

Dear Loan Applicant:

This loan application booklet is provided to help you in the process of applying for a Rural Assistance Loan.

A brochure about the loan program is also available from the Montana Department of Agriculture and County Extension Agents. The brochure describes the basic guidelines and qualifications for loans.

This booklet consists of five sections; the instructions, application form, financial statement, profit or loss statement, and projected profit-loss statement. Forms are to be completed as thoroughly as possible to avoid any delays in processing your application.

We request that you establish a two-member local loan committee to review your application and provide recommendations to you and the Montana Department of Agriculture. The committee may wish to review the economic feasibility of your enterprise as well as your personal need, abilities, and eligibility. It may be beneficial for you to be present during the committee review should they have any questions.

The completed application, copies of your federal income tax returns for the past two years, and a non-refundable application fee in the amount of \$35 must be received prior to consideration of your loan request. Upon receipt, the Department of Agriculture loan committee will review your request as soon as possible and notify you of their decision.

Thank you for your interest and cooperation. If you need more information or assistance, feel free to contact the Agricultural Finance Officer at 444-2402. Completed applications should be mailed to Montana Department of Agriculture, Agricultural Finance Program, P. O. Box 200201, Helena, Montana 59620-0201.

Sincerely,

Ron de Yong
Director

RURAL ASSISTANCE LOAN PROGRAM

The Rural Assistance Loan Program provides loans to farmers and ranchers with modest financial investments in agriculture. These loans finance agricultural enterprises to provide financial experience and to assist in the economic growth and welfare of Montana agriculture. Rural Assistance Loans are made available through the Agricultural Finance Program of the Agricultural Development Division.

ELIGIBILITY

Applicants must be at least 18 years of age and residents of Montana at the time of application. Loans are available to persons who are unable to qualify for financing from commercial lenders. The activity for which the loan is requested and the overall financial position of the applicant must show a positive cash flow.

An applicant's net worth, including that of spouse and minor children, cannot exceed \$450,000 at the time of application as determined using standard accounting procedures.

MAXIMUM LOAN AMOUNT AND PURPOSE

The maximum loan amount is \$75,000 per individual. Borrowers may refinance loans up to the maximum of \$75,000.

Loans can be made up to 80% of the value of collateral used to secure the loan. A 20% down payment or additional collateral items may be required to meet this guideline.

Loans may be made to finance the following:

- AGRICULTURAL PROPERTY such as livestock and farm machinery;
- AGRICULTURAL IMPROVEMENTS such as barns or irrigation systems;
- ANNUAL OPERATING EXPENSES
- AGRICULTURAL LAND.

TERMS OF REPAYMENT

Maximum term for repayment will conform to the following schedules:

- AGRICULTURAL EQUIPMENT, LIVESTOCK OR OTHER CHATTEL PROPERTY-Seven years
- AGRICULTURAL IMPROVEMENTS OR AGRICULTURAL REAL ESTATE-ten years
- ANNUAL OPERATING-one year

INTEREST RATE

The interest rate at the onset of the loan will remain the same for the term of that contract.

LOCAL LOAN COMMITTEE

A two-member local committee must be established by the applicant to review the loan request. The committee shall be composed of an officer from a bank in the borrower's community or bank

where the borrower normally conducts business, and an agricultural specialist. Examples of agricultural specialist are county extension agents, agriculture education teachers, and Farm Service Agency county supervisors. This committee will review eligibility of applicants (s) and make recommendations concerning making and servicing the loan. A bank official will assist the borrower and department in closing approved loans.

OTHER REQUIREMENTS

- 1) Cattle or horses serving, as collateral must be branded with a brand registered with the Montana Department of Livestock.
- 2) Good records of production and expenses are required.
- 3) Borrowers will pay the fees required to file, continue, or release financing statements, brand liens, and mortgages.
- 4) Applicants may be required to establish a joint checking account with the department. Loan funds will be deposited in this account, and the account will be used for financial transactions that involve activities related to the loan.
- 5) Comprehensive insurance or crop insurance may be required on secured or mortgaged property.
- 6) For real estate loans, the department requires a first mortgage position and title insurance in the name of the department.
- 7) A qualified appraisal may be required to determine the value of assets or collateral property.

A complete application will include the following:

- 1) Financial Statement**
- 2) Profit or Loss statements**
- 3) Lease agreement**
- 4) All forms must be signed**
- 5) Copies of the past two years federal income tax returns**
- 6) A \$35.00 non-refundable application fee payable to the Montana Department of Agriculture.**

Additional information or documentation may be required at the discretion of the department. The Montana Department of Agriculture will determine final loan approval or denial.

GENERAL DIRECTIONS

The entire application must be filled out as accurately and completely as possible to avoid delays

in processing. Additional information can be submitted on separate attachments.

APPLICATION FORM INSTRUCTIONS

1. If you have one or more brands registered with the Montana Department of Livestock, please draw the brand(s) accurately in the space provided and describe the brand location on your cattle or horses. A registered brand is required for applicants wishing to finance cattle or horses, or use cattle or horses as collateral.
2. Please be as specific as possible in providing the requested information and attach additional sheets if necessary.
3. Describe the purposes and amounts for which the requested loan will be used. For example, if the loan will pay operating expenses, specify the type of expense and amount (i.e.: fuel, 500 gallons, \$425.00). If for cattle, specify the number, breed, sex and age. If for equipment, list the manufacturer, model number, engine size, serial number, etc.
4. Please give the location of your enterprise or agricultural operation as in the following example: My enterprise will be located in Madison County approximately 1-1/2 miles southeast from Sheridan on State Highway 287. Be as exact as possible on distance, direction and road name. Please draw a map showing the best route to your home or project location.
5. If your loan application is to finance real estate, list the acres of dryland or irrigated cropland, pasture land, and rangeland. A complete legal description of the location will be required for any real estate to be financed. This can usually be obtained from the seller or their agent. Loan applicants will also be required to provide title insurance for any real estate to be financed or used as collateral for a loan. Title insurance will name the Montana Department of Agriculture as the insured party.
6. Enter the total project cost and the amount of loan that you are requesting. The total project cost should agree with "Total Operating and Other Expenses" from the PROFIT OR (LOSS) STATEMENT.
7. Depending upon the value of property to be purchased with loan funds and the value of other collateral, a down payment of up to 20 percent of the value of financed property or services may be required. Please list any cash down payment that you will apply from personal funds to finance your purchase. Other funding sources such as outside income, upcoming sales, or additional financing should also be explained and the amounts listed.
8. Property being purchased with loan funds (livestock, equipment, land, etc.) will be collateral for the loan. Other personal property that is owned and not encumbered by liens or mortgages may be offered as collateral in lieu of a cash down payment. Examples of suitable collateral include branded livestock, real estate, vehicles, and equipment for which you have clear title of ownership.
9. Please list as completely as possible the purchase price and the seller of property,

services, etc. to be purchased with loan funds. For example, if you intend to purchase cattle, give the seller's name and address and the cost of cattle. If from a stockyard, give name and address of the yard and estimated cost. For equipment list the seller, seller's name and address, and the total cost.

10. Because department representatives may not be able to personally visit all loan applicants prior to committee review, careful attention will be given to contacting personal references. Please list a phone number where your references can be contacted during working hours. Examples of suitable references include representatives from banks, local businessmen, civic leaders, teachers, and employers.
11. In most cases, applicants will be required to contact a local bank officer to arrange for assistance in signing loan papers. Some applicants may be required to open a joint checking account with the Department of Agriculture. Loan funds would be deposited in this account and the account would be maintained and used for financial transactions involving the loan project. Normally a member of the local loan committee will be designated, as the department's representative to sign on checks and withdrawals.
12. This section is to be completed by the local committee at the request of the loan applicant. The committee is encouraged to carefully review the proposed purchases and related project; to personally interview the applicant to determine qualifications, experience, and character; and to provide recommendations to the applicant and Montana Department of Agriculture. The committee may request additional information from the applicant or decline to sign where applications are incomplete or misleading, do not meet the requirements of the program, or are not economically feasible. Two (2) committee members must sign the application before the Department of Agriculture will consider it. Local loan committee members do not assume any financial liability by signing as committee members or by acting as the department's representative if required to cosign on joint checking accounts.
13. This section is to be completed by an official from a private lending institution. Rural Assistance Loans are available only to persons who are unable to obtain financing through conventional sources at reasonable terms or conditions.
14. Please sign in ink as you normally sign checks, legal documents, etc.

