

(ii) 1-piperidinocyclohexanecarbonitrile.

Sec. 2. EFFECTIVE DATE.

Section 1 is effective the day following final enactment.

Approved March 27, 1987

CHAPTER 15—H.F.No. 1

An act relating to agriculture; extending and financing the interest rate buy-down program; establishing benefit limits; appropriating money; amending Laws 1986, chapter 398, article 23, section 4, by adding a subdivision.

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

FARM OPERATING LOAN INTEREST BUY-DOWN PROGRAM.

Section 1. DEFINITIONS.

Subdivision 1. APPLICABILITY. The definitions in this section apply to sections 1 to 7 and 10. The definitions in this section also apply to sections 8 and 9 unless a different definition is provided in section 8.

Subd. 2. APPROVED ADULT FARM MANAGEMENT PROGRAM. "Approved adult farm management program" means a farm management training program designed for persons currently engaged in farming that has been approved by the commissioner under section 4, subdivision 3.

Subd. 3. COMMISSIONER. "Commissioner" means the commissioner of commerce.

Subd. 4. COMMISSIONER'S INTEREST INDEX. "Commissioner's interest index" means an interest rate that is 3.3 percent above the current lending rate of the Federal Intermediate Credit Bank to production credit associations as certified each month by the commissioner.

Subd. 5. ELIGIBLE BORROWER. "Eligible borrower" means a farmer who applies to a lender for a farm operating loan and meets all qualifications established in section 2 and any further qualifications that may be established in the guidelines adopted by the commissioner under section 4, subdivision 1.

An eligible borrower must complete a loan application with a participating lender between January 1, 1987, and December 31, 1987.

Subd. 6. FARM OPERATING LOAN. "Farm operating loan" means an original, extended, or renegotiated loan or line of credit obtained by a farmer from a lender for the purpose of financing the operations of a farm. A farm

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operating loan includes an open line of credit even though the maximum principal amount of the line of credit may not be drawn at any one time. A farm operating loan eligible for interest rate buy-down must have a maturity date of June 30, 1988, or earlier.

Subd. 7. FARMER. "Farmer" means a state resident or a domestic family farm corporation as defined in Minnesota Statutes, section 500.24, subdivision 2, operating a farm within the state.

Subd. 8. INTEREST RATE BUY-DOWN. "Interest rate buy-down" means a reduction in the effective interest rate on a farm operating loan to an eligible borrower due to partial payment of interest costs by the commissioner and partial reduction of interest costs by the participating lender.

Subd. 9. LENDER. "Lender" means a bank, a credit union, or a savings and loan association chartered by the state or federal government, a unit of the farm credit system, the Federal Deposit Insurance Corporation, or another financial institution approved by the commissioner.

Subd. 10. PARTICIPATING LENDER. "Participating lender" means a lender who has been granted participating lender status by the commissioner.

Sec. 2. FARMER ELIGIBILITY.

Subdivision 1. DEBT-TO-ASSET RATIO. Only a farmer with a debt-to-asset ratio exceeding 50 percent at the time of application for a farm operating loan is an eligible borrower for purposes of interest rate buy-down. The debt-to-asset ratio of a farmer must be determined by the lender. A debt-to-asset ratio determined by a lender is deemed to be reasonable and accurate without further audit or substantiation.

Subd. 2. ASSESSMENT OF CONTINUED VIABILITY. Only a farmer determined by the lender to have a reasonable opportunity for long-term financial viability in the farmer's current farm operation is an eligible borrower. A determination of financial viability by a lender is deemed to be reasonable and accurate without further audit or substantiation.

Subd. 3. ENROLLMENT IN ADULT FARM MANAGEMENT PROGRAM. To be an eligible borrower, a farmer shall agree to enroll in an approved adult farm management program if enrollment is required by the lender and an approved program is offered not more than 50 miles from the farmer's residence. The approved adult farm management program must bill the lender for one-half of the course tuition.

Sec. 3. LENDER ELIGIBILITY; OBLIGATIONS.

Subdivision 1. ELIGIBLE PARTICIPATING LENDER STATUS. A lender who meets the requirements established by the commissioner must be certified as a participating lender.

