

shall include within the membership persons who represent financial institutions experienced in agricultural lending, the real estate sales industry, farmers, beginning farmers, average taxpayers, local government, soil conservation district officials, and other persons specially interested in family farm development.

Sec. 4. Section 175.5, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 4. The authority shall develop programs for providing financial assistance to agricultural producers in this state.

Sec. 5. **NEW SECTION. 175.13A FINANCIAL ASSISTANCE FOR AGRICULTURAL PRODUCERS.**

1. The authority shall develop programs including, but not limited to, loan guarantees, interest buy-downs, grants, or secured direct loans, to assist agricultural producers within the state. The authority shall exercise the powers granted to it in this chapter in order to fulfill the goal of providing financial assistance to agricultural producers. The authority may participate in and cooperate with programs of any agency or instrumentality of the federal government or with programs of any other state agency in the administration of the agricultural producer loan program.

2. The authority shall provide in an agricultural producer loan program that a loan guarantee, interest buy-down, grant, or secured direct loan shall be provided only if the following criteria are satisfied:

- a. The agricultural producer is a resident of the state.
- b. The agricultural producer's land and farm operations are located within the state.

Sec. 6. This Act, being deemed of immediate importance, takes effect from and after its publication in *The Daily Freeman-Journal*, a newspaper published in Webster City, Iowa, and in *The Winterset Madisonian*, a newspaper published in Winterset, Iowa.

Approved March 20, 1986

I hereby certify that the foregoing Act, House File 2351, was published in *The Daily Freeman-Journal*, Webster City, Iowa, on March 26, 1986, and in *The Winterset Madisonian*, Winterset, Iowa, on April 9, 1986.

MARY JANE ODELL, *Secretary of State*

CHAPTER 1027

AGRICULTURAL LOAN ASSISTANCE PROGRAM

H.F. 2353

AN ACT relating to the Iowa family farm development authority, by providing for an agricultural loan assistance program, providing for the adoption of penalties, making an appropriation, and providing for an effective date.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 175.2, Code Supplement 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 8A. "Lending institution" means a bank, trust company, mortgage company, national banking association, savings and loan association, life insurance company, any state or federal governmental agency or instrumentality, including without limitation the federal land bank or any of its local associations, or any other financial institution or entity authorized to make farm operating loans in this state.

Sec. 2. Section 175.3, subsection 1, Code Supplement 1985, is amended to read as follows:

1. The Iowa family farm development authority is established, and constituted a public instrumentality and agency of the state exercising public and essential governmental functions. The authority is established to undertake programs which assist beginning farmers in purchasing agricultural land and agricultural improvements and depreciable agricultural property for the purpose of farming, and programs which provide financing to farmers for permanent soil and water conservation practices on agricultural land within the state or for the acquisition of conservation farm equipment, and programs to assist farmers within the state in financing operating expenses and cash flow requirements of farming. The powers of the authority are vested in and exercised by a board of eleven members with nine members appointed by the governor subject to confirmation by the senate. The treasurer of state or the treasurer's designee and the secretary of agriculture or the secretary's designee are ex officio nonvoting members. No more than five appointed members shall belong to the same political party. As far as possible the governor shall include within the membership persons who represent financial institutions experienced in agricultural lending, the real estate sales industry, farmers, beginning farmers, average taxpayers, local government, soil conservation district officials, and other persons specially interested in family farm development.

Sec. 3. Section 175.4, Code 1985, is amended by adding the following new subsections:

NEW SUBSECTION. 15. There exists a serious problem in this state regarding the ability of farmers to obtain affordable operating loans for reasonable and necessary expenses and cash flow requirements of farming.

NEW SUBSECTION. 16. Farming is one of the principal pursuits of the inhabitants of this state. Many other industries and pursuits, in turn, are wholly dependent upon farming.

NEW SUBSECTION. 17. The inability of farmers to obtain affordable operating loans is conducive to a general decline of the economy in this state.

NEW SUBSECTION. 18. It is necessary to establish an agricultural loan assistance program in this state to assist farmers in obtaining adequate financing at affordable rates for operating expenses and thereby assist in the stabilization of the economic condition of this state.

Sec. 4. NEW SECTION. 175.35 AGRICULTURAL LOAN ASSISTANCE PROGRAM.

1. The authority shall establish and develop an agricultural loan assistance program to facilitate the availability of affordable operating capital to farmers by providing grants to lending institutions as provided by this section.

2. The authority shall make available to farmers and lending institutions eligibility application forms for the agricultural loan assistance program. Applications to the authority for assistance under this section shall be executed jointly by the lending institution and the farmer upon approved forms.

3. The authority shall provide in the agricultural loan assistance program that a grant will be provided in conjunction with a farmer's operating loan only if the following criteria are satisfied:

a. The farmer is a resident of the state.

b. The farmer is an individual, a partnership, or a family farm corporation, as defined in section 172C.1, subsection 8.

c. The farming operation in which the farmer will use the operating loan is located within the state.

d. The operating loan will be used by the farmer for reasonable and necessary expenses and cash flow requirements of farming as defined by rules of the authority.

e. The farmer has made full disclosure of the farmer's finances to the lending institution and to the authority, to the extent required by the authority.

f. Additional requirements as are prescribed by the authority by rule, which may include but are not limited to:

- (1) Participation in federal crop insurance programs, where available.
- (2) A consideration of the borrower's agreement to maintain farm management techniques and standards established by the authority.
- (3) Participation in federal farm programs, where applicable.
- (4) The maximized use of available loan guarantees where applicable.
- (5) A consideration of factors demonstrating the farmer's need for operating loan assistance and the probability of success with the assistance in the farming operation in which the operating loan will be used, including net worth, debt-to-asset ratio, debt service coverage ratio, projected income, and projected cash flow.

