

**25—2.9(175) Individual agricultural development bond program description.** This program is intended to allow beginning farmers to obtain lower interest rate loans for qualified purposes by obtaining loan funds from the proceeds of a tax-exempt bond issued by the authority and purchased by the lender. The authority will enter into a loan agreement with the beginning farmer and assign that loan to the lender. At the same time, the authority will issue a tax-exempt bond in the amount of the loan and the lender will purchase that bond, which is used to fund the loan assigned to the lender. The bond which is issued by the authority and purchased by the lender is a nonrecourse obligation. The only security for the lender is the underlying security on the assigned loan.