

CHAPTER 02 - N.C. AGRICULTURAL FINANCE AUTHORITY

SUBCHAPTER 02A - GENERAL PROVISIONS

24 NCAC 02A .0101 OBJECTIVES

(a) The primary objective of the Authority is to provide capital and credit at interest rates within the financial means of persons engaged in all aspects of agriculture, including agribusiness.

(b) The Authority will periodically make loans, either directly or through an originating agent, to borrowers from Authority funds available for this purpose. These may be direct loans or loans with FmHA guarantee for the purposes of farm real estate, farm operating loans, or agricultural business loans for providing agricultural services, processing, marketing or exporting of products.

*History Note: Authority G.S. 122D-2; 122D-6; 122D-7;
Temporary Rule Eff. November 18, 1988 For a Period of 180 Days to Expire on May 17, 1989;
Eff. April 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. April 25, 2015.*

24 NCAC 02A .0102 DEFINITIONS

The following words and terms, unless their context shall clearly indicate a different definition, shall be defined and mean as follows:

- (1) "Applicant" is a person applying to the Authority for a loan.
- (2) "Agriculture" is defined in G.S. 122D-3(2).
- (3) "Agribusiness" means the business of processing, marketing, distributing, manufacturing or exporting the products of agriculture.
- (4) "Agricultural Loan" is defined in G.S. 122D-3(1).
- (5) "Borrower" means a person to whom the Authority or a lender has made a loan who is a person engaged in agriculture or agribusiness in the state of North Carolina.
- (6) "FmHA" means the United States of America, acting through the Farmers' Home Administration of the United States Department of Agriculture.
- (7) "Holder" means a person or lender purchasing all or a portion of a loan from the Authority.
- (8) "Guaranteed Loan" means any loan made by a lender or the Authority which is subject to a guarantee of repayment of principal and accrued interest by the FmHA pursuant to any guaranteed loan program authorized by the Consolidated Farm and Rural Development Act (7 U.S.C. § 1921 et. seq.) and described in various subparts of 7 C.F.R. Part 1980.
- (9) "Loan" means a loan made by the Authority to a borrower or a loan made by a lender to any borrower which is purchased by the Authority.
- (10) "Members" means the members of the North Carolina Agricultural Finance Authority constituted pursuant to North Carolina G.S. 122D-4.
- (11) "Note" means a note made by a borrower in favor of the Authority or a note made by a borrower in favor of a lender purchased by the Authority.
- (12) "Originating Agent" means an agent acting on behalf of the Authority pursuant to an originating agreement.
- (13) "Originating Agreement" means the one or more agreements by that name between the Authority and an originating agent or agents pursuant to which the originating agent or agents will originate loans on behalf of the Authority.

*History Note: Authority G.S. 122D-3; 122D-6; 122D-7; 122D-10;
Temporary Rule Eff. November 18, 1988 For a Period of 180 Days to Expire on May 17, 1989;
Eff. April 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. April 25, 2015.*

24 NCAC 02A .0103 SALE OF LOANS BY AUTHORITY

The Authority may, for value received, sell all or a portion of any agricultural loan made or purchased by the Authority.

*History Note: Authority G.S. 122D-7;
Temporary Rule Eff. November 18, 1988 For a Period of 180 Days to Expire on May 17, 1989;
Eff. April 1, 1989;*

Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. April 25, 2015.

SUBCHAPTER 02B - FARM REAL ESTATE LOAN PROGRAMS

24 NCAC 02B .0101 LENDING PROCEDURES

(a) The Authority will make agricultural loans to eligible borrowers to finance the acquisitions or improvement of real property from funds available to the Authority for this purpose. The Authority shall have overall administrative responsibility for the Real Estate Loan Program.

(b) Applicants will apply for loans on an application to be provided by the Authority. The applicant must adhere to the requirements of the application process including providing all relevant documents requested by the Authority or FmHA, in the case of guaranteed loans. The following application process will be implemented by the Authority:

- (1) The Authority will review the application from the applicant and make a decision as to whether to approve the application.
- (2) For guaranteed loans, approval by the Authority requires the application to be forwarded to FmHA for approval.
- (3) A denial of approval by either the Authority or FmHA does not provide the applicant any recourse unless the reason for disapproval of the loan can be remedied and is allowed by either the Authority or FmHA.
- (4) Following approval, the Authority or an agent thereof will originate and document the closing of the loan.

(c) The Authority, or its agent, will service the loans made pursuant to this program in accordance with sound banking practices and, for guaranteed loans, applicable FmHA requirements.

*History Note: Authority G.S. 122D-6; 122D-7;
Temporary Rule Eff. November 18, 1988 For a Period of 180 Days to Expire on May 17, 1989;
Eff. April 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. April 25, 2015.*

24 NCAC 02B .0102 ELIGIBLE BORROWERS

Eligible borrowers are applicants who demonstrate to the Authority that they satisfy the following criteria:

- (1) Need for an agricultural loan to finance agriculture or agribusiness;
- (2) Ability to repay the loan is demonstrated;
- (3) Collateral for the loan is sufficient; and
- (4) Can meet any other requirements which may be imposed by the Authority, or FmHA in the case of guaranteed loans, in the exercise of sound banking practices.

*History Note: Authority G.S. 122D-2; 122D-6;
Temporary Rule Eff. November 18, 1988 For a Period of 180 Days to Expire on May 17, 1989;
Eff. April 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. April 25, 2015.*

SUBCHAPTER 02C - AGRIBUSINESS LOANS

24 NCAC 02C .0101 LENDING PROCEDURE

(a) The Authority will make loans to persons engaged in agribusiness for the purpose of financing agribusiness from funds available to the Authority for this purpose.

(b) Each agribusiness loan shall be separately underwritten and separately approved by the Authority.

*History Note: Authority G.S. 122D-6(4);
Temporary Rule Eff. November 18, 1988 For a Period of 180 Days to Expire on May 17, 1989;
Eff. April 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. April 25, 2015.*