



Program Requirements

1. The maximum Down Payment Loan is 30% of the purchase price, or \$200,000, whichever is less.
2. Eligible loan purposes include: agricultural land, buildings, depreciable machinery or equipment, breeding livestock, trees, nursery stock, specialty crops, or honeybees.
3. Purchases from closely related family members **are eligible** for the Down Payment Loan Program.
4. Applicants who meet the qualifications for both this program and the Beginning Farmer Loan Program (BFLP) can participate in both programs simultaneously. But it is **not** a requirement to qualify for the BFLP in order to obtain a Down Payment loan.

Application Process

1. **Applications must be received by MASBDA by the 1st day of the month** in order to be considered at that month's board meeting.
2. Lender and borrower are to submit a **completed application with all attachments and \$100 application fee to the Missouri Agricultural and Small Business Development Authority (MASBDA). A complete application includes all of the following items:**

Application Packet

- Down Payment Loan Program application (Signed by all borrowers and lender)
 - Personal financial statements, and farm financial statements (if applicable): one from previous year end, and one less than one month old, signed by all borrowers
 - All liabilities due in the next 12 months must be listed under current liabilities.
 - All assets shall be valued at fair market value. The value is what a willing buyer would pay a willing seller in the locality
 - Cover letter from lender introducing borrower and proposed project (more detail is better than less)
 - Lender's internal loan/loan committee analysis
 - Pro-forma (after-closing) financial statement
 - Global Projected cash flow statement
 - Prior three year's tax returns
 - Credit Bureau report on the borrower
 - Copy of signed feeding contract (if applicable)
 - Copy of signed Assignment of Payment (if applicable)
 - Copy of Nutrient Management Plan (if applicable)
 - Affidavit of Authorized Workers and proof of enrollment in E-Verify, the federal work authorization program (if the borrower has employees in connection with the project financed.)
3. MASBDA staff will review the application and forward to the MASBDA Board for consideration.

Down Payment Loan Program Underwriting Criteria

1. Current Ratio $\geq 1:1$ at time of application (without guaranteed source of repayment)
2. Debt to Asset $\leq 80\%$ (without guaranteed source of repayment)
3. Debt Service Coverage $\geq 120\%$ (without guaranteed source of repayment)
4. For Beginning Farmer borrowers - Gross Farm Income > Gross Off Farm Income - Only the primary borrower's income is used for this calculation.

If the borrower does not meet the underwriting criteria, the Down Payment Loan can be approved if there is a guarantor. The guarantor would have to meet the credit criteria. If there will be a guarantor for the loan, the guarantor's financial statements and credit bureau report must be included with the application.

NOTE: THE CLOSING FEE IS PAID AT THE TIME OF LOAN CLOSING.



MISSOURI AGRICULTURAL AND SMALL BUSINESS
DEVELOPMENT AUTHORITY
DOWN PAYMENT LOAN PROGRAM APPLICATION

P.O. BOX 630 1616 MISSOURI BOULEVARD
JEFFERSON CITY, MISSOURI 65102
573-751-2129 | FAX 573-522-2416
masbda@mda.mo.gov
masbda.com

(TO BE COMPLETED BY THE BORROWER AND LENDER -- PLEASE PRINT OR TYPE ALL INFORMATION)

Note: Approval of this application does not constitute final loan approval. If prior to closing, it is discovered that the Project, in whole or in part, is ineligible, or if the Project should become ineligible, the Authority may refuse to complete loan processing or reduce the loan amount.

1. BORROWER INFORMATION			
NAME OF BORROWER		SOC. SEC. NUMBER	BIRTH DATE
NAME OF SPOUSE/CO-SIGNER		SOC. SEC. NUMBER	BIRTH DATE
IF BUSINESS, NAME		FEDERAL IDENTIFICATION NUMBER	
ADDRESS	CITY	STATE	ZIP
TELEPHONE	E-MAIL		