Please draw a map showing the best route to your home and/or the location of your project. Include major landmarks and mileage.

5. Real estate loans: Provide a legal description of real estate to be purchased and indicate the number of acres of pasture, cropland and whether irrigated or non-irrigated.

Legal description _____

Irrigated Pasture _____ Acres Non-irrigated Pasture _____ Acres
Irrigated Cropland _____ Acres Non-irrigated Cropland _____ Acres

6. Total Project Cost (From Part 5) \$ _____
Amount of loan request \$ _____

7. Down payment anticipated \$ _____
Other funding sources (describe) _____

8. List collateral, which will be used to secure the loan _____

9. Where will purchases be made and at what price (include name and address of seller(s))?

10. Please provide the names, addresses, and phone numbers of three persons who can be contacted, as credit and/or character references (do not use relatives as references):

(1) Name _____ Phone _____
Address _____

(2) Name _____ Phone _____
Address _____

(3) Name _____ Phone _____
Address _____

11. Provide the following information for a bank officer who has agreed to assist you in signing the loan documents.

Name _____ Phone _____
Bank Name _____
Address _____

12. LOCAL COMMITTEE RECOMMENDATIONS AND SIGNATURES

Amount of loan recommended by committee \$ _____

Other recommendations and comments: _____

Committee Signatures:

Agricultural Specialist Date Title Phone

Financial Officer Date Title Phone

Acting as a committee member or department representative does not impart any liability with regard to a loan agreement resulting from this application.

13. **TO BE COMPLETED BY AN OFFICIAL FROM A PRIVATE LENDING INSTITUTION:**

The applicant has applied for and been unable to secure financing at the below named lending institution.

Bank _____ Phone _____

Signature _____ Title _____

14. I (we) certify that I (we) am (are) a resident of the State of Montana and that I (we) have been unable to obtain the credit necessary for this enterprise from a private financial source at reasonable rates or terms. I (we) certify that the statements made in this application are true, complete, and accurate to the best of my (our) knowledge and belief, and are made in good faith to obtain a loan. I (we) understand that false information or misrepresentation of information on this application will be reasonable cause for denial of my (our) request or resulting loan to be called immediately due and payable in full

Applicant's Signature

Co-applicant's Signature

Date

FINANCIAL STATEMENT INSTRUCTIONS

Please complete the supporting financial Schedules A through I. Two copies of each form are included, one for personal records or use as a worksheet. The financial schedules should be filled out before the information is entered on the financial statement.

If you have more than one business, you should submit separate financial statements for each business using these forms or a form acceptable under generally accepted accounting practices (GAAP).

All individuals who share or co-own assets with the borrower, which are listed on financial statement, are required to sign the loan application.

Assets and liabilities should be entered as current, intermediate, or long-term.

Current assets include cash and other assets such as bonds and certificates, which can be readily, converted into cash; or non-cash assets that will be used or converted to cash within the year. Examples of the latter include crops, feeder livestock, and operating supplies.

Intermediate assets are those, which are recognized or used up over a longer period of time, usually 10 years or less. Examples include machinery, breeding livestock, equipment, retirement accounts, household goods, and cash value of life insurance.

Long-term assets are primarily land, other real estate and "fixed" improvements such as fences, silos, buildings, and confinement facilities.

Current liabilities are debts that are payable within the year such as charge accounts, one-year notes, taxes, and current portions of longer-term debts.

Intermediate liabilities are obligations due in over 1 and usually up to 10 years.

Long-term liabilities are those due in over 10 years, usually debts for real estate and certain improvements.

The applicant's net worth, including spouse and minor children, may not exceed \$450,000.

Schedule A- Please list current accounts receivable. Examples may include cattle or crops sold for which payment will be received within a year, custom services for which you have yet to be paid, or payments for land leased out or rented. Schedule A should include a description of each account (Example: two (2) ton Barley to neighbor) and the payer (Example: John Smith), the total amount due within a year, and collateral (if any), which secures the payment.

Schedule B- Please list current liabilities or those payments to be made within a year. Examples include any portion of livestock debt to be paid during the upcoming year and/or accounts for feed, fertilizer, seed, etc. Schedule B should include a description of each account (Example: seed), the creditor (Example: Mountain Seed Co.), the amount due as current debt, and any collateral, which secures your payment (Example: seed lien on wheat).

Schedule C- Please list the numbers and value of all livestock and any intermediate debt owed on livestock (intermediate will include all debt on livestock except that listed in Schedule B as current debt). List the number of market animals and breeding stock and their total values (Example: 18 breeding cows valued at \$11,000, 18 market calves valued at \$5,220, 2 cull cows (market) at \$700). Any amount still owed on livestock that has not been listed in Schedule B should be listed under "Amount Owed less Current". Use extra sheets if necessary. Livestock other than cattle, sheep, or hogs should be named and listed under "Other" (Examples: dairy cattle, mink or other fur bearers, poultry, goats, etc.).

Schedule D- Please list harvested or stored crops and feed purchased and stored. List the crop type (Example: alfalfa hay), acres planted (Example: 100 acres), and amount already harvested and held for sale (Example: 210 ton valued at \$13,650). Any crops or feed purchased for personal use or harvested and held for personal use should also be listed. All stored feed and crops held for sale or farm use should be listed as current assets on the financial statement. Any growing crops not yet harvested should be considered in Schedule E. Do not consider growing, unharvested crops as an asset on Schedule D.

Schedule E- Please list all growing crops and account for cash investment in them or in crops yet to be planted. Examples of cash investments include seed, fertilizer, cultivating costs, and weed control. Only the cash investment, not a projected crop value, should be entered for unharvested crops. The total investment should be entered as a current asset on the financial statement.

Schedule F- Please list all farm machinery, equipment, implements, trucks, personal vehicles, etc., and list value and debt. For each, enter the type, the year, make, and model as in the following examples:

<u>Item</u>	<u>Year/Make/Model</u>
Grain Truck	1988, Kenworth, Model # _____ with grain box
Tractor	1988, John Deere, 4250 diesel tractor with cab, duals, loader
Plow	1986, John Deere, Rollover 4 x 16

For each item enter the dollar amount of payment (principal and interest) that will be made during the current year. Unpaid principal after the current year (intermediate liability) should be entered. Totals for both should be entered in the appropriate places on the financial statement. The value of each item should be entered (book value if possible) and total value of all equipment, vehicles, etc. entered under intermediate assets on the financial statement.

Schedule G- Please list rented or leased real estate. For each unit you should list the owner and the number of cultivated and non-cultivated acres. Acres under grazing leases and pasture, for example, should be entered as non-cultivated leases. The type of lease should be entered as cash, share crop, etc. The total annual rent should be listed for each lease unit and the total cost for all units entered under current liabilities on the financial statement. A copy of all lease agreements is required. (Sample on page 20)

Schedule H- Please list all real estate in which you have ownership interest, the legal description, and the total value including value of improvements. An attachment may be necessary to give a complete legal description. Owned real estate includes land; structures such as barns, homes, and garages; mobile homes; other improvements such as livestock confinement facilities, immovable irrigation systems, and fences; livestock and domestic water facilities; etc. Values of farm and ranch real estate and other real estate should be entered as long-term assets on the financial statement.

Schedule I- Please list owned real estate and improvements which are mortgaged or under contract and the associated current and long-term liability. List the business name of the mortgage holder, or if a contract for deed, the contract holder. Specify whether payments are made monthly or yearly. The total amount of principal and interest due within a year should be entered under current liability. The principal amount of debt remaining on the mortgage or contract after current liability is accounted for should be entered under long-term liability on Schedule I and on the financial statement.

