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Nevada
Department of
Agriculture

Junior Agriculture Loan Program



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ASSEMBLY NATURAL RES., AGRICULTURE & MINING
DATE: 4/14/03 ROOM: 3161 EXHIBIT I 1-2
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Department of
Agriculture

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Junior Agriculture Loan Program

PURPOSE OF THE LOAN PROGRAM:

- To preserve interest in Nevada's agricultural future by helping the youth of Nevada finance agricultural projects.
- To provide financial experience and training to our youth through agricultural loans and the loan process.

ELIGIBILITY (who can apply):

Active members of the Future Farmers of America, 4-H, Future Homemakers of America or any other recognized farm youth organization may be eligible for this program. The Nevada Department of Agriculture may also make direct loans to prospective Borrower's unable to participate as a member of a farm youth organization. Parents or guardians must be willing to cooperate with the prospective Borrower and ample facilities must be available to provide for the project. Applicants must be between the ages of nine (9) and twenty-one (21); a Nevada resident and a citizen of the United States. *Funds must be unavailable to the applicant from other sources at reasonable rates and terms.*

WHERE AND HOW TO APPLY:

To obtain additional information and application forms for the Junior Agricultural Loan Program contact the Loan Officer at the Carson City Office of the Nevada Department of Agriculture.



Junior Agriculture Loan Program

USE OF A JR. AG. LOAN:

Applicant must develop a marketable agricultural project that, through production and marketing of an agricultural commodity, can pay back the loan through its earnings. Applicant must have a co-signer, parent/guardian, or other that will guarantee payment of the loan and provide required facilities for the project. The project must produce income to repay the loan and can be used to buy animals, equipment or supplies; buy, rent or repair needed tools and equipment; or pay operating expenses for the project. Funds can be utilized for a Jr. project or other educational agricultural project with income producing capability.

THINGS TO KNOW ABOUT JUNIOR AGRICULTURE LOANS:

The amount of each loan shall depend upon each individual's proposed project. Individuals may borrow up to ninety percent (90%) of the total funds required for the project.

Loan repayment may be scheduled for one to five years depending upon the project. The maximum duration of any loan is five (5) years.

There is no minimum loan requirement, however, the Nevada Department of Agriculture reserves the right to determine the educational and economic viability of each project five (5) years.

Funds for Jr. Ag. Loans are varied and limited, therefore, applicant projects shall be evaluated and funded on a "first-come, first-served" basis depending upon availability of loan funds during the fiscal year from July 1 - June 30. Re-payment of your Ag Loan is essential to continuation of this program.

TERMS & CONDITIONS:

If the loan is approved, the Borrower and co-signer must agree to the following terms & conditions:

- Borrower must follow the recommendations of the local reviewing committee to the best of their ability;
- Borrower will identify all livestock by brand (registered to Borrower with the Nevada Department of Agriculture), mark or registration number (tag, tattoo, microchip, etc.) or alternative method approved by the Loan officer and Project Supervisor.
- Borrower will cooperate fully, at all times, with their Project Supervisor in the best management practices, including record keeping.
- Borrower will allow Project Supervisor and representatives of the Nevada Department of Agriculture to inspect and observe the project at any time during reasonable business hours.
- In the event the mortgaged property is sold during the loan period (extended to full repayment of any loan), the entire remaining balance owed the Nevada Department of Agriculture shall become immediately due and payable.
- Upon sale of any mortgaged property, their offspring or product, the check or draft must be made payable jointly to the Borrower and Nevada Department of Agriculture.
- Mortgaged property, their offspring or product, is to remain physically located on the premises owned or occupied by the Borrower and parent/guardian. Permission must be obtained from the Loan Officer of the Nevada Department of Agriculture to move the mortgaged property to another ranch or location.

MAXIMUM AMOUNT OF LOAN: \$10,000 PER INDIVIDUAL

Final loan approval shall be made by the Director of the Nevada Department of Agriculture.

INTEREST RATE:

Interest Rate shall not exceed the reasonable market rate per annum for any loan. The rate will be established by the Director of the Nevada Department of Agriculture on July 1 of each year and remain the same until the following June 30. The interest rate charged at the onset of the loan will remain constant through the life of the loan. At present, the interest rate is six percent (6%) per annum.

LOAN COMMITTEE:

Each project shall be administered, supervised and serviced through the following entities:

Loan Officer: Employee of the Nevada Department of Agriculture responsible for the Junior Agricultural Loan Program.

Project Supervisor: Local County Extension Agent, FFA advisor, 4-H leader or other local individual approved by the Loan Officer to assist in determining the Borrower's and projects loan eligibility and to direct and assist the Borrower and Co-signer through the life of the loan.

Local Loan Committee: Appointed by the Loan Officer of the Nevada Department of Agriculture (consisting of members of local extension, education and agricultural lending institutions), to assist the Loan Officer in assessing the eligibility of the applicants and viability of proposed projects. Also, to provide recommendations concerning placement and servicing of a loan.

Upon approval of a loan and issuance of a check to the Borrower, a supervised dual signature bank account must be established between the Borrower and the Project Supervisor (acting representative for the Nevada Department of Agriculture) for disbursement of the funds.

- At the time of the Borrower's annual payment, a written summary report of the project shall be made to the Loan Officer by the Borrower. A copy of the current year's record book shall be included with each annual report.
- Borrower and Co-signers shall consent to all terms and conditions of the loan and sign all required forms as deemed necessary by the Nevada Department of Agriculture. By consenting to and signing all such forms, Borrower and Co-signer are contractually bound by the terms and conditions, and are fully liable for re-payment of the loan and all accrued interest in total.
- Loans will be secured by the Nevada Department of Agriculture through liens (UCC filings with the Secretary of State) on all livestock or commodities involved in the project. Borrower is required to obtain insurance on all project livestock and commodities.

