Terms of Loans

- Loan amounts are limited to $100,000.
- Maximum Loan Length: 10 years
- The maximum interest rate is 3% interest plus usual and customary fees charged by the lender.
- The county and local lender may set additional terms and requirements for eligibility of projects.
- These loans are meant to encourage water quality protection and may only be used to solve existing water quality problems.

Comparison of Typical Interest Paid on 3% and 9% loans for 2 to 10 years.

<table>
<thead>
<tr>
<th>Length of Loan (years)</th>
<th>Loan Amount</th>
<th>Total Interest Paid at 3%</th>
<th>Total Interest Paid at 9%</th>
<th>Cost Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>$5,000</td>
<td>$226</td>
<td>$685</td>
<td>$459</td>
</tr>
<tr>
<td>5</td>
<td>$5,000</td>
<td>$459</td>
<td>$1,427</td>
<td>$968</td>
</tr>
<tr>
<td>10</td>
<td>$30,000</td>
<td>$16,746</td>
<td>$11,577</td>
<td>$5,169</td>
</tr>
<tr>
<td>10</td>
<td>$50,000</td>
<td>$27,910</td>
<td>$19,295</td>
<td>$8,615</td>
</tr>
<tr>
<td>10</td>
<td>$100,000</td>
<td>$42,954</td>
<td>$29,138</td>
<td>$13,816</td>
</tr>
</tbody>
</table>

For More Information

Potential borrowers should contact the local Soil and Water Conservation District, county environmental office or local water planning officials for more information about loan availability in their county.

County Contacts:

Participating Lenders:

Minister Department of Agriculture
651-201-6618 or Dwight.Wilcox@state.mn.us
www.mda.state.mn.us/grants/loans/agbmploan.htm

The Minnesota Department of Agriculture
Agricultural Best Management Practices Loan Program
(AgBMP)

Low Interest Financing For Water Quality Improvement
The AgBMP Loan Program

- Provides low interest financing to farmers, rural landowners, and agriculture supply businesses to implement practices that prevent water pollution
- Provides loans for projects that reduce existing water quality problems caused by agricultural activities, erosion or failing septic systems
- Helps landowners comply with water related laws or rules
- Can be used with state and federal cost share or other sources of funding
- Has funds available in most counties

Who May Apply for Loans
- Farmers
- Rural Landowners
- Agriculture Supply Businesses

What is Eligible
- Feedlot improvements
- Upgrading manure storage basins and odor control
- Improved manure handling, spreading and incorporation equipment
- Terraces, waterways, streambank protection, sedimentation basins, wind breaks and other practices that prevent erosion
- Conservation tillage equipment
- Repair of sewage treatment systems
- Sealing abandoned wells
- Most any practice that prevents water pollution

What is Ineligible
- Financing projects already completed
- Improvement for feedlots with more than 1,000 animal units
- Most new construction projects

Where to Apply
The program is run locally through the local Soil and Water Conservation District or County Environmental Office. Call your local county offices to find out the local contact person for the loan program and their local application procedures.

Approval Process
The borrower proposes a project to the local county. If the project addresses local water quality priorities and the borrower meets eligibility requirements, the county may approve the project and refer it to a participating lender. The local lender evaluates the financial aspects of the project, decides whether to offer a loan, and if so, negotiates the final terms of the loan. The borrower can then complete the project. When completed, the borrower provides receipts or invoices for the cost of the project to the lender.

Local Decision Making
The AgBMP Loan Program allows local governments the flexibility needed to address specific local water quality concerns. The local loan fund is jointly administered by a local government and cooperating local financial institutions.

The Local Government helps farmers, agriculture supply business, and landowners identify problems and find solutions to water quality issues related to the agricultural industry or failing septic systems.

The Local Lender is responsible for assessing the economics of the proposed project and determining if a loan is financially feasible for the individual. The lender makes financial decisions, administers the loans, and collects payments from borrowers. Because the money is a loan and must be repaid, only those projects that are financially feasible and provide environmental benefits will be funded.

Amount of Funding Available:
Since 1995, a total of $56 million has been made available through the federal Clean Water Act and the Minnesota Legislature. Over 8000 loans have been issued and about $10 million is available each year for agricultural best management practices and upgrades to failing septic systems. Please contact your local Soil and Water Conservation District or County Environmental Office if you are interested in this program.