PROFIT OR (LOSS) STATEMENT INSTRUCTIONS

Actual income and expenses for your current enterprise should be listed for the past two operating years along with an estimate for the current year. Actual income from the past two years should agree with that reported on tax statements. Please provide a copy of federal tax returns for the past two years. Projected income should include income from current enterprises under current operating conditions such as farm income, off farm income from wages or salaries (including that of spouse), investments, rentals, contracts, leases, etc. Attachments may be used to explain income sources, show prices received or expected, and expected crop or livestock yields.

Please attach supporting detail for expenses that are not self-explanatory. For example, if you have expenses for salaries and benefits or contracted services, an attachment should show to whom these were paid and for what services. Supporting detail for rent and lease expense should explain what is being leased/rented and the cost per unit (Example: \$12.00/AUM for grazing, or \$50.00/acre).

Expenses for water include water user fees and assessments and should be supported with detail to explain access to water rights or irrigation districts and the amount of water by right or agreement.

Repairs and maintenance include costs to maintain machinery and equipment, structures, other improvements such as fences and irrigation systems, roads, etc.

Feed and seed expenses should include actual costs for purchasing livestock feed and crop seed. Do not include production or operating costs for growing feed and seed for farm use.

Expenses for fertilizer, pesticides, supplies, veterinary, medicines, and gas and oil should include only costs related to your agricultural enterprise and should not include any personal living expenses.

Taxes include property taxes on land, structures, homes, vehicles, equipment, etc. and other government assessments such as rural fire. Special check off fees for wheat, other commodities, and livestock may be included under taxes.

Income tax includes federal and state tax obligations.

Interest on loans should include the amount paid in interest on loans. (Example: operating loans, real estate mortgages, loans for cattle, etc.).

Auto/Freight/Trucking includes expenses for shipping cattle, hay, and other agricultural production to market, brokers, etc.

Livestock breeding fees include those costs associated with breeding livestock such as lease of bulls, studs, etc., boarding fees, cost of semen, and rental of breeding equipment.

Depreciation of property such as vehicles, equipment, structures, improvements and livestock should be accounted for as an expense. Schedules provided for federal income tax reporting will provide a standard rate for depreciating various classes of property. If income taxes have been filed, depreciation should be reported exactly as filed for tax purposes.

Where income taxes have not been filed, depreciation should be estimated by considering book value of vehicles and equipment, reduction in value of livestock due to age, etc.

Insurance should include expenditures for insuring farm property, crop and hail insurance, liability insurance, etc.

Storage includes actual expenditures paid to brokers, elevators, etc. for storing farm production.

Utilities are those costs for gas, water, and electricity related to agricultural enterprises exclusive of family living expenses.

Accounting/Legal expenses are those paid to lawyers, accountants, etc. for services such as bookkeeping, tax preparation, legal services, etc.

Miscellaneous expenses; or those not listed on the Profit or (Loss) Statement, might include costs such as registration costs for brands, costs for registering livestock or seed, dues to farm organizations, fees for licenses, training or conference fees, and others.

Cash Outlay for Capital Requirements are out-of-pocket expenses incurred for purchasing capital items required in your agricultural enterprise. Again, do not include items or expenses for which you are requesting financing. Examples of expenses that could be reported include cash outlay for new fencing or corrals, livestock, vehicles, and others.

Debt Payment on Principal includes all payments to be made against principal on operating loans, mortgages, loans for capital requirements, and other loans related to your farm and ranch enterprise.

ANNUAL LIVING EXPENSE includes all costs required to maintain a household including rent, utilities, food, clothing, medical, dental, phone, personal vehicles, charge accounts, loans for personal living, and others.

ESTIMATED PROFIT OR (LOSS) STATEMENT

Estimate income and expenses for the next three- (3) years. **You are encouraged to use attachments to explain projected prices, markets, crop and livestock yields, etc.**

THE FOLLOWING TABLE AND DIRECTIONS ARE TO ASSIST YOU IN ESTIMATING YOUR ANNUAL LOAN PAYMENTS.

EXAMPLE: You wish to finance the purchase of 5 head of bred cows for your project at a cost of \$625 per head. (5 head X \$625 = \$3,125) You plan on repaying the loan from annual calf sales over a five-year period. What would be the annual payment of principal and interest for a \$3,125 loan at 9.5% interest for five years? For a loan of \$3,125 your calculations would be:

$$\$26.04 \times 31.25 (\$3,125 \text{ divided by } 100) = \$813.75 \text{ yearly payment.}$$

Payment Calculation

Annual payments per \$100 of a loan

Interest rate	8.0%	8.5%	9.0%	9.5%	10.0%	10.5%	11.0%	11.5%	12.0%
1	\$108.00	\$108.50	\$109.00	\$109.50	\$110.00	\$110.50	\$111.00	\$111.50	\$112.00
Y	2	\$56.08	\$56.46	\$56.85	\$57.23	\$57.62	\$58.01	\$58.39	\$58.78
E	3	\$38.80	\$39.15	\$39.51	\$39.86	\$40.21	\$40.57	\$40.92	\$41.28
A	4	\$30.19	\$30.53	\$30.87	\$31.21	\$31.55	\$31.89	\$32.23	\$32.58
R	5	\$25.05	\$25.38	\$25.71	\$26.04	\$26.38	\$26.72	\$27.06	\$27.40
S	6	\$21.63	\$21.96	\$22.29	\$22.63	\$22.96	\$23.30	\$23.64	\$23.98
	7	\$19.21	\$19.54	\$19.87	\$20.20	\$20.54	\$20.88	\$21.22	\$21.57

Borrowers will be required to make a yearly payment, which is normally scheduled to be paid on December 31 of each year. If the timing of your income is such that another payment date is better, please notify us of this date. Arrangements can also be made for monthly payments where appropriate.

FINANCIAL STATEMENT

Applicant name _____

Co-applicant _____

ASSETS	AMOUNT	LIABILITIES	AMOUNT
Current assets		Current Liabilities	
Cash on hand	_____	Notes & accts payable (Sch B)	_____
Marketable stocks, bonds, sec.	_____	Portion of Long & intermediate debt (due w/in 1 year)	_____
Notes/accts.receivable due in 1 year (Schedule A)	_____	Livestock (Sch B & C)	_____
Federal payments receivable	_____	Machinery & equip (Sch F)	_____
Livestock held for sale (Sch C)	_____	Land lease/rental (Sch G)	_____
Feed/seed for farm use(Sch D)	_____	Real estate (Sch I)	_____
Harv. Crps held for sale(Sch D)	_____	Taxes (income,water,real,etc.)	_____
Cash invested in crops (Sch E)	_____	Credit cards	_____
Supplies on hand	_____	Other	_____
Other current (list)	_____		_____
	_____		_____
TOTAL CURRENT ASSETS	_____	TOTAL CURRENT LIABILITIES	_____
Intermediate assets		Intermediate liabilities	
Cash value life insurance	_____	Breeding stock (Sch C)	_____
Breeding livestock (Sch C)	_____	Machinery & equip (Sch F)	_____
Auto,machinery,equip (Sch F)	_____	Household/bus furnishings, and equipment	_____
Securites (not readily marketable)	_____	Other intermediate (list)	_____
House of business furnishings	_____		_____
Other intermediate (list)	_____		_____
	_____		_____
TOTAL INTERMEDIATE ASSETS	_____	TOTAL INTERMEDIATE LIABILITIES	_____
Long-term assets		Long-term liabilities	
Farm or ranch real estate (Sch H)	_____	Real estate mortgages(except portion listed as current liab(Sch I)	_____
Other real estate (Sch H)	_____	Contracts for deed(Sch I)	_____
Other long-term assets (list)	_____	Other long-term(list)	_____
	_____		_____
TOTAL LONG-TERM ASSETS	_____	TOTAL LONG-TERM LIABILITIES	_____
Intangible assets (describe on back)	_____	NET WORTH (Assets-liabilities)	_____
Contingent assets (describe on back)	_____	DEBT TO ASSET RATIO	_____
		(liabilities/assets)	_____
		Contingent liabilities	_____

Other liability: Partnership loans \$ _____ or for others as endorser or guarantor \$ _____ or as a bondsman \$ _____

Explain: _____

Judgements outstanding or suits or litigations pending for or against applicant _____

Have you ever declared bankruptcy? _____

Have required income tax returns been filed? _____

Any unpaid deficiencies? _____ Explain: _____

I(we) the undersigned, herein provide the above financial statement as part of my(our) application for a rural assistance loan from the Montana Department of Agriculture. I(we) certify that the statement is complete and accurate to the best of my(our)knowledge.

