

SOIL CONSERVATION AND WATER QUALITY DIVISION[27]

Regulatory Analysis

Notice of Intended Action to be published: 27—Chapter 11
“Conservation Practices Revolving Loan Fund”

Iowa Code section(s) or chapter(s) authorizing rulemaking: 161A
State or federal law(s) implemented by the rulemaking: Iowa Code section 161A.71

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

July 14, 2026
9 to 10 a.m.

Borlaug Conference Room
Hoover State Office Building
Des Moines, Iowa

Public Comment

Any interested person may submit written comments concerning this Regulatory Analysis, which must be received by the Soil Conservation and Water Quality Division no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

Colin Tadlock
1305 East Walnut Street
Des Moines, Iowa 50319
Email: colin.tadlock@iowaagriculture.gov

Purpose and Summary

The proposed rulemaking provides procedures and standards to be followed by the Iowa Department of Agriculture and Land Stewardship (IDALS) in administering the Conservation Practices Revolving Loan Fund. The proposed chapter establishes standards and guidelines to which the soil and water conservation districts (SWCDs) shall conform in all contracts under this program.

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**
 - **Classes of persons that will bear the costs of the proposed rulemaking:**
No costs are incurred by the public to comply with this proposed rulemaking.
 - **Classes of persons that will benefit from the proposed rulemaking:**
This proposed rulemaking will not provide an additional benefit to any persons.
2. **Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:**
 - **Quantitative description of impact:**
There will be no significant impact associated with this proposed rulemaking.
 - **Qualitative description of impact:**
There will be no significant impact associated with this proposed rulemaking.
3. **Costs to the State:**
 - **Implementation and enforcement costs borne by the agency or any other agency:**

Costs incurred by the Division are associated with SWCD, Iowa Finance Authority (IFA), and IDALS staff to promote, implement, and process loans. The three identified groups work together to offer these loans to landowners. Based on staff involved in the process, it is estimated that up to 5 percent of annual costs associated with IDALS field staff time are associated with implementing these rules.

- **Anticipated effect on State revenues:**

There will be no effect on State revenues in association with this proposed rulemaking.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

Not applicable.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

Not applicable.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

Not applicable.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

This revolving loan fund has been an important and popular program in implementing conservation practices statewide. This program is regularly partnered with Iowa Financial Incentive Program (IFIP) (27—Chapter 10) projects and provides landowners the opportunity to receive loan funds at a 0 percent interest rate to cover their portion of the project expenses. The program is currently functioning efficiently utilizing the rules established in this chapter, and the revisions being proposed will not affect this, so no alternatives needed to be considered.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

This proposed rulemaking will have no impact on small business.

Text of Proposed Rulemaking

ITEM 1. Rescind 27—Chapter 11 and adopt the following **new** chapter in lieu thereof:

CHAPTER 11
CONSERVATION PRACTICES REVOLVING LOAN FUND

27—11.1(161A) Authority and scope. These rules provide procedures and standards to be followed by the division of soil conservation and water quality, department of agriculture and land stewardship,

in administering the conservation practices revolving loan fund created in Iowa Code section 161A.71 and the standards and guidelines to which the soil and water conservation districts shall conform in fulfilling their responsibilities under this program.

27—11.2(161A) Rules are severable. If any provision of a rule or the application thereof to any person or circumstances is held invalid, the invalidity does not affect other provisions or applications of the rule that can be given effect without invalid provision or application, and to this end, the provisions of these rules are severable.

27—11.3(161A) Definition of terms. In addition to terms defined herein, definitions in rule 27—10.3(161A) shall apply.

“Financial partner” means the division’s designated bank, mortgage company or governmental agency charged with servicing loans described in this chapter.

“Net worth” means total assets minus total liabilities as determined in accordance with generally accepted accounting principles with appropriate exceptions and exemptions reasonably related to an equitable determination of the landowner’s net worth.

“Total assets” means the sum of cash; crops or feed on hand; livestock held for sale; breeding stock; marketable bonds and securities; securities (not readily marketable); accounts receivable; notes receivable; cash invested in growing crops; net cash value of life insurance; machinery, equipment, cars and trucks; farm and other real estate including life estates and personal residence; value of beneficial interest in a trust; government payments or grants; and any other assets. Total assets shall not include items used for personal, family or household purposes by the applicant; but in no event shall such property be excluded to the extent a deduction for depreciation is allowable for federal income tax purposes. All assets shall be valued at fair market value by the participating lender. Such value shall be what a willing buyer would pay a willing seller in the locality. A deduction of 10 percent may be made from fair market value of farm and other real estate.

“Total liabilities” means the sum of accounts payable; notes or other indebtedness owed to any source; taxes; rent; amount owed on real estate contract or real estate mortgages; judgments; accrued interest payable; and any other liabilities. Liabilities shall be determined on the basis of generally accepted accounting principles.

