#

# FIRST-TIME FARMER BOND APPLICATION

**$100 application fee**

**For Loans Made by Lending Institutions**

*(Please print or type)*

**Part I - REPRESENTATIONS OF APPLICANT(S)**

*(To be completed by Applicant(s) - Please complete all questions)*

Name/Applicant(s):

1. SS#:

2. SS#:

Current Address:

How did you hear about the First-Time Farmer Bond Program?

 1. Description of items to be purchased with IFA loan proceeds ("Project").

 2. Address of farm where project will be located:

 3. County where project will be located:

 4. Seller’s name & address of project:

 Seller's relationship to applicant(s):

 5. What type of activity will be conducted with the purchased project? Check all items which apply.

 Grain Farm

 Dairy Farm

 Poultry Farm

 Fur-bearing Animal Farm

 Truck Farm

 Stock Farm

 Range or Ranch

 Orchard

 Nursery

 Greenhouse

 Other (please describe)

6. After the project is purchased, will any part of it be leased to other parties? Yes [ ]  No [ ]

 If yes, please explain:

 7. Have you ever had at any time any direct or indirect ownership interest in land? Yes [ ]  No [ ]

 If yes, please indicate the number of acres in which you had an ownership interest, the county and state in which the land was located, and the highest value of the property during the time you had an ownership interest in it. (Residential Real Estate is excluded)

 Number of acres

 County, State

 Highest Value

 How actively do or did you participate in the operations conducted on that land?

 Full-time

 Part-time (7 hours or more per week)

 Very little (less than 7 hours per week)

 Not at all

 8. If you are married, has your spouse ever had at any time any direct or indirect ownership interest in land? Yes [ ]  No [ ]  N/A [ ]

 If yes, please indicate the number of acres in which your spouse had an ownership interest, the county and state in which the land was located, and the highest value of the property during the time your spouse had an ownership interest in it.

 Number of acres

 County, State

 Highest Value

 How actively does or did your spouse participate in the operations conducted on that land?

 Full-time

 Part-time (7 hours or more per week)

 Very little (less than 7 hours per week)

 Not at all

 9. If you have children, has any of them while under the age of 18 had any direct or indirect ownership interest in any land?

 Yes [ ]  No [ ]  N/A [ ]

 If yes, please indicate the number of acres in which your child had an ownership interest, the county and state in which the land was located, and the highest value of the property during the time your minor child had an ownership interest in it.

 Number of acres

 County, State

 Highest Value

 How actively does or did your minor child participate in the operation conducted on that farmland?

 Full-time

 Part-time (7 hours or more per week)

 Very little (less than 7 hours per week)

 Not at all

10. Will some or all of the IFA loan proceeds be used to purchase land? Yes [ ]  No [ ]

 Number of acres:

 11. Will any of the IFA loan proceeds be used to finance the construction of new improvements to farmland? Yes [ ]  No [ ]

 Description of improvements:

 12. Will any of the IFA loan proceeds be used to finance the construction of a new building? Yes [ ]  No [ ]

 Description of building:

 13. Will any of the IFA loan proceeds be used to purchase a building or other structure that has been used by you or someone else prior to purchase? Yes [ ]  No [ ]

 Description of building:

 Location of building:

 Will you be moving the building from its present location? Yes [ ]  No [ ]

 Will the building be moved onto land which you are purchasing with IFA loan proceeds? Yes [ ]  No [ ]

 14. Will any of the IFA loan proceeds be used to purchase new machinery or equipment? Yes [ ]  No [ ]

 Description of equipment:

 15. Will any of the IFA loan proceeds be used to purchase machinery or equipment that has been used by you or someone else prior to purchase? Yes [ ]  No [ ]

 Description of equipment:

 Is any of the machinery or equipment currently located on the farmland referred to in Question 10? Yes [ ]  No [ ]

 Is any of the machinery or equipment currently not located on the farmland referred to in Question 10? Yes [ ]  No [ ]

 Will you be using this used machinery or equipment in connection with the operation of the project purchased with IFA loan proceeds?

