



Minnesota Rural Finance Authority

Matt McDevitt – Ag Finance Supervisor



How Are We Funded?

- **Sale of State Bonds**
(RFA has to pay these back)
 - * **\$50 million appropriation in 2020**
 - Beginning Farmer & Seller Assisted-Tax Exempt/Taxable
 - Agriculture Improvement- Taxable
 - Livestock Expansion- Taxable
 - Restructure II- Taxable
- **Allocation of Federal Tax-Exempt Bonds (Paper transactions)**
 - Aggie Bond
- **Dedicated Revolving Account (Repayments go back into the account)**
 - Disaster
 - Livestock Equipment
 - Value Added Ag Product
 - Agro-Forestry
 - Microloan
 - Farm Opportunity
 - Methane Digester



RFA Bonding Authorizations

- Laws of Minnesota for 1986, Chapter 398 \$50,000,000
- Laws of Minnesota for 1996, Chapter 463 \$41,000,000
- Laws of Minnesota for 1997, 2nd Spec. Sess., Chap 2 \$1,250,000
- Laws of Minnesota for 2000, Chapter 492 \$20,000,000
- Laws of Minnesota for 2002, Chapter 393 \$15,000,000
- Laws of Minnesota for 2005, 1st Spec. Sess., Chap 3 \$18,000,000
- Laws of Minnesota for 2007, Chapter 16 \$30,000,000
- Laws of Minnesota for 2009, Chapter 93 \$35,000,000
- Laws of Minnesota for 2012, Chapter 293 \$33,000,000
- Laws of Minnesota for 2017, Chapter 4 \$35,000,000
- Laws of Minnesota for 2018, Chapter 214 \$35,000,000
- Laws of Minnesota for 2020, Chapter 67 \$50,000,000

RFA Program Overview

- **RFA Performance Measures (*1986 to 2021*)**
 - 3,801 loans issued totaling \$360.37 million
 - Losses taken on 21 loans (0.002% of total)
 - Currently have 636 active loans with balance of over \$94.5 million

- ***Recent Bond Loan Activity***

- FY18: 109 loans for \$21,183,000
- FY19: 122 loans for \$24,317,000
- FY20: 94 loans for \$17,041,000
- FY21: 75 loans for \$10,897,000
- FY22 (through December 2021): 21 loans for \$2,738,219

RFA Program Overview

Current Bond Loans approved – 60 loans for \$11.1 million

Current Bonds sold, funds available: \$16 million

Current bonding authority available: \$25 million

How We Work

- We participate with local lenders
- We take 45% of the loan
- Local lender does most of the paperwork
- The local lender lends all of the money and we “buy” our 45% from them after the loan closes
- The borrower pays the lender, the lender pays us
- Loans contain 5-year prepayment penalty

Disaster Recovery Loan

- State or Federal declared disaster, or a disaster area as determined by the RFA Board
- Help farmers affected by recent disasters for farm expenses not covered by insurance
- Used to help clean up, replace feedstock and other inputs, or repair buildings
- Can be used to purchase watering systems during a drought disaster
- Cover the loss of revenue when there is a contagious disease (animal or human)

Disaster Recovery Loan

- Loan is limited to 45% of a qualifying loan to a maximum of \$200,000 from RFA
- 0% RFA interest rate
- Interest only payment required in first two years
- No maximum net worth
- Collateral is negotiable

Disaster Recovery Loan – Drought Relief

FY20-21 Disaster loans issued:

- 30 loans for \$2.2 million

FY22 Disaster-Drought loans approved/issued:

- 12 loans for \$1.45 million

Thank You