

The Department of Agriculture offers **BEGINNING FARMER DOWN PAYMENT GUARANTY PROGRAM**, which is designed to assist beginning farmers eligible for the beginning farmer bond and subsequently using the bond in obtaining agricultural real estate for the purpose of farming or ranching.

The BFDPG Program is not a direct loan fund, but a Guaranty on a real estate purchase loan through a local lender. The Program will provide a maximum guarantee of 20% of the bond amount. This is a pro-rata guarantee and is reduced as payments are applied to principal.

**I. ELIGIBILITY:**

- A. Borrower – must meet the eligibility criteria of the Beginning Farmer Bond Program
  - 1. Be at least 18 years of age;
  - 2. Be a South Dakota resident; and
  - 3. Cannot have owned or previously owned a substantial amount of agricultural land; 30% of the county median.
- B. Lender – A Federal or State chartered bank, who:
  - 1. Makes loans in or near the region or community where the financed project will be located;
  - 2. Has experience in making agricultural loans; and
  - 3. Be subject to credit examination and supervision by an agency of the United State or this State.

**II. ELIGIBLE LOAN ACTIVITIES:**

- A. Purchase agricultural land.

**III. RESTRICTIONS:**

- A. The BFDPG Program must be used in conjunction with the Beginning Farmer Bond Program.
- B. Maximum Guaranty is 20% of the Beginning Farmer Bond.

**IV. SECURITY:**

- A. The loan/bond will be secured by a real estate mortgage on the agricultural land.

**V. PAYMENTS:**

- A. Payments are due as agreed upon in the Promissory Note and in accordance with your cash flow.

**VI. RECORDS:**

- A. The borrower will be encouraged to use and maintain accurate records. Record keeping, financial planning and analysis are essential to the success of this program and your business.

**VII. APPLICATION PROCEDURE:**

- A. Lender and Borrower complete the applications and submit to the Department of Agriculture. The completed application should be accompanied at a minimum by:
  - a. Beginning Farmer Bond Application
  - b. Background letter from the applicant.
  - c. Current financial statement signed by the applicant.
- B. Department of Agriculture will review the receipted application and approve/disapprove.
- C. Upon approval, the parties continue with the Beginning Farmer Bond Issuance. Once process is complete, Lender closes loan/bond for the agricultural land and remits documents to the Department of Agriculture.

**VIII. TERM:**

- A. The BFDPG Program is a pro-rata guarantee and has a maximum term of 5 years.