

1650.0511 DEFINITIONS.

Subpart 1. **Scope.** The definitions in this part apply to parts 1650.0501 to 1650.0571.

Subp. 2. **Act.** "Act" means the Minnesota Agricultural Development Act in Minnesota Statutes, chapter 41C.

Subp. 3. **Agricultural farmland.** "Agricultural farmland" means productive, tillable land or land used for pasture.

Subp. 4. **Applicant.** "Applicant" means an individual or partnership who submits a completed application for a loan under the program to the authority through an eligible lender.

Subp. 5. **Application.** "Application" means an application for a loan under the program in the form prescribed by the authority.

Subp. 6. **Authority or RFA.** "Authority" or "RFA" means the Minnesota Rural Finance Authority established by Minnesota Statutes, section 41B.025, acting through its board or its duly authorized officers.

Subp. 7. **Bond.** "Bond" means a special, limited obligation revenue bond issued by the authority to an eligible lender to finance a loan to an eligible borrower for an eligible purpose pursuant to a loan agreement between the eligible lender and the authority.

Subp. 8. **Borrower.** "Borrower" means an eligible borrower who has received a loan under the program.

Subp. 9. **Code.** "Code" means the Internal Revenue Code of 1986, as amended, and all rules, regulations, and revenue procedures issued under it.

Subp. 10. **Depreciable agricultural property.** "Depreciable agricultural property" has the meaning given in Minnesota Statutes, section 41C.02, subdivision 9.

Subp. 11. **Eligible borrower.** "Eligible borrower" means a Minnesota resident or a Minnesota partnership consisting only of individuals who are Minnesota residents, who meets the requirements of Minnesota Statutes, section 41C.05, subdivision 2, and is a first time farmer, as defined in subpart 16, who will be the principal user of the property financed under the code, and will materially and substantially participate in the operation of the farm of which the property is a part or on which the property will be used.

Subp. 12. **Eligible lender.** "Eligible lender" means a bank, credit union, savings association, insurance company, or other legal entity that is authorized to do business in Minnesota, an individual, or a group of individuals.

Subp. 13. **Eligible purpose.** "Eligible purpose" means:

A. the purchase of Minnesota land and improvements on the land, other than a residence, by an eligible borrower for farming purposes;

B. the construction of new improvements, or of additions to or renovations of existing improvements, other than a residence, for farming purposes; or

C. the purchase of depreciable agricultural property by an eligible borrower for farming purposes.

Subp. 14. **Executive director.** "Executive director" means the authority's executive director or any other person authorized to act on behalf of the authority's board or its executive director.

Subp. 15. **Farming.** "Farming" has the meaning given in Minnesota Statutes, section 41C.02, subdivision 10.

Subp. 16. **First-time farmer.** "First-time farmer" means an individual who, together with the individual's spouse and minor children meets the definition of first-time farmer as defined by United States Code, title 26, section 147(c).

Subp. 17. **Improvements.** "Improvements" to farm land means items that, when complete, become part of the farm land or fixtures, including but not limited to confinement systems, barns and other out buildings, silos and other crop storage facilities, and improvements to land such as tiling, terraces, ponds, erosion control structures, and waterways.

Subp. 18. **Lender.** "Lender" means an eligible lender who has purchased a bond under the program.

Subp. 19. **Loan.** "Loan" means the loan of the proceeds of a bond to an eligible borrower for an eligible purpose pursuant to a loan agreement between the authority and the eligible borrower.

Subp. 20. **Net worth.** "Net worth" means the total value of an applicant's assets and the assets of the applicant's spouse and dependents, less the liabilities of those parties. For purposes of calculating net worth, "assets" means property, real or personal, tangible or intangible, and all contract rights of value that constitute assets, including cash crops or feed on hand, livestock held for sale, breeding stock, marketable bonds and securities, securities not readily marketable, accounts receivable, notes receivable, cash invested in growing crops, cash value of life insurance, machinery and equipment, cars and trucks, farm and other real estate including life estates and personal residence, and the value of a beneficial interest in any trust. For purposes of calculating net worth, "liabilities" means the debts or other obligations for which an applicant is responsible including accounts payable, notes or other indebtedness owed to any source, taxes and rent due or past due, amounts owed on real estate contracts or mortgages, judgments, and accrued interest payable.

Subp. 21. **Principal user.** "Principal user" means a person who is a principal owner, a principal lessee, a principal output purchaser, or an "other" principal user as defined in the code.

Subp. 22. **Program.** "Program" means the agricultural development bond beginning farmer loan program established by the authority.

Statutory Authority: *MS s 41B.07; 41C.13*

History: *20 SR 2251(NO. 42); 22 SR 266; 30 SR 372; 34 SR 445*

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