



**TEXAS DEPARTMENT OF AGRICULTURE
TEXAS AGRICULTURAL FINANCE AUTHORITY
INTEREST RATE REDUCTION
AND YOUNG FARMER INTEREST RATE REDUCTION
LOAN APPLICATION FORM INSTRUCTIONS**

COMMISSIONER SID MILLER

Lender and Borrower must submit a signed original Interest Rate Reduction ("IRR") or Young Farmer Interest Rate Reduction ("YFIRR") Loan Application, along with one copy of all credit and loan documentation to the Texas Agricultural Finance Authority (the "Authority") c/o the Texas Department of Agriculture ("TDA"). No one borrower may, at onetime, have more than \$500,000 in any loan or loans under the IRR or YFIRR programs.

If additional space is required for details to answer any questions, please use standard 8 1/2" by 11" paper, and place your name, phone number, name of Lender, and name of Borrower at the top of each page.

CONTACT INFORMATION FOR BORROWER SECTION

Please include name(s), title(s), name of business, physical address, mailing address (if different from physical address), telephone, fax number, and e-mail address.

BORROWER'S SECTION

Interest Rate Reduction Program – The IRR program may result in a lower interest rate and is available to a borrower of any age for a loan which will be used to create or expand an agricultural business in Texas.

Young Farmer Interest Rate Reduction Program – The YFIRR program may result in a lower interest rate and is available to a borrower who is at least 18 and younger than 46 years of age at the time of submission of a YFIRR Loan Application to TAFSA. YFIRR loan proceeds must be used to create or expand an agricultural business in Texas.

1. "Current Employment" - The occupation or business which provides your primary source of income.
2. "Physical location of the project" - Include the street address, or if a rural location, the county name, written directions and a map.
3. Explain or describe your proposed project.
4. Self Explanatory.
5. Self Explanatory.
6. Estimate annual gross sales or return on investment, to the best of your knowledge, for each of the next three years.
7. "TOTAL IRR or YFIRR AMOUNT REQUESTED" - Sum of the amounts listed in #7.
8. "TOTAL PROJECT BUDGET" - Sum of proposed project funds from all sources.

CONTACT INFORMATION FOR LENDER'S SECTION

Please include name(s), title(s), name of business, physical address, mailing address (if different from physical address), telephone, fax number, and e-mail address.

LENDER'S SECTION

1. Self Explanatory.
2. "Interest Rate Reduction Amount" - The amount of the time deposit requested from the Texas Comptroller of Public Accounts rounded to the nearest \$100.
3. "Estimated IRR or YFIRR Program Rate" - Estimate the current interest rate for the deposit by referring to the money rates for U.S. Treasury Bills and Notes as published by the Wall Street Journal. When providing the estimate, use the maturity date closest to the loan's maturity, but no later than the end of the state's fiscal biennium (August 31 of each odd numbered year). The IRR program rate will be two percent (2%) below the lowest quote listed but in no event will the rate be lower than 1.5% per annum. The YFIRR program rate will be three percent (3%) below the lowest quote listed but in no event will the rate be lower than 0.5% per annum. The final rate will be determined after the Application has been approved and the loan has been funded. Upon funding of the loan, the lender should contact the Texas Comptroller of Public Accounts-Treasury Operations, (512) 463-3146, to confirm the rate committed for the loan. Funds for the Comptroller's linked deposit will be wired to the lender when the borrower has advised the Authority that the loan has been funded.
4. "Margin of Interest to be Charged the Borrower" – The spread between the IRR or YFIRR Program rate for the subject loan and the loan rate actually charged the Borrower. The spread may not be more than four percentage points above the Program rate.
5. "Market Rate for the Loan" - The sum of #3 and #4 above.
6. "Date of the Loan's Maturity and the Estimated Date of Final Payoff" - These dates will not necessarily coincide with the Program term. For longer term loans indicate the maturity date, even when it extends beyond the state's fiscal biennium.
7. "Lender's Federal Tax Identification Number and Routing Number" - Self Explanatory.
8. "Lender's Wiring Instructions" - If special wiring instructions for the Comptroller are necessary, describe them here. Please list a specific account number for the Linked Deposit.