4. The authority may participate in and cooperate with programs of an agency or instrumentality of the federal government in the administration of the agricultural loan assistance program. The authority may provide in the agricultural loan assistance program that a grant may be provided in conjunction with a farmer's operating loan only if the farmer and lending institution participate in one or more operating loan assistance programs of an agency or instrumentality of the federal government, which are determined to be appropriate by the authority.

5. Upon approval of an eligibility application and a determination by the authority that assistance pursuant to the agricultural loan assistance program is needed to qualify a farmer and lending institution for participation in an appropriate operating loan assistance program of an agency or instrumentality of the federal government, the authority may:

a. Enter into an agreement with the lending institution and the farmer to supplement the assistance to be received pursuant to the federal program in which agreement the lending institution shall agree to reduce for one year the interest rate on the farmer's operating loan to the rate determined by the authority to be necessary to qualify the farmer and lending institution for participation in the federal program and the farmer shall agree to comply with the rules and requirements established by the authority.

b. Agree to give the lending institution, for the benefit of the farmer, a grant in an amount to be determined by the authority to partially reimburse the lending institution for the reduction of the interest rate on the farmer's operating loan.

6. In determining the rate reduction to be required under subsection 5, paragraph "a", and the amount of the grant to be given under subsection 5, paragraph "b", the authority shall:

a. Consider the amount of any interest reimbursement to be received by the farmer or lending institution pursuant to the federal operating loan assistance program.

b. Not require a rate reduction pursuant to subsection 5, paragraph "a" which is in excess of three percentage points in addition to the interest rate reduction required pursuant to the federal program.

c. Not give a grant pursuant to subsection 5, paragraph "b" in an amount greater than three percent per annum of up to one hundred thousand dollars of the principal balance of the farmer's operating loan outstanding from time to time, for the term of the loan or for one year, whichever is less.

6A. Notwithstanding the provisions of subsections 4, 5, and 6, upon approval of an eligibility application and a determination by the authority that operating loan assistance will not be available to an individual farmer and lending institution on a timely basis pursuant to an appropriate program of the federal government, the authority may:

a. Enter into an agreement with the lending institution and the farmer in which the lending institution shall agree to reduce for one year the interest rate on the farmer's operating loan to a rate determined by the authority below the lending institution's farm operating loan rate as certified to the authority and the farmer shall agree to comply with the rules and requirements established by the authority.

b. Agree to give to the lending institution, for the benefit of the farmer, a grant in the amount, as determined by the authority, up to three percent per annum of up to one hundred

thousand dollars of the principal balance of the farmer's operating loan outstanding from time to time, for the term of the loan or for one year, whichever is less, to partially reimburse the lending institution for the reduction of the interest rate on the borrower's operating loan. However, the grant shall not exceed fifty percent of the amount of interest foregone by the lending institution pursuant to the rate reduction under paragraph "a".

7. The authority may require a lending institution to submit evidence satisfactory to the authority that the lending institution has complied with the reduction in the interest rate as required by an agreement pursuant to subsection 5 or 6A. The authority may inspect any books and records of a lending institution which are pertinent to the administration of the agricultural loan assistance program.

8. In order to assure compliance with this section and rules adopted pursuant to this section, the authority may establish by rule appropriate enforcement provisions, including but not limited to, the payment of civil penalties by a lending institution or farmer.

Sec. 5. There is appropriated from the general fund of the state to the Iowa family farm development authority for the fiscal year beginning July 1, 1985 and ending June 30, 1986, the amount of five million (5,000,000) dollars or so much thereof as is necessary, to be used for providing financial assistance to Iowa farmers under and through the agricultural loan assistance program, by providing moneys for grants under agreements subject to section 175.35 entered into on or after March 1, 1986 but before July 1, 1986. If the grants under the agreements exceed two million dollars, the excess shall be transferred from the Iowa plan fund for economic development, notwithstanding the provisions of 1985 Acts, chapter 33. Not more than one hundred thousand (100,000) dollars, or so much thereof as is necessary, shall be used for general administration, including salaries, support, and miscellaneous purposes. Moneys appropriated by this section which are committed for grants under agreements entered into on or after March 1, 1986 but before July 1, 1986, do not revert to the general fund or the Iowa plan fund. Moneys appropriated by this section which are committed for agreements but which are not utilized for the grants by July 1, 1987 revert on a pro rata basis to the general fund and the Iowa plan fund.

Sec. 6. This Act, being deemed of immediate importance, takes effect from and after its publication in *The Algona Upper Des Moines*, a newspaper published in Algona, Iowa, and in *The Messenger*, a newspaper published in Fort Dodge, Iowa.

Approved March 20, 1986

Pursuant to the authority vested in the undersigned Secretary of State of the State of Iowa, because of inherent and imperative need, I hereby designate that House File 2353 be published in the *Kossuth County Advance*, a newspaper published in Algona, Iowa.

MARY JANE ODELL, *Secretary of State*

I hereby certify that the foregoing Act, House File 2353, was published in the *Kossuth County Advance*, Algona, Iowa, on March 22, 1986, and in *The Messenger*, Fort Dodge, Iowa, on March 22, 1986.

MARY JANE ODELL, *Secretary of State*

CHAPTER 1028

PROTESTING AN ERROR IN ASSESSMENT

H.F. 714

AN ACT relating to the filing of a protest because of a clerical or mathematical error having been made in the assessment of a person's property.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 441.37, Code 1985, is amended by adding the following new unnumbered paragraphs: