

MINNESOTA DEPARTMENT OF AGRICULTURE

RURAL FINANCE AUTHORITY

625 Robert Street North
Saint Paul, Minnesota 55155-2538
Phone (651) 201-6004
FAX (651) 201-6109

FOR RFA USE ONLY

Application Approved _____ Project Number _____
Amount Approved _____ \$50 Fee Received _____

Aggie Bond Beginning Farmer Loan Program Application

(To be completed by the applicant---**print or type all information**)

Note: Approval of this application does not constitute final loan approval. If prior to closing, it is discovered that the Project, in whole or in part, is ineligible for tax-exempt financing, or if the Project should become ineligible, the RFA may refuse to complete loan processing or reduce the loan amount.

1. Type of application **PLEASE CHECK ONE:** ___ Bank Loan or ___ Contract Sale or ___ Individual Investor

2. Name of applicant(s) _____

Address _____ City _____ State _____

Zip _____ Telephone number(_____) _____ Age(for statistical purposes) _____

3. Bond Purchaser _____ (bank, contract seller or individual investor)

Contact Person: _____ Telephone(_____) _____

Address _____ Fax(_____) _____

City _____ State _____ Zip _____ E-mail address _____

4. Purpose of Project (Check and describe how project proceeds are to be used)

___ Purchase land Total Acres _____ Tillable Acres _____ CRP Acres _____

Estimated value of house \$ _____ (A dwelling and CRP acres may limit eligibility --see Program Summary)

Estimated value of out-buildings \$ _____ (Send appraisal if property has a dwelling or outbuildings)

___ Purchase machinery _____

___ Purchase livestock (what and how many) _____

___ Make building or other farm improvements of _____

Who owns property where improvements to be made _____

If constructing hog/livestock buildings, who will own animals in building? _____

(If applicant will not own hogs/livestock, send copy of feeding contract and/or contract RFA concerning contract feeding arrangements)

5. Financing of Project (contributions by applicant, lender or contract seller and RFA):

	Land Purchase	Livestock Purchase	Machinery Purchase	Farm Improvements	Total Project
Down payment by applicant	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Financed by lender/contract seller-RFA bond	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
From other sources _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

TOTAL COST OF PROJECT: \$ _____ \$ _____ \$ _____ \$ _____ \$ _____

In accordance with the Americans with Disabilities Act, an alternative form of communication is available up on request.

TDD: 1-800-627-3529. MDA is an equal opportunity employer and provider.

AG01184-02, rev. 8/08

6. Location of Project

- a. List the county and township names with section numbers (e.g. Section 26, Burns Township, Any County, MN)

- b. Location by road from nearest town: (Example - 4 miles north of Anytown, MN on State Highway 71). **Roads must be identified, unless they are unmarked gravel roads, then state as such.** _____

- c. If the project consists of construction or acquisition of buildings, structures or other immovable property (including remodeling of or additions to existing structures), will the Beginning Farmer be the sole owner of the land on which the project will be located? ____YES ____NO
If NO, please identify the owner(s) or coowner(s) of the land, give the Social Security Number(s) or Federal Employers Identification Number(s) of the owner(s) or co-owner(s) and describe the length of any lease which the Beginning Farmer has on such land (including any renewal options):

7. Seller of Property

- Address _____
 City _____ State _____ Zip _____ Telephone(____) _____
- a. Please indicate if you are acquiring the "Project" directly or indirectly from a related person: ____YES ____NO
If YES, please explain the relationship. _____
NOTE: Contract sales are not allowed between the beginning farmer and their grandparents, parents, children, siblings, or a partnership or corporation in which the applicant or any of the foregoing relatives, individually or together, have more than a 50 percent interest. Cash/bank loans are permitted with these relatives, but RFA's Fair Market Value Certificate and Related Person Certificate must be completed.
 - b. Please explain if you have begun to acquire or construct any part of the "Project" for which you are requesting a loan; have entered into any contract or purchase agreement (installment or otherwise) in connection with the construction or acquisition of the "Project," or have begun off-site fabrication or acquisition of any portion or the "Project."