 Yes [ ]  No [ ]

 16. Does the project consist in part of a residence? Yes [ ]  No [ ]

 17. Will you be using any of the IFA loan proceeds to purchase fruit-bearing trees or vines? Yes [ ]  No [ ]

 Will you be using these fruit-bearing trees or vines in connection with the operation of the project that will be purchased with IFA proceeds? Yes [ ]  No [ ]

 18. Will you be using any of the IFA loan proceeds to purchase anything other than farmland, improvements, buildings or other structures, machinery or equipment, or fruit-bearing trees or vines? Yes [ ]  No [ ]

 Description of the property:

19. Amount of loan request: $

20. Percent of equity (not to exceed 100%)

1. USDA-Farm Service Agency
2. Bank / IFA Financing
3. Other Bank Financing
4. Seller Financing
5. Borrower
6. Other, please explain = 100%

 21. Expected date of closing

 22. Allocation of purchase price and IFA loan proceeds among items included in project. Items must be separately identified by category.

 Item Purchase Price IFA Proceeds

 Farmland

 New Improvements

 New Buildings

 Used Buildings

 New Equipment

 Used Equipment

 Residence

 Total

**Part II - CERTIFICATION OF APPLICANT(S)**

*(To be completed by Applicant(s) - Please complete all questions)*

In submitting this application, I, the undersigned Applicant, have read the following statements and hereby certify and agree that:

 1. I am or will be a permanent resident of the State of Illinois at the time of bond issuance True [ ]  False [ ]

 2. The project will be located within the State of Illinois True [ ]  False [ ]

 3. I will be the principal operator of the project True [ ]  False [ ]

 4. I am purchasing the project as an individual, not as a partnership, corporation or any other legal entity. I also will operate the project as an individual, not as a partnership, corporation or any other legal entity. True [ ]  False [ ]

 5. I have previously received tax exempt financing from a governmental entity or authority (describe the project, name of borrower, and amount of prior loan, or indicate none). This item must be completed.

 6. Persons who are Related Persons to me, as described below, have previously received tax exempt financing from a governmental entity or authority (describe the project, name of borrower, and amount of prior loan, or indicate none). "Related Persons," as defined in Section 144(a)(3) of the Internal Revenue Code includes, among others, a father, mother, brother, sister, grandparent, grandchild or spouse, a partnership or corporation in which the Applicant(s) or any of the foregoing relatives has more than a 50% interest, a partnership and each of its partners, and an S corporation and each of its shareholders (and their spouses and minor children). This question must be answered:

 7. None of the proceeds of the loan shall be used, in whole or in part, for working capital (including but not limited to, proceeds used to finance inventory or supplies such as feed, fertilizer, fuel, feeder cattle, pigs and lambs) True [ ]  False [ ]

 8. My net worth and that of my spouse and children, if any, is less than $500,000. My personal financial statement and that of my spouse and children, if any, submitted in connection with this Application are true, correct and complete True [ ]  False [ ]

 9. I have or will have access to adequate working capital, farm equipment, machinery or livestock True [ ]  False [ ]

 10. I agree that the loan may not be assumed by another person without the prior approval of the IFA, and then only if the purchaser of the property is an eligible applicant for an IFA loan. I plan to retain the property financed by the loan for the term of the loan. I also understand the benefits of the loan resulting from the exemption from Federal income taxation of interest on the IFA bond must be retained by myself, and no person to whom property is traded or otherwise transferred may obtain the benefits of the IFA loan

 True [ ]  False [ ]

 11. I have prepared and delivered this Application in order to apply for a loan from the Authority, such loan to be funded with the proceeds of the Authority's bond, if and when issued by the Authority True [ ]  False [ ]

 12. I have not commenced acquisition or construction of any part of the project to be financed with the proceeds of the loan and I have not entered into any contract or purchase agreement, installment or otherwise, in connection with (i) the construction or acquisition of the project or any part thereof of the project, or (ii) the off-site fabrication or acquisition of any part of the project True [ ]  False [ ]

 If false, please explain:

 13. If the project is being acquired directly or indirectly from a Related Party, the purchase price equals the fair market value of the project, and I have provided documentation to IFA of this True [ ]  False [ ]  N/A [ ]