Signature of Applicant

Signature of Co-applicant

Date

SUPPORTING FINANCIAL SCHEDULES

Schedule A – Notes and Accounts Receivable		
Name of Debtor	Amount of Receivable	Collateral Taken
TOTAL		

Schedule B – Notes and Accounts Payable		
Name of Creditor	Amount Due	Collateral Used
TOTAL		

Schedule C – Livestock											
Cattle						Sheep					
TYPE	NUMBER		TOTAL VALUE		Inter. debt owed	TYPE	NUMBER		TOTAL VALUE		Inter. debt owed
	Market	Breed	Market	Breed			Market	Breed	Market	Breed	
Cows						Ewes					
Calves						Bucks					
Bulls						Lambs					
Steers						Yrlngs.					
Heifers											
Totals						Totals					

Schedule C – Livestock (cont'd)											
Hogs					Other						
TYPE	NUMBER		TOTAL VALUE		Inter. debt owed	TYPE	NUMBER		TOTAL VALUE		Inter. debt owed
	Market	Breed	Market	Breed			Market	Breed	Market	Breed	
Sows											
Piglets											
Boars											
Feeder											
Totals						Totals					

Schedule D – Crops/Feed Stored or Harvested				
	Harvested – Held for Sale		Harvested/Purchased – For Farm Use	
Crop Type	Bu/Ton	Value	Bu/Ton	Value
TOTALS				

Schedule E – Cash Investment in Growing Crops				
Crop Type	Acres Owned	Acres Rented	Description of Investment	Amount
TOTALS				

Schedule F – Automobiles, Trucks, Machinery, and Equipment

Year/Make/Model	Book Value	Payment Due (1 yr)	Unpaid Princ.>1yr
TOTALS			

Schedule G – Rented Real Estate

Owner Name	Acres		Type of Lease	Annual Cash Report	Exp. Date	Oral/ Written	County
	Cult.	Other					
TOTALS							

Schedule H – Owned Real Estate

Name on Title	Acres		Legal Description	Value of Improvements	Current Value
	Cult.	Other			
TOTALS					

Schedule I – Real Estate Mortgages/Contracts

Mortgage or Contract Holder	Monthly/Yearly Payment	Current Liability			Long Term Liability
		Principal	Interest	Total Pay.	
TOTALS					

Profit or (Loss) Statement

Applicant name _____ **Co-applicants name** _____

The applicant(s) must show actual cash flow the past two(2) years and an estimate for current year

Income

Income Sources	YEAR		
Livestock (list) _____	_____	_____	_____
_____	_____	_____	_____
Crops (list) _____	_____	_____	_____
_____	_____	_____	_____
Off-farm income (list) _____	_____	_____	_____
_____	_____	_____	_____
Other (list) _____	_____	_____	_____
_____	_____	_____	_____
TOTAL GROSS INCOME	_____	_____	_____

Expenses

Operating Expenses:			
Salaries and employee benefits	_____	_____	_____
Contracted services	_____	_____	_____
Rent/leases	_____	_____	_____
Water	_____	_____	_____
Repairs and maintenance	_____	_____	_____
Feed and seed	_____	_____	_____
Fertilizer/pesticides	_____	_____	_____
Supplies	_____	_____	_____
Veterinary and medicine	_____	_____	_____
Gas and oil, etc.	_____	_____	_____
Taxes (real estate/personal)	_____	_____	_____
Income tax	_____	_____	_____
Auto/freight/trucking, etc.	_____	_____	_____
Livestock breeding fees	_____	_____	_____
Depreciation	_____	_____	_____
Insurance	_____	_____	_____
Storage	_____	_____	_____
Utilities (gas,water,electricity)	_____	_____	_____
Accounting/legal	_____	_____	_____
Miscellaneous (Itemize) _____	_____	_____	_____
_____	_____	_____	_____
TOTAL OPERATING EXPENSE	_____	_____	_____
Other expenses:			
Cash outlays for capital needs(itemize)	_____	_____	_____
_____	_____	_____	_____
Annual living expense	_____	_____	_____
Debt payment	_____	_____	_____
Other (itemize) _____	_____	_____	_____
_____	_____	_____	_____
TOTAL OTHER EXPENSES	_____	_____	_____
TOTAL OPERATING & OTHER EXPENSE	_____	_____	_____
NET PROFIT OR (LOSS) (income-expenses)	_____	_____	_____
_____	_____	_____	_____

Signature of Applicant

Signature of co-applicant

Date

Estimated Profit or (Loss) Statement

Applicant name _____ **Co-applicants name** _____

The applicant(s) must show projected cash flow for the next three years.

Projected Income

Income Sources	YEAR	20	20	20
Livestock (list) _____		_____	_____	_____
Crops (list) _____		_____	_____	_____
Off-farm income (list) _____		_____	_____	_____
Other (list) _____		_____	_____	_____
TOTAL PROJECTED GROSS INCOME		_____	_____	_____

Projected Expenses

Projected Operating Expenses:

Salaries and employee benefits	_____	_____	_____
Contracted services	_____	_____	_____
Rent/leases	_____	_____	_____
Water	_____	_____	_____
Repairs and maintenance	_____	_____	_____
Feed and seed	_____	_____	_____
Fertilizer/pesticides	_____	_____	_____
Supplies	_____	_____	_____
Veterinary and medicine	_____	_____	_____
Gas and oil, etc.	_____	_____	_____
Taxes (real estate/personal)	_____	_____	_____
Income tax	_____	_____	_____
Auto/freight/trucking, etc.	_____	_____	_____
Livestock breeding fees	_____	_____	_____
Depreciation	_____	_____	_____
Insurance	_____	_____	_____
Storage	_____	_____	_____
Utilities (gas, water, electricity)	_____	_____	_____
Accounting/legal	_____	_____	_____
Miscellaneous (Itemize) _____	_____	_____	_____
TOTAL PROJECTED OPERATING EXPENSE	_____	_____	_____

Other Projected Expenses:

Cash outlays for capital needs (itemize) _____	_____	_____	_____
Annual living expense	_____	_____	_____
Debt payment	_____	_____	_____
Other (itemize) _____	_____	_____	_____
TOTAL OTHER PROJECTED EXPENSES	_____	_____	_____

TOTAL PROJECTED OPERATING & OTHER EXPENSE _____
PROJECTED NET PROFIT OR (LOSS) (income-expenses) _____

Signature of Applicant

Signature of co-applicant

Date

LEASE AGREEMENT

This agreement made and entered into this _____ day of _____, _____.

Between _____

whose address is _____

hereinafter called the Lessor(s) and _____

whose address is _____

hereinafter called the Lessee, witnesseth that the Lessor(s) have this day leased or provided for use unto the Lessee the following real property, situated in _____ County, Montana, described as follows: _____

_____ have and hold the same from this date to the _____ day of _____, _____.

The **Lessee agrees to provide** the following to the Lessor:(specify details of lease agreement, i.e. payments, labor exchange, chores, specific duties) _____

_____;

in return the **Lessor will provide** to the Lessee:(specify details of lease agreement, i.e. pasture, feed, use of facilities, use of buildings, etc.) _____

This lease agreement shall terminate on _____, _____.

Date _____ Signature of Lessee _____

Date _____ Signature of Lessor _____

Date _____ Signature of Witness _____

Dear Loan Applicant:

This loan application booklet is provided to help you in the process of applying for a Rural Assistance Loan.

