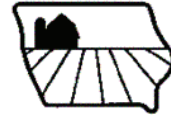


NEWS & INFORMATION

MARCH 2009 EDITION



Iowa Agricultural
DEVELOPMENT AUTHORITY

DIRECTOR'S NOTES

Welcome to this edition of IADA News and Information. Through this newsletter, we hope to keep you up-to-date on the programs and activities of the Iowa Agricultural Development Authority (IADA) as well as provide you with resources to utilize any of our programs. As always, please feel free to call the office at 515/281-6444. Tammy, Chuck, Amber or myself will be happy to help you.

Also, our website is available 24 hours a day.

If you haven't been to the website for a while, I encourage you to take a look. The applications for all the programs are now available in a Microsoft Word format. Simply save the applications on your computer as a word document and you can complete the applications on your computer.

Good luck in your future endeavors, and if you need

assistance please feel free to contact us. We are here to lend a helping hand.



Jeff Ward,
Executive Director

REMINDERS:

- *If contact information has changed for your bank or business, please contact Tammy at the IADA office.*
- *IADA Board meetings are held the 4th Wednesday of every month.*
- *LPP Applications are due on the 1st of every month.*
- *BFLP and Tax Credit applications are due on the 15th of every month.*

IMPORTANT ENHANCEMENTS TO BEGINNING FARMER LOAN PROGRAM

For many years, the eligibility criteria for the Beginning Farmer Loan Program (BFLP) remained unchanged. While this made understanding the guidelines easier, over time the guidelines became outdated and made many aspiring beginning farmers ineligible for the program.

Thru working with both state and federal legislators, during 2008 the IADA was

able to facilitate several significant program enhancements.

LOAN AMOUNT

Since 1980, the maximum loan/bond amount has been \$250,000. Given today's real estate values, this amount did not go very far & could not provide the needed boost the beginning farmer needed.

As part of the 2008 farm bill, the maximum bond amount was increased to \$450,000 and also indexed to inflation. As of January 1, the maximum bond amount increased to **\$469,200**. In the future, please check our website each January for the new adjusted loan amount.

The new maximum loan amount applies only to real estate purchases.

WEBSITE ADDRESS:

For application, program guidelines, and other IADA information, please visit our website:

<http://www.iada.state.ia.us>

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ENHANCEMENTS TO BFLP CONT.

Loans to construct attached farm improvements remains at \$250,000. In addition, the maximum loan amount for new depreciable property remains at \$125,000 and used depreciable property remains at \$62,500.

PREVIOUSLY OWNED RE

Previously the definition of currently owned or previously owned "Substantial Real Estate" was 30% of the median size farm in the county and a maximum bare land value of \$125,000. Obviously, in most cases the \$125,000 threshold was reached before the maximum acres. This prevented many aspiring beginning farmers from purchasing additional real estate and making their farming operation more viable.

Also as part of the 2008 farm bill, the \$125,000 threshold was eliminated, so now the definition of substantial is simply, **an eligible beginning farmer cannot currently own or previously owned more than 30% of the median size farm in the county the real estate is located.** Also, during February 2008, the median size farm information by county was

updated when the new Census of Agriculture was released. Please check our website for the latest information.

MAXIMUM NET WORTH

For many years, the maximum net worth of an eligible beginning farmer could not exceed \$300,000. Again, with increasing real estate values & higher equity levels required to purchase real estate, this limit proved a hindrance to aspiring beginning farmers. By the time a beginning farmer had accumulated the equity needed to purchase a viable farm, they were ineligible for the program.

By working with the Iowa legislature in the spring of 2008, the IADA was able to increase the maximum net worth of an eligible beginning farmer to \$500,000. Like the loan amount, this maximum was indexed to inflation and for calendar year 2009, the maximum net worth of an eligible beginning farmer is **\$600,000.**

We believe these changes more accurately reflect agriculture today in Iowa. They will make the program available to more aspiring beginning farmers and most importantly provide them with a greater chance for success.

NEWS & INFORMATION

BFLP FREQUENTLY ASKED ?

