Colorado Agricultural Development Authority

305 Interlocken Parkway
Broomfield, CO 80021
Attention: Jim Rubingh

(303) 815-9543
www.cadafarmloan.com

BEGINNING FARMER PROGRAM INSTRUCTIONS & RESTRICTIONS

Bond Instructions

The following steps are involved in the issuance of a tax-exempt bond through the Colorado Agricultural Development Authority (the "Authority"), Beginning Farmer Program:

(1) The Borrower finds a Lender which is willing to participate in the Beginning Farmer Program through the purchase of a Bond.

(2) The Borrower submits the Application Form, signed by both the Borrower and the Lender, together with an executed copy of the Preliminary Agreement.

(3) The Authority and its bond counsel evaluate the Application Form for compliance with Program Guidelines and state and federal law restrictions.

(4) The Authority's bond counsel distributes documents to the Authority, the Borrower and the Lender. After all parties have agreed on all document provisions, the Authority adopts a final bond resolution, holds a public hearing and approves all the details of the transaction.

(5) The Authority, the Borrower and the Lender sign all documents; the Authority issues the Bond; and the Lender pays for the Bond, making the proceeds of the Bond available to the Borrower in accordance with the Financing Agreement.

Program Restrictions

Please note that the following restrictions, among others, apply to the Beginning Farmer Program:

(1) Bond proceeds cannot be used to refinance existing indebtedness, except in certain limited instances where such previous indebtedness has been approved by the Authority or has been incurred in connection with a previous tax-exempt municipal bond issue.

(2) Bond proceeds cannot be used to finance working capital, inventory, raw materials or any other personal property which is not depreciable.

(3) Bond proceeds can only go to individuals who own farm land which is less than 30% of the median county farm size.

(4) Bond proceeds cannot be used to finance a personal residence or land related thereto.

Application Instructions

In order to apply for a loan through the issuance of a tax-exempt bond by the Authority, please read and complete the attached Application Form in its entirety. Make certain to answer all questions fully. Submit the form, signed by you and your lender, include your nonrefundable $50.00 application fee and a signed Preliminary Agreement to the Authority to the address above.

If you have any questions regarding restrictions or compliance with other Program Guidelines, please feel free to contact the Authority at the above address or number.

Applicant Information

1. Name(s) of the Borrower(s) (as they should appear on legal documents):

2. Address(es):

   Telephone No(s):

   Email Address(es):

3. Describe in some detail the Project you wish to have the Authority finance. The description should include at least the following:
   (a) If land, the acreage involved, the type of land, i.e. rangeland, irrigated crop land or dry crop land, water and mineral rights associated with the Project, the legal description of the land, a description of any improvements located thereon, the proposed purchase price, the name and address of the seller.

   (b) If improvements or personal property, a detailed description of what is to be purchased or acquired, the proposed purchase price, the name and address of the seller, and the legal description of the land upon which the improvements or personal property are to be located.

   (c) Intended use of the land (i.e., type of crop to be produced).

   (d) Description of Borrowers' farming/ranching experience.

   (e) Provide address or location of Project (e.g., NE corner of intersection of Road X and Road Y.)

   (f) Does the Project include a personal residence (i.e., house)? ..... ○ Yes ○ No

   If yes, what is the appraised value of the personal residence? $

   The Authority reserves the right to request further documentation with respect to the Project.

4. Will the use of the real or personal property purchased under this Program be totally for agricultural production or processing purposes? ..... ○ Yes ○ No

   If no, explain.

5. Have the Borrowers entered into any binding commitments for the purchase or acquisition of the Project at this time, or paid any part of the purchase price of the Project? ..... ○ Yes ○ No

   If yes, explain.

6. Do you own or have you ever owned, directly or indirectly, an interest in farmland? ..... Yes No

If yes, what county?

How many acres?

