Beginning Farmer Loan Program

The Iowa Beginning Farmer Loan Program assists new farmers in acquiring agricultural property by offering financing at reduced interest rates. Beginning Farmer Loans are financed by participating lenders or contract sellers with the issuance of federal tax-exempt bonds by the Iowa Finance Authority.

The tax-exempt interest income earned by lenders and contract sellers enables them to charge borrowers a lower interest rate, which will typically result in about a 25% rate reduction using the program. IADD's Beginning Farmer Loan is often used with the FSA Direct Farm Ownership Down Payment Loan Program (5/45/50).

Loan Participation Program

The Loan Participation Program assists low-income farmers to secure loans and make down payments. IADD's participation can be used to supplement the borrower's down payment, helping a farmer secure a loan more readily. The lender's risk is also reduced since the IADD provides a "last-in/last-out" loan participation for the financial institution.

Beginning Farmer Tax Credit Programs

IADD has two tax credit programs to assist beginning farmers. These tax credits are an incentive to lease to, or custom hire, a beginning farmer. The Agricultural Assets Transfer Tax Credit, commonly referred to as the Beginning Farmer Tax Credit program, allows agricultural asset owners to earn tax credits for leasing their land, equipment and/or breeding livestock to beginning farmers.

The Beginning Farmer Custom Farming Tax Credit program offers a tax credit to anyone hiring a beginning farmer to do agricultural contract work for the production of crops or livestock.

Obtaining enough capital to pursue a career in production agriculture can be challenging. But if it's your dream to own and manage your own crop or livestock operation, the Iowa Agricultural Development Division (IADD) may be able to lend a helping hand. The IADD, a division of the Iowa Finance Authority, has several programs designed to assist beginning farmers.

Contact

Steve Ferguson
Tax Credit
Program Specialist
Steve.Ferguson@iowa.gov
515.725.4928

Tammy Nebola
Loan Program
Specialist
Tammy.Nebola@iowa.gov
515.725.4919

IOWA AGRICULTURAL
DEVELOPMENT DIVISION

800.432.7230
IowaFinanceAuthority.gov/IADD
E-mail: IADD@iowa.gov
Fax: 515.725.4901

Updated July 2016

IOWA AGRICULTURAL DEVELOPMENT DIVISION LOAN AND TAX CREDIT PROGRAMS

IOWA AGRICULTURAL
DEVELOPMENT DIVISION

Eligibility

Maximum Net Worth	2016: $672,171
Age	Must be at least 18 years old; no upper age limit
Residence	The applicant must be a resident of Iowa
Management	Must be owner/operator
Training and Experience	Must have sufficient education, training and experience for the anticipated farm operations
Access to Capital	Must have access to the following as needed: adequate working capital, farm machinery, livestock, agricultural land
Land Ownership	No restrictions (Beginner Farm Loan Program: must be below 30% of the county median)

"After graduating from college, it was always my plan to return to our family farm, expand the Soules Farms operation and begin my career in agriculture. The Beginning Farmer Loan Program, provided through Iowa Finance Authority, made my goals a reality with affordable financing. Assistance from the program enabled me to purchase my first farm of nearly 200 acres and continue the lifestyle my family has enjoyed for three generations."

— Chris Soules, Arlington

		Loans		Tax Credits	
		Beginning Farmer Loan Program (BFLP)	**Loan Participation Program (LPP)**	**Beginning Farmer Tax Credit (BFTC)**	**Beginning Farmer Custom Farming Tax Credit (BFCF)**
Fees	Application Fee	$50	$100	Cash Rent—$250 + $50/yr of lease Crop Share—$250 + $100/yr of lease	$200 $50 more after 10.1.16
	Closing Fee	1.5% of bond up to $250,000 0.75% over $250,000 $300 minimum	1.25% of IADD participation loan $300 minimum	None	None
Terms	Application Deadline	First of every month	First of every month	Sept. 1	Nov. 1
	Eligible Projects	Purchase of land, machinery, equipment, breeding livestock or farm improvements		Leasing of land, equipment and/or breeding livestock to beginning farmers	Contracting a beginning farmer to do agricultural custom labor for landowner (on owned or rented ground)
	Program Maximums	$520,000: Land $250,000: Farm improvements and new depreciable property $62,500: Used depreciable property	30% of the project cost up to $150,000	• $50,000 annual maximum credit • Unused credits can be carried forward for up to 10 years to reduce state income taxes	
	Terms	• Loan terms are set by the Lender or Contract Seller • Contract sales not permitted between spouse, parents, grandparents or siblings • Feeding contracts must be on a per-head/per-day basis	• 1% over the FSA Direct Farm Ownership Down Payment Loan Program fixed for the first 5 years, then adjusted to the same index for the final 5 years • 10-year balloon with 20-year amortization on land or 12-year amortization on facilities • Must meet IADD underwriting criteria	• 7% tax credit for cash rent leases • 17% tax credit for crop share leases • Lease terms and duration are set by the Asset Owner and Beginning Farmer • Lease must be 2–5 years • Additional 1% for the first year if the beginning farmer is a veteran	• 7% tax credit on amount actually paid • Contract terms are set by those contracting the custom labor • Contract must be less than 24 months • Payment for custom labor must be verified • Additional 1% for the first year if the beginning farmer is a veteran • Not permitted between spouse, parents or siblings