2. LENDER INFORMATION			
LENDER		FEDERAL IDENTIFICATION NUMBER	
CONTACT PERSON			TELEPHONE
ADDRESS	CITY	STATE	ZIP
E-MAIL			

3. PURPOSE OF PROJECT (PLEASE ADDRESS ALL ISSUES BELOW) (AN APPRAISAL IS REQUIRED)				
<input type="checkbox"/> Purchase Land	TOTAL ACRES	TILLABLE ACRES	PASTURE ACRES	CRP ACRES
	ESTIMATED VALUE OF HOUSE \$		ESTIMATED VALUE OF OUT-BUILDINGS \$	
<input type="checkbox"/> Purchase Agribusiness or Processing Facility			ESTIMATED VALUE \$	
<input type="checkbox"/> Purchase Machinery or Equipment _____				
<input type="checkbox"/> Purchase Livestock	WHAT KIND OF LIVESTOCK		HOW MANY	
<input type="checkbox"/> Nursery Stock or Specialty Crop _____				
<input type="checkbox"/> Construct building or other farm improvements of _____				
WHO WILL OWN THE PROPERTY WHERE IMPROVEMENTS ARE TO BE MADE?				
IF CONSTRUCTING HOG/LIVESTOCK BUILDINGS, WHO WILL OWN ANIMALS IN BUILDING?				

(If applicant will not own hogs/livestock, a feeding contract and an assignment of the feeding contract will be required)

4. FINANCING OF PROJECT (CONTRIBUTIONS BY BORROWER, LENDER OR CONTRACT SELLER AND MASBDA)						
	LAND PURCHASE	LIVESTOCK PURCHASE	EQUIPMENT/MACHINERY PURCHASE	AGRIBUSINESS OR PROCESSING FACILITY	NURSERY STOCK/SPECIALTY CROP/OTHER	TOTAL PROJECT
Down payment by borrower	\$	\$	\$	\$	\$	\$
<u>BFLP Bond</u> - Financed by Lender	\$	\$	\$	\$	\$	\$
Financed by Lender	\$	\$	\$	\$	\$	\$
(FSA) Farm Service Agency	\$	\$	\$	\$	\$	\$
From other sources:	\$	\$	\$	\$	\$	\$
MASBDA Down Payment Loan**	\$	\$	\$	\$	\$	\$
TOTAL COST OF PROJECT:	\$	\$	\$	\$	\$	\$

****Down Payment Loan cannot exceed 30% of total project cost, or \$200,000, whichever is less.
Loan closing fee of 1.50% is calculated on the principal amount of the Down Payment Loan.**

5. COLLATERAL - PROPOSED SECURITY FOR PROJECT

	DESCRIPTION	APPRAISED VALUE	LENDERS' LIEN POSITION (INCLUDING DPLP)	OTHER PRIOR LIENS	REMAINING COLLATERAL VALUE
Land (acres)		\$	\$	\$	\$
Machinery/Equip		\$	\$	\$	\$
Livestock		\$	\$	\$	\$
Facilities		\$	\$	\$	\$
Other		\$	\$	\$	\$
Other		\$	\$	\$	\$
TOTALS		\$	\$	\$	\$

6. LOCATION OF PROJECT

LIST THE COUNTY AND TOWNSHIP NAMES WITH SECTION NUMBERS (E.G. SECTION 26, BRISTOL TOWNSHIP, ANY COUNTY, MO) AND PROVIDE DRIVING DIRECTIONS FROM THE NEAREST TOWN.

7. SELLER OF PROPERTY

8. RELATIONSHIP TO BORROWER (IF ANY):

9. WAS THE COLLATERAL APPRAISED BY A THIRD-PARTY APPRAISER?

- Yes - Please attach a signed copy of the appraisal.
 No - Please explain why:

10. BASED ON THE CURRENT MARKET VALUE OF THE PROPOSED COLLATERAL, THE TOTAL DEBT ON THE COLLATERAL WILL BE WHAT PERCENTAGE OF THE CURRENT MARKET VALUE OF THE COLLATERAL?

