

CHAPTER 1656
RURAL FINANCE AUTHORITY
VALUE-ADDED LOANS

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1656.0011 APPLICABILITY AND PURPOSE.

[For text of subpart 1, see MR.]

Subp. 2. **Purpose.** The purpose of the value-added agricultural product loan program is to foster and maintain a diverse agricultural industry that is economically profitable by providing affordable credit to help farmers finance the purchase of stock in a cooperative proposing to directly or indirectly build or purchase and operate an agricultural product processing facility, located in Minnesota

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

History: *30 SR 372*

1656.0021 DEFINITIONS.

[For text of subps 1 to 7, see MR.]

Subp 8 **Borrower.** "Borrower" means the person or persons liable on a stock loan made under this program

[For text of subps 9 to 17, see MR.]

Subp 18 [Repealed, 30 SR 372]

[For text of subps 19 and 20, see MR.]

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

History: *30 SR 372*

1656.0031 BORROWER ELIGIBILITY.

To be eligible for assistance through a loan participation under the value-added stock loan participation program, an applicant must meet the requirements of Minnesota Statutes, section 41B.046, subdivision 4, and have a total net worth not to exceed the total net worth established for the basic beginning farmer participation program, which is available by calling the RFA office for a current quote.

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

History: *30 SR 372*

1656.0051 APPLICATION PROCESS AND OFFER OF PARTICIPATION.

[For text of subps 1 to 3, see MR.]

Subp 4 **Loan participation.** The maximum RFA participation is defined in Minnesota Statutes, section 41B.046, subdivision 5, paragraph (a) The interest rate on the loan participation must be 4.0 percent or one-half of the lender's effective rate (APR), rounded down to the nearest one-tenth of one percent, at the time of loan closing, whichever rate is lower. This rate shall remain the fixed rate for the duration of the loan participation

Subp. 5. **Terms of loan.** The maximum term of the loan is eight years. Loan payments of interest only are permitted for up to two years, with a amortized repayment schedule of interest and principal calculated for the remaining years. The

lender may, for its portion of the loan, use a variable interest rate correlated to a specific index

[For text of subp 6, see MR]

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

History: *30 SR 372*

1656.0061 RFA REVIEW, NOTICE, AND APPEAL.

[For text of subpart 1, see MR]

Subp 2 **RFA acceptance.** The RFA shall accept an application if.

A. the applicant meets all eligibility criteria of this chapter and Minnesota Statutes, section 41B.046, subdivision 4,

B. the applicant demonstrates an ability to repay the stock loan and other obligations based on the financial information submitted with the application;

C. the loan is for the purchase of stock in an agricultural product processing facility as defined in Minnesota Statutes, section 41B.046, subdivision 1,

D. no more than 95 percent of the purchase price of the stock purchased will be financed under this program, and

E. the RFA has sufficient funds available to purchase a participation in the loan.

[For text of subs 3 to 5, see MR]

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

History: *30 SR 372*

1656.0071 LOAN CLOSING, PURCHASE OF PARTICIPATION, AND LOAN MANAGEMENT.

Subpart 1 **Closing.** Upon receiving notification of RFA acceptance, the lender shall close the stock loan. The lender must record needed security instruments relating to the loan. The lender must notify the RFA that the loan is closed and the required security instruments are recorded by completing the lender certification section and returning the original RFA application and copies of the recorded documents and note and loan agreement to the RFA.

[For text of subs 2 to 6, see MR]

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

History: *30 SR 372*

1656.0091 [Repealed, 30 SR 372]

1656.0095 STOCK IN CERTAIN LIVESTOCK PROCESSING FACILITIES ELIGIBLE.

To be eligible for a loan participation under this part, an applicant must meet the criteria of this chapter and Minnesota Statutes, section 41B.046, subdivision 4a.

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

History: *30 SR 372*

1656.0100 STOCK IN FARM-GENERATED WIND ENERGY PRODUCTION FACILITIES ELIGIBLE.

To be eligible for a loan participation under this part, an applicant must meet the criteria of this chapter and Minnesota Statutes, section 41B.046, subdivision 4b.

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

History: *30 SR 372*