estate mortgage evidenced by one or more notes that may carry different interest rates or by a contract for deed. The definition of a seller-sponsored loan under this subdivision does not include a loan between persons within the second degree of kindred according to common law. A seller-sponsored loan may not be made to a person who has previously defaulted on a state loan or state guarantee of a loan.~~

Sec. 4. Minnesota Statutes 1988, section 41B.03, subdivision 3, is amended to read:

Subd. 3. **ELIGIBILITY FOR BEGINNING FARMER LOANS.** In addition to the requirements under subdivision 1, a prospective borrower for a beginning farm loan; ~~including a seller-sponsored loan;~~ in which the authority holds an interest, must:

(1) have sufficient education, training, or experience in the type of farming for which the loan is desired;

(2) have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than \$100,000;

(3) demonstrate a need for the loan;

(4) demonstrate an ability to repay the loan;

(5) ~~demonstrate~~ certify that the agricultural land to be purchased will be used by the borrower for agricultural purposes; ~~and~~

(6) ~~demonstrate~~ certify that farming will be the principal occupation of the borrower;

(7) agree to participate in a farm management program approved by the commissioner of agriculture for at least the first five years of the loan, if an approved program is available within 45 miles from the borrower's residence; and

(8) agree to file an approved soil and water conservation plan with the soil conservation service office in the county where the land is located.

Sec. 5. Minnesota Statutes 1988, section 41B.03, is amended by adding a subdivision to read:

Subd. 5. ELIGIBILITY FOR SELLER-SPONSORED LOANS. In addition to the requirements under subdivision 1, a prospective borrower under the seller-sponsored loan program must either meet the conditions of subdivision 3 if the person is a beginning farmer, or other conditions the authority prescribes if the person is reentering farming through the seller-sponsored loan program.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 6. Minnesota Statutes 1988, section 41B.039, subdivision 1, is amended to read:

Subdivision 1. **ESTABLISHMENT.** The authority may establish, develop criteria, and implement a beginning farmer program. ~~The program may include assistance for persons entering or reentering farming through the use of seller-sponsored loans.~~

Sec. 7. **[41B.042] SELLER-SPONSORED PROGRAM.**

Subdivision 1. ESTABLISHMENT. The authority must, within 120 days after the effective date of this act, establish, develop criteria, and implement a seller-sponsored loan participation program to assist persons entering or reentering farming. The authority must conduct a study on the feasibility of implementing a program for assistance to persons entering or reentering farming through seller-participation contracts for deed and report to the legislature by January 15, 1990.

Subd. 2. SECURITY. Seller-sponsored loans in which the authority holds an interest must be secured by a real estate mortgage evidenced by one or more notes that may carry different interest rates.

Subd. 3. PROHIBITED PARTICIPATION. The authority may not participate in seller-sponsored loans if the buyer or seller has previously participated in a family farm security loan or a seller-sponsored loan under chapter 41. Unless the loan is partially financed by an eligible lender, the authority may not participate in loans between persons that are related to each other as parent and child, brother and sister, grandparent and grandchild, uncle or aunt and niece or nephew, or first cousins.

Subd. 4. PARTICIPATION LIMIT; INTEREST. The authority may participate in new seller-sponsored loans to the extent of 35 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 be different than the interest rates and repayment terms of the seller's retained portion of the loan.

Sec. 8. **REPEALER.**

Minnesota Statutes 1988, sections 41B.03, subdivision 4; and 41B.039, subdivisions 3, 4, and 5, are repealed.

Presented to the governor May 23, 1989

Signed by the governor May 26, 1989, 4:47 p.m.

New language is indicated by underline, deletions by ~~strikeout~~.