_____ % (Total amount of loans on the project + existing liens on the collateral) / current market value of the collateral

11. IF THE PROJECT IS A LIVESTOCK OPERATION, DO YOU HAVE A MANURE MANAGEMENT PLAN?

- Yes
 No

If no, please explain how you will dispose of the manure from the facility. _____

12. PLEASE EXPLAIN WHAT YOUR OPERATION WILL CONSIST OF AND INCLUDE THE NEW PROJECT:

CROP ACRES ON OWNED LAND	CROP ACRES ON CASH RENTED LAND	CROP ACRES ON CROP-SHARE RENTED LAND
OWNED LIVESTOCK OPERATION	CONTRACT-FEEDING LIVESTOCK OPERATION	SPECIALTY CROPS OR NURSERY STOCK
PROCESSING FACILITY OR AGRIBUSINESSES	OTHER	

PROPOSED LOAN TERMS

The principal payments on this loan will be equally amortized as follows:

- Three years or less, equally amortized, for specialty crops or nursery stock
- Seven years or less, equally amortized, for machinery, equipment, or livestock,
- 12 years, with a balloon at the end of year 10 for construction or purchase of livestock facilities or agricultural facilities
- 20 years with a balloon at the end of year 10 for real estate, qualifying agribusiness, or processing facility
- If utilizing an FSA program the Down Payment Loan can be amortized to comply with FSA rules.
- Other (Please specify) _____

Anticipated closing date: _____ If the project is for the construction of a facility the Down Payment Loan will not be funded until the project is complete and there is a final appraisal.

LENDER'S ANALYSIS - LENDER TO COMPLETE THIS SECTION

13. PLEASE STATE THE STRONG POINTS OF THIS BORROWER AND HIS/HER FARMING OPERATION OR PROJECT AND HOW THIS DOWN PAYMENT LOAN PARTICIPATION CAN ASSIST HIM/HER. (ATTACH ADDITIONAL PAGE IF NECESSARY.)

14. PLEASE STATE THE WEAK POINTS OF THIS BORROWER AND HIS/HER OPERATION AND ELABORATE ON THE PAST LOAN PERFORMANCE. (ATTACH ADDITIONAL PAGE IF NECESSARY.)

Please assist the applicant in submitting the following:

- Attachment 1 - **Current personal and farm (if applicable) financial statement** (less than 30 days old)
Most recent end of year personal and farm (if applicable) financial statement
 - Must be witnessed by a bank officer and signed by the borrower and spouse.
 - NOTE: A financial statement is also required of any partnership, corporation, or other entity, etc. in which the borrower or spouse has a financial interest.
 - **If the borrower will be using a guarantor for the loan, a current financial statement for the guarantor must also be included.**
- Attachment 2 - **Pro-forma financial statement including the new project**
 - Must include new project at appraised value as asset.
 - Must include new project financing as debt.
 - Listed debts must match the debt repayment table on the following page.
- Attachment 3 - **Projected global cash flow that includes the new purchase**
 - It is suggested that lenders use the three-year historical average for crop yields, calving percentages, pigs per sow, death loss, etc.
 - Principal and interest payments must match the debt repayment table on the following page.
 - Projected depreciation \$ _____, please provide if not listed on the cash flow.
 - Projected income and social security tax \$ _____, provide if not listed on the cash flow.
 - Projected family living expenses \$ _____, please provide if not listed on the cash flow.
- Attachment 4 - **Previous three years tax returns (or as many as are available)**
- Attachment 5 - **Credit Bureau Report on Borrower(s)**
- Attachment 6 - **Copies of drivers' licenses for all borrowers, Affidavit of Authorized Workers and proof of enrollment in E-Verify, the federal work authorization program (if the borrower has employees in connection with the project financed:**

Please also complete the following lender's financial document reconciliation

BORROWER BACKGROUND FORM - Complete this form or submit a background letter

PRINT NAME OF BORROWER

1. DESCRIBE YOUR EXPERIENCE, TRAINING AND/OR EDUCATION THAT WILL ALLOW YOU TO CARRY OUT THIS PROJECT.

2. DESCRIBE YOUR RELATIONSHIP WITH YOUR LENDER AND THE ARRANGEMENT YOU HAVE FOR WORKING CAPITAL.

3. EXPLAIN YOUR ACCESS TO ADEQUATE MACHINERY AND EQUIPMENT – DO YOU OWN ALL THE EQUIPMENT YOU WILL NEED OR DO YOU HAVE ARRANGEMENTS TO LEASE OR TRADE LABOR FOR EQUIPMENT?