- NOTE: Down payments made more than 60 days prior to approval of the application will not be eligible for bond financing.

8. Previous tax-exempt financed projects

Have you, your spouse, minor children or any related person received tax-exempt financing of any kind in any state?
 YES____ NO____ If YES, please explain. _____

9. Previous and Present Land Owned

- a. Have you, your spouse, or minor children ever directly or indirectly owned any farmland? ____YES ____NO
Note: The following are examples of indirect land ownership:
 1)ownership of a beneficial interest in a trust which in turn holds land.
 2)ownership of shares in a family farm corporation which owns land.
 3)a remainder interest in land which is subject to a life estate in another person.
If your answer to 9a is no, skip to question 10.
- b. Describe each parcel of land presently or previously owned by county location, size, time period owned, and maximum fair market value while you owned it (if the ownership is indirect, also describe the means of ownership and the total amount owned (e.g. "I have a one-fourth beneficial interest in a trust; the trust holds a total of 200 acres"):

- c. Have you, your spouse, or minor children done any of the following:
 1) performed physical work on the land? ____YES ____NO
 2) participated in management decisions about operations on the land? ____YES ____NO
 3) provided regular advice and consultation on the business operations on the land? ____YES ____NO
 4) regularly inspected production activities on the land? ____YES ____NO
 5) directly or indirectly advanced funds or paid a substantial portion of the operating expenses for operations on the land? ____YES ____NO
 6) lived on the land? ____YES ____NO

d. Please describe the degree of your involvement in each activity, the frequency of your involvement and the length of time over which your involvement occurred (Use **additional sheets if necessary**): _____

e. Have you disposed of any of these parcels of land? ____ YES ____ NO
If **YES**, please identify the parcel(s) and the approximate date disposed: _____

f. Did you, your spouse or minor children recognize income, for federal income purposes, as the result of cancellation of indebtedness with respect to any of the parcels disposed? ____ YES ____ NO
If **YES**, identify the parcel(s) with respect to which income was recognized: _____

10. Management and Labor of Project will be provided by: _____

a. Will any portion of the Project be used in any **existing** farm partnership, farm corporation, limited liability company, or other formal or informal joint farming venture, including contract feeding arrangement? ____ YES ____ NO
If **YES**, please describe: _____

b. Will this joint operation continue after receiving this loan? ____ YES ____ NO

c. Will any portion of the "Project" be used in connection with any **new** farm partnership, farm corporation, limited liability company, or other formal or informal joint farming venture, including contract feeding arrangement? ____ YES ____ NO
If **YES**, please explain: _____

d. Will any of the applicants work off the farm? ____ YES ____ NO
If **YES**, Amount of non-farm income anticipated \$ _____
Where will he/she be employed? _____
Explain any other related details to non-farm income _____

e. Please explain what your farming operation will consist of and include the new project:
Crop acres on owned land _____
Crop acres on cash rented land: _____
Crop acres on crop-share rented land: _____
Owned livestock operation: _____
Contract-feeding livestock operation: _____
Other farm operations: _____

11. Acquisition of used property. If your project involves acquisition of breeding or dairy stock, answer **a** and **b**; if your project involves the acquisition of property other than land or livestock (machinery, equipment, buildings, or other structures, etc.), answer **c**.

a. Have any of the female animals to be acquired ever given birth or been put to use for dairy purposes by anyone? Yes ____ No ____
If yes, explain: _____

b. Have any of the male animals to be acquired ever been put to use for breeding purposes by anyone? Yes ____ No ____
If yes, explain: _____

c. Does any portion of the project consist of "used" property other than land (that is, property which has previously been placed in use for the purpose for which it was designed)? Yes ____ No ____
If yes, describe each "used" item, including the dollar amount of each item's purchase price which will be financed with the Authority Loan (attach additional sheets if necessary): _____

12. Proposed loan terms and RFA Bond (To be completed with lender, contract seller, or individual investor)

a. Current personal financial statement (not more than 60 days old) for the beginning farmer, his/her spouse and minor children is enclosed: Yes ____ No ____ **(Please attach a copy of the financial statement).**

