

Disaster Recovery Loan Program

The funds are available to farmers for expenses not covered by insurance. The funds can be used to help clean up, repair, or replace farm structures and septic and water systems, as well as replace seed, other crop inputs, feed, and livestock, when damaged by high winds, hail, tornado, floods or excessive rainfall or snowfall. In the event of avian influenza, funds can be used to replace flocks, make building improvements, or cover the loss of revenue. Loan proceeds may also be used to repair or replace septic and water systems, and replace destroyed agricultural buildings with similar capacity and function.

This is a loan participation program available through the Rural Finance Authority (RFA). Farmers will work through their local lender. Upon completion of an application, the lender will apply for RFA participation. The RFA must have a completed Master Participation Agreement with the lender on file.

ELIGIBILITY REQUIREMENTS

The farmer candidate must meet the following criteria:

- Be an individual who is a resident of Minnesota or a domestic family farm corporation or family farm partnership as defined in section 500.24, subd. 2;
- Certify that the damage or loss was sustained within a county that was the subject of a state or federal disaster declaration, or due to the presence of avian influenza; or due to an emergency determined by the authority
- Demonstrate an ability to repay the loan;
- Have received at least 50 percent of average annual gross income from farming for the past three years.

PARTICIPATING LENDERS

While all lending institutions are eligible to be part of the program, they are not required to do so. Their decision to join the program is voluntary. Each lender must enter into an agreement with the RFA and offer farm loans based upon certain pre-established rules in order to qualify for RFA participation.

LOAN TERMS

The RFA participation in a qualifying loan is limited to 45 percent of the principal amount up to a maximum of \$200,000. Interest rate on the RFA portion is currently set at 0.0 percent. Down payment and collateral requirements will be determined by the agricultural lender and the authority. Loan amortization will be scheduled on flexible terms not to exceed 10 years. The first payment may be deferred for 2 years. There is no maximum on the size of loan that a participating lender may make under the program. There are no net worth limitations on this program. The originating lender will retain the balance of each loan. The borrower must satisfy the local lender's guidelines. The local lender will control the day-to-day operation of the loan. Participating lenders are allowed to charge a fixed or adjustable interest rate consistent with their normal lending practices and their agreement with the RFA.

CONTACT

Phone: (651) 201-6004

Website: <http://www.mda.state.mn.us/grants/disaster/disasterloan.aspx> Email:

Ryan.Roles@state.mn.us