**12:21:01:09.  Loan requirements.** The following are requirements for a loan under the beginning farmer bond program:

 (1)  The authority may take security for a loan in the form of a promissory note, security agreement, first mortgage, or similar agreement;

 (2)  A loan may not be assumed and any interest in agricultural land, agricultural improvements, or agricultural depreciable property may not be leased, sold, exchanged, used as a trade-in, used on an equipment-for-hire basis, or otherwise conveyed without the prior written consent of the authority. The authority may not consent to an assumption of its loan or the conveyance of property subject to its mortgage or security agreement unless the purchaser of the property is an eligible applicant for an authority loan;

 (3)  The beginning farmer, bond purchaser, or lender must submit to the authority a nonrefundable $100 fee with the application. A loan fee equal to 1.5 percent of the amount of the bond, but not less than $500, must be submitted by the beginning farmer, bond purchaser, or lender at loan closing, The loan fee may be financed with bond proceeds.

 **Source:** 22 SDR 97, effective January 22, 1996; 29 SDR 135, effective April 13, 2003.

 **General Authority:** SDCL 1-16E-24.

 **Law Implemented:** SDCL 1-16E-7(18).