MISSISSIPPI DEVELOPMENT AUTHORITY
FINANCIAL RESOURCES
AGRIBUSINESS ENTERPRISE LOAN PROGRAM

GUIDELINES

The Agribusiness Enterprise Loan Program (ABE), to be administered by the Mississippi Development Authority (MDA), is a loan program designed to encourage the extension of conventional financing and the issuance of letters of credit, by private institutions, to agribusiness enterprises in the State of Mississippi (the State). MDA will provide interest-free loans to qualified borrowers engaged in the production, manufacturing, and processing of agribusiness related goods and services. The following guidelines set out the requirements under the program, and MDA reserves the right to make changes to these guidelines and to waive any restriction not set by statute.

ELIGIBILITY

101.01 Agribusiness

Agribusiness means any aquacultural, horticultural, or agricultural related industrial, manufacturing, research and development or processing enterprise located in the State and owned by a resident of the State.

The agribusiness must be creditworthy and demonstrate the ability to repay the loan and must not have defaulted on any previous loan from the State or Federal Government.

101.02 Financial Institutions

An eligible Financial Institution is any commercial bank, savings bank, federal land bank, farm credit bank, agricultural credit association or other farm credit agency, which is domiciled or qualified to do business in the State.

GUARANTIES

201.01 Each Agribusiness Enterprise Loan (ABE Loan) must be 100% guaranteed to MDA by an eligible Financial Institution.

PARTICIPATION REQUIREMENTS

301.01 An eligible Financial Institution must originate the ABE Loan application for an agribusiness on the form attached hereto as Exhibit C.

The Financial Institution must provide MDA with a Servicing Agreement Letter (Exhibit A) to be accepted upon approval of the ABE Loan.

The Financial Institution must provide, in writing, all required information for the preparation of ABE Loan closing documents.

All closing documents must be properly executed and returned to MDA immediately.

All exhibits to the closing documents must be filed and copies sent to MDA no later than thirty (30) days from the date of closing.

301.02 The Financial Institution may charge an agribusiness a servicing fee, which may not exceed one percent (1%) of the ABE Loan amount. The fee will be a one-time charge collected when the ABE Loan is closed. The fee may be paid directly by the agribusiness, deducted from the ABE Loan proceeds, or financed as part of the Financial Institution's loan.

301.03 The Financial Institution shall also be responsible for collecting and remitting to MDA, at loan closing, a servicing fee which represents one percent (1%) of the ABE Loan. The fee will be a one-time charge and may be paid by the agribusiness, deducted from the ABE Loan proceeds, or financed as a part of the Financial Institution's loan.

The Financial Institution shall be responsible for servicing the ABE Loan, which will include all repayments to MDA.

The Financial Institution will also enforce the terms and conditions of all closing documents executed for the ABE Loan.

LOAN CRITERIA

401.01 ABE Loan proceeds may be used to finance buildings and equipment and for costs associated with the purchase of land (appraisals, title searches, etc.). However, proceeds cannot be used to purchase land.

ABE funds to new or existing poultry farms for the construction of new or additional houses will be governed by terms, conditions, and requirements of Exhibit D.

No loan proceeds shall be used to pay off any existing debt for loan consolidation purposes; to finance acquisition, construction, improvement, or operation of real property which is primarily for sale or investment; to provide or free funds for speculation in any kind of property or as a loan to owners; nor to provide working capital.

401.02 The amount of a loan to any single agribusiness shall not exceed twenty percent (20%) of the total cost of the project or $200,000, whichever is less. Upgrades for the retrofitting of poultry houses shall not exceed thirty percent (30%) of the total cost of the project or $200,000, whichever is less. Land purchases will not be considered in the total cost of the project when determining an ABE Loan.

401.03 No interest will be charged on an ABE Loan. Only the amount actually loaned to an agribusiness shall be required to be repaid to the State.

401.04 The term of the ABE Loan shall match the term of the Financial Institution's loan, up to the maximum maturity of fifteen (15) years.

401.05 Disbursements of ABE funds will be made to Financial Institutions on behalf of borrowers after project construction is completed. Requests for payment must be submitted on the MDA Request for Payment Form (Exhibit B).

401.06 All repayments of ABE funds to MDA shall match the repayments of the borrower to the Financial Institution and shall be submitted upon the terms stated in the Lender's Authorization forms.

401.07 If a Financial Institution collects payments on more than one ABE Loan, MDA will allow a lump sum payment on all outstanding loans. An itemized list of the source of funds, including ABE Loan numbers, must accompany this payment. Financial Institutions must submit all collections for a one-month period by the fifth of the following month.

