

CHAPTER 1651
RURAL FINANCE AUTHORITY
SELLER-SPONSORED LOAN PARTICIPATION

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1651.0021 DEFINITIONS.

[For text of subps 1 to 5, see MR]

Subp 6 **Borrower.** "Borrower" means the person or persons liable on a first mortgage loan made under this program

[For text of subps 7 and 8, see MR]

Subp 9 **First mortgage loan, mortgage loan, or loan.** "First mortgage loan," "mortgage loan," or "loan" means loan participation under the seller-sponsored program, which is secured by a first mortgage on real property.

[For text of subps 10 to 18, see MR]

Statutory Authority: *MS s 41B 07, 41C 13*

History: *30 SR 372*

1651.0031 SELLER ELIGIBILITY.

To qualify as an eligible seller under the program, a seller must meet the following criteria:

A. a seller must be in compliance with Minnesota Statutes, section 500.24, and selling a farm located within Minnesota;

B. the seller must complete a seller-assisted loan commitment form certifying that the seller will partially finance the purchase of the farm property by making a loan to the borrower;

C. the seller's loan to the borrower must be for the additional required financing necessary to complete the transaction after the down payment, if any,

D. the seller's financing made to the borrower must be subordinated to the first mortgage loan of the lender in which the RFA is a participant, and

E. the seller must disclose all of the terms and conditions of the seller-assisted sale in a written purchase agreement to be given to the lender at the time of application.

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

History: *30 SR 372*

1651.0041 BORROWER ELIGIBILITY.

[For text of subpart 1, see M.R.]

Subp 2. **General eligibility criteria.** Each applicant must:

A. meet the requirements of Minnesota Statutes, section 41B.03, subdivision 5;

[For text of item B, see MR]

C. certify that the applicant is eligible for the program according to Minnesota Statutes, chapter 41B; and

D. submit the correct fees as established in Minnesota Statutes, section 41B.03, subdivision 6.

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SELLER-SPONSORED LOAN PARTICIPATION 1651.0081

Subp 3 **Beginning farmer criteria.** In addition to the requirements of subpart 2, a beginning farmer applicant must meet the requirements of Minnesota Statutes, section 41B 03, subdivision 3

Subp 4 **Reentry farmer criteria.** In addition to the requirements of subpart 2, a reentry farmer applicant must.

A. fulfill the criteria in subpart 3;

[For text of items B to D, see M.R.]

Statutory Authority: *MS s 41B 07, 41C 13*

History: *30 SR 372*

1651.0061 APPLICATION PROCESS AND OFFER OF PARTICIPATION.

[For text of subpart 1, see M.R.]

Subp 2 **Lender determination.** The lender shall review the proposal and determine the creditworthiness of the applicant and the value of the collateral to be used to secure the loan. If the lender agrees to make a first mortgage loan to the applicant, the lender and the applicant shall jointly prepare an application and the required loan documents described in the application and master participation agreement. Financial statements must be dated within 120 days of the application.

[For text of subp 3, see M.R.]

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

History: *30 SR 372*

1651.0071 RFA REVIEW, NOTICE, AND APPEAL.

[For text of subpart 1, see M.R.]

Subp 2 **RFA acceptance.** The RFA shall accept an offer if:

A. the seller is eligible,

B. the applicant is eligible in accordance with this chapter and Minnesota Statutes, section 41B 03, subdivision 5,

[For text of items C to E, see M.R.]

[For text of subs 3 to 5, see M.R.]

Statutory Authority: *MS s 41B 07, 41C 13*

History: *30 SR 372*

1651.0081 LOAN CLOSING, PURCHASE OF PARTICIPATION, AND LOAN MANAGEMENT.

Subpart 1 **Closing.** Upon receiving notification of RFA acceptance, the lender shall close the first mortgage loan. At the time of closing, the sponsoring seller must present all legal documents relating to the sale, including the seller's proposed financing for the seller's loan to the applicant. The lender must record security documents relating to the loan. The lender is not responsible for preparation of the seller's financing, but must record the seller's financing to ensure that it is recorded in a secondary security position. The lender must notify the RFA that the loan is closed and recorded by completing the lender certification section and returning the original RFA application, a copy of the note and loan agreement, and copies of the recorded documents and final title opinion to the RFA.

[For text of subs 2 to 7, see M.R.]

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

History: *30 SR 372*