4. PLEASE PROVIDE ANY ADDITIONAL BACKGROUND INFORMATION YOU WOULD LIKE TO INCLUDE.

DATE

SIGNATURE OF BORROWER/SPOUSE/CO-SIGNER

DATE

SIGNATURE OF BORROWER/SPOUSE/CO-SIGNER

CERTIFICATIONS OF BORROWER**I understand and agree that:**

1. The MASBDA Down Payment Loan will mature in:
 - Three years or less, equally amortized, for specialty crops or nursery stock
 - Seven years or less for machinery, equipment, or livestock
 - 12 years, with a balloon at the end of year 10 for construction or purchase of livestock facilities or agricultural facilities
 - 20 years with a balloon at the end of year 10 for real estate, qualifying agribusiness, or processing facility
 - If utilizing an FSA program the Down Payment Loan can be amortized to comply with FSA rules.
2. I have the option of paying this loan ahead of schedule and can pay it off at any time without any prepayment penalties.
3. I have the option to request a one-time interest rate reduction during the life of the loan, if I see an advantage, and will be responsible for any fees associated with the re-pricing.
4. The interest rate on the Down Payment Loan will be a fixed rate set by the MASBDA board of directors.
5. The collateral and performance of this Down Payment Loan will be reviewed annually by MASBDA and I may have to pledge additional collateral in the future if the value of the collateral becomes insufficient to adequately secure the Down Payment Loan.
6. The application fee is \$100, and the closing fee for this loan is 1.50% of the principal amount of the Down Payment Loan (\$300 minimum).
7. I am liable to pay all the appraisal fees which may be incurred while valuing the collateral for the Down Payment Loan and any legal or abstracting costs, closing costs, or filing fees that may be incurred.
8. MASBDA will have the final approval of this loan request and submitting this application does not assure me that my Down Payment Loan application will be approved.
9. I will annually provide copies of current financial statements as requested by MASBDA.

I hereby certify that:

1. I am a resident of the State of Missouri, or will be at the date of the loan closing.
2. I am a United States citizen or have been granted lawful residence in the United States. I understand I am required by state law to provide proof of my citizenship in order to apply for any state programs.
3. I am the principal operator of this farming operation or project financed.
4. I have sufficient education, training or experience in the type of project or business for which this loan is requested.
Complete the form describing the education, training or experience of you and your spouse/co-signer as it relates to farming or the project proposed.
5. All of my debts will be current at the time the down payment loan is closed.
6. If this loan is for machinery or livestock purchase, the collateral I am pledging for this Down Payment Loan has an appraised fair market value at least equal to the Loan amount(s).
7. If this loan is for real estate purchase or improvements, the collateral I am pledging for this Down Payment Loan has an appraised fair market value so that the Loan amount(s) requested does not exceed 100 percent of the real estate collateral.
8. If other loans have been previously issued to me under this program, the outstanding Down Payment Loan totals will not exceed \$200,000.
9. This loan application is for new qualifying purchases and will not be used for refinancing.
10. I have been unable to secure financing from conventional sources upon equivalent terms.
11. I have read the "Guidelines and Procedures" for the Down Payment Loan Program. I understand all the terms of the program and I agree to adhere to all of the rules and regulations required of me to secure and keep intact a Down Payment Loan. I further certify that all information on the application, including the financial statements that are attached for me and my spouse/co-signer, is true and correct.
12. I have _____ / I do not have _____ employees or subcontractors in connection with this application in the state of Missouri. If Yes, I will complete the attached Affidavit of Authorized Workers, and submit proof of enrollment in E-Verify, the federal worker authorization program. Separate instructions are attached.

DATE	SIGNATURE OF BORROWER/SPOUSE/CO-SIGNER
DATE	SIGNATURE OF BORROWER/SPOUSE/CO-SIGNER

CERTIFICATIONS OF THE LENDER

I have completed the lender's cover letter, internal loan/loan committee analysis, lender's financial document reconciliation, current financial statement, pro-forma financial statement and cash flow to the best of my ability and hereby certify that all the information contained in the above is true and correct.