401.08 ABE Loans are subject to an agreement, providing that any and all outstanding obligations may be accelerated and payments called for if, during the term of the loan, any change of ownership or control of the agribusiness concern occurs without the prior written consent of MDA, or if any adverse change occurs without notification to MDA.

PREPAYMENT AND LOAN DEFAULT

501.01 The Financial Institution shall notify MDA in writing of any prepayments of the Financial Institution's loan. If the Financial Institution's loan is to be paid in full, the MDA portion of the loan must be paid off first. MDA and the Financial Institution must determine the application of partial payments.

501.02 The Financial Institution's Loan and Note is prohibited from being sold, assigned, conveyed, subparticipated, subdivided, encumbered or otherwise transferred.

501.03 MDA will consider any loan that has become delinquent, in amount equal to the required annual payment, to be in default.

EXHIBIT A

SERVICING AGREEMENT LETTER
(on bank letterhead)

Mississippi Development Authority
Post Office Box 849
Jackson, Mississippi 39201

RE: Agribusiness Enterprise Loan Program

(agribusiness enterprise)

Gentlemen:

In connection with the Agribusiness Enterprise Loan (ABE) extended to *(agribusiness enterprise)* by the Mississippi Development Authority (MDA), *the (Financial Institution)* hereby agrees to act as the collection and service agent for said loan and agrees to the following terms and conditions:

(1) The Financial Institution is entitled to a service fee not to exceed one percent (1%) of the ABE Loan to be collected at closing.

(2) The Financial Institution shall be responsible for collecting and remitting to MDA, at loan closing, a servicing fee which represents one percent (1%) of the MDA portion of the loan.

(3) The Financial Institution shall be responsible for collecting and remitting any amounts due to MDA under the terms of the Certificate of Participation and the Authorization Approving Financial Institution's Request for Participation.

(4) The Financial Institution shall remit payments collected on an ABE Loan to MDA upon receipt. If payments are collected on more than one loan, payments shall be aggregated and one lump sum payment shall be made to MDA not later than the fifth of the following month with an itemized list of the sources of the funds.

(5) The Financial Institution shall file with MDA, by January 5 of each year, a status report for the previous calendar year. (Form will be provided by MDA in November of each year.)

(6) The ABE Loan is subject to audit by the State Auditor, and the Financial Institution agrees to cooperate with the State Auditor in the event of an audit.

(7) MDA will consider any loan that has become delinquent, in amount equal to the required annual payment, to be in default.

(8) The Financial Institution shall comply with all the terms and provisions of the MDA Agribusiness Enterprise Loan Program Guidelines.

(9) MDA and the Financial Institution may alter or amend the terms of this agreement by mutual consent in writing.

ATTEST:

(NAME OF FINANCIAL INSTITUTION)

_____
(Signature)

By _____
(Signature)

_____
(Title)

ACCEPTED BY MDA:

_____
(Date)

_____
Authorized Representative

Mississippi Development Authority
Agribusiness Enterprise Loan Program

EXHIBIT B

REQUEST FOR PAYMENT

Mississippi Development Authority
Attention: Agribusiness
Post Office Box 849
Jackson, Mississippi 39205

Gentlemen:

The undersigned representative of _____*(Financial Institution)* hereby authorizes and directs disbursement from the agribusiness loan account (ABE Loan) established for _____ , loan number_____ under the terms of the security documents to be entered into between the Mississippi Development Authority (MDA) and the Financial Institution in the amount of $_____, payable to the following (Obligation).

Bank Name: _____

Address: _____

_____

_____

The nature and purpose of the Obligation for which payment is requested is described below:

_____

_____

_____

The undersigned hereby certify that the Obligation has been properly incurred, is a proper charge against the ABE Loan and has not been the basis of any previous withdrawal;

that no "Event of Default" as defined in the Loan Agreement exists and that the Financial Institution has no notice of any mechanic's, materialmen's or their liens or rights to liens or other obligation which should be satisfied or discharged before payment of the Obligation is made.

Insofar as the Obligation for which the foregoing payment is requested was incurred for materials or supplies in connection with the construction and/or equipping of the Agribusiness project, the undersigned further certify that such work was actually performed in general compliance with the Agribusiness Application.

_____	_____
Date	Borrower
_____	_____
Date	Financial Institution
	_____
	Title

EXHIBIT C

MISSISSIPPI DEVELOPMENT AUTHORITY
FINANCIAL RESOUCES
AGRIBUSINESS ENTERPRISE LOAN PROGRAM

APPLICATION

1. **INFORMATION ON THE FINANCIAL INSTITUTION**:

Name of Financial Institution:		Date of Application:
Street:	P.O. Box:	Phone Number:
City:	State:	Zip Code:
Name of Principal Contact:		

2. **INFORMATION ON THE AGRIBUSINESS**:

Name:		Social Security Number:
Street:	City:	County:
State:	Zip Code:	Phone Number:
Description of Project:		
Type of Business:	Existing Business _____ New Business _____	Address of Project: County Location:

Has the Applicant received or applied for a loan previously under the ABE Program? Yes___. No ___.