AGREEMENT

Borrower and Lender's signatures on the IRR or YFIRR Loan Application indicate Borrower and Lender's willingness to participate in the IRR or YFIRR programs, and acceptance of the programs' requirements and regulations. Borrower and Lender will be required to follow any regulations that may be promulgated or amended during the term of any loan.

CONTACT

Texas Agricultural Finance Authority
c/o Texas Department of Agriculture
P. O. Box 12847
Austin, Texas 78711
(512) 463-6908
(888) 223-9048 – Fax

7. Use of IRR or YFIRR Proceeds:

Approximately \$ _____	to purchase land.
\$ _____	to purchase or lease equipment.
\$ _____	to purchase seed and fertilizer.
\$ _____	for direct marketing facilities.
\$ _____	for processing facilities.
\$ _____	for professional services.
\$ _____	for _____
\$ _____	TOTAL IRR or YFIRR AMOUNT REQUESTED.

8. TOTAL PROJECT BUDGET AMOUNT _____ Attach a list describing other sources of funding for the project. (Example: Loans, equity provided by Borrower, etc.)

AGREEMENT

I/We, the undersigned Borrower(s), understand and agree that all proceeds of this Interest Rate Reduction or Young Farmer Interest Rate Reduction loan must be used in the manner stated in the Borrower's section of this document and in the attached application materials and that any use of such funds contrary to these statements is a violation of law and this agreement.

I/We hereby affirm that the information in this document and any attached application materials are true and correct to the best of my/our knowledge. I/We agree to maintain accurate records on the project from the beginning and throughout participation. In consideration of approval for this loan, and while participating in the Interest Rate Reduction or Young Farmer Interest Rate Reduction Program, I/we agree to provide the Texas Agricultural Finance Authority, the Texas Department of Agriculture and the Texas Comptroller of Public Accounts information they may request on the project. I/We hereby agree to comply with any and all applicable IRR and YFIRR rules and regulations, including any new rules or regulations that may subsequently be promulgated or amended during the term of any loan resulting from this application.

Signature of Borrower(s)

Date

Signature of Borrower(s)

Date

**TEXAS AGRICULTURAL FINANCE AUTHORITY
INTEREST RATE REDUCTION OR
YOUNG FARMER INTEREST RATE REDUCTION
LOAN APPLICATION**

Lender Section

Lender Information:

Name: _____
Title: _____
Name of Business: _____
Physical Address: _____
City/State/Zip Code: _____
Mailing Address: _____
City/State/Zip Code: _____
Telephone No.: _____
Fax No.: _____
E-mail: _____
Contact Person _____

Loan Information Section

1. Loan Number _____
2. Interest Rate Reduction Amount _____
3. Estimated Program Rate _____
4. Margin of Interest To Be Charged Borrower Over Program Rate _____
5. Market Rate for Loan (Add #3 + #4) _____
6. Date of Loan's Maturity and the Estimated Date of Final Payoff _____
7. Lender's Federal Tax ID Number and Routing Number _____
8. Lender's Wiring Instructions _____

AGREEMENT

I, on behalf of the undersigned Lender, have reviewed _____ (borrower's name) business plan, financial statements, loan documents and the Interest Rate Reduction and Young Farmer Interest Rate Reduction Loan Application for the proposed _____ (project description). By signing this agreement Lender agrees to comply with all rules governing the Interest Rate Reduction Program and/or Young Farmer Interest Rate Reduction Program and to provide Borrower the money on the terms and conditions described in the Lender's section of this document.

Lender agrees and understands that the Texas Agricultural Finance Authority, the Texas Department of Agriculture and/or the Texas Comptroller of Public Accounts are not liable to Lender for payment of principal, interest, late charges or any other sums on a loan made to a borrower under the IRR or YFIRR programs, and that credit decisions involved in granting this loan were made solely by Lender.

Signature of Lending Officer

Date

APPROVED BY:

Deputy Commissioner, Texas Department of Agriculture

Date

Texas Comptroller of Public Accounts

Date