25—4.3(175) Basic qualification criteria.

4.3(1) *Borrower.* A borrower may be an individual, partnership, corporation or limited liability company that is a low-income farmer.

4.3(2) *Age limits.* A borrower must be at least 18 years of age unless the borrower is married. There is no upper age limit.

4.3(3) *Residence.* Borrower must be an Iowa resident at the time of loan closing and throughout the duration of the participation. Project must be located in Iowa.

4.3(4) *Training and experience.* The borrower, whether an individual, partnership, corporation or limited liability company, must have documented, to the satisfaction of the authority, sufficient education, training, and experience in the type of farming operation for which the participated loan is requested.

4.3(5) *Loan purpose.* Loans must be for new purchases of agricultural property; funds may not be used for refinancing, except for those instances when down payment funds are made for a new purchase no more than 60 days prior to the authority approving the participation.

4.3(6) *Amount of participated loan.* The aggregate amount of the participated loan can be no more than two times the net worth of the borrower.

4.3(7) *Net worth.*

a. For an individual, an aggregate net worth of the individual and the individual's spouse and minor children (if any) shall be less than $300,000.

b. For a partnership, an aggregate net worth of all partners, including each partner's net capital in the partnership, together with each partner's spouse and minor children, shall be less than $600,000. However, the aggregate net worth of each partner, including the partner's net capital in the partnership together with that of the partner's spouse and minor children, shall not exceed $300,000.

c. For a corporation, an aggregate net worth of all corporate shareholders, including each shareholder's net capital in the corporation plus the net capital of the corporation, shall not exceed $600,000. The aggregate net worth of each shareholder, including the shareholder's net capital in the corporation together with that of the shareholder's spouse and minor children (if any), shall not exceed $300,000.

d. For a limited liability company, an aggregate net worth of all members, including each member's ownership interest in the limited liability company, together with that of each member's spouse and minor children, shall be less than $600,000. However, the aggregate net worth of each member, including the member's ownership interest in the limited liability company together with that of the member's spouse and minor children, shall not exceed $300,000.

4.3(8) *Maximum debt level.* Borrower's debts at the time of application:

a. For an individual, and the individual's spouse and minor children (if any) shall be less than $400,000.

b. For a partnership, including each partner, together with each partner's spouse and minor children, shall be less than $800,000. However, the aggregate debt of each partner, together with that of the partner's spouse and minor children, shall not exceed $400,000.

c. For a corporation, its aggregate debt shall not exceed $800,000. The aggregate debt of each shareholder, together with that of the shareholder's spouse and minor children (if any), shall not exceed $400,000.

d. For a limited liability company, the aggregate debt of all members, including each member, together with each member's spouse and minor children, shall be less than $800,000. However, the aggregate debt of each member, together with that of each member's spouse and minor children, shall not exceed $400,000.

4.3(9) *Farm debt-to-asset ratio.* Borrower must have a farm debt-to-asset ratio of no more than 80 percent upon completion of loan closing. If the farm debt-to-asset ratio is greater than 60 percent, borrower's projected term debt coverage ratio must be 120 percent or greater.

4.3(10) *Ratio of current assets to current liabilities.* Borrower must have a ratio of current assets to current liabilities better than 1.1 to 1 at the time of application.

4.3(11) *Off-farm income.* Borrower may have off-farm income, but 50 percent or more of the projected gross income must come from farm income.

4.3(12) *Collateral appraisals.* All real estate and depreciable property intended for use as collateral on a participated loan must be evaluated/appraised by a qualified third-party appraiser. All real estate appraisals must meet the federal regulatory requirements of the lender's examiners and the uniform standards of professional appraisal practice of the appraisal foundation.

4.3(13) *Loan-to-value ratio.*

a. The authority may approve any participation where the borrower does not borrow more than 100 percent of the appraised value or purchase price of the property offered as security for the participated loan.

b. Participation loans for real estate cannot exceed 90 percent of the appraised value of the real estate collateral unless the participation loan is evenly amortized and paid in full in seven years.