

## Farm Service Agency, USDA

## § 764.251

### § 764.155 Security requirements.

An FO loan must be secured:

- (a) In accordance with §§ 764.103 through 764.106;
- (b) At a minimum, by the real estate being purchased or improved.

### §§ 764.156–764.200 [Reserved]

## Subpart E—Beginning Farmer Downpayment Loan Program

### § 764.201 Beginning Farmer Downpayment loan uses.

Beginning Farmer Downpayment loan funds may be used to partially finance the purchase of a family farm by an eligible beginning farmer.

### § 764.202 Eligibility requirements.

The applicant must:

- (a) Comply with the general eligibility requirements established at § 764.101 and the FO eligibility requirements of § 764.152; and
- (b) Be a beginning farmer.

### § 764.203 Limitations.

- (a) The applicant must:
  - (1) Comply with the general limitations established at § 764.102; and
  - (2) Provide a minimum downpayment of 10 percent of the purchase price of the farm.
- (b) The purchase price or appraised value of the farm, whichever is lower, must not exceed \$250,000.
- (c) Beginning Farmer Downpayment loans will not exceed 40 percent of the lesser of the purchase price or appraised value of the farm to be acquired.
- (d) Financing provided by the Agency and all other creditors must not exceed 90 percent of the lesser of the purchase price or appraised value of the farm and may be guaranteed by the Agency under part 762 of this chapter.

### § 764.204 Rates and terms.

- (a) *Rates.* The interest rate for Beginning Farmer Downpayment loans shall be 4 percent.
- (b) *Terms.* (1) The Agency schedules repayment of Beginning Farmer Downpayment loans in equal, annual installments over a term not to exceed 15 years.

- (2) The non-Agency financing must have an amortization period of at least 30 years and cannot have a balloon payment due within the first 15 years of the loan.

### § 764.205 Security requirements.

A Beginning Farmer Downpayment loan must:

- (a) Be secured in accordance with §§ 764.103 through 764.106;
- (b) Be secured by a lien on the property being acquired with the loan funds and junior only to the party financing the balance of the purchase price.

### §§ 764.206–764.250 [Reserved]

## Subpart F—Operating Loan Program

### § 764.251 Operating loan uses.

- (a) Except as provided in paragraph (b), OL loan funds may only be used for:
  - (1) Costs associated with reorganizing a farm to improve its profitability;
  - (2) Purchase of livestock, including poultry, farm equipment, quotas and bases, and cooperative stock for credit, production, processing or marketing purposes;
  - (3) Farm operating expenses, including, but not limited to, feed, seed, fertilizer, pesticides, farm supplies, repairs and improvements which are to be expensed, cash rent and family living expenses;
  - (4) Scheduled principal and interest payments on term debt provided the debt is for authorized FO or OL purposes;
  - (5) Other farm needs;
  - (6) Costs associated with land and water development, use, or conservation;
  - (7) Loan closing costs;
  - (8) Costs associated with Federal or State-approved standards under the Occupational Safety and Health Act of 1970 (29 U.S.C. 655 and 667) if the applicant can show that compliance or non-compliance with the standards will cause substantial economic injury;
  - (9) Borrower training costs required or recommended by the Agency;
  - (10) Refinancing farm-related debts other than real estate to improve the