

# House Bill 3091

Sponsored by Representative CLEM

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Limits application fee payable by beginning farmer for loan under Beginning and Expanding Farmer Loan Program to \$100. Requires total amount of all fees paid by beginning farmer or bond purchaser to be paid by beginning farmer at loan closing. Provides that all fees combined may not exceed one percent of face value of bond or be less than \$500. Permits loan fee to be financed with bond proceeds or included in purchase price agreed to in sales contract.

Declares emergency, effective on passage.

## A BILL FOR AN ACT

1  
2 Relating to loans for agricultural projects; creating new provisions; amending ORS 285A.425; and  
3 declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 285A.425 is amended to read:

6 285A.425. (1) The Oregon Business Development Department, in consultation with the State  
7 Department of Agriculture and potential lenders, shall create the Beginning and Expanding Farmer  
8 Loan Program to facilitate the making of loans to beginning farmers to finance the acquisition of  
9 an approved agricultural project.

10 (2) Before revenue bonds may be issued for the program, an agricultural project must be deter-  
11 mined to be eligible for a loan under ORS 285A.420 to 285A.435 and the beginning farmer must be  
12 qualified by the lender to receive the loan.

13 (3) The Oregon Business Development Department shall adopt rules for the operation of the  
14 program, to define terms and to establish an application process and requirements, criteria and el-  
15 igibility standards for beginning farmers and lenders to participate in the program. The department  
16 may approve a loan only if all of the following are satisfied:

17 (a) The lender is approved to participate in the program.

18 (b) The beginning farmer is a resident of this state.

19 (c) The agricultural project that is the subject of the loan is located, or will be used, in this  
20 state.

21 (d) The lender acknowledges that the loan to the beginning farmer is secured only by the eligi-  
22 ble revenue of an eligible agricultural project and not by revenue or assets of the State of Oregon.

23 (e) The beginning farmer will materially and substantially participate in the farming for which  
24 the loan is sought.

25 (f) The eligible agricultural project will be used for farming only by the beginning farmer or by  
26 the beginning farmer and the beginning farmer's family.

27 (g) The beginning farmer and the lender have complied with any other requirement, criterion  
28 or standard prescribed by the department by rule.

29 (4)(a) The department may charge fees to lenders and beginning farmers as necessary:

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (A) To administer the program; and

2 (B) To cover the cost of procurement of bond counsel, State Treasurer fees, department issuance  
3 fees and trustee fees.

4 **(b) Notwithstanding paragraph (a) of this subsection:**

5 **(A) An application fee payable by the beginning farmer to the department may not exceed**  
6 **\$100.**

7 **(B) The total amount of all fees paid by a beginning farmer or a bond purchaser must**  
8 **be paid by the beginning farmer to the department at the closing of the loan and may not:**

9 **(i) Exceed an amount equal to one percent of the face value of the bond; or**

10 **(ii) Be less than \$500.**

11 **(C) The loan fee may be financed with bond proceeds or, in the case of a contract sale,**  
12 **be included in the purchase price agreed to in the sales contract.**

13 *[(b)]* **(c) Lenders may charge fees and points as agreed to by the beginning farmer and the lender**  
14 **and as approved by the department.**

15 (5) The lender and the beginning farmer shall agree to the terms of the loan, including interest  
16 rate and length of loan. The lender is responsible for making an independent credit evaluation of the  
17 beginning farmer or the farming enterprise for which the loan is sought.

18 (6) The Oregon Business Development Department may enter into contracts and agreements as  
19 necessary and appropriate to implement and manage the program.

20 **SECTION 2. The amendments to ORS 285A.425 by section 1 of this 2019 Act apply to ap-**  
21 **plications filed, and loans facilitated, under ORS 285A.420 to 285A.435, on or after the effec-**  
22 **tive date of this 2019 Act.**

23 **SECTION 3. This 2019 Act being necessary for the immediate preservation of the public**  
24 **peace, health and safety, an emergency is declared to exist, and this 2019 Act takes effect**  
25 **on its passage.**

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