A brochure about the loan program is also available from the Montana Department of Agriculture and County Extension Agents. The brochure describes the basic guidelines and qualifications for loans.

This booklet consists of five sections; the instructions, application form, financial statement, profit or loss statement, and projected profit-loss statement. Forms are to be completed as thoroughly as possible to avoid any delays in processing your application.

We request that you establish a two-member local loan committee to review your application and provide recommendations to you and the Montana Department of Agriculture. The committee may wish to review the economic feasibility of your enterprise as well as your personal need, abilities, and eligibility. It may be beneficial for you to be present during the committee review should they have any questions.

The completed application, copies of your federal income tax returns for the past two years, and a non-refundable application fee in the amount of \$35 must be received prior to consideration of your loan request. Upon receipt, the Department of Agriculture loan committee will review your request as soon as possible and notify you of their decision.

Thank you for your interest and cooperation. If you need more information or assistance, feel free to contact the Agricultural Finance Officer at 444-2402. Completed applications should be mailed to Montana Department of Agriculture, Agricultural Finance Program, P. O. Box 200201, Helena, Montana 59620-0201.

Sincerely,

Ron de Yong
Director

RURAL ASSISTANCE LOAN PROGRAM

The Rural Assistance Loan Program provides loans to farmers and ranchers with modest financial investments in agriculture. These loans finance agricultural enterprises to provide financial experience and to assist in the economic growth and welfare of Montana agriculture. Rural Assistance Loans are made available through the Agricultural Finance Program of the Agricultural Development Division.

ELIGIBILITY

Applicants must be at least 18 years of age and residents of Montana at the time of application. Loans are available to persons who are unable to qualify for financing from commercial lenders. The activity for which the loan is requested and the overall financial position of the applicant must show a positive cash flow.

An applicant's net worth, including that of spouse and minor children, cannot exceed \$450,000 at the time of application as determined using standard accounting procedures.

MAXIMUM LOAN AMOUNT AND PURPOSE

The maximum loan amount is \$75,000 per individual. Borrowers may refinance loans up to the maximum of \$75,000.

Loans can be made up to 80% of the value of collateral used to secure the loan. A 20% down payment or additional collateral items may be required to meet this guideline.

Loans may be made to finance the following:

- AGRICULTURAL PROPERTY such as livestock and farm machinery;
- AGRICULTURAL IMPROVEMENTS such as barns or irrigation systems;
- ANNUAL OPERATING EXPENSES
- AGRICULTURAL LAND.

TERMS OF REPAYMENT

Maximum term for repayment will conform to the following schedules:

- AGRICULTURAL EQUIPMENT, LIVESTOCK OR OTHER CHATTEL PROPERTY-Seven years
- AGRICULTURAL IMPROVEMENTS OR AGRICULTURAL REAL ESTATE-ten years
- ANNUAL OPERATING-one year

INTEREST RATE

The interest rate at the onset of the loan will remain the same for the term of that contract.

LOCAL LOAN COMMITTEE

A two-member local committee must be established by the applicant to review the loan request. The committee shall be composed of an officer from a bank in the borrower's community or bank

where the borrower normally conducts business, and an agricultural specialist. Examples of agricultural specialist are county extension agents, agriculture education teachers, and Farm Service Agency county supervisors. This committee will review eligibility of applicants (s) and make recommendations concerning making and servicing the loan. A bank official will assist the borrower and department in closing approved loans.

OTHER REQUIREMENTS

- 1) Cattle or horses serving, as collateral must be branded with a brand registered with the Montana Department of Livestock.
- 2) Good records of production and expenses are required.
- 3) Borrowers will pay the fees required to file, continue, or release financing statements, brand liens, and mortgages.
- 4) Applicants may be required to establish a joint checking account with the department. Loan funds will be deposited in this account, and the account will be used for financial transactions that involve activities related to the loan.
- 5) Comprehensive insurance or crop insurance may be required on secured or mortgaged property.
- 6) For real estate loans, the department requires a first mortgage position and title insurance in the name of the department.
- 7) A qualified appraisal may be required to determine the value of assets or collateral property.

A complete application will include the following:

- 1) Financial Statement**
- 2) Profit or Loss statements**
- 3) Lease agreement**
- 4) All forms must be signed**
- 5) Copies of the past two years federal income tax returns**
- 6) A \$35.00 non-refundable application fee payable to the Montana Department of Agriculture.**

Additional information or documentation may be required at the discretion of the department. The Montana Department of Agriculture will determine final loan approval or denial.

GENERAL DIRECTIONS

The entire application must be filled out as accurately and completely as possible to avoid delays in processing. Additional information can be submitted on separate attachments.

APPLICATION FORM INSTRUCTIONS

1. If you have one or more brands registered with the Montana Department of Livestock, please draw the brand(s) accurately in the space provided and describe the brand location on your cattle or horses. A registered brand is required for applicants wishing to finance cattle or horses, or use cattle or horses as collateral.
2. Please be as specific as possible in providing the requested information and attach additional sheets if necessary.
3. Describe the purposes and amounts for which the requested loan will be used. For example, if the loan will pay operating expenses, specify the type of expense and amount (i.e.: fuel, 500 gallons, \$425.00). If for cattle, specify the number, breed, sex and age. If for equipment, list the manufacturer, model number, engine size, serial number, etc.
4. Please give the location of your enterprise or agricultural operation as in the following example: My enterprise will be located in Madison County approximately 1-1/2 miles southeast from Sheridan on State Highway 287. Be as exact as possible on distance, direction and road name. Please draw a map showing the best route to your home or project location.
5. If your loan application is to finance real estate, list the acres of dryland or irrigated cropland, pasture land, and rangeland. A complete legal description of the location will be required for any real estate to be financed. This can usually be obtained from the seller or their agent. Loan applicants will also be required to provide title insurance for any real estate to be financed or used as collateral for a loan. Title insurance will name the Montana Department of Agriculture as the insured party.
6. Enter the total project cost and the amount of loan that you are requesting. The total project cost should agree with "Total Operating and Other Expenses" from the PROFIT OR (LOSS) STATEMENT.
7. Depending upon the value of property to be purchased with loan funds and the value of other collateral, a down payment of up to 20 percent of the value of financed property or services may be required. Please list any cash down payment that you will apply from personal funds to finance your purchase. Other funding sources such as outside income, upcoming sales, or additional financing should also be explained and the amounts listed.
8. Property being purchased with loan funds (livestock, equipment, land, etc.) will be collateral for the loan. Other personal property that is owned and not encumbered by liens or mortgages may be offered as collateral in lieu of a cash down payment. Examples of suitable collateral include branded livestock, real estate, vehicles, and equipment for which you have clear title of ownership.
9. Please list as completely as possible the purchase price and the seller of property, services, etc. to be purchased with loan funds. For example, if you intend to purchase

cattle, give the seller's name and address and the cost of cattle. If from a stockyard, give name and address of the yard and estimated cost. For equipment list the seller, seller's name and address, and the total cost.

10. Because department representatives may not be able to personally visit all loan applicants prior to committee review, careful attention will be given to contacting personal references. Please list a phone number where your references can be contacted during working hours. Examples of suitable references include representatives from banks, local businessmen, civic leaders, teachers, and employers.
11. In most cases, applicants will be required to contact a local bank officer to arrange for assistance in signing loan papers. Some applicants may be required to open a joint checking account with the Department of Agriculture. Loan funds would be deposited in this account and the account would be maintained and used for financial transactions involving the loan project. Normally a member of the local loan committee will be designated, as the department's representative to sign on checks and withdrawals.
12. This section is to be completed by the local committee at the request of the loan applicant. The committee is encouraged to carefully review the proposed purchases and related project; to personally interview the applicant to determine qualifications, experience, and character; and to provide recommendations to the applicant and Montana Department of Agriculture. The committee may request additional information from the applicant or decline to sign where applications are incomplete or misleading, do not meet the requirements of the program, or are not economically feasible. Two (2) committee members must sign the application before the Department of Agriculture will consider it. Local loan committee members do not assume any financial liability by signing as committee members or by acting as the department's representative if required to cosign on joint checking accounts.
13. This section is to be completed by an official from a private lending institution. Rural Assistance Loans are available only to persons who are unable to obtain financing through conventional sources at reasonable terms or conditions.
14. Please sign in ink as you normally sign checks, legal documents, etc.

