

**MISSOURI AGRICULTURAL AND SMALL BUSINESS
DEVELOPMENT AUTHORITY**

Livestock Feed and Crop Input Loan Guarantee Program

Guidelines and Procedures

Legal authorization: RSMo 348.515 to RSMo 348.533

A. Purpose

The Missouri Agricultural and Small Business Development Authority's (MASBDA) objective is to promote the development of agriculture and small businesses. To help achieve this objective, MASBDA offers the Missouri Livestock Feed and Crop Input Loan Guarantee Program. The program provides up to a 50% first-loss guarantee on livestock feed and crop input loans made by eligible lenders to independent livestock and poultry farmers for loans not to exceed \$100,000. This program is intended to encourage lenders to provide reasonable financing for livestock feed and crop inputs given the ongoing economic pressures faced by farmers.

B. Eligibility

- Farmers who will use the loan proceeds to finance the purchase of livestock feed and inputs used to produce crops for livestock feed.
- Borrowers must be independent livestock or poultry farmers, which is a producer who may be producing poultry or livestock that is either owned or produced under contract.
- Borrowers must be legal Missouri residents who are at least 18 years old.
- Eligibility will not be determined or otherwise affected by any consideration of race, religion, sex, creed, color or residence, other than the individual borrower must be a legal Missouri resident at the time the loan is closed.
- Borrower must be able to provide proof of citizenship, identity and residence. If the borrower employs laborers, he/she must also provide proof of enrollment and participation in the federal work authorization program.

C. Loan Amount and Terms

- Loans made under the guarantee program may be up to \$100,000.
- The interest rate charged to a borrower will be negotiated between the lender and the borrower, but cannot exceed the rate normally charged by the lender for similar loans.
- The borrower can incur no penalties for accelerated payment of the loan.
- The borrower must provide at least 10 percent of the cost of the project as down payment.

D. Approval

The following shall be considered in approval of the guarantee:

- Ability to repay the proposed loan
- Economic conditions of the borrower's area
- Potential success of the particular farm operation for which the loan is sought
- The existence of security on the loan.

Please note: The Missouri Agricultural and Small Business Development Authority recognizes the challenges facing the dairy and pork industries at this time and strongly encourages lenders and farmers to consider and discuss long-term strategies to address industry oversupply and individual farm's financial situations.

E. Application Process

Producers wishing to secure a loan through the loan guarantee program must:

- Apply for a loan with an eligible lender.
- The participating lender must decide whether a prospective borrower meets its requirements for a loan if a 50 percent first-loss guarantee is provided through the Livestock Feed and Crop Input Loan Guarantee Program.
- After deciding to make a guaranteed loan, the lender must submit an application to the authority.

F. Fees

A \$50 participation fee is due at the time of closing. Additionally, a loan guarantee fee of 1% of the outstanding principal is due at closing and annually on the anniversary of the loan.

G. Other Information

- Eligible lenders must apply normal due diligence procedures in the collection of loans guaranteed through the program and use its regular collection procedures prior to requesting the authority pay the guarantee on the outstanding principal.
- All documentation associated with the loan must be retained for a period of no less than seven years by the bank and be available for audit.
- The borrower must agree to a farm visit.
- Prior to a loan loss payment being made, the lender shall provide proof of compliance (copy of MOU) with the federal work authorization program (E-verify).
- Borrowers qualifying for the Livestock Feed and Crop Input Loan Guarantee Program may also qualify for the Missouri Linked Deposit Program administered by the state treasurer's office. The Missouri Linked Deposit Program makes funds available at reduced interest rates to lenders who in turn pass the savings along to agricultural borrowers. To find out more about the Missouri Linked Deposit Program, call the state treasurer's office at (573) 751-2372 or visit their website at www.treasurer.mo.gov.

For more information contact:

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