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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 1098

02/19/2015 Authored by Sundin; Johnson, C.; Bly; Anderson, P.; Poppe and others
The bill was read for the first time and referred to the Committee on Agriculture Policy

1.1 A bill for an act
1.2 relating to agriculture; increasing the state participation limit for Rural Finance
1.3 Authority loans; amending Minnesota Statutes 2014, sections 41B.039,
1.4 subdivision 2; 41B.04, subdivision 8; 41B.042, subdivision 4; 41B.043,
1.5 subdivision 1b; 41B.045, subdivision 2.

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

1.7 Section 1. Minnesota Statutes 2014, section 41B.039, subdivision 2, is amended to read:

1.8 Subd. 2. **State participation.** The state may participate in a new real estate loan
1.9 with an eligible lender to a beginning farmer to the extent of 45 percent of the principal
1.10 amount of the loan or ~~\$300,000~~ \$400,000, whichever is less. The interest rates and
1.11 repayment terms of the authority's participation interest may be different than the interest
1.12 rates and repayment terms of the lender's retained portion of the loan.

1.13 Sec. 2. Minnesota Statutes 2014, section 41B.04, subdivision 8, is amended to read:

1.14 Subd. 8. **State participation.** With respect to loans that are eligible for restructuring
1.15 under sections 41B.01 to 41B.23 and upon acceptance by the authority, the authority
1.16 shall enter into a participation agreement or other financial arrangement whereby it shall
1.17 participate in a restructured loan to the extent of 45 percent of the primary principal
1.18 or ~~\$400,000~~ \$525,000, whichever is less. The authority's portion of the loan must be
1.19 protected during the authority's participation by the first mortgage held by the eligible
1.20 lender to the extent of its participation in the loan.

1.21 Sec. 3. Minnesota Statutes 2014, section 41B.042, subdivision 4, is amended to read:

1.22 Subd. 4. **Participation limit; interest.** The authority may participate in new
1.23 seller-sponsored loans to the extent of 45 percent of the principal amount of the loan or

2.1 ~~\$300,000~~ \$400,000, whichever is less. The interest rates and repayment terms of the
2.2 authority's participation interest may be different than the interest rates and repayment
2.3 terms of the seller's retained portion of the loan.

2.4 Sec. 4. Minnesota Statutes 2014, section 41B.043, subdivision 1b, is amended to read:

2.5 Subd. 1b. **Loan participation.** The authority may participate in an agricultural
2.6 improvement loan with an eligible lender to a farmer who meets the requirements of
2.7 section 41B.03, subdivision 1, clauses (1) and (2), and who is actively engaged in farming.
2.8 Participation is limited to 45 percent of the principal amount of the loan or ~~\$300,000~~
2.9 \$400,000, whichever is less. The interest rates and repayment terms of the authority's
2.10 participation interest may be different than the interest rates and repayment terms of
2.11 the lender's retained portion of the loan.

2.12 Sec. 5. Minnesota Statutes 2014, section 41B.045, subdivision 2, is amended to read:

2.13 Subd. 2. **Loan participation.** The authority may participate in a livestock
2.14 expansion loan with an eligible lender to a livestock farmer who meets the requirements
2.15 of section 41B.03, subdivision 1, clauses (1) and (2), and who are actively engaged in
2.16 a livestock operation. A prospective borrower must have a total net worth, including
2.17 assets and liabilities of the borrower's spouse and dependents, of less than \$660,000 in
2.18 2004 and an amount in subsequent years which is adjusted for inflation by multiplying
2.19 that amount by the cumulative inflation rate as determined by the United States All-Items
2.20 Consumer Price Index.

2.21 Participation is limited to 45 percent of the principal amount of the loan or ~~\$400,000~~
2.22 \$525,000, whichever is less. The interest rates and repayment terms of the authority's
2.23 participation interest may be different from the interest rates and repayment terms of
2.24 the lender's retained portion of the loan.