Q. Can I still apply for the BFLP program after purchasing the property?

A. Yes, but the application must be approved by the IADA no later than 60 days after the purchase.

BFLP INTEREST RATE CALCULATION EXAMPLES

Example

*Using FSA 50/45/5 and Aggie Bond

- \$730,700 purchase price

- Down payment = \$36,500

- Bank/Aggie Bond loan amount = \$469,200

- FSA loan amount = \$225,000



- \$469,200 @ 5.00% = \$23,460

- \$225,000 @ 1.50% = \$ 3,375

1st Year Interest Cost = \$26,835

- Blended Rate on Borrowed Funds

3.87%

- Blended Rate Cost of Project

3.67%

2009 IOWA AGRICULTURAL YOUTH INSTITUTE



It is the intent of the Iowa Agricultural Youth Institute (IAYI) to create a sense of commitment and dedication in Iowa's future agricultural leaders. High school sophomores,

juniors, and seniors are selected through an application process to attend the Institute, which will be held June 8-11 on the campus of Iowa State University in Ames. The 2009 theme, "Where is Agriculture Taking You? IAYI...The Journey Begins", will challenge delegates to explore the vast opportunities available in agriculture.

If you would like to sponsor the son or daughter of one of your farmer customers or become a conference

sponsor, please contact our office. This is a great way to show your appreciation for one of your farmer customers and your support of the Iowa's future agricultural leaders!



NEW IADA STAFF ON BOARD

The IADA welcomes two new staff members in 2008.

Amber Hill—
Program Coordinator

Amber grew up in southern Iowa on her family's farm outside of Grand River and was an active part in the family's farrow-to-finish swine operation. Amber's interest in agriculture led her to Iowa State University where she earned a Bachelor's Degree in Agricultural Business and Agricultural Education. Her main responsibilities at the IADA will be overseeing the Beginner Farmer Tax Credit Program and coordinating the Iowa Ag Youth Institute (IAYI).



Tammy Nebola—
Administrative Assistant

Tammy attended the University of Iowa and Iowa State University pursuing an Accounting Degree. She came to us from a Community Bank, where she specialized in Agricultural and Commercial Lending. Tammy and her husband J.D. own an acreage outside of Collins, and love being a part of the Agricultural Community. Tammy will be responsible for overseeing the Beginning Farmer Loan Program, she will be able to assist you with questions, concerns or coordinating Loan Closings.



NEWEST IADA BOARD MEMBERS

The Iowa Agricultural Development Authority is governed by a Board of Directors. That Board consists of 9 members serving alternating six year terms.

IADA Board

Appointed in 2008

- Annette J. Townsley, Treasurer
-Letts, Iowa

- Kathleen Delate
-Ames, Iowa



- Gregory Steelsmith
-Albion, Iowa



Appointed in 2006

- Fred C. Lundt, Chairman
-Rockwell, Iowa
- Frank J. Carroll
-Des Moines, Iowa
- Timothy Galm
-Everly, Iowa

Appointed in 2004

- Jayme J. Ungs, Vice Chairman
-Boone, Iowa
- Cheryl Adam
-Batavia, Iowa
- Evelyn M. Rank
-Clarinda, Iowa

FREQUENTLY ASKED QUESTIONS

FAQ's for the Tax Credit Program

Q. I do not want to commit to a set rental rate because of the fluctuation in land values. Do I have to commit to an "actual" rental rate for each year of the lease?



A. No. If you do not want to commit to an actual rent amount you can tie the rental rate to a publicly available rental value index, such as the "ISU Cash Rental Rate Survey". To provide stability for the beginning farmer, arbitrary rate adjustments are not permitted in this program.

Q. I entered into the Tax Credit Program with a two year lease that will expire in March of 2009. Can I continue utilizing the program?

A. Yes. When you enter into the Tax Credit Program your project is active until your lease expires, then it is considered closed. To re-enter the program you must go through the complete application and approval process to ensure that all parties meet the requirements of the program.

Q. Once my project has been approved, what do I do?

A. The beginning farmer must submit their Schedule F tax form each year, beginning with the Schedule F that reflects the first crop year of the lease. If the lease is a share agreement, harvest information must be provided each year following harvest. If the agreement includes share of livestock, a third party appraisal is due each year and if your agreement includes machinery rent based on usage, a list of machinery and hours used will be required.

Who qualifies as a beginning farmer for the Tax Credit Program?

A. To qualify as a beginning farmer there are only a few qualifications you need to meet! Net worth of less than \$300,000. Must be at least 18 years old. May not own more land than 30% of the county's median farm size. Must be owner or operator of the project. Must be a resident of Iowa.

If you would like to be on our Electronic mailing list, please email tammy.nebola@iowa.gov with your Name, Bank Name, address, phone number & fax number.

*Thank you for your continued support
of our programs!*

VISIT OUR WEBSITE AT:
WWW.IADA.STATE.IA.US

WE CAN LEND A HELPING HAND



IOWA AGRICULTURAL
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