I confirm the borrower's debts will be current at the time the Down Payment Loan is closed.

The application fee is \$100, and the closing fee for this loan is 1.50%. A minimum loan closing fee of \$300 will be charged.

I hereby certify that:

I have read the "Guidelines and Procedures" for the MASBDA Down Payment Loan Program and both the applicant and my lending institution meet and understand all of the eligibility requirements.

DATE	LENDING INSTITUTION
SIGNATURE OF OFFICIAL OF LENDING INSTITUTION	
PRINT OR TYPE OFFICIAL'S NAME & TITLE	



**REPLACE THIS PAGE WITH:
Attachment 1**

- 1. Lender's Cover Letter**
- 2. Lender's Internal Loan Committee Analysis**
- 3. CURRENT PERSONAL (and Farm, if applicable) FINANCIAL STATEMENT**
 - Less than 30 days old
 - Signed by borrower and spouse/co-signer
 - Witnessed by lender
- 4. MOST RECENT END OF YEAR PERSONAL (and Farm, if applicable) FINANCIAL STATEMENT**
 - Signed by borrower and spouse/co-signer
 - Witnessed by lender

NOTE: A financial statement is also required of any partnership, corporation, or other entity, etc. in which the beginning farmer/borrower or spouse/co-signer has a financial interest.



**REPLACE THIS PAGE WITH:
Attachment 2**

PRO-FORMA FINANCIAL STATEMENT

- Must include new project at appraised value as asset.
- Must include new project financing as debt.
- Listed debts must match the debt repayment table on page 4 of the application



**REPLACE THIS PAGE WITH:
Attachment 3**

PROJECTED GLOBAL CASH FLOW STATEMENT

- Please explain how values were based (commodity prices, contract price, historical, etc.)
- Principal and interest payments must match the debt repayment table on page 4 of the application.
- List projected depreciation on the bottom of page 3 of the application if not listed on the cash flow.
- List projected income and social security tax (if applicable) on the bottom of page 3 of the application if not listed on the cash flow.
- List projected family living expenses on the bottom of page 3 of the application if not listed on the cash flow.



**REPLACE THIS PAGE WITH:
Attachment 4**

**PREVIOUS THREE YEARS TAX RETURNS
(OR AS MANY AS ARE AVAILABLE)**



**REPLACE THIS PAGE WITH:
Attachment 5**

Credit Bureau report of Borrower(s)



**REPLACE THIS PAGE WITH:
Attachment 6**

1. **Copy of the Borrower(s) driver's license****
2. **Certification of Citizenship/Immigration Status & Employer Status**
3. **Affidavit of Authorized Workers (if the borrower has employees in connection with the project financed)**
4. **Proof of enrollment in E-Verify, the federal work authorization program (if the borrower has employees in connection with the project financed)**

**If you do not have a Missouri driver's license or are an out of state applicant, you must provide one of these alternative documents:

- U.S. Birth Certificate
- Valid U.S. Passport
- Certificate of Citizenship
- Certificate of Naturalization
- Certificate of Birth Abroad
- Any other document issued by the federal government affirming legal residence.

CERTIFICATION OF CITIZENSHIP/IMMIGRATION STATUS

By affixing my (our) signature below, I (we) hereby certify, subject to penalties of perjury, I am the applicant or an authorized representative of the applicant and as such am authorized to make the following affirmation.

I am a United States Citizen or have been granted lawful permanent residence* of the United States. I understand that I am required by state law to provide proof of my citizenship, residency, and identity in order to apply for any state programs.

Signature Title Date

Signature Title Date

*Pursuant to 208.009.3 RSMo, all applicants are required to provide proof of citizenship, identity, and residency at the time of applying for any state administered benefits. You must provide a copy of your valid Missouri's driver's license with this application. If you do not have or cannot provide this, please see "Additional Documentation" for allowed alternatives.

EMPLOYER STATUS

By affixing my (our) signature below, I (we) hereby certify, subject to penalties of perjury, I am the applicant or an authorized representative of the applicant and as such am authorized to make the following affirmation:

(Please select the statement that applies)

Do you have employees or subcontractors in connection with this application in the state of Missouri?