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Subd. 2. PARTIAL PAYMENT FOR ADULT FARM MANAGEMENT TRAINING. A participating lender shall require an eligible borrower to enroll in an approved adult farm management program and agree to pay one-half of the enrollment and tuition costs of the program for an eligible borrower approved by the commissioner for interest rate buy-down unless the participating lender determines an approved adult farm management program would not benefit the borrower. A participating lender is not required to assist with enrollment or tuition costs for a period longer than the term of the farm operating loan, and a lender is not required to assist with the enrollment and tuition costs for more than one individual for each farm operating loan.

If a participating lender determines that enrollment in an adult farm management program would not benefit the borrower or an approved adult farm management program is not located within 50 miles from the debtor's residence, the lender shall explain the reasons to the borrower in writing and indicate the determination on the application for Program A or Program B.

Subd. 3. RECEIPT OF APPLICATIONS FOR INTEREST RATE BUY-DOWN. (a) A participating lender shall receive and evaluate loan applications from a farmer:

(1) who has transacted farm-related borrowing with a lender within the previous three years;

(2) who has not previously established farm-related borrowing; or

(3) whose previous lender is no longer in the business of making farm-related loans.

(b) In determining whether to make a farm operating loan to a farmer, the participating lender may use criteria in addition to those in section 2.

Subd. 4. MAXIMUM INTEREST RATE. To qualify for interest rate buy-down payments, a participating lender shall offer to make a farm operating loan to an eligible borrower at a rate of interest equivalent to that offered to other farmers having similar security and financial status, but the interest rate may not exceed the current commissioner's interest index. The commissioner may use appropriate means to verify that the operating loan interest rate available to an eligible borrower is substantially the same as that available to other borrowers.

Sec. 4. RESPONSIBILITIES OF THE COMMISSIONER.

Subdivision 1. ADOPTION OF PROGRAM GUIDELINES. Within 30 days after the effective date of sections 1 to 9, the commissioner shall adopt and make available to the public guidelines for Programs A and B. The commissioner shall adopt guidelines for Program B, coordinate Program B with the Federal Operating Loan Program, and make the benefits of Program B additive to the Federal Operating Loan Program. Adoption of the program guidelines is not subject to Minnesota Statutes, chapter 14.

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Subd. 2. PREPARATION AND DISTRIBUTION OF LENDER PARTICIPATION FORMS. The commissioner shall prepare and distribute forms and instructions for Programs A and B to all lenders in the state.

Subd. 3. APPROVAL OF ADULT FARM MANAGEMENT PROGRAMS. The commissioner, in consultation with the commissioner of agriculture, shall prepare a list of adult farm management training programs approved for eligible borrowers and distribute the list to all participating lenders.

Subd. 4. APPROVAL OF APPLICATIONS FOR BUY-DOWN PAYMENT. (a) The commissioner shall review within five working days of submission by a participating lender a properly completed application for interest rate buy-down payments on a farm operating loan made to a farmer. If a qualified lender does not receive written notice that the commissioner has denied interest rate buy-down payments within seven working days, the farmer is an eligible borrower and interest rate buy-down payments on the farm operating loan are approved by the commissioner.

(b) The commissioner shall not approve concurrent participation of an eligible borrower under both Program A and Program B.

(c) All applications received by the commissioner after appropriated interest rate buy-down program funds for Program A or Program B have been encumbered must be returned immediately to the lender with an explanation that interest buy-down payments are denied due to prior commitment of available program funds.

(d) For an application for Program B, the commissioner shall send the lender a preliminary commitment for the interest payment within ten days after receiving the Program B application. The preliminary commitment may be used by the lender to qualify for the Federal Operating Loan Program. A preliminary commitment is for the 1987 and 1988 crop years. The commitment for the 1988 crop year is dependent on approval of the lender's and borrower's application to the Federal Operating Loan Program for at least crop years 1987 and 1988.

Subd. 5. BUY-DOWN PAYMENTS TO PARTICIPATING LENDERS. The commissioner shall pay one-half of the expected interest rate buy-down amount when requested by the participating lender, but not more than 60 days after the loan was approved by the commissioner, and the balance within 30 days after the loan matures. All interest buy-down payments under this act must be made by joint-payee checks in the name of the participating lender and the eligible borrower.

If a participating lender obtains a conditional commitment for guarantee or contract for guarantee from the FmHA, the commissioner shall make the state Program B interest buy-down payment as necessary to accommodate the FmHA commitment or contract.

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PROGRAM A; STATE-LENDER INTEREST RATE BUY-DOWN

Sec. 5. PROGRAM A; STATE-LENDER INTEREST RATE BUY-DOWN.