Please draw a map showing the best route to your home and/or the location of your project. Include major landmarks and mileage.

5. Real estate loans: Provide a legal description of real estate to be purchased and indicate the number of acres of pasture, cropland and whether irrigated or non-irrigated.

Legal description _____

Irrigated Pasture _____ Acres Non-irrigated Pasture _____ Acres
Irrigated Cropland _____ Acres Non-irrigated Cropland _____ Acres

6. Total Project Cost (From Part 5) \$ _____
Amount of loan request \$ _____

8. Down payment anticipated \$ _____
Other funding sources (describe) _____

8. List collateral, which will be used to secure the loan _____

9. Where will purchases be made and at what price (include name and address of seller(s))?

10. Please provide the names, addresses, and phone numbers of three persons who can be contacted, as credit and/or character references (do not use relatives as references):

(1) Name _____ Phone _____
Address _____

(2) Name _____ Phone _____
Address _____

(3) Name _____ Phone _____
Address _____

11. Provide the following information for a bank officer who has agreed to assist you in signing the loan documents.

Name _____ Phone _____
Bank Name _____
Address _____

12. LOCAL COMMITTEE RECOMMENDATIONS AND SIGNATURES

Amount of loan recommended by committee \$ _____

Other recommendations and comments: _____

Committee Signatures:

Agricultural Specialist Date Title Phone

Financial Officer Date Title Phone

Acting as a committee member or department representative does not impart any liability with regard to a loan agreement resulting from this application.

13. **TO BE COMPLETED BY AN OFFICIAL FROM A PRIVATE LENDING INSTITUTION:**

The applicant has applied for and been unable to secure financing at the below named lending institution.

Bank _____ Phone _____

Signature _____ Title _____

14. I (we) certify that I (we) am (are) a resident of the State of Montana and that I (we) have been unable to obtain the credit necessary for this enterprise from a private financial source at reasonable rates or terms. I (we) certify that the statements made in this application are true, complete, and accurate to the best of my (our) knowledge and belief, and are made in good faith to obtain a loan. I (we) understand that false information or misrepresentation of information on this application will be reasonable cause for denial of my (our) request or resulting loan to be called immediately due and payable in full

Applicant's Signature

Co-applicant's Signature

Date

FINANCIAL STATEMENT INSTRUCTIONS

Please complete the supporting financial Schedules A through I. Two copies of each form are included, one for personal records or use as a worksheet. The financial schedules should be filled out before the information is entered on the financial statement.

If you have more than one business, you should submit separate financial statements for each business using these forms or a form acceptable under generally accepted accounting practices (GAAP).

All individuals who share or co-own assets with the borrower, which are listed on financial statement, are required to sign the loan application.

Assets and liabilities should be entered as current, intermediate, or long-term.

Current assets include cash and other assets such as bonds and certificates, which can be readily, converted into cash; or non-cash assets that will be used or converted to cash within the year. Examples of the latter include crops, feeder livestock, and operating supplies.

Intermediate assets are those, which are recognized or used up over a longer period of time, usually 10 years or less. Examples include machinery, breeding livestock, equipment, retirement accounts, household goods, and cash value of life insurance.

Long-term assets are primarily land, other real estate and "fixed" improvements such as fences, silos, buildings, and confinement facilities.

Current liabilities are debts that are payable within the year such as charge accounts, one-year notes, taxes, and current portions of longer-term debts.

Intermediate liabilities are obligations due in over 1 and usually up to 10 years.

Long-term liabilities are those due in over 10 years, usually debts for real estate and certain improvements.

The applicant's net worth, including spouse and minor children, may not exceed \$450,000.

Schedule A- Please list current accounts receivable. Examples may include cattle or crops sold for which payment will be received within a year, custom services for which you have yet to be paid, or payments for land leased out or rented. Schedule A should include a description of each account (Example: two (2) ton Barley to neighbor) and the payer (Example: John Smith), the total amount due within a year, and collateral (if any), which secures the payment.

Schedule B- Please list current liabilities or those payments to be made within a year. Examples include any portion of livestock debt to be paid during the upcoming year and/or accounts for feed, fertilizer, seed, etc. Schedule B should include a description of each account (Example: seed), the creditor (Example: Mountain Seed Co.), the amount due as current debt, and any collateral, which secures your payment (Example: seed lien on wheat).

Schedule C- Please list the numbers and value of all livestock and any intermediate debt owed on livestock (intermediate will include all debt on livestock except that listed in Schedule B as current debt). List the number of market animals and breeding stock and their total values (Example: 18 breeding cows valued at \$11,000, 18 market calves valued at \$5,220, 2 cull cows (market) at \$700). Any amount still owed on livestock that has not been listed in Schedule B should be listed under "Amount Owed less Current". Use extra sheets if necessary. Livestock other than cattle, sheep, or hogs should be named and listed under "Other" (Examples: dairy cattle, mink or other fur bearers, poultry, goats, etc.).

Schedule D- Please list harvested or stored crops and feed purchased and stored. List the crop type (Example: alfalfa hay), acres planted (Example: 100 acres), and amount already harvested and held for sale (Example: 210 ton valued at \$13,650). Any crops or feed purchased for personal use or harvested and held for personal use should also be listed. All stored feed and crops held for sale or farm use should be listed as current assets on the financial statement. Any growing crops not yet harvested should be considered in Schedule E. Do not consider growing, unharvested crops as an asset on Schedule D.

Schedule E- Please list all growing crops and account for cash investment in them or in crops yet to be planted. Examples of cash investments include seed, fertilizer, cultivating costs, and weed control. Only the cash investment, not a projected crop value, should be entered for unharvested crops. The total investment should be entered as a current asset on the financial statement.

Schedule F- Please list all farm machinery, equipment, implements, trucks, personal vehicles, etc., and list value and debt. For each, enter the type, the year, make, and model as in the following examples:

<u>Item</u>	<u>Year/Make/Model</u>
Grain Truck	1988, Kenworth, Model # _____ with grain box
Tractor	1988, John Deere, 4250 diesel tractor with cab, duals, loader
Plow	1986, John Deere, Rollover 4 x 16

For each item enter the dollar amount of payment (principal and interest) that will be made during the current year. Unpaid principal after the current year (intermediate liability) should be entered. Totals for both should be entered in the appropriate places on the financial statement. The value of each item should be entered (book value if possible) and total value of all equipment, vehicles, etc. entered under intermediate assets on the financial statement.

Schedule G- Please list rented or leased real estate. For each unit you should list the owner and the number of cultivated and non-cultivated acres. Acres under grazing leases and pasture, for example, should be entered as non-cultivated leases. The type of lease should be entered as cash, share crop, etc. The total annual rent should be listed for each lease unit and the total cost for all units entered under current liabilities on the financial statement. A copy of all lease agreements is required. (Sample on page 20)

Schedule H- Please list all real estate in which you have ownership interest, the legal description, and the total value including value of improvements. An attachment may be necessary to give a complete legal description. Owned real estate includes land; structures such as barns, homes, and garages; mobile homes; other improvements such as livestock confinement facilities, immovable irrigation systems, and fences; livestock and domestic water facilities; etc. Values of farm and ranch real estate and other real estate should be entered as long-term assets on the financial statement.

Schedule I- Please list owned real estate and improvements which are mortgaged or under contract and the associated current and long-term liability. List the business name of the mortgage holder, or if a contract for deed, the contract holder. Specify whether payments are made monthly or yearly. The total amount of principal and interest due within a year should be entered under current liability. The principal amount of debt remaining on the mortgage or contract after current liability is accounted for should be entered under long-term liability on Schedule I and on the financial statement.

