

CHAPTER 41B

RURAL FINANCE AUTHORITY

41B.046 Value-added agricultural product loan program.
41B.049 Methane digester loan program.

41B.055 Livestock equipment pilot loan program.
41B.06 Rural Finance Authority revolving loan account.

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

[For text of subs 1 and 2, see M.S.2004]

Subd. 3. [Repealed, 1Sp2005 c 1 art 1 s 98]

[For text of subs 4 to 4b, see M.S.2004]

Subd. 5. **Loans.** (a) The authority may participate in a stock loan with an eligible lender to a farmer who is eligible under subdivision 4. Participation is limited to 45 percent of the principal amount of the loan or \$40,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may differ from the interest rates and repayment terms of the lender's retained portion of the loan, but the authority's interest rate must not exceed 50 percent of the lender's interest rate.

(b) No more than 95 percent of the purchase price of the stock may be financed under this program.

(c) Security for stock loans must be the stock purchased, a personal note executed by the borrower, and whatever other security is required by the eligible lender or the authority.

(d) The authority may impose a reasonable nonrefundable application fee for each application for a stock loan. The authority may review the fee annually and make adjustments as necessary. The application fee is initially \$50. Application fees received by the authority must be deposited in the revolving loan account established in section 41B.06.

(e) Stock loans under this program will be made using money in the revolving loan account established in section 41B.06.

(f) The authority may not grant stock loans in a cumulative amount exceeding \$2,000,000 for the financing of stock purchases in any one cooperative.

(g) Repayments of financial assistance under this section, including principal and interest, must be deposited into the revolving loan account established in section 41B.06.

[For text of subd 6, see M.S.2004]

History: 1Sp2005 c 1 art 1 s 73

41B.049 METHANE DIGESTER LOAN PROGRAM.

[For text of subd 1, see M.S.2004]

Subd. 2. **Deposit of repayments.** All repayments of financial assistance granted under subdivision 1, including principal and interest, must be deposited into the revolving loan account established in section 41B.06.

[For text of subd 3, see M.S.2004]

Subd. 4. **Loans.** (a) The authority may make a direct loan or participate in a loan with an eligible lender to a farmer who is eligible under subdivision 3. Repayment terms of the authority's participation interest may differ from repayment terms of the lender's retained portion of the loan. Loans made under this section must be no-interest loans.

(b) Application for a direct loan or a loan participation must be made on forms prescribed by the authority.

(c) Standards for loan amortization shall be set by the Rural Finance Authority not to exceed ten years.

(d) Security for the loans must be a personal note executed by the borrower and whatever other security is required by the eligible lender or the authority.

(e) No loan proceeds may be used to refinance a debt existing prior to application.

(f) The authority may impose a reasonable nonrefundable application fee for each application for a direct loan or a loan participation. The authority may review the application fees annually and make adjustments as necessary. The application fee is initially set at \$100 for a loan under subdivision 1. The fees received by the authority must be deposited in the revolving loan account established in section 41B.06.

[For text of subd 5, see M.S.2004]

History: *1Sp2005 c 1 art 1 s 74,75*

41B.055 LIVESTOCK EQUIPMENT PILOT LOAN PROGRAM.

Subdivision 1. **Establishment.** The authority must establish and implement a livestock equipment pilot loan program to help finance the first purchase of livestock-related equipment and make livestock facilities improvements.

Subd. 2. **Eligibility.** Notwithstanding section 41B.03, to be eligible for this program a borrower must:

(1) be a resident of Minnesota or general partnership or a family farm corporation, authorized farm corporation, family farm partnership, or authorized farm partnership as defined in section 500.24, subdivision 2;

(2) be the principal operator of a livestock farm;

(3) have a total net worth, including assets and liabilities of the borrower's spouse and dependents, no greater than the amount stipulated in section 41B.03, subdivision 3;

(4) demonstrate an ability to repay the loan; and

(5) hold an appropriate feedlot registration or be using the loan under this program to meet registration requirements. In addition to the requirements in clauses (1) to (5), preference must be given to applicants who have farmed less than ten years as evidenced by their filing of schedule F in their federal tax returns.

Subd. 3. **Loans.** (a) The authority may participate in a livestock equipment loan equal to 90 percent of the purchased equipment value with an eligible lender to a farmer who is eligible under subdivision 2. Participation is limited to 45 percent of the principal amount of the loan or \$40,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may differ from the interest rates and repayment terms of the lender's retained portion of the loan, but the authority's interest rate must not exceed three percent. The authority may review the interest annually and make adjustments as necessary.

(b) Standards for loan amortization must be set by the Rural Finance Authority and must not exceed seven years.

(c) Security for a livestock equipment loan must be a personal note executed by the borrower and whatever other security is required by the eligible lender or the authority.

(d) Refinancing of existing debt is not an eligible purpose.

(e) The authority may impose a reasonable, nonrefundable application fee for a livestock equipment loan. The authority may review the fee annually and make adjustments as necessary. The initial application fee is \$50. Application fees received by the authority must be deposited in the revolving loan account established in section 41B.06.

(f) Loans under this program must be made using money in the revolving loan account established in section 41B.06.

Subd. 4. **Eligible expenditures.** Money may be used for loans for the acquisition of equipment for animal housing, confinement, animal feeding, milk production, and waste management, including the following, if related to animal husbandry:

- (1) fences;
- (2) watering facilities;
- (3) feed storage and handling equipment;
- (4) milking parlors;
- (5) milking equipment;
- (6) scales;
- (7) milk storage and cooling facilities;
- (8) manure pumping and storage facilities; and
- (9) capital investment in pasture.

History: *1Sp2005 c 1 art 1 s 76*

41B.06 RURAL FINANCE AUTHORITY REVOLVING LOAN ACCOUNT.

There is established in the rural finance administration fund a Rural Finance Authority revolving loan account that is eligible to receive appropriations and the transfer of loan funds from other programs. All repayments of financial assistance granted from this account, including principal and interest, must be deposited into this account. Interest earned on money in the account accrues to the account, and the money in the account is appropriated to the commissioner of agriculture for purposes of the Rural Finance Authority livestock equipment, methane digester, and value-added agricultural product loan programs, including costs incurred by the authority to establish and administer the programs.

History: *1Sp2005 c 1 art 1 s 77*