

175.30 Use of assets insured or guaranteed loans to beginning or displaced farmers.

The trust assets received under the application made pursuant to section 175.28 other than cash shall be taken on proper transfer or assignment from the department of human services to the authority and administered as provided in this chapter. These funds may be used for any of the purposes of this chapter, including but not limited to costs of administration and insuring or guaranteeing payment of all or a portion of loans made pursuant to this chapter.

Beginning August 11, 1983,* the authority shall establish an insurance or guarantee loan program with those funds received pursuant to section 175.28 to the extent those funds were not committed under a program authorized by this chapter on August 11, 1983.* This program shall provide for the insuring or guaranteeing of seventy-five percent of the amount of an agricultural loan, not in excess of twenty-five thousand dollars, made to a beginning or displaced farmer to provide operating moneys for farming purposes in this state. The authority shall insure or guarantee only one such loan for each beginning or displaced farmer. The authority shall insure or guarantee a loan for only one year but with the option to extend the insurance or guarantee once for an additional year. The authority shall not insure or guarantee a loan where the ratio of the beginning or displaced farmer's liabilities, excluding the amount of the loan, to assets is greater than three to one. Provision shall be made in the insuring or guaranteeing of a loan that only those funds set aside for this program as provided in this paragraph shall be used for the payment of all or a portion of the loan insured or guaranteed. Provision shall also be made that the authority shall pay under its insurance or guarantee seventy-five percent of the actual amount of the default. A mortgage lender which seeks to have a loan of the lender insured or guaranteed under this program shall apply to the authority for the insurance or guarantee pursuant to rules established by the authority for this purpose. This program shall not obligate the state, authority, or other agency except to the extent provided in this paragraph. The authority shall define by rule what constitutes a loan made to provide operating moneys which definition shall not include a loan made for acquisition of agricultural land or agricultural improvements, or the refinancing of an existing loan even if made for operating purposes. As used in this section, "*displaced farmer*" means a person who discontinued farming on or after January 1, 1982 due to foreclosure or voluntary liquidation for financial reasons, and who was actively engaged in farming for at least one year prior to discontinuing farming. For the purposes of this section, "*beginning farmer*" includes an individual or partnership with a low or moderate net worth that became engaged in farming on or after January 1, 1982.

[C54, 58, 62, 66, 71, 73, 75, 77, 79, § 234.17; C81, § 175.30]

83 Acts, ch 96, § 157, 159; 83 Acts, ch 109, § 1, 2, 3; 86 Acts, ch 1078, § 1

Footnotes

*As determined by the Iowa family farm development authority