PROFIT OR (LOSS) STATEMENT INSTRUCTIONS

Actual income and expenses for your current enterprise should be listed for the past two operating years along with an estimate for the current year. Actual income from the past two years should agree with that reported on tax statements. Please provide a copy of federal tax returns for the past two years. Projected income should include income from current enterprises under current operating conditions such as farm income, off farm income from wages or salaries (including that of spouse), investments, rentals, contracts, leases, etc. Attachments may be used to explain income sources, show prices received or expected, and expected crop or livestock yields.

Please attach supporting detail for expenses that are not self-explanatory. For example, if you have expenses for salaries and benefits or contracted services, an attachment should show to whom these were paid and for what services. Supporting detail for rent and lease expense should explain what is being leased/rented and the cost per unit (Example: \$12.00/AUM for grazing, or \$50.00/acre).

Expenses for water include water user fees and assessments and should be supported with detail to explain access to water rights or irrigation districts and the amount of water by right or agreement.

Repairs and maintenance include costs to maintain machinery and equipment, structures, other improvements such as fences and irrigation systems, roads, etc.

Feed and seed expenses should include actual costs for purchasing livestock feed and crop seed. Do not include production or operating costs for growing feed and seed for farm use.

Expenses for fertilizer, pesticides, supplies, veterinary, medicines, and gas and oil should include only costs related to your agricultural enterprise and should not include any personal living expenses.

Taxes include property taxes on land, structures, homes, vehicles, equipment, etc. and other government assessments such as rural fire. Special check off fees for wheat, other commodities, and livestock may be included under taxes.

Income tax includes federal and state tax obligations.

Interest on loans should include the amount paid in interest on loans. (Example: operating loans, real estate mortgages, loans for cattle, etc.).

Auto/Freight/Trucking includes expenses for shipping cattle, hay, and other agricultural production to market, brokers, etc.

Livestock breeding fees include those costs associated with breeding livestock such as lease of bulls, studs, etc., boarding fees, cost of semen, and rental of breeding equipment.

Depreciation of property such as vehicles, equipment, structures, improvements and livestock should be accounted for as an expense. Schedules provided for federal income tax reporting will provide a standard rate for depreciating various classes of property. If income taxes have been filed, depreciation should be reported exactly as filed for tax purposes.

Where income taxes have not been filed, depreciation should be estimated by considering book value of vehicles and equipment, reduction in value of livestock due to age, etc.

Insurance should include expenditures for insuring farm property, crop and hail insurance, liability insurance, etc.

Storage includes actual expenditures paid to brokers, elevators, etc. for storing farm production.

Utilities are those costs for gas, water, and electricity related to agricultural enterprises exclusive of family living expenses.

Accounting/Legal expenses are those paid to lawyers, accountants, etc. for services such as bookkeeping, tax preparation, legal services, etc.

Miscellaneous expenses; or those not listed on the Profit or (Loss) Statement, might include costs such as registration costs for brands, costs for registering livestock or seed, dues to farm organizations, fees for licenses, training or conference fees, and others.

Cash Outlay for Capital Requirements are out-of-pocket expenses incurred for purchasing capital items required in your agricultural enterprise. Again, do not include items or expenses for which you are requesting financing. Examples of expenses that could be reported include cash outlay for new fencing or corrals, livestock, vehicles, and others.

Debt Payment on Principal includes all payments to be made against principal on operating loans, mortgages, loans for capital requirements, and other loans related to your farm and ranch enterprise.

ANNUAL LIVING EXPENSE includes all costs required to maintain a household including rent, utilities, food, clothing, medical, dental, phone, personal vehicles, charge accounts, loans for personal living, and others.

ESTIMATED PROFIT OR (LOSS) STATEMENT

Estimate income and expenses for the next three- (3) years. **You are encouraged to use attachments to explain projected prices, markets, crop and livestock yields, etc.**

THE FOLLOWING TABLE AND DIRECTIONS ARE TO ASSIST YOU IN ESTIMATING YOUR ANNUAL LOAN PAYMENTS.

EXAMPLE: You wish to finance the purchase of 5 head of bred cows for your project at a cost of \$625 per head. (5 head X \$625 = \$3,125) You plan on repaying the loan from annual calf sales over a five-year period. What would be the annual payment of principal and interest for a \$3,125 loan at 9.5% interest for five years? For a loan of \$3,125 your calculations would be:

$$\$26.04 \times 31.25 (\$3,125 \text{ divided by } 100) = \$813.75 \text{ yearly payment.}$$

Payment Calculation

Annual payments per \$100 of a loan

Interest rate	8.0%	8.5%	9.0%	9.5%	10.0%	10.5%	11.0%	11.5%	12.0%
1	\$108.00	\$108.50	\$109.00	\$109.50	\$110.00	\$110.50	\$111.00	\$111.50	\$112.00
Y	2	\$56.08	\$56.46	\$56.85	\$57.23	\$57.62	\$58.01	\$58.39	\$58.78
E	3	\$38.80	\$39.15	\$39.51	\$39.86	\$40.21	\$40.57	\$40.92	\$41.28
A	4	\$30.19	\$30.53	\$30.87	\$31.21	\$31.55	\$31.89	\$32.23	\$32.58
R	5	\$25.05	\$25.38	\$25.71	\$26.04	\$26.38	\$26.72	\$27.06	\$27.40
S	6	\$21.63	\$21.96	\$22.29	\$22.63	\$22.96	\$23.30	\$23.64	\$23.98
	7	\$19.21	\$19.54	\$19.87	\$20.20	\$20.54	\$20.88	\$21.22	\$21.57

Borrowers will be required to make a yearly payment, which is normally scheduled to be paid on December 31 of each year. If the timing of your income is such that another payment date is better, please notify us of this date. Arrangements can also be made for monthly payments where appropriate.

FINANCIAL STATEMENT

Applicant name _____

Co-applicant _____

ASSETS	AMOUNT	LIABILITIES	AMOUNT
Current assets		Current Liabilities	
Cash on hand	_____	Notes & accts payable (Sch B)	_____
Marketable stocks, bonds, sec.	_____	Portion of Long & intermediate debt (due w/in 1 year)	_____
Notes/accts.receivable due in 1 year (Schedule A)	_____	Livestock (Sch B & C)	_____
Federal payments receivable	_____	Machinery & equip (Sch F)	_____
Livestock held for sale (Sch C)	_____	Land lease/rental (Sch G)	_____
Feed/seed for farm use(Sch D)	_____	Real estate (Sch I)	_____
Harv. Crps held for sale(Sch D)	_____	Taxes (income,water,real,etc.)	_____
Cash invested in crops (Sch E)	_____	Credit cards	_____
Supplies on hand	_____	Other	_____
Other current (list)	_____		_____
	_____		_____
TOTAL CURRENT ASSETS	_____	TOTAL CURRENT LIABILITIES	_____
Intermediate assets		Intermediate liabilities	
Cash value life insurance	_____	Breeding stock (Sch C)	_____
Breeding livestock (Sch C)	_____	Machinery & equip (Sch F)	_____
Auto,machinery,equip (Sch F)	_____	Household/bus furnishings, and equipment	_____
Securites (not readily marketable)	_____	Other intermediate (list)	_____
House of business furnishings	_____		_____
Other intermediate (list)	_____		_____
	_____		_____
TOTAL INTERMEDIATE ASSETS	_____	TOTAL INTERMEDIATE LIABILITIES	_____
Long-term assets		Long-term liabilities	
Farm or ranch real estate (Sch H)	_____	Real estate mortgages(except portion listed as current liab(Sch I)	_____
Other real estate (Sch H)	_____	Contracts for deed(Sch I)	_____
Other long-term assets (list)	_____	Other long-term(list)	_____
	_____		_____
TOTAL LONG-TERM ASSETS	_____	TOTAL LONG-TERM LIABILITIES	_____
Intangible assets (describe on back)	_____	NET WORTH (Assets-liabilities)	_____
Contingent assets (describe on back)	_____	DEBT TO ASSET RATIO	_____
		(liabilities/assets)	_____
		Contingent liabilities	_____

Other liability: Partnership loans \$ _____ or for others as endorser or guarantor \$ _____ or as a bondsman \$ _____

Explain: _____

Judgements outstanding or suits or litigations pending for or against applicant _____

Have you ever declared bankruptcy? _____

Have required income tax returns been filed? _____

Any unpaid deficiencies? _____ Explain: _____

I(we) the undersigned, herein provide the above financial statement as part of my(our) application for a rural assistance loan from the Montana Department of Agriculture. I(we) certify that the statement is complete and accurate to the best of my(our)knowledge.

