

CHAPTER 41B

MINNESOTA RURAL FINANCE AUTHORITY

41B.02 Definitions.
 41B.03 Borrower eligibility criteria.
 41B.039 Beginning farmer program.
 41B.042 Seller-sponsored program.

41B.19 General obligation bonds.
 41B.195 Additional use of general obligation bonds.

41B.02 DEFINITIONS.

[For text of subds 1 to 11, see M.S.1988]

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

[For text of subds 13 and 14, see M.S.1988]

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

[For text of subd 16, see M.S.1988]

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.

History: 1989 c 273 s 1-3

41B.03 BORROWER ELIGIBILITY CRITERIA.

[For text of subds 1 and 2, see M.S.1988]

Subd. 3. **Eligibility for beginning farmer loans.** In addition to the requirements under subdivision 1, a prospective borrower for a beginning farm 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) certify that the agricultural land to be purchased will be used by the borrower for agricultural purposes;
- (6) 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.

Subd. 4. [Repealed, 1989 c 273 s 8]

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.

History: 1989 c 273 s 4,5

41B.039 BEGINNING FARMER PROGRAM.

Subdivision 1. **Establishment.** The authority may establish, develop criteria, and implement a beginning farmer program.

[For text of subd 2, see M.S.1988]

Subd. 3. [Repealed, 1989 c 273 s 8]

Subd. 4. [Repealed, 1989 c 273 s 8]

Subd. 5. [Repealed, 1989 c 273 s 8]

History: 1989 c 273 s 6

41B.042 SELLER-SPONSORED PROGRAM.

Subdivision 1. **Establishment.** The authority must, within 120 days after August 1, 1989, 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.

History: 1989 c 273 s 7

41B.19 GENERAL OBLIGATION BONDS.

[For text of subds 1 to 4, see M.S.1988]

Subd. 5. **Rural finance authority security account.** The commissioner of finance shall maintain a separate account designated as the rural finance authority security account, into which must be deposited the proceeds of the rural renewal general obligation bonds issued as provided in this section. The commissioner of finance shall maintain a separate bookkeeping account to record receipts and disbursements of money transferred to or from the security account and to record income from the investment of money in the account. Upon the written request of the authority, the commissioner of finance shall transfer from the security account to an account or accounts the authority shall designate, a sum of money sufficient in amount, if available, when added to the balances then on hand in the designated accounts, to pay bonds issued by the authority under sections 41B.01 to 41B.23 and the interest on them due and to become due on the next succeeding date for the payment of the principal of and interest on the bonds of the authority or to restore to any debt service reserve fund established in connection with the bonds any amount withdrawn from the debt service reserve account to pay the bonds. When no revenue bonds secured by the security account are outstanding under the resolution authorizing their issuance, the commissioner of finance shall transfer all money and securities on hand in the security account to the state bond fund.

[For text of subds 6 to 10, see M.S.1988]

History: 1989 c 271 s 9

41B.195 ADDITIONAL USE OF GENERAL OBLIGATION BONDS.

Notwithstanding the limit set forth in section 41B.19, subdivision 1, the commissioner of finance, upon the request of the rural finance authority, may issue the general obligation bonds authorized by section 41B.19 and use the proceeds of the bonds to purchase participations in qualified agricultural loans if the commissioner determines that it is not practical or efficient to issue revenue bonds under section 41B.08 for the purpose of sections 41B.025, subdivision 5, 41B.037, 41B.038, and 41B.04 as a result of reduced program size or increased program costs. Subject to the other provisions of this section, the proceeds of the bonds must be deposited, held, and disbursed from a separate account, the bonds are payable from the bond account established by section 41B.19, subdivision 4, and the participations purchased with the bond proceeds must be held as assets of the bond account. If the rural finance authority later determines to issue revenue bonds under section 41B.08 for the purposes specified in section 41B.04, the commissioner may by order provide for the transfer of all or a portion of the remaining bond proceeds and interest on them, and all or a portion of the participations purchased with the bond proceeds and proceeds of them, to be transferred to the security account established in section 41B.19, subdivision 5, and used for the purposes specified in section 41B.19, subdivisions 1 and 5.

History: 1989 c 271 s 10