

25—4.6(175) Program maximums.

4.6(1) Purchase price impact. Maximum participation amount is the lesser of:

- a. Thirty percent of the purchase price; or
- b. One hundred thousand dollars.

4.6(2) Net worth factor. The aggregate amount of the participated loan can be no more than two times the net worth of the borrower.

4.6(3) Real estate collateral issues. A participated loan for real estate:

a. Cannot exceed 90 percent of the appraised value of the real estate collateral, unless additional collateral is provided so that the total value of the collateral pledged has an appraised value of at least 125 percent of the amount of the participated loan.

b. If additional collateral does not have an appraised value of at least 125 percent, the participation will be evenly amortized and paid in full in seven years.

c. Any guarantee of repayment or pledge of additional collateral required by the lender to secure the participated loan shall secure the entire participated loan including the participation (by the authority).

4.6(4) Loan terms. The authority has established the following with respect to participation terms:

a. The maximum amortization period for the participation is seven years for depreciable agricultural property. When a participated loan is made for livestock, the length of the participation is restricted to the expected useful life of the animal being purchased. The following expected useful life schedules have been approved for livestock: cattle (including beef and dairy) equal 7 years; swine equal 3 years; and sheep equal 7 years.

b. IADA participation loan payments on participated real estate loans will be equally amortized for either 7 or 20 years over the term of the participation, depending upon the amount of down payment provided by the applicant.

(1) No down payment, 7-year amortization, 7-year term, no balloon payment, and will be paid in full by the end of the seventh year.

(2) Ten percent down payment, 20-year amortization, 10-year term with balloon payment, paying the balance of the participation in full by the end of the tenth year.

c. The interest rate on the participated loan may be a fixed rate, a variable rate, or a combination thereof. If the rate of interest adjusts during the life of the participated loan, the interest rate on the participated loan cannot exceed the initial interest rate by more than 500 basis points.

4.6(5) Loans outstanding. Loans under the program may be issued more than once, providing the outstanding participation totals do not exceed \$50,000 to any single borrower.