

Agricultural Disaster Loan Origination Program

Frequently Asked Questions

The Low Interest Loan program structure was codified into law through PA 111 of 2018, allowing it to easily be activated in the event of an agricultural disaster.

Who is eligible to apply?

- Any farmer that suffers a loss of 25% or more in major enterprises or production loss of 50% or more in any one crop.
- Agricultural businesses that suffer a 50% or greater loss in volume of one commodity.
- An individual engaged in retail sales direct to farmers that suffers a 50% or greater reduction in gross retail sales volume.

What is the rate?

The state pays the loan origination fees equal to 5% of the original principle amount. The loan interest is set by the financial institution at a rate of 1%, or at the rate of the 5-year U.S. Treasury note plus ¼% (approximately 3%).

What is the loan term?

The loan cannot be for more than 5 years. The first principle payment required under the loan shall not occur before 24 months after the issuance of the loan.

How much can the loan be?

The loan shall be not more than the value of the crop loss and cannot exceed \$400,000 or the value of the crop loss minus insurance proceeds. If crop insurance was offered and the producer did not purchase the crop insurance, the amount of loan is reduced by 30% or \$100,000, whichever is less. The loan cannot be more than \$800,000 per facility or \$1 million per person applying for the loan.

How much is appropriated?

The legislature appropriated up to \$15 million to reduce interest rates due to experienced crop loss.

How do I apply?

See your lending institution for application procedures.

How soon is money available?

As soon as the legislation is signed into law, and you can reach agreement with your lending institution.