

Rules of
Department of Agriculture
Division 100—Missouri Agricultural and
Small Business Development Authority
Chapter 6—Single Purpose Animal Facilities Loan
Guarantee Program

Title	Page
2 CSR 100-6.010 Description of Operation, Definitions, Fee Structures, Applicant Requirements, and Procedures for Making and Collecting Loans and Amending the Rules for the Single Purpose Animal Facilities Loan Guarantee Program	3

Title 2—DEPARTMENT OF AGRICULTURE

Division 100—Missouri Agricultural and Small Business Development Authority

Chapter 6—Single Purpose Animal Facilities Loan Guarantee Program

2 CSR 100-6.010 Description of Operation, Definitions, Fee Structures, Applicant Requirements, and Procedures for Making and Collecting Loans and Amending the Rules for the Single Purpose Animal Facilities Loan Guarantee Program

PURPOSE: This rule describes the operation of the program; defines terms; and establishes the fee structure, applicant's requirements, procedures for loan approval and collections, and conditions under which amendments will be made.

(1) General Organization.

(A) The Missouri Agricultural and Small Business Development Authority is authorized to borrow money and issue bonds, procure insurance or guarantees from any public or private entities, receive and accept from any source aid or contributions of money, property, labor or other things of value to be used to carry out its purpose, enter into agreements with any department, agency, or instrumentality of the United States or this state for the purpose of providing for the financing and refinancing of any agricultural property and pollution control facilities or general property for small businesses, and to make agricultural development loans, small business loans, and small business pollution control facility loans.

(B) The authority will issue certificates of guaranty covering a first loss guarantee up to twenty-five percent (25%) of the loan on a declining principal basis made by lenders to independent livestock producers to finance livestock production.

(C) All submissions or requests for information regarding this authority should be directed to the Missouri Department of Agriculture, Agricultural and Small Business Development Authority, P.O. Box 630, Jefferson City, MO 65102.

(2) Definitions. As used in this rule, the following terms shall mean:

(A) Authority means the Missouri Agricultural and Small Business Development Authority organized pursuant to the provisions of sections 348.005 to 348.225, RSMo;

(B) Certificates of guaranty means evidence of obligation of the authority to guarantee up to but no more than twenty-five percent (25%) of the loan on a declining principal basis made

by lenders to independent livestock producers to finance livestock production;

(C) Eligible borrower means a borrower who is an independent producer qualifying for a loan through the single-purpose animal facilities loan guarantee program;

(D) Eligible lender means any state or national bank, federal land bank, production credit association, bank for cooperatives, federal or state chartered savings and loan association or building and loan association or small business investment company that is subject to credit examination by an agency of the state or federal government, or any other lending institution approved by the insurer or guarantor of an agricultural development loan, small business development loan, or small business pollution control facility loan which undertakes to make or service such a loan;

(E) Independent livestock producer (as used in this rule only) means any person who is engaged in the production of poultry or livestock either owned or produced under contract, but who is not an integrated cattle producer with over five thousand (5,000) head feedlot capacity, or a swine producer with over one thousand two hundred (1,200) sows, except if independent producers organize a cooperative agreement to produce swine, the one thousand two hundred (1,200) sow limitation would not apply;

(F) Single-purpose animal facilities loan guarantee fund means a fund established in the state treasury consisting of money appropriated to it by the general assembly, charges, gifts, grants and bequests from federal, private or other sources, to be used to guarantee up to twenty-five percent (25%) of loans made by lenders to borrowers qualifying for loans through the single-purpose animal facilities loan guarantee program;

(G) Single-purpose animal facilities loan program fund means a fund established in the state treasury consisting of fees charged to borrowers to be used, upon appropriation, for administration of the single-purpose animal facilities loan guarantee program; and

(H) Single-purpose animal facilities loan means a loan to finance the acquisition, construction, improvement or rehabilitation of land, buildings, facilities, equipment, machinery, and animal waste facilities used to produce poultry, hogs, beef or dairy cattle or other animals.

(3) Criteria Relating to Participating Borrowers and Single-Purpose Animal Facilities Loan Guarantee Program.

