

1655.0061 APPLICATION PROCESS AND OFFER OF PARTICIPATION.

Subpart 1. **Request for livestock expansion loan participation.** A lender and an applicant must jointly complete and sign an application and prepare all supporting documents identified in the application. Financial statements must be dated within 120 days of the application.

Subp. 2. **Acquisition or construction.** The applicant shall not begin acquisition or construction of any part of the livestock expansion before RFA approval of the application. Once the application has been approved, upon notice to the lender of RFA approval, the applicant may move forward with acquisition or construction of the livestock expansion collateral requirements.

Subp. 3. **Collateral requirements.** The RFA may participate only in loans that do not exceed 80 percent of the appraised value of the real estate offered for collateral. Additional collateral may be required based on the depreciability and saleability of the collateral and creditworthiness of the applicant.

Subp. 4. **Lender determination.** The lender shall complete the initial review of 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 mortgage loan to the applicant, the lender and the applicant shall jointly prepare the application and the required loan documents.

Subp. 5. **Offer.** The lender, as the originator of the mortgage loan, shall present a completed application and loan documents to the RFA. Presentation of the documents constitutes an offer to sell a participation interest in the loan.

Subp. 6. **Fees.** A nonrefundable application fee as established by Minnesota Statutes, section 41B.045, subdivision 4, must be submitted with each application. The loan origination fee established by Minnesota Statutes, section 41B.045, subdivision 4, must be submitted by the applicant at the closing of the loan. The loan origination fee and other loan closing expenses may be financed with proceeds of the loan.

Subp. 7. **Terms and conditions of loan.** The maximum term of a loan participation is ten years. The maximum participation is as stipulated in Minnesota Statutes, section 41B.045, subdivision 2. The loan may have a balloon payment.

Subp. 8. **Misrepresentation in application.** If a change occurs in the information provided by the lender to the RFA prior to the closing of a loan, the lender shall immediately update and correct that information. Misrepresentation in the application or failure to update any required information is grounds to reject an application, revoke a notice of approval, or refuse to close the loan.

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

History: *20 SR 2427; 30 SR 372*

Published Electronically: *September 10, 2007*