Net worth of beginning farmer (including spouse and minor children): \$ _____

NOTE: A financial statement is required from all co-applicants including the partnership, corporation, etc. in which they have financial interest).

b. Application fee (\$50) submitted: Yes ____ No ____

c. Allocation fee (\$20 up to \$149,999/ \$40 for \$150,000 to \$249,999/ \$60 for \$250,000 to \$349,999/ \$80 for \$350,000 to \$449,999/ \$100 for \$450,000): Yes ____ No ____

d. Current/regular interest rate offered: _____ percent (%)

e. Proposed loan or contract sale terms:

1. Tax-exempt interest rate: Fixed _____ percent (%) **OR** Variable: _____ percent (%)

If variable rate, indicate index used: (Example-- 80% of bank's prime rate, such prime rate is 11% to be adjusted semi-annually): _____

2. Total term: _____ years

3. Repayments: monthly ____; quarterly ____; semi-annually ____; annually ____ **OR** ____ other (specify below)

Amount \$ _____ Does this amount include interest? Yes ____ No ____

4. First payment due date: _____

5. Call options as follows: _____

OR balloon _____ amount of balloon _____

13. Statement of Soil and Water Conservation Planning

This statement certifies that the above named individual has visited this SWCD office and inquired about the soil and water conservation needs for the identified farm property. Information on the following issues have been provided to the applicant:

1. The need for a soil and water conservation plan, and if appropriate, an implementation schedule for that plan.
2. Those provisions of the 1985 U.S. Food Security Act which deal with highly erodible land and wetland conservation.
3. Other state and federal assistance programs for implementing and financing resource protection efforts.

SWCD/NRCS Office: _____ Date: _____

SWCD/NRCS Signature: _____ Phone: _____

14. Statement of Farm Management Program Planning and Enrollment

This statement certifies that the above named individual has met with a qualified Farm Business Management Instructor and discussed development of a business plan for the farm property identified above. Applicant has paid the initial registration fees for enrollment in appropriate farm management programs. Instructor agrees to refund said fee if this application is not approved.

School: _____ Date: _____

Instructor Signature: _____ Phone: _____

CERTIFICATIONS OF APPLICANT

(To be completed by beginning farmer applicant/s)

In submitting this application, I, the undersigned Beginning Farmer, have read the following statements and hereby certify and agree that:

1. I will be a permanent resident of the state of Minnesota at the time of bond issuance. 1. True _____ False _____
2. I have sufficient education, training or experience in the type of farming for which this loan is requested. 2. True _____ False _____
Attach a background letter describing the education, training or experience of you and your spouse as it relates to farming.
3. The Project shall be used only for farming by myself, my spouse, and/or minor children. 3. True _____ False _____
4. None of the proceeds of the loan shall be used for the refinancing or restructuring of any existing indebtedness in whole or in part, working capital, operating purposes or for inventory or supplies for the Beginning Farmer or any related person. 4. True _____ False _____
5. I have or will have access to adequate working capital, farm equipment, machinery or livestock (if the loan proceeds are to be used to acquire agricultural land), and I have or will have access to adequate working capital or agricultural land (if the loan is to acquire depreciable agricultural property). 5. True _____ False _____
6. I agree the loan may not be assumed by another person without RFA's prior approval and then only if the purchaser of the property is an eligible applicant for an RFA loan. I presently plan to retain the property financed by the loan for the term of the loan; however, I understand equipment and other depreciable property may be exchanged or traded in on similar property, and other property such as breeding livestock may be added or substituted as collateral at the discretion of the Lender without prior approval of the RFA. I also understand that the benefits of the loan, made at the tax-exempt rate from the proceeds of an RFA bond, must be retained by myself, and no person to whom property is traded or otherwise transferred may obtain the benefits of the RFA loan. 6. True _____ False _____
7. I understand and agree that I am responsible for submitting an application fee with this application and a loan closing fee (origination fee equal to 1 1/2%) of the principal amount of the loan to the RFA at the time of loan closing; such fees will be used for expenses associated with the administration of the Minnesota Rural Finance Authority. 7. True _____ False _____
8. I agree to enroll in a farm business management program approved by the Minnesota Commissioner of Agriculture for at least the first three years of the loan, if an approved program is available within 45 miles of the borrower's residence. 8. True _____ False _____
9. I will make farming my principal occupation (off-farm income is acceptable). 9. True _____ False _____

