

# AgBMP Loan Program Disaster Eligibility Guidance

## Background

The Agriculture Best Management Practices (AgBMP) Loan Program is an ongoing program through the Minnesota Rural Finance Authority (RFA) that is available to solve water quality problems. The program has assisted farmers and landowners to recover from natural disasters because of the interactions with local water resources. In the past we have funded projects resulting from the St. Peter tornado in 1998, the Red River flooding in 1997, the southeast Minnesota flooding in 2007, and other disaster events.

Regardless of the cause the problem, any project funded by the AgBMP Loan Program must ultimately have a **direct water quality benefit**.

## Details

This loan program can fund repairs and protection to flood-prone feedlots and storage facilities. The RFA has funded replacement of out washed septic systems, damaged conservation tillage equipment, and replanted field windbreaks. Stabilization and repairs of gullies, outwashes, riverbanks, and other soil erosion problems is eligible. Generally speaking, if there is a water quality benefit and the borrower is eligible, then the project is eligible under the AgBMP Loan Program.

Loans solely for repair of damaged facilities and structures such as collapsed basements, damaged roofs, lost yard trees, and road repairs are not eligible. However, regardless of the landowner's primary purpose, if the project has a direct water quality component, it is eligible. For example, if the landowner needs to stabilize a riverbank to protect their house, it still would be eligible because of the direct reduction in erosion and sedimentation to the river. If a farmer has lost fencing, it would be eligible if the replacement fencing excludes cattle from surface waters or erodible areas. If a barn is blown down, we can participate in those components that manage precipitation, manure, reduce runoff, and prevent degradation of clean water. If there is a chemical facility or feedlot in a flood prone area, we can finance dikes and structures that might prevent release of chemicals or nutrients from the site or participate in the relocation of the facility to an environmentally less sensitive area - though the loan must still address water quality components of the relocated facility.

Projects that simply control water volume, speeds drainage, or protects property from damage are not eligible. Disaster requests may be an opportunity to address long-term water quality concerns simultaneously with immediate property repair.

All counties in Minnesota have budgeted funds for this loan program. It is up to the county to prioritize projects to fund based upon that budget.

The landowner works through their local government unit (LGU) and potentially a local bank to secure the financing. The AgBMP Program will provide up to \$200,000 in funds for the loan to the LGU or bank under the terms of 0% interest (the bank or LGU may charge up to 3% interest on this money) and up to a 10 year term. Details can be found at [www.mda.state.mn.us/agbmploan](http://www.mda.state.mn.us/agbmploan)

---

**For Additional Information:** Richard Gruenes

651-201-6609 · [richard.gruenes@state.mn.us](mailto:richard.gruenes@state.mn.us) · 625 Robert Street North, Saint Paul, MN 55155-2538