Subdivision 1. APPLICATION. To be eligible for state interest rate buy-down payments under Program A, a participating lender must submit to the commissioner a properly completed application form for each eligible farm operating loan.

Sec. 6. STATE CONTRIBUTION TO INTEREST BUY-DOWN; PROGRAM A.

As provided in section 4, subdivision 7, the commissioner shall pay under Program A to a participating lender for the first \$60,000 of an approved farm operating loan made to an eligible borrower an amount equal to an annual rate of 2.8 percent interest on the loan, but the payment may not exceed \$2,520 per farm operating loan.

Sec. 7. LENDER CONTRIBUTION TO INTEREST BUY-DOWN; PROGRAM A.

A participating lender shall provide a reduction in interest rate for the first \$60,000 of an approved farm operating loan made to an eligible borrower in an amount equal to an annual rate of at least 1.7 percent interest on the loan.

PROGRAM B; STATE LENDER-FmHA INTEREST RATE BUY-DOWN

Sec. 8. DEFINITIONS.

Subdivision 1. APPLICATION. The definitions in this section apply to sections 8 and 9.

Subd. 2. ELIGIBLE BORROWER. "Eligible borrower" means a farmer who applies to a lender for a farm operating loan between the dates January 1, 1987, and December 31, 1988, and who meets all qualifications established in section 2 and any further qualifications that may be established in the program guidelines adopted by the commissioner under section 4, subdivision 1.

Subd. 3. FARM OPERATING LOAN. "Farm operating loan" means an original, extended, or renegotiated loan or line of credit obtained by a farmer from a lender to finance the operations of a farm for one operating season. A farm operating loan includes an open line of credit even though the maximum principal amount of the line of credit may not be drawn at any one time. A farm operating loan eligible for interest rate buy-down must have a maturity date of June 30, 1989, or earlier.

Subd. 4. FEDERAL OPERATING LOAN PROGRAM. "Federal Operating Loan Program" means the Guaranteed Operating Loan Program together with the Interest Rate Buy-Down Program administered by the FmHA as described in Code of Federal Regulations, title 7, section 1980, subpart B.

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Subd. 5. FmHA. "FmHA" means the Farmers Home Administration of the United States Department of Agriculture.

Subd. 6. FmHA BUY-DOWN AGREEMENT. "FmHA Buy-Down Agreement" means Form FmHA 1980-58 or a replacement of that form, which is an agreement between a lending institution, a farmer, and the FmHA under which the FmHA agrees to give the lending institution an interest buy-down grant in partial reimbursement of a write-down by the lending institution of the interest rate on the farmer's operating loan under the Federal Operating Loan Program.

Sec. 9. STATE-LENDER-FmHA INTEREST RATE BUY-DOWN.

Subdivision 1. APPLICATION. To be eligible for Program B, a participating lender shall submit an application for Program B to the commissioner and an application to FmHA under subdivision 2. The lender may indicate on the application for Program B that the lender and borrower will apply to the FmHA Federal Operating Loan Program for more than one year and would desire a commitment for Program B for more than one crop year, ending December 31, 1988.

Subd. 2. APPLICATION TO FmHA. (a) The lender and an eligible borrower shall apply to FmHA for a guarantee of the proposed farm operating loan under the Federal Operating Loan Program.

(b) If the application is approved, the lender shall submit a copy of the FmHA buy-down agreement to the commissioner. Upon receipt of the FmHA buy-down agreement, the commissioner shall pay the lender \$50 for preparation costs. If the loan preparation was done by a person or entity not otherwise compensated by the lender for preparing the loan application, the lender shall remit the \$50 to the person or entity actually preparing the loan application. If the application is denied, the lender shall submit a copy of the denial to the commissioner. If the application is denied, the commissioner shall consider the Program B application as an application for Program A and make interest buy-down payments to the lender and eligible borrower as if the application were originally submitted for Program A, unless the lender has indicated that the loan is not to be considered under Program A.

Subd. 3. STATE CONTRIBUTION TO PROGRAM B INTEREST BUY-DOWN. Under Program B, the commissioner shall pay to a participating lender interest at a rate of 2.8 percent per year for the first \$60,000 of a farm operating loan made to an eligible borrower during the term of the loan, if the loan is approved under the Federal Operating Loan Program. The payment to a participating lender may not exceed \$2,520 per eligible borrower per calendar year, exclusive of the loan preparation fee.

