

BND Farm Loan Programs: Direct, Guarantee, & Participation

In response to the challenges in agriculture, Bank of North Dakota (BND) has developed a number of loan programs to meet specific needs of the state's farmers and ranchers.

"BND Beginning Farmer Loan Programs have allowed me to start and expand my farming operation with my brother. We continue to work land that has been in our family over 50 years. Having the ability to purchase land when we started out has led to our success."

- Kelly and Patrick Hall



BND Farm Loan Programs

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Lending Services
Bank of North Dakota
1200 Memorial Hwy
PO Box 5509
701.328.5780
800.472.2166, ext. 328.5780
800.643.3916 (TDD)
banknd.nd.gov

banknd.nd.gov



Direct & Guarantee Lending Programs

	Beginning Farmer Real Estate Loans	Established Farmer Real Estate Loans	FSA Guaranteed Loan Purchase Program	Farm Real Estate Loan Guarantee Program
Borrower	A resident of North Dakota whose principal occupation is farming or ranching	A resident of North Dakota	Borrower must meet FSA requirements	North Dakota resident
BND Funding Limit	75% of appraised value of farm real estate- \$400,000 maximum to any one borrower	65% of appraised value of farm real estate. \$2 million maximum loan to any one borrower	BND will purchase only the FSA guaranteed portion of the loan	BND may guarantee up to 80% of the amount of principle due the lender
Use of Proceeds	To purchase farm real estate	For agricultural purposes	To purchase or refinance farm real estate, farm equipment, or livestock	To purchase or restructure farm real estate loans
Interest Rate	First five years fixed at 1% below BND base, 6% max; next five years variable at 1% below BND base, adjusted annually; then floats at BND base	Variable or fixed rate options posted at banknd.nd.gov	Variable or fixed rate options posted at banknd.nd.gov	The maximum amount the lender may charge may not exceed 3% above BND base rate. The guarantee fee may be included in the loan or in the rate charged by the lender.
Term	30 year maximum	25 year maximum	Term is based upon loan purpose and FSA Guarantee	The guarantee term may not exceed 5 years
Collateral	First mortgage on farm real estate	First mortgage on farm real estate	Assignment of FSA Guarantee	First mortgage on farm real estate
Equity or Net Worth	\$500,000 or less	Loan reviewed on its own merits	No minimum	Loan reviewed on its own merits
Credit Criteria	Entire operation must demonstrate repayment ability	Entire operation must demonstrate repayment ability	Must meet FSA requirements	Farm real estate loan must demonstrate repayment ability
Special Program Requirements	May not have previously owned farm real estate greater than 30% of the average farm size in the county where the parcel is located	Max interest rate during loan term not more than 6% over initial rate	The borrower must meet FSA Guarantee requirements	Maximum guarantee cannot exceed \$400,000
Other Funding Sources	No lead lender is required	No lead lender is required	The lead lender must originate the loan and participate in the loan a minimum of 10%	Loan must be originated by another lender
Appraisal Requirements	A certified appraisal	A certified appraisal	Appraisal per FSA requirements	Maximum loan to appraised value may not exceed 80%
Costs and Fees	All loan costs	\$500 origination fee plus all loan costs	Origination fee	.5% per year or a one-time fee of 1.5% of the guaranteed portion
Contact	Bank of North Dakota 800.472.2166, ext.328.5854	Bank of North Dakota 800.472.2166, ext.328.5854	Local lender	Local lender

Direct Lending

BND works directly with the borrower and all funds are advanced by BND to the borrower.

Guarantee Issuer

The local lender requests a guarantee based on a percentage of the loan balance.

Participation Lending

The borrower works with a local lender to develop a loan package. The local lender requests the participation of BND.

Program Parameters:

Trade Area

BND's primary trade area is the State of North Dakota.

Loan Review

All loans require an identifiable purpose and are reviewed on an individual basis to ensure the general credit standards of BND are met. A specific source of repayment is necessary to assure payment of the loan. An application for a participation loan generally takes about two weeks to process. Direct loans may take longer depending upon the information provided by the borrower.

Approval Process:

- All Loans are reviewed by the Loan Department.
- Loans between \$3 million and \$10 million are reviewed by BND's Investment Committee.
- Loans in excess of \$10 million are reviewed by BND's Investment Committee and Advisory Board and then presented to the Industrial Commission for final review.

