

25—5.3(175) Loan eligibility.

5.3(1) The loan guarantee fund shall not be used to guarantee a loan where the ratio of the beginning or displaced farmer's liabilities, excluding the amount of the loan, to net worth is greater than three to one.

5.3(2) The authority shall not issue a loan guarantee to be used to refinance existing loans held by any lender eligible to participate in the loan guarantee program.

5.3(3) Purposes for which guaranteed loan proceeds may be used include items needed for a successful farming operation. Such items shall include: livestock feed, seed, fuel, fertilizer, lime, chemicals, building and machinery repair and maintenance, cash farm rent, breeding fees, veterinary fees, livestock medicine, storage and warehousing, interest, real estate taxes, insurance for crops and buildings, utility expenses for farm purposes, freight and trucking expense, machine hire, hired labor, repairs of livestock and poultry equipment. No operating loan guarantee funds shall be used for personal or living expenses or for capital goods.