(NOTICE: Minnesota Statute Section 41B.211, subd. 1 and 2, states that financial information received or prepared by the Rural Development Authority regarding any authority loan is considered private data on individuals, except that information which may be released as required by federal tax law.)

_____ Date

_____ Signature of Beginning Farmer

_____ Signature of Beginning Farmers's Spouse

This application cannot be reviewed unless the RFA has received all of the following:

<input type="checkbox"/> \$50 application fee	<input type="checkbox"/> Background letter from applicant and lender
<input type="checkbox"/> Current personal financial statements witnessed by a bank officer and signed by all loan applicants	<input type="checkbox"/> Completed application form signed by both parties
	<input type="checkbox"/> Certificates-pages 7 & 8, if sale from close relative

CERTIFICATIONS OF BOND PURCHASER

(To be completed by Lender, Contract Seller, or Individual Investor)

The undersigned Bond Purchaser has read the following statements and hereby certifies that:

1. All of the proceeds of the bond will be used for the acquisition, construction, reconstruction, equipping and installation of land, or property of a character subject to the allowance for depreciation under Section 167 of the Internal Revenue Code.
2. To the best of the bond purchaser's knowledge, each of the Certifications of the Applicant and all other information with respect to the project or applicant set forth in this application is true and correct.
3. The proceeds of the bond will not be used to provide working capital or finance inventory, supplies or other operating expenses for the applicant or any related person, or be used to refinance or restructure any portion of existing indebtedness.
4. The Bond Purchaser requests the Authority to issue and sell its bond to the Bond Purchaser for the purpose of financing the project to the extent thereof.
5. The lender has not on the date hereof, and shall not prior to the RFA approving this application, finance or otherwise advance money to the Beginning Farmer or any Related Person in connection with the Project.

Date

Bond Purchaser or Bank Name

By

Signature of Official of Bank, Contract Seller, or Individual Investor

Print or Type Name and/or Title

RELATED PERSON CERTIFICATE

The undersigned Seller(s) owns the following Agricultural Land, Agricultural Improvements, and/or Depreciable Agricultural Property (the "Project"): _____

which is being sold to _____ (the "Beginning Farmer") and is being financed with proceeds from an Agricultural Development Revenue Bond to be issued by the Rural Finance Authority.

The Seller hereby certifies that the Project is being sold to the Beginning Farmer for its fair market Value and subsequent to such sale, the Seller will not have any other direct or indirect ownership or use of the Project.

IN WITNESS WHEREOF, we have hereunto set our official signatures as of the _____ day of _____, 20_____.

SELLER

By _____
(Signature of Seller)

(Print or Type Seller's Name)

By _____
(Signature of Spouse)

(Print or Type Spouse's Name)

FAIR MARKET VALUE CERTIFICATE

The undersigned on behalf of _____ (the "Lender") in connection with the sale from _____ (the "Seller") of Agricultural Land, Agricultural Improvements and/or Depreciable Agriculture Property as identified: _____

to _____ (the "Beginning Farmer"), to be financed with the proceeds of an Agricultural Development Revenue Bond to be issued by the Minnesota Rural Finance Authority, hereby certifies that the purchase price being paid by the Beginning Farmer to the Seller For the Project is the fair market value of the Project. Attached hereto is a copy of an appraisal establishing the fair market value of the Project.

IN WITNESS WHEREOF, I have hereunto set my official signatures as of the _____ day of _____, 20_____.

LENDER

(Lender/Bank Name)

(Signature of Loan Officer)

(Print or Type Name of Loan Officer)

(Title)