

MICHIGAN FAMILY FARM DEVELOPMENT ACT (EXCERPT)
Act 220 of 1982

285.259 Beginning farmer loan program; development; exercise of powers by authority; participation in federal and state programs; requirements for providing loan to beginning farmer; acceleration of loan; assumption of mortgage; transfer of interest; participation interest in mortgage loan.

Sec. 9.

(1) The authority shall develop a beginning farmer loan program to facilitate the acquisition of agricultural land, agricultural improvements, and depreciable agricultural property by beginning farmers. The authority shall exercise the powers granted to it in this act to fulfill the goal of providing financial assistance to beginning farmers in the acquisition of agricultural land, agricultural improvements, and depreciable agricultural property. The authority may participate in and cooperate with programs of the farmers home administration, federal land bank, or other agency or instrumentality of the federal government, or with any program of another state agency in the administration of the beginning farmer loan program and in the making or purchasing of mortgage or secured loans pursuant to this act.

(2) The authority shall provide in a beginning farmer loan program that a mortgage or secured loan to or on behalf of a beginning farmer shall be provided only if all of the following are satisfied:

(a) The beginning farmer is a resident of this state.

(b) The agricultural land, agricultural improvements, or depreciable agricultural property the beginning farmer proposes to purchase will be located in this state.

(c) The beginning farmer has sufficient education, training, ability, or experience in the type of farming for which the beginning farmer requests the mortgage or secured loan. The authority shall give preference to beginning farmers that have on-farm experience.

(d) The authority is financing the acquisition by that beginning farmer of agricultural land and agricultural improvements totaling not more than \$400,000.00 in value or of depreciable agricultural property totaling not more than \$125,000.00 in value.

(e) If the loan is for the acquisition of agricultural land, the beginning farmer has or will have access to adequate working capital, farm equipment, machinery, or livestock to commence or continue farming. If the loan is for the acquisition of depreciable agricultural property, the beginning farmer has or will have access to adequate working capital or agricultural land to commence or continue farming.

(f) The beginning farmer has a low or moderate net worth.

(g) If the loan is for the acquisition of agricultural land, the beginning farmer executes, at the time of closing on the loan, an application for enrollment of the land in part 361 (farmland and open space preservation) of the natural resources and environmental protection act, Act No. 451 of the Public Acts of 1994, being sections 324.36101 to 324.36117 of the Michigan Compiled Laws.

(h) The agricultural land and agricultural improvements will only be used for farming by the beginning farmer or his or her family.

(i) The beginning farmer has not previously received financing under the program for the acquisition of property similar in nature to the property for which the loan is sought, except that this restriction shall not apply if the amount previously received plus the amount of the loan sought does not exceed \$400,000.00 in the case of agricultural land and improvements or \$125,000.00 in the case of depreciable agricultural property.

(j) Other criteria as the authority prescribes by rule.

(3) The authority may include in a mortgage or secured loan made or purchased pursuant to this act a provision that allows the authority, at its option, to accelerate and declare immediately due and payable all sums secured by the authority's lien or security interest if all or a part of the agricultural land, agricultural improvements, or depreciable agricultural property securing the loan is leased, sold, or otherwise transferred. The authority may provide by rule the standards for permitted assumptions of a mortgage or for the lease, sale, or other transfer of an interest in the agricultural land, agricultural improvement, or depreciable agricultural property. However, the authority shall include in a mortgage or secured loan a provision that allows the authority to raise the interest rate of the loan to the prevailing market rate if the mortgage or secured loan is assumed by a farmer who is already established in that field at the time of the assumption of the loan.

(4) The authority may participate in any interest in a mortgage loan made or purchased pursuant to this act with a mortgage lender. The participation interest may be on a parity with the interest in the mortgage loan retained by the authority, equally and ratably secured by the mortgage securing the mortgage loan.

History: 1982, Act 220, Imd. Eff. July 10, 1982 ;-- Am. 1996, Act 61, Imd. Eff. Feb. 26, 1996

