

## CHAPTER 41B

## RURAL FINANCE AUTHORITY

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**41B.025 RURAL FINANCE AUTHORITY.**

**Subdivision 1. Establishment.** There is created a public body corporate and politic to be known as the "Minnesota rural finance authority," which shall perform the governmental functions and exercise the sovereign powers delegated to it in sections 41B.01 to 41B.23 and chapter 41C in furtherance of the public policies and purposes declared in section 41B.01. The board of the authority consists of the commissioners of agriculture, commerce, trade and economic development, and finance, the state auditor, and six public members appointed by the governor with the advice and consent of the senate. The state auditor may designate one staff member to serve in the auditor's place. No public member may reside within the metropolitan area, as defined in section 473.121, subdivision 2. Each member shall hold office until a successor has been appointed and has qualified. A certificate of appointment or reappointment of any member is conclusive evidence of the proper appointment of the member.

*[For text of subs 2 to 8, see M.S.2000]*

**History:** 1Sp2001 c 2 s 67

**41B.03 BORROWER ELIGIBILITY CRITERIA.**

*[For text of subd 1, see M.S.2000]*

**Subd. 2. Eligibility for restructured loan.** In addition to the eligibility requirements of subdivision 1, a prospective borrower for a restructured loan must:

(1) have received at least 50 percent of average annual gross income from farming for the past three years or, for homesteaded property, received at least 40 percent of average gross income from farming in the past three years, and farming must be the principal occupation of the borrower;

(2) have projected annual expenses, including operating expenses, family living, and interest expenses after the restructuring, that do not exceed 95 percent of the borrower's projected annual income considering prior production history and projected prices for farm production, except that the authority may reduce the 95 percent requirement if it finds that other significant factors in the loan application support the making of the loan;

(3) demonstrate substantial difficulty in meeting projected annual expenses without restructuring the loan; and

(4) must have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than \$400,000 in 1999 and an amount in subsequent years which is adjusted for inflation by multiplying \$400,000 by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index.

*[For text of subs 3 to 6, see M.S.2000]*

**History:** 1Sp2001 c 2 s 68

**41B.043 AGRICULTURAL IMPROVEMENT LOAN PROGRAM.**

*[For text of subs 1 and 1a, see M.S.2000]*

**Subd. 1b. Loan participation.** The authority may participate in an agricultural improvement loan with an eligible lender to a farmer who meets the requirements of section 41B.03, subdivision 1, clauses (1) and (2), and who is actively engaged in

farming. Participation is limited to 45 percent of the principal amount of the loan or \$125,000, 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 lender's retained portion of the loan.

Subd. 2. **Specifications.** No direct loan may exceed \$35,000 or \$125,000 for a loan participation. Each direct loan and participation must be secured by a mortgage on real property and such other security as the authority may require.

*[For text of subds 2a to 4, see M.S.2000]*

**History:** 1Sp2001 c 2 s 69,70

#### **41B.046 VALUE-ADDED AGRICULTURAL PRODUCT LOAN PROGRAM.**

*[For text of subd 1, see M.S.2000]*

Subd. 2. **Establishment.** The authority shall establish and implement a value-added agricultural product loan program to help farmers finance the purchase of stock in a cooperative that is proposing to build or purchase and operate an agricultural product processing facility or already owns and operates an agricultural product processing facility.

*[For text of subds 3 to 6, see M.S.2000]*

**History:** 1Sp2001 c 2 s 71