If so, provide the ABE Loan number: _____

For statistical purposes only, is the Applicant a minority? Yes ____. No ____.

If an existing business is being purchased, was the business initially financed with ABE Funds?

Yes ____. No ____. If so, provide the name and the ABE Loan number assigned to the loan:

Borrower's name: _____ ABE Loan Number: _____

Is there any relationship between the owner and the purchaser? Yes ____. No ____. If so, explain:

Does the Applicant have existing poultry or swine houses on his property? Yes ___. No___.
If so, how many? _____

3. **PROJECT INFORMATION**:

Purpose of the Loan (provide full description):

Total Project Cost: $_____

Number of Employees:	Financial Institution's loan to be guaranteed by:
At time of application _____	Small Business Administration _____
If loan is approved _____	Farm Service Agency _____

Is there a contract or commitment with a processing company on this project? Yes ___. No___.

If so, name of company: _____

If so, does the contract or commitment satisfy the requirements of Exhibit D Yes___ No___.
to the Agribusiness Enterprise Loan Program Guidelines?

4. **SOURCES AND USE OF FUNDS**:

USE OF PROCEEDS	TOTAL AMOUNT	FINANCIAL INSTITUTION	MDA
Land Acquisition *			
Building			
Renovation			
Machinery & Equipment			
Furniture & Fixtures			
Working Capital			
Debt payment			
Fees			
Other _____			
TOTALS			

*If land is to be purchased as part of this project, an appraisal must be included with this application.

5. **LOAN REQUEST SUMMARY**:

	FINANCIAL INSTITUTION	MDA
Amount		
Term		
Rate		
Annual Debt Service		

6. **COLLATERAL**:

Description of Collateral:

7. **REQUIRED ATTACHMENTS TO APPLICATION**:

1. Cover letter to MDA
2. Original Servicing Agreement Letter on bank letterhead signed by bank officer
3. Personal financial statement on borrower
4. List of collateral
5. Warranty deeds and appraisals of real estate

(ONLY IF THE PURCHASE OF LAND IS INVOLVED)

EXHIBIT D

The following terms, conditions and requirements must be satisfied by the terms of each poultry farm loan for the construction of new or additional poultry houses for said loan to be eligible for participation in this ABE program:

a. (i) All live birds must be weighted by a bonded weighmaster on certified scales. Said procedure may be witnessed by a producer or family member with proper identification.

(ii) This subsection a. does not apply to loans for pullet and breeder houses.

b. All feed must be weighted by a bonded weighmaster on certified scales. Said procedure may be witnessed by a producer or family member with proper identification.

c. Producers shall be provided by Processor with copies of all documentation that impact producer's settlement payment. Said documentation shall include, but not be limited to,

(i) Producer's copy of USDA Form 9061-2; and

(ii) Loading ticket, at time of catching, containing truck number, trailer number, number of birds per coop, and number of full coops; and

(iii) Copy of weight tickets for live birds; and

(iv) Copy of medication charges either at delivery or with settlement payments; and

(v) Copy of sample computation of payment formula, which shall use producer's actual figures.

(iv) This subsection c. does not apply to loans for pullet and breeder houses.

d. Processor must use all available means to insure proper handling of birds from farm to plant and processor will be responsible for damage or theft caused by catching crew to producer's equipment of facilities.

e. Equipment changes, on equipment in good working order, shall be the basis for density cuts or termination of a contract only when the health and safety of the birds are an issue.

f. Equipment changes required on processor approved equipment that is in good working order shall only be made when accompanied by processor incentives.

g. Processors shall test, upon request of producers, new equipment that producers wish to add to the processor approved equipment list.

h. Producers and their immediate family who are employed by the processor in live production shall not be ranked with other contract producers.

i. A producer's settlement payment shall not be effected by his membership in any organization or association.

j. Upon request by a producer, the processor shall furnish to producer a copy of any veterinary report related to producer's flock within forty-eight (48) hours of receipt of said report, where such report is available.

k. Processor shall share with producer all known information and causes which are connected to problematic situations that effect farm management, including parent stock and age.

l. Processor shall provide to producer information on feed delivery procedures.

m. When requested, feed delivery trucks will be sealed at the plant with corresponding, numbered seals that will listed on the feed delivery ticket. The grower may request that he be notified by telephone before the truck leaves the feed mill. The seal will not be broken unless the grower is not available at the time of scheduled delivery.

n. The processor shall provide the applicable written guidelines for broiler, pullet or breeder management.