7. In what county will the Project be located?

8. Have the Borrowers or any direct relatives or any corporation in which such persons own in the aggregate more than 50% of the common stock borrowed money through the issuance of tax-exempt bonds? ..... Yes No

If yes, describe the amount borrowed, the issuer of the bonds, the date borrowed and the principal amount of that loan now outstanding:

Loan Information

9. What size of loan are you requesting the Authority to issue a Bond for? This amount cannot exceed the acquisition or purchase price described in Question 3 above. Please note, that the amount of the Bond may be increased from the loan amount to cover the Authority's initial fee, issuance costs, including the fees and expenses of bond counsel, and any lender points up to 2% of the amount of the Bond.

Bond $

Total Sale Price $

10. As noted in the Program Guidelines pertaining to the Authority's Beginning Farmer Program, the Borrower is responsible for finding the purchaser of the Bond. No Application Form will be reviewed until signed by your lender which proposes to purchase the Bond.

Who is the Lender which will purchase the Bond?

Name: Contact Person:

Address:

Phone: Fax:

Email Address:

11. Are the Borrowers residents of the State of Colorado? ..... Yes No

12. Do Borrowers have non-agriculture income? ..... Yes No

If yes, please describe source and yearly income amount. (optional)

13. Please describe, after consultation with your Lender, the manner in which you plan to amortize the loan. If you answer the questions below, the Authority should have sufficient information to allow preparation of adequate documentation.

(a) Interest Rate

Number of years the loan is for:

If fixed, rate (per annum):

If floating, describe initial rate and period it will be applicable and the formula for the adjustment:

(b) Will lender charge up front points? ..... Yes No

If yes, what dollar amount? $

(c) How will interest be payable (e.g. monthly, quarterly, semi-annually, annually)?

(d) How soon after the loan is made will the first interest be due?

(e) How will principal be payable (e.g. monthly, quarterly, semi-annually, annually)?

(f) Attach a proposed amortization schedule to this application showing amounts of principal coming due, and on what dates.

(g) Will there be any prepayment restrictions or penalties?..... Yes No

If yes, describe:

14. After consultation with your Lender, will the loan be secured by any mortgage, deed of trust or security agreement?.... Yes No

If yes, describe in reasonable detail the required security:

(The Authority's Bond Counsel will supply you with the necessary forms of mortgage, deed of trust or security agreement to be completed prior to the closing by the Borrower and the Lender.)

Enclosures & Signatures

15. Enclose the required Application Fee of $50 payable to the Colorado Agricultural Development Authority. The Application Fee is non-refundable regardless of action taken by the Authority with respect to this Application Form. The Application Fee is credited towards the Authority's closing fee.

16. Enclose an executed copy of the Preliminary Agreement (copies of which are available from the Authority). If your Application Form is accepted and approved by the Authority, the Authority will pass a resolution indicating its intent to issue the bonds, and will at that time execute the Preliminary Agreement on its behalf.

17. The undersigned Borrowers hereby certify that they have read the Program Guidelines of the Authority with respect to its Beginning Farmer Program; that they believe they and the proposed Project comply with such Program Guidelines; and that all information contained in this Application Form is true and correct.

Date:

BORROWER(S)

By

By

The undersigned Lender hereby evidences its intent to purchase a tax-exempt bond from the Authority in order to provide a loan to the aforesaid Borrowers. The loan has been approved by the appropriate persons or committees of the Lender. The Lender has reviewed the Application Form, and specifically has consulted with the Borrowers with respect to matters designated in 9, 10, 13 and 14. The Lender understands that at the Bond closing, it will be required to execute certain documents, including but not limited to the Financing Agreement and an Investment Letter, and that the Lender will be furnished an opinion of the Authority's Bond Counsel, Kutak Rock LLP, Denver, Colorado, to the effect that the Bond is validly issued and that interest on the Bond is exempt from federal and Colorado income taxation. The Lender further realizes that only one fully registered Bond will be issued, and if the Lender intends to participate in the loan with other Lenders, or is required to do so because the Bond will exceed its authorized loan limits, it must do so in accordance with an appropriate Participation Agreement to be prepared entirely by the Lender.

Date:

LENDER

By

Title:_____

Print Document