27—11.4(161A) Financial partner.

11.4(1) Agreement. The division may designate or enter into an agreement with a financial partner to assist with servicing loans under this program.

11.4(2) Responsibilities. The financial partner may assist with the following responsibilities:

- a. Making determinations regarding an applicant’s ability to repay the loan. Making this determination may include evaluating the applicant’s net worth or securing other information as deemed necessary.
- b. Securing valid liens on real estate on which the conservation practices are applied.
- c. Disbursing loan funds and processing loan payments.
- d. Collecting application fees for servicing loans. Maximum application fees assessed to the borrower will be 2 percent of the loan plus filing costs.
- e. Pursuing delinquent loan payments and collections.

27—11.5(161A) Allocation of revolving loan funds to soil and water conservation districts.

11.5(1) Method. The division shall utilize the following method to allocate program funds to the districts.

11.5(2) District allocations. Districts shall submit requests identifying valid applications and cost estimates as they are received and as the applicant has verified that they would like to move forward with securing a loan through this program. The division shall allocate available program funding on a first-come, first-served basis until such time as these funds are exhausted.

27—11.6(161A) Eligibility for revolving fund loan.

11.6(1) *Ability to repay the loan.* The applicant must demonstrate the ability to repay the loan to the satisfaction of the division and its financial partner.

11.6(2) *Use of the loan.* Loan funds shall be used only to pay the total eligible cost of installing permanent soil and water conservation practices listed in 27—subrule 10.21(3) for the Iowa financial incentive program for soil erosion control. District commissioners may designate which soil and water conservation practices will be eligible for loans in their district. The general conditions contained in rule 27—10.20(161A) shall apply to the district-designated practices. Revolving loan funds and public cost-sharing funds may be used in combination for funding a particular soil and water conservation practice.

11.6(3) *Other requirements.* The applicant must also meet the eligibility requirements contained in rule 27—10.17(161A) for the Iowa financial incentive program for soil erosion control.

27—11.7(161A) Loan application processing procedures.

11.7(1) *Application submittal process.* Applicants may apply for loans for soil and water conservation practices following the application process guidance provided by and utilizing documents specified by the soil and water conservation district in the county where the proposed soil and water conservation practice would be located. Applicants will be required to provide necessary financial information as specified by the division or the division's financial partner.

11.7(2) *District application processing.* Districts shall enter and process loan applications in FARMS following guidance provided by and maintained in policy established by the division.

11.7(3) *Application canceled by applicant.* A loan application may be canceled by the applicant by notifying the district at any time prior to receipt of the loan.

27—11.8(161A) Practice design and construction. Practices shall be designed and constructed to meet Natural Resources Conservation Service (NRCS) practice standards and specifications. These standards and specifications may be accessed through the NRCS Field Office Technical Guide, and copies may be requested in the district office where the practice will be implemented.

27—11.9(161A) Issuance of loan.

11.9(1) *Loan payment to applicant.* Loan payments shall be issued following the process specified by and maintained in policy established by the division.

11.9(2) *Maintenance agreement.* As a condition for receipt of a loan for permanent soil and water conservation practices, the owner of the land on which the practices have been installed shall agree to maintain those practices in accordance with the requirements of rule 27—10.5(161A) related to maintenance and performance agreements.

11.9(3) *Case files.* A case file shall be assembled and maintained for each approved loan application. The file will be assembled and maintained in accordance with the requirements of 27—subrule 10.18(2).

27—11.10(161A) Amount of loan and number.

11.10(1) *Minimum loan.* The minimum loan amount provided under this program will be \$2,500.

11.10(2) *Maximum loan.* The maximum loan amount provided under this program will be \$20,000.

11.10(3) *Number of loans.* There will be no limit to the number of loans an applicant can receive, except that an applicant shall be eligible for no more than \$20,000 in loans outstanding at any time under this program. Each approved application will be handled as a new loan.

27—11.11(161A) Repayment of loans. The loan repayment process, the repayment schedule and penalties on delinquent loans will be administered as specified in Iowa Code section 161A.71.

11.11(1) *Repayment upon sale of land.* In addition to specifications of Iowa Code section 161A.71, if the entire balance of the loan is not paid within ten days of the date of sale, a delinquent loan charge shall be applied as provided in subrule 11.11(2).

11.11(2) *Interest on delinquent loans.* The interest rate upon loans for which payment is delinquent shall accelerate immediately to the current legal usury limit. This is the maximum rate allowed by Iowa Code section 535.2(3)“a,” and it shall be applied to the entire unpaid principal, prorated for the period for which the payment is delinquent.

These rules are intended to implement Iowa Code chapter 161A.