(A) Eligibility requirements for securing loans include:

1. A borrower must be an independent livestock producer who is at least eighteen (18) years of age executing a note or other evidence of a loan;

2. Any project being financed must be used in Missouri by residents of the state;

3. A borrower must make at least a ten percent (10%) down payment on, or provide at least ten percent (10%) equity in, the project being financed under the program. If the borrower is producing poultry or livestock under contract, an assignment against the contract to the lender may replace a part or all of the required equity other than the initial ten percent (10%) down payment or equity; and

4. The eligibility of any person for a loan guarantee under the program shall not be determined or otherwise affected by any consideration of that person's race, religion, sex, creed, color, or location of residence, other than the borrower must be a resident of the state of Missouri at the time the loan is closed.

(B) Loans being guaranteed through the program cannot exceed two hundred fifty thousand dollars (\$250,000), except for loans made by the authority through its animal waste facilities loan program.

(C) Certificates of guaranty cannot be issued for a period exceeding ten (10) years.

(D) Loans made under the program may not be assumed by another person(s) without the prior approval of the authority.

(E) Loan guarantees made under the program may not apply to refinancing of loans.

(F) Loans made under the program may not be assigned by the lender without approval of the authority.

(G) Loans made under the program may not be extended beyond the original time established for the loan without prior approval of the authority.

(H) The authority will receive a loan participation fee of one percent (1%), with the fee being collected from the borrower by the lender and submitted to the authority at the time the loan is closed.

(I) The authority will receive a special loan guarantee fee of up to one percent (1%) per annum of the outstanding principal which shall be collected from the borrower by the lender and paid to the authority.

(J) The rate of interest to be 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.

(K) The loan amortization schedule will be negotiated between the lender and the borrower. Payments may be repaid monthly, quarterly, semi-annually, annually or in installments that coincide with payments as they are normally received for the products being sold or delivered.

(L) Borrowers may accelerate payments, including early pay-off of the loan without incurring a prepayment penalty.

(4) Procedure for Making Eligible Loans.

(A) Independent livestock producers wishing to secure a loan through the program must apply for a loan from a participating eligible lender.

(B) A participating lender must make its own determination of whether a prospective borrower meets its requirements for a loan for which the lender will be applying for a loan guarantee.

(C) A lender seeking a guarantee through the program must submit to the authority an application and any supporting documents required by the authority.

(D) Upon receipt of the application and supporting documents, the authority will determine whether the loan constitutes a single-purpose animal facilities loan guarantee program loan and whether the borrower is an independent livestock producer who meets the requirements established by the authority.

(E) Upon determining that all requirements for the loan guarantee are met, the authority will issue to the lender a certificate of guaranty for up to twenty-five percent (25%) of any loss of the loan amount on a declining principal basis, and for a period not exceeding ten (10) years.

(5) Procedures for Collecting Loans.

(A) Lenders must apply normal due diligence procedures in the collection of loans guaranteed through the program.

(B) Lenders making the original loan shall use its regular collection procedures prior to any action being undertaken by the authority.

(C) After a lender has foreclosed upon a borrower who has defaulted on a loan made through the program, the authority will reimburse the lender for any loss up to twenty-five percent (25%) of the principal outstanding.

(D) When the authority makes payment to a lender for losses on a defaulted loan, the authority shall be subrogated to all rights of the eligible lender.

(E) After making a loan loss payment, the authority may institute action, including the use of private collection agencies, to recover any amount due the state.

(F) All monies received by the authority for payments made on previously defaulted guaranteed loans shall be paid promptly into the state treasury and deposited in the single-purpose animal facilities loan guarantee fund.

(6) Amendments.

(A) Subject to the provisions of the Act and the program, these guidelines may be amended from time-to-time in order to make them conform to the provisions of the Act or the program or to facilitate the making of single-purpose animal facilities loan guarantee program loans.

(B) To the extent the Act or the single-purpose animal facilities loan guarantee program is amended so that, if applied, it would make the requirements in these guidelines less restrictive, the program guidelines shall be deemed to be amended to incorporate the amended provisions of the Act of the program.

*Auth: section 348.190, RSMo (1994).**
Original rule filed Feb. 15, 1995, effective July 30, 1995.

**Original authority 1994.*