 14. If the project is being acquired directly or indirectly from a Related Party, the seller will have no continuing financial interest in the project and will not be a principal user of the project, and will have no other direct or indirect ownership or use of the project

 True [ ]  False [ ]  N/A [ ]

 15. No Board member or employee of the Authority is employed by, holds any official relation to, or has any financial interest in the Applicant(s) True [ ]  False [ ]

 16. I will not use any of the IFA loan proceeds to purchase any interest in real estate, including any interest in a land trust, from a member of the Board or employee of the Authority True [ ]  False [ ]

 17. I understand that any property purchased with IFA loan proceeds must be depreciated for Federal income tax purposes on a straight-line basis True [ ]  False [ ]

 18. I understand that IFA will charge a 1.5% closing fee with this loan and that my lender may also charge a closing fee of up to 0.5%

 True [ ]  False [ ]

19. All representations and certifications of the Applicant(s) contained in this Application are true, correct and accurate

 True [ ]  False [ ]

 (Applicant's signature) (Date) (Applicant's signature) (Date)

 Address: Address:

 Telephone: Telephone:

**Part III - REPRESENTATIONS OF LENDER** *(To be completed by Lender)*

 1. Purchase price of project: $

 2. Value of residence and any buildings, such as garage, related to residence (if N/A, please indicate):

 3. Personal financial statements for applicant(s) received: Yes [ ]  No [ ]

 Net worth of applicant(s) is: $

**Part IV - CERTIFICATION OF LENDER** *(To be completed by Lender)*

The undersigned Lender has read the following statements and hereby certifies that:

 1. The applicants are “Eligible Applicants” as described in 74 Ill. Adm. Code 1100.710, as amended.

 2. The net worth of the applicants, their spouses, and children under the age of 18 in the best judgement of the Lender on the date hereof is less than $500,000 as shown by the personal financial statement of the applicants.

 3. The applicants have documented to the satisfaction of the Lender that they have sufficient education, training and experience for the anticipated farming operation.

 4. To the best of the Lender's knowledge, each of the certifications of the applicants set forth in this application is true and correct.

 5. The proceeds of the loan will not be used to provide working capital, including but not limited to, proceeds used to finance inventory or supplies such as feed, seed, fertilizer, fuel, feeder cattle, pigs and lambs.

 6. The Lender requests the Authority to issue and sell its bond to the Lender for the purpose of financing the project to the extent thereof.

 7. The Lender may finance or otherwise advance moneys to the applicants or related person in connection with the project prior to the IFA Board of Director approval of the applicant's project. However, the Lender acknowledges that the application must be approved by the IFA Board of Directors within sixty days of the commencement of acquisition of the project by the applicants or by any related person. Commencement of acquisition includes commencement of acquisition or construction of any part of the project to be financed with the proceeds of the loan; any contract or purchase agreement, installment or otherwise, in connection with (i) the acquisition or construction of the project or any part thereof, or (ii) the off-site fabrication or acquisition of any part of the project; and payment of any money by the applicants for down payment or earnest money. The Lender further acknowledges that the IFA Board of Directors meets the second Tuesday of every month and that the application must be received in the Authority office in sufficient time for review prior to a Board meeting.

1. No member of the Board of the Authority is an officer, director or holder of a substantial property interest in the undersigned

Bank.

[Continue to page 7; bottom left blank intentional]

1. To the best of Lender’s knowledge, the loan complies with all federal and state laws and all rules and policies pertaining to such bank transactions, including, but not limited to, U.S. Code, Title 12, (12 USC), Regulation O of the Federal Reserve rules (12 CFR 215), and Lender’s policies regarding loans to officers or employees of the Lender.

10. The Lender shall deposit all IFA loan proceeds in the "Project Fund Account" created pursuant to Section 1.03 of a Lender Loan Agreement between the Lender and the Authority. Money in the Project Fund shall be disbursed by the Lender to the applicant only by a written requisition from the Borrower to the Lender in the form attached as Exhibit A to a Loan Agreement between the applicant and the Authority.

 11. The Lender may charge a closing fee of up to 0.5% and will charge no other fees or points, except that the Lender may charge the borrowers actual costs associated with closing.

