



## Beginning Farmer Loan Program Benefits

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### Contract Seller Benefits

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- Receives a federal and state tax exemption on the interest earned on BFLP loans
- Can receive a state tax exemption on a bond up to \$500,000
- Negotiation of loan terms and conditions are between you and the beginning farmer with no government interference
- Can sell farm to a relative, however, only those not closely related, i.e., between aunts, uncles, cousins, etc.
- Easy to use application form and loan closing documents
- Assist beginning farmers by giving them access to low-interest financing

### Beginning Farmer Benefits

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- Receives benefit of lower rate of interest on a loan
  - Can obtain financing on machinery, equipment, breeding livestock or land, with low or moderate net worth
  - Down payment negotiated with bond purchaser (bank or contract seller)
  - Can purchase from a closely related party, i.e., parents, grandparents and siblings, only through a third party lender
  - No restrictions on off-farm income
  - May reapply and benefit from the program until all of \$501,100 lifetime maximum has been used or purchased sizeable land tract
  - Likely to establish a good credit ranking (rapport) with a lending institution/contract seller
  - If eligible, may be used in conjunction with down payment assistance through a Farm Service Agency (FSA) loan or Loan Participation Program (LPP) loan through the IADD, when financed through a bank
  - May obtain financing on machinery, equipment, breeding livestock or land
  - Easy to use application form
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## Bank Benefits

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- Lenders receive federal tax exempt interest on loans
- Opportunity of providing a lower interest loan to a "beginning" farmer to obtain agricultural property, machinery, etc.
- Bank establishes a new long-term relationship with a beginning farmer
- Bank receives beginning farmer checking and savings accounts and possibility of other relatives' and friends' business
- Loans qualify under the Community Reinvestment Act (CRA)
- Easy to use application form and loan closing documents
- Use in conjunction with a Farm Service Agency (FSA) loan or Loan Participation Program (LPP) Loan through the IADD