Subd. 4. LENDER CONTRIBUTION TO PROGRAM B INTEREST BUY-DOWN. A participating lender shall reduce the interest charged to an eligible borrower on a farm operating loan so that the reduction in interest rate provided by the lender and the FmHA together is at least 1.7 percent per year for the first \$60,000 of the loan.

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Sec. 10. **APPROPRIATION.**

Subdivision 1. APPROPRIATION. \$17,000,000 is appropriated from the general fund for fiscal year 1987 to the commissioner of commerce for the interest rate buy-down program. The appropriation is available for the fiscal year ending June 30 in the years indicated to pay amounts due under approved applications received during that calendar year. Any unencumbered balance remaining in a fiscal year must not be canceled and remains available to pay amounts due under approved applications received during the rest of that calendar year. The appropriation for Program B is available until June 30, 1989, to pay amounts due under approved applications received during calendar year 1987 or 1988.

	1987	1988
(a) <u>Program B, including loan preparation costs under section 5, subdivision 2</u>	\$1,500,000	\$1,500,000
(b) <u>Program A, including up to \$100,000 for administrative costs of the commissioner of commerce for Programs A and B</u>	\$14,000,000	

Subd. 2. PRIORITIES; LIMITATION. Applications take priority in the order they were received by the commissioner. The commissioner shall not approve an application for a program once the appropriation for that program has been committed.

Subd. 3. SPILLOVER. If, at any time more than 180 days after the effective date of this act, the appropriation for either Program A or Program B for calendar year 1987 is insufficient, the appropriation for the other program is available for it. Any unencumbered balance remaining at the end of a calendar year must not be canceled but must be added to the appropriations for Program B in the next calendar year.

Subd. 4. OTHER APPROPRIATIONS ADDED. Any unencumbered balance from the interest buy-down program under Laws 1986, chapter 398, article 29, section 1, subdivision 3, or from any appropriation added to it, remaining on August 1, 1987, must not be canceled but must be transferred and added equally to the appropriations for Program A and Program B that are available for the rest of calendar year 1987.

Subd. 5. FARM LOAN INTEREST BUY-DOWN. \$14,000,000 is appropriated from the general fund for fiscal year 1987 to the commissioner of commerce to make payments under the farm loan interest buy-down program under Laws 1986, chapter 398, article 23. This appropriation is added to the appropriation in Laws 1986, chapter 398, article 29, section 1, subdivision 3. Payment from the commissioner must be made by joint-payee check in the name of the participating lender and the borrower.

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Sec. 11. Laws 1986, chapter 398, article 23, section 4, is amended by adding a subdivision to read:

Subd. 7. COMMISSIONER'S DISCRETION FOR CERTAIN BORROWERS. Notwithstanding section 1, subdivision 5, the commissioner may consider a farmer an eligible borrower if the farmer applies to the lender before January 1, 1986, and complies with the remaining provisions of this article.

Sec. 12. **EFFECTIVE DATE.**

Sections 1 to 11 are effective the day following final enactment.

Approved April 7, 1987

CHAPTER 16—H.F.No. 127

An act relating to nonprofit corporations; adoption services corporations; providing that pledges to make contributions to reimburse the corporation for expenses shall be voidable at the option of the person making the pledge and payment of expenses shall not be a prerequisite to providing adoption services; amending Minnesota Statutes 1986, section 317.65, subdivision 7.

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

Section 1. Minnesota Statutes 1986, section 317.65, subdivision 7, is amended to read:

Subd. 7. **EXPENSE REIMBURSEMENT.** (1) Any organization, association or society licensed by the department of human services may receive payment for expenses related to adoption services in an amount that fairly reflects the agency's reasonable and necessary expenses of adoptive counseling, whether or not legal adoption is completed; provision of services to children prior to adoptive placement; and the supervision of children in the home until legal adoption is completed. Only that portion of the expenses may be requested which the person seeking to adopt is financially able to meet. No person shall be barred from receiving a child for adoption because of inability to pay any part of the expenses referred to in this subdivision. In addition to any other reports as may be required, each licensed agency, shall file annually with the commissioner of human services a full accounting of all expense reimbursement received pursuant to this subdivision, together with the record of the services given for which the reimbursement was made. If the person returns the child to the corporation, the person shall not receive compensation for the care, clothing, or medical attendance of the child.

This provision shall not preclude voluntary contributions by any individual or organization at any time. A pledge by an adoption applicant to make a voluntary contribution is voidable at the option of the person pledging.

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