- No
- Yes (If yes, you must complete the attached Affidavit of Authorized workers, along with enrolling in the federal worker authorized program and enclose evidence of such enrollment)

Signature Title Date

Signature Title Date

AFFIDAVIT OF AUTHORIZED WORKERS

BEFORE ME, the undersigned Notary, _____, on this _____ day of _____, 20_____, personally appeared _____, known to

me to be a credible person and of lawful age, who being by me first duly sworn, on _____ oath, deposes and says:

I certify that I am either the applicant or am an authorized representative of the applicant (please list name of applicant _____) and as such am authorized to make the statement of affirmation contained herein.

I (We) hereby certify, subject to penalties of law, that I (we) do not knowingly employ, hire for employment, or continue to employ any unauthorized alien to perform work in the state of Missouri and further certify I have and will continue to comply with federal law (8 U.S.C., 1324a) which requires the examination of an appropriate document or documents to verify that each individual is not an unauthorized alien.

I further certify that I (the applicant) am enrolled in a federal work authorization program and actively verify the work authorization status of all those hired and currently employed by me, my business, and/or any other business entity which I have hiring or management authority.

I understand that as a condition to participate in this program administered by a political subdivision of the State of Missouri I (the applicant) must provide documentation to certify my enrollment and participation in the federal work authorization program. **You must include a copy of the Memorandum of Understanding (MOU) you received when enrolling in e-verify.** To enroll visit www.dhs.gov/e-verify.

I certify that I (the applicant) shall include in any contract it enters with a subcontractor in connection with the activities that qualify the applicant for this program, an affirmative statement from the subcontractor that such subcontractor is not knowingly in violation of Section 285.530.1 RSMo, and shall not be in violation during the length of the contract. In addition the applicant will receive a sworn affidavit from the subcontractor under the penalty of perjury, attesting that the subcontractor's employees are lawfully present in the United States. I certify that the applicant will maintain and provide MASBDA access to documentation demonstrating compliance with this requirement.

I understand that if the applicant is found to have employed an unauthorized alien, the applicant may be subject to penalties pursuant to law, including Sections 135.815, 285.025, and 285.535, RSMo.

_____ Print Name	_____ Signature	_____ Title
_____ Print Name	_____ Signature	_____ Title

State of Missouri

County of _____

Subscribed and sworn to before me, this _____ day of _____, 20_____.

[Notary Seal:]

[signature of Notary]

_____ My commission expires: _____, 20_____.

[typed name of Notary]

NOTARY PUBLIC

DOWN PAYMENT LOAN PROGRAM (DPLP) CLOSING PROCEDURES

1. No later than two weeks prior to loan closing:

a. Lender will submit to MASBDA:

- 1) Copy of Appraisal (third-party appraiser)
- 2) Upon loan approval, MASBDA will request the legal description of real estate/details on chattel and order title insurance (if applicable) and begin preparing closing documents.
- 3) Copy of bill of sale, purchase agreement, or sales receipt of purchase(s) (if applicable)
- 4) ACH/Check/Wire Instructions (Applicant, bank, or title company routing number and account number)
MASBDA will communicate to the borrower the amount of closing/title fees due on the day of closing.

2. After the documents have been approved by the MASBDA attorney:

a. Day of closing:

- 1) MASBDA will bring the Loan Origination Agreement, Deed of Trust, Mortgage and Security Agreement, and Guaranty Agreements to be signed by the borrower(s) at closing.
- 2) MASBDA will collect the 1.50% closing fee (minimum of \$300)
- 3) MASBDA will collect closing/filing fees

b. Following loan closing:

- 1) MASBDA will file original Deed of Trust (if applicable) with the county recorder.
- 2) MASBDA will file UCC-1 (if applicable) with the Secretary of State's office
- 3) MASBDA will receive proof of insurance listing MASBDA as a mortgagee
- 4) MASBDA will receive title policy from title company

NOTE: A Down Payment Loan coupled with MASBDA Program(s) must close the same day.