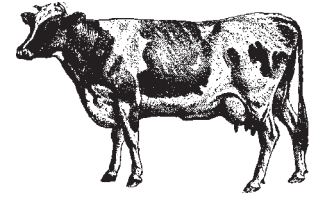


AGRICULTURAL NONPOINT SOURCE (AgNPS) LOAN PROGRAM

For DAIRY PRODUCERS

Fact Sheet



What is the AgNPS loan program?

The program is designed to provide a source of low-interest financing at 3 percent for managing dairy and milking parlor waste in an environmentally sound and cost-effective manner. The loans, made under a provision of the Delaware Pollution Control Revolving Fund, help dairy farmers implement best management practices on their farms to reduce the potential for pollution from dairy farming.

Who is eligible?

Any dairy farmer applying for an AgNPS loan must have a producer or supplier contract with one of the following dairy cooperatives or milk processors that participates in the loan program:

- ◆ Land O' Lakes (Formerly Atlantic Dairy Cooperative)
- ◆ Dairy Farmers of America, Inc. (Formerly Milk Marketing, Inc.)

If the dairy farmer severs the contract with the cooperative or processor, the farmer must notify the Department immediately. The Department will contact the farmer about the outstanding balance which the farmer can then pay off in full in 30 days, or the loan balance can be transferred to another dairy co-op or processor.

Loans may be made only to the owners on record of the property containing the dairy operation and that property must be in the State of Delaware.

Eligible practices for coverage include dairy waste management systems as well as for the purchase of new manure spreaders, liquid manure transfer equipment including pumps and augers, liquid manure agitation equipment, and manure lagoon pumps. In addition, 60% loan financing is available for the purchase of irrigation equipment for the purpose of spray irrigating wastes which allows for a hard-hose reel traveler irrigation gun with an open-impeller pump. The newest addition to the program is the 60% financing available for a new or used front-end loader or bucket attachment for moving semi-solid and solid manures for storage in the waste containment system.

What do I need to apply?

The applicant must undergo a credit check to determine initial eligibility. Checks should be made payable to DNREC.

What are the terms of the loan?

The interest rate on each loan is 3 percent and the terms of the loan can extend from one to seven years for loans of \$5,000 to \$60,000 and up to ten years for loans of up to \$100,000. The minimum loan amount is \$5,000, the maximum is \$100,000.

Loans for equipment such as spray irrigation equipment, front-end loaders and spreaders must be repaid within five years and require a Uniform Commercial Code (UCC) Lien to be filed with the Delaware Secretary of State.

If the loan request exceeds \$60,000, if the terms are for longer than seven years, or if the risk exposure is greater than 38 percent, no matter the size of the loan, the applicant must undergo an additional financial analysis and real estate appraisal. Also, in these cases, a real estate lien will be entered with the Delaware Secretary of State.

What Else Do I Need To Know?

The loan applicant must obtain broad-form hazard insurance on any waste-storage structures and/or any equipment that is part of the waste management system paid for by the loan. The Department of Natural Resources and Environmental Control must be listed as the “loss payee” for the amount of the loan and a certificate of insurance is required before the loan is granted. If the insurance is canceled, the Department must be notified immediately.

What About Cost-Share?

There are three options available for requesting a loan.

If you are buying equipment only and no Conservation District or Federal cost share money is available, a five-year loan with a maximum of \$60,000 is available with a 20 percent down payment paid by the farmer. NEW equipment including manure spreaders, liquid manure transfer equipment including pumps and augers, and liquid manure agitation equipment, manure lagoon pumps, and spray irrigation equipment can be financed. In order to be eligible for an equipment loan only, you must have a nutrient management plan that meets USDA Natural Resources Conservation Service standards.

If you are using federal or conservation district cost-share money, you can finance the portion not covered by cost-share, with no contribution by you, up to \$100,000. So if your system costs \$100,000 and cost-share will pay for half, the other \$50,000 can be financed.

If you choose not to use cost-share money from any source and want to build a dairy waste management system, which can include equipment, you can finance up to 90 percent of the system costs, up to \$100,000. A 10 percent down payment is required from you.

Finally....

The loan applicant must grant the right to inspect for ten years, and agree to accompany Natural Resources Conservation Service and/or Conservation District inspector during inspections.

The principle of the AgNPS loan may be prepaid at any time without penalty.

For more information, please contact:

Kent County: Kent Conservation District, Ph: 697-2600 Ex. 3
Sussex County: Sussex Conservation District, Ph: 856-3990 Ex. 3
New Castle County: New Castle Conservation District, Ph: 832-3100 Ex. 3

