

16.75 Beginning farmer loan program.

1. The authority shall develop a beginning farmer loan program to facilitate the acquisition of agricultural land and improvements and depreciable agricultural property by beginning farmers. The authority shall exercise the powers granted to the authority in [this chapter](#) in order to fulfill the goal of providing financial assistance to beginning farmers in the acquisition of agricultural land and agricultural improvements and depreciable agricultural property. The authority may participate in and cooperate with programs of the United States department of agriculture consolidated farm service agency, federal land bank, or any other agency or instrumentality of the federal government or with any program of any other state agency in the administration of the beginning farmer loan program and in the making of loans or purchasing of mortgage or secured loans pursuant to [this subchapter](#).

2. The authority may participate in any federal programs designed to assist beginning farmers or in any related federal or state programs.

3. The authority shall provide in a beginning farmer loan program that a loan to or on behalf of a beginning farmer shall be provided only if the following criteria are satisfied:

a. The beginning farmer is a resident of the state.

b. The agricultural land and agricultural improvements or depreciable agricultural property the beginning farmer proposes to purchase will be located in the state.

c. The beginning farmer has sufficient education, training, or experience in the type of farming for which the beginning farmer requests the loan.

d. If the loan is for the acquisition of agricultural land, the beginning farmer has or will have access to adequate working capital, farm equipment, machinery, or livestock. If the loan is for the acquisition of depreciable agricultural property, the beginning farmer has or will have access to adequate working capital or agricultural land.

e. The beginning farmer shall materially and substantially participate in farming.

f. The agricultural land and agricultural improvements shall only be used for farming by the beginning farmer, the beginning farmer's spouse, or the beginning farmer's minor children.

g. Other criteria as the authority prescribes by rule.

4. The authority may provide in a loan made or purchased pursuant to [this subchapter](#) that the loan shall not be assumed or that any interest in the agricultural land or improvements or depreciable agricultural property may not be leased, sold, or otherwise conveyed without the authority's prior written consent, and may provide a due-on-sale clause with respect to the occurrence of any of the foregoing events without the authority's prior written consent. The authority may provide by rule the grounds for permitted assumptions of a mortgage or for the leasing, sale, or other conveyance of any interest in the agricultural land or improvements. However, the authority shall provide and state in a loan that the authority has the power to raise the interest rate of the loan to the prevailing market rate if the loan is assumed by a farmer who is already established in that field at the time of the assumption of the loan. This provision controls with respect to a loan made or purchased pursuant to [this subchapter](#) notwithstanding the provisions of [chapter 535](#).

5. The authority may participate in any interest in any loan made or purchased pursuant to [this subchapter](#) with a lending institution. The participation interest may be on a parity with the interest in the loan retained by the authority, equally and ratably secured by a mortgage or security agreement securing the loan.

[2014 Acts, ch 1080, §56, 78](#)

Section takes effect January 1, 2015; 2014 Acts, ch 1080, §78

NEW section