# CHAPTER 6-09.8
## BEGINNING FARMER LOAN GUARANTEE PROGRAM

**6-09.8-01. Definitions.**

As used in this chapter, unless the context or subject matter requires otherwise:

1. "Beginning farmer" means an individual who qualifies as a beginning farmer who:
   a. Is a resident of this state;
   b. Receives more than half of that person's gross annual income from farming, unless the person initially commences farming during the year of the application under this chapter;
   c. Intends to use any farmland to be purchased or rented for agricultural purposes;
   d. Is adequately trained by education in the type of farming operation which the person wishes to begin on the purchased or rented land referred to in subdivision c through satisfactory participation in the adult farm management education program of the state board for career and technical education or an equivalent program approved by the agriculture commissioner; and
   e. Has, including the net worth of any dependents and spouse, a net worth of less than one hundred thousand dollars, not including the value of their equity in their principal residence, the value of one personal or family motor vehicle, and the value of their household goods, including furniture, appliances, musical instruments, clothing, and other personal belongings.
2. "Lender" means any lending institution which is regulated or funded under the laws of this state or the United States and which has provided financing to a beginning farmer for the purchase of qualified agricultural property.
3. "Loan guarantee" means an agreement that in the event of default by a beginning farmer under a contract for deed, a note and mortgage, or other loan or financing agreement, the Bank shall pay the seller or lender ninety percent of the amount of principal due the seller or lender on a real estate transaction and up to fifty percent of the amount of principal due the seller or lender on a personal property loan at the time the claim is approved from the loan guarantee fund.
4. "Qualified agricultural property" means real estate or depreciable personal property used in the production of agricultural products. Depreciable personal property means personal property that may be depreciated under generally accepted accounting principles and is designed for use in more than one production year.
5. "Seller" means any person, association, partnership, corporation, or limited liability company which has provided financing to a beginning farmer for the purchase of qualified agricultural property or which has entered into a contract for deed with a beginning farmer for the sale and purchase of agricultural real estate.

**6-09.8-02. Beginning farmer loan guarantee program - Administration by the Bank of North Dakota.**

The Bank of North Dakota shall administer the beginning farmer loan guarantee program established by this chapter.

**6-09.8-03. Loan guarantee fund - Administrative charges.**

There is hereby created a beginning farmer loan guarantee fund which must be used by the Bank to carry out the provisions of this chapter. The fund must include the moneys appropriated by section 54-17-31 as it existed on June 30, 1983, and all earnings, less any administrative charges, from the investment of those moneys, and such moneys are hereby appropriated to the beginning farmer loan guarantee fund. Any and all administrative charges of the Bank necessary for the administration of the program established by this chapter may be charged to earnings of the fund.

**6-09.8-04. Application for guarantee.**

Repealed by S.L. 2019, ch. 54, § 13.

**6-09.8-05. Term - Annual fee.**

The term of a loan guarantee may not exceed five years. The Bank may charge a seller or lender an annual fee during the term of a loan guarantee.

**6-09.8-06. Termination.**

A loan guarantee may be terminated by the Bank upon the sale, exchange, assignment, or transfer of the beginning farmer's interest in the qualified agricultural property and must be terminated if the Bank determines that the loan guarantee was obtained by fraud or material misrepresentation of which the lender or seller has actual knowledge.

**6-09.8-07. Rules.**

The Bank shall adopt rules to implement this chapter, which may include a formula for determining the ratio of reserves in the loan guarantee fund to the amount of guaranteed loans, the maximum dollar amount of a guarantee, and the maximum allowable annual interest rate on a loan eligible for a guarantee.