 12. The Lender shall not fund the Project Fund until so authorized by the IFA.

 Lender: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Address:

 County:

 By (Contact Signature Person):

 Name (Printed):

 Title:

 Phone:

 Email:

[Continue to page 8; bottom left blank intentional]

**Part V - SUMMARY OF LOAN TERMS** *(To be completed by Lender)*

Interest Rate

 1. Interest rate calculation is Simple [ ]  Compound [ ]

 If calculation is compound, how often will interest be compounded?

 2. Interest rate is Fixed [ ]  Variable [ ]

 If rate is fixed, the rate will be

 If rate is variable, the rate at the date of closing will be

 If rate is variable, how long will the initial rate remain in effect?

 If rate is variable, how often will the rate be adjusted?

 If rate is variable, to what index will the rate be tied and how will the rate be tied to that index (e.g. 1.00% below prime per The Wall Street Journal)? The index must be external to the bank and its holding company, if applicable, and must be published in a publication generally available to the public.

 3. Number of points charged by Lender (not to exceed 0.50%)

Payment Provisions

 1. Term of loan in years

 2. Frequency of payments:

 Principal Interest

 Annual \_\_\_\_\_\_\_\_\_

 Semi-Annual

 Quarterly

 Monthly

 3. First payment date if payment dates will not be tied to closing date

 4. Payment structure (Please Note: If a bond loan balloons it may not be extended. If you are requesting a balloon just to adjust the interest rate, please indicate a variable rate above and no balloon. If you want to have the option of calling the loan at any time interval after five years, please answer yes to the call option below and indicate no balloon).

 \_\_\_\_\_ Amortized principal and interest payments for equal payments for the life of the loan (use this only if the interest rate is fixed).

 Amortization period, number of years

 Balloon? Yes [ ]  at the end of years No [ ]

 Amount of each payment $

 \_\_\_\_\_ Amortized principal payments plus accrued interest (use this only if interest is variable). Please include an amortization schedule if you want yours used.

 Amortization period, number of years

 Balloon? Yes [ ]  at the end of years No [ ]

 \_\_\_\_\_ Equal principal payments plus accrued interest

 Amount of each principal payment $

 Balloon? Yes [ ]  at the end of years No [ ]

**Public Hearing Notice Information - Location of Farm**

 County

 Township

 For projects including farmland or improvements, detailed driving directions from the nearest edge of the nearest town, including names or numbers of all roads. For projects with equipment only, no driving directions are necessary.

Thank you for completing the First-Time Farmer Bond application. Please mail the application to the address below or you may submit the application electronically through our website. All applications may be printed from our website if you need additional forms. IFA Board meetings are usually scheduled for the second Tuesday of each month. Please submit your application four weeks prior to the month you wish to be considered for approval to ensure time for us to review. If you have any questions regarding the application process, financial records, appraisals, or other loan terms and conditions, please call us at the number below.

 **Have you determined?**

 [ ]  The amount of the loan

 [ ]  The number of years for the loan

 [ ]  The interest rate for the loan.

 [ ]  The interest rate index (if applicable)

 [ ]  The collateral for the loan

 **Have you enclosed?**

 **Application**

 [ ]  **Application Part I - II** *Applicant’s section pages 1 through 5*

 [ ]  **Application Part III - V** - *Lender’s section pages 6 through 9*

 [ ]  **Personal Financial Statement on Borrower(s)** *Available on website*

 [ ]  **$100 Application Fee**

 The Illinois Finance Authority is an independent, self-funded state authority offering a variety of loan programs mutually beneficial to farmers and lenders. Contact us at the number below for more information

 on the First-Time Farmer Bond Program.

***Serving Illinois Agriculture One Family at a Time Since 1982***

**Mail to:**

Illinois Finance Authority

2929 Broadway, Ste. 7B

Mt. Vernon, IL 62864

618.244.2424 DD

618.244.2433 Fax

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| --- | --- | --- | --- |
| *Chicago*  | *160 N LaSalle St., Ste. S-1000, Chicago, Il 60601*  | *312.651.1300*  | *312.651.1350 Fax* |