
FINANCING APPLICATION INFORMATION: MORTGAGES & REFINANCES

The following items include (a) the types of information Iroquois Valley may request from potential borrowers for the purpose of processing and analyzing their application; and (b) current information regarding fees, terms, and requirements associated with Iroquois Valley's lending policy.

This document does NOT constitute an offer or promise to conduct any business with any party. Its sole purpose is to help prospective borrowers understand and participate in our due diligence process. Any and all terms included herein are subject to change at any time, and should not be construed as complete or exclusive.

Iroquois Valley is committed to providing credit opportunities for organic farmers and to ensure that all applicants are considered on an equal opportunity basis. Iroquois Valley does not discriminate against applicants by race or ethnicity, religion, national origin, sex, gender identity, disability, age, and/or veteran status.

We look forward to working with you in your loan application.

APPLICATION FEE

Please submit a loan application fee of \$400 to:
Iroquois Valley Farms LLC
P.O. Box 5850
Evanston, IL 60204

Please submit the following documents through our [secure upload folder](#):

BORROWER INFORMATION

- Farmer Questionnaire
- Business plan describing experience with various types of farming (e.g. row crops, dairy, livestock, poultry, orchards, fruits, vegetables, etc.); involvement of other family members or partners in the farm business(es); business structure (legal, organizational, etc); goals & strategy; market analysis; funding request. We understand that business plans come in many different formats – if yours does not perfectly align with these topics, please send it first and we will follow up with questions.
- Credit Report
- Balance Sheet – Current or no older than 90 days. Special attention to larger (5%+ by value) assets and liabilities. Please provide interest rates for loans, mortgages and other liabilities.
- Income Statement – Current or no older than 90 days.
- Federal Tax Returns – Three (3) most recent years. Entire return unless otherwise stated (in some cases, the 2-page “1040”, “Schedule F”, and Depreciation Schedule(s) may be sufficient. Additional years may be requested.
- Projected Cash Flow – Three years total, starting with the current year.
- Authorization for Lenders to Release Financial Information to Iroquois Valley Farms LLC – Lender-acceptable authorization by the borrower(s) for Iroquois Valley to receive borrower’s financial information from, and to otherwise communicate with, their current lenders.
- Detailed documentation of:
 - Machinery & Equipment: including purchase date, amount, interest, and debt outstanding
 - Inventory
 - Accounts Receivable
 - Payables
 - Other loans, leases, mortgages, and other financial commitments including monthly amounts and interest.

PROPERTY INFORMATION - FOR MORTGAGE LENDING

- Property Address and Description - Street address of the property; GPS coordinates; basic description including number and type of acreage (crops, pasture, woods, etc.), buildings, and any other significant features.
- Farm Productivity Data – Soil Data / Soil Map, Productivity data, Crop / Farming history as known or available.
- Survey – May be required. Dependent on a variety of factors relating primarily to easements or possible encroachments. If required, a recent survey (5 years or less) may be acceptable if there have been no material changes to the property since that survey. Borrower pays all costs of the survey.

- Appraisal or Comparable Market Analysis (“CMA”) – Required to establish reference value for the loan’s collateral. Cost will be added to the borrower’s closing costs.

CLOSING FEES

- Loan Origination Fee – 0.5% of the face value of the loan. Deducted from proceeds at closing.
- Cost of Appraisal or Comparable Market Analysis – added to the borrower’s closing costs.
- Legal Fees – Iroquois Valley’s legal fees incurred throughout the process up to, and including, closing; added to the borrower’s closing costs. Typically, \$800 to \$1,500, but may be higher for large or more complex financings.
- Loan Renewal Fee – Up to 0.5% of the outstanding principal balance of the loan at the time of renewal.

LOAN TERMS

- Interest Rate - **Minimum “Initial Rate” between 5.00% and 7.00% per annum during the fixed-rate period of the loan** (may be lower for loans amortizing from commencement); the higher of (a) the Initial Rate or (b) 300 basis points (3 percentage points) over the 10-year US Treasury Note set annually at the beginning of each year of the variable-rate period of the loan.
- Maximum Loan – **75% Loan-to-Value using the lower of (a) the purchase price or (b) the appraisal / CMA value.**
- Term – 5-year fixed-rate initial period. Renewal as a following 5-year variable rate period (years 6 through 10); which may be subject to a renewal fee. 10-year maximum term. Longer terms may be possible when made in conjunction with FSA program lending.
- Amortization – Standard loan has no amortization (principal payments) during the first 5 years; thereafter, amortization on a minimum 20-year schedule, with a balloon payment of the outstanding principal at maturity. Loans amortizing from their commencement may be eligible for a lower fixed-rate period interest rate.
- Payments – Generally, monthly. No pre-payment penalty on any of the principal – loan may be paid off at any time.
- Collateral – 1st Mortgage on the real estate.
- Down Payment – For financing new purchases, borrowers are responsible for providing the agreed upon down payment amount.

OPERATING LINE OF CREDIT TERMS

Iroquois Valley’s operating capital product is intended for farmers who we also work with on land investments; it is very rarely offered as a stand-alone product.

- Interest Rate - Minimum “Initial Rate” between 5.00% and 7.00% per annum.

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- Term – 1-3 years; renewable. Operating line needs are reevaluated annually in order to make adjustments year over year.
 - Payments – Drawdowns are requested as needed. Interest accrues during the drawdown period on a monthly basis. If drawdowns exceed the operating line maximum, no further credit will be extended until it becomes available by paying down the line. Accrued interest must be paid at least once annually.
 - Collateral – Typically real estate, receivables, inventory, crop/farm insurance, livestock, and other assets excluding vehicles and machinery. Detailed information on collateral will be required in order to regularly verify availability.

REQUIREMENTS

- Organic Certification - Farmland shall be transitioned to certified organic status, and that certification shall be maintained for the duration of the loan. Please provide a copy of organic certification.
- Business Insurance – Maintain appropriate business insurance, including liability insurance, for all businesses operating on the property.
- Building Insurance – Maintain property insurance at a minimum level of the cash value of the property.
- Inspection – We anticipate that a representative from Iroquois Valley will visit the farm once a year.
- Energy Rights – No development or extraction of fossil fuels from the property during the duration of the loan. Development of renewable energy, specifically solar and/or wind power, allowed provided not more than 10% of the property is converted to, or impaired by, such development.
- EQIP Eligibility – Farm or property must be operated and maintained in a manner that is consistent with qualifying for the USDA's Natural Resources Conservation Services' (NRCS) Environmental Quality Incentives Program (EQIP) participation. Borrowers may not cause or allow a violation of the Highly Erodible Land Conservation (HELCS) / Wetland Conservations (WC) provisions to occur or persist on the farm or property.
- Board Approval – Loan contingent on approval by Iroquois Valley's Board of Directors or their duly empowered investment committee or agents.

NOTES

- Additional Information – May be required depending on particular aspects of the potential investment.
- Waiver – Items may be waived as circumstances warrant and solely at Iroquois Valley's discretion.