Signature of Applicant

Signature of Co-applicant

Date

SUPPORTING FINANCIAL SCHEDULES

Schedule A – Notes and Accounts Receivable		
Name of Debtor	Amount of Receivable	Collateral Taken
TOTAL		

Schedule B – Notes and Accounts Payable		
Name of Creditor	Amount Due	Collateral Used
TOTAL		

Schedule C – Livestock											
Cattle						Sheep					
TYPE	NUMBER		TOTAL VALUE		Inter. debt owed	TYPE	NUMBER		TOTAL VALUE		Inter. debt owed
	Market	Breed	Market	Breed			Market	Breed	Market	Breed	
Cows						Ewes					
Calves						Bucks					
Bulls						Lambs					
Steers						Yrlngs.					
Heifers											
Totals						Totals					

Schedule C – Livestock (cont'd)											
Hogs					Other						
TYPE	NUMBER		TOTAL VALUE		Inter. debt owed	TYPE	NUMBER		TOTAL VALUE		Inter. debt owed
	Market	Breed	Market	Breed			Market	Breed	Market	Breed	
Sows											
Piglets											
Boars											
Feeder											
Totals						Totals					

Schedule D – Crops/Feed Stored or Harvested				
	Harvested – Held for Sale		Harvested/Purchased – For Farm Use	
Crop Type	Bu/Ton	Value	Bu/Ton	Value
TOTALS				

Schedule E – Cash Investment in Growing Crops				
Crop Type	Acres Owned	Acres Rented	Description of Investment	Amount
TOTALS				

Schedule F – Automobiles, Trucks, Machinery, and Equipment

Year/Make/Model	Book Value	Payment Due (1 yr)	Unpaid Princ.>1yr
TOTALS			

Schedule G – Rented Real Estate

Owner Name	Acres		Type of Lease	Annual Cash Report	Exp. Date	Oral/ Written	County
	Cult.	Other					
TOTALS							

Schedule H – Owned Real Estate

Name on Title	Acres		Legal Description	Value of Improvements	Current Value
	Cult.	Other			
TOTALS					

Schedule I – Real Estate Mortgages/Contracts

Mortgage or Contract Holder	Monthly/Yearly Payment	Current Liability			Long Term Liability
		Principal	Interest	Total Pay.	
TOTALS					

Profit or (Loss) Statement

Applicant name _____ **Co-applicants name** _____

The applicant(s) must show actual cash flow the past two(2) years and an estimate for current year

Income

Income Sources	YEAR		
Livestock (list) _____	_____	_____	_____
_____	_____	_____	_____
Crops (list) _____	_____	_____	_____
_____	_____	_____	_____
Off-farm income (list) _____	_____	_____	_____
_____	_____	_____	_____
Other (list) _____	_____	_____	_____
_____	_____	_____	_____
TOTAL GROSS INCOME	_____	_____	_____

Expenses

Operating Expenses:			
Salaries and employee benefits	_____	_____	_____
Contracted services	_____	_____	_____
Rent/leases	_____	_____	_____
Water	_____	_____	_____
Repairs and maintenance	_____	_____	_____
Feed and seed	_____	_____	_____
Fertilizer/pesticides	_____	_____	_____
Supplies	_____	_____	_____
Veterinary and medicine	_____	_____	_____
Gas and oil, etc.	_____	_____	_____
Taxes (real estate/personal)	_____	_____	_____
Income tax	_____	_____	_____
Auto/freight/trucking, etc.	_____	_____	_____
Livestock breeding fees	_____	_____	_____
Depreciation	_____	_____	_____
Insurance	_____	_____	_____
Storage	_____	_____	_____
Utilities (gas,water,electricity)	_____	_____	_____
Accounting/legal	_____	_____	_____
Miscellaneous (Itemize) _____	_____	_____	_____
_____	_____	_____	_____
TOTAL OPERATING EXPENSE	_____	_____	_____
Other expenses:			
Cash outlays for capital needs(itemize)	_____	_____	_____
_____	_____	_____	_____
Annual living expense	_____	_____	_____
Debt payment	_____	_____	_____
Other (itemize) _____	_____	_____	_____
_____	_____	_____	_____
TOTAL OTHER EXPENSES	_____	_____	_____
TOTAL OPERATING & OTHER EXPENSE	_____	_____	_____
NET PROFIT OR (LOSS) (income-expenses)	_____	_____	_____
_____	_____	_____	_____

Signature of Applicant

Signature of co-applicant

Date

Estimated Profit or (Loss) Statement

Applicant name _____ **Co-applicants name** _____

The applicant(s) must show projected cash flow for the next three years.

Projected Income

Income Sources	YEAR	20	20	20
Livestock (list) _____		_____	_____	_____
Crops (list) _____		_____	_____	_____
Off-farm income (list) _____		_____	_____	_____
Other (list) _____		_____	_____	_____
TOTAL PROJECTED GROSS INCOME		_____	_____	_____

Projected Expenses

Projected Operating Expenses:

Salaries and employee benefits	_____	_____	_____
Contracted services	_____	_____	_____
Rent/leases	_____	_____	_____
Water	_____	_____	_____
Repairs and maintenance	_____	_____	_____
Feed and seed	_____	_____	_____
Fertilizer/pesticides	_____	_____	_____
Supplies	_____	_____	_____
Veterinary and medicine	_____	_____	_____
Gas and oil, etc.	_____	_____	_____
Taxes (real estate/personal)	_____	_____	_____
Income tax	_____	_____	_____
Auto/freight/trucking, etc.	_____	_____	_____
Livestock breeding fees	_____	_____	_____
Depreciation	_____	_____	_____
Insurance	_____	_____	_____
Storage	_____	_____	_____
Utilities (gas, water, electricity)	_____	_____	_____
Accounting/legal	_____	_____	_____
Miscellaneous (Itemize) _____	_____	_____	_____
TOTAL PROJECTED OPERATING EXPENSE	_____	_____	_____

Other Projected Expenses:

Cash outlays for capital needs (itemize) _____	_____	_____	_____
Annual living expense	_____	_____	_____
Debt payment	_____	_____	_____
Other (itemize) _____	_____	_____	_____
TOTAL OTHER PROJECTED EXPENSES	_____	_____	_____

TOTAL PROJECTED OPERATING & OTHER EXPENSE _____
PROJECTED NET PROFIT OR (LOSS) (income-expenses) _____

Signature of Applicant

Signature of co-applicant

Date

LEASE AGREEMENT

This agreement made and entered into this _____ day of _____, _____.

Between _____

whose address is _____

hereinafter called the Lessor(s) and _____

whose address is _____

hereinafter called the Lessee, witnesseth that the Lessor(s) have this day leased or provided for use unto the Lessee the following real property, situated in _____ County, Montana, described as follows: _____

_____ have and hold the same from this date to the _____ day of _____, _____.

The **Lessee agrees to provide** the following to the Lessor:(specify details of lease agreement, i.e. payments, labor exchange, chores, specific duties) _____

_____;

in return the **Lessor will provide** to the Lessee:(specify details of lease agreement, i.e. pasture, feed, use of facilities, use of buildings, etc.) _____

This lease agreement shall terminate on _____, _____.

Date _____ Signature of Lessee _____

Date _____ Signature of Lessor _____

Date _____ Signature of Witness _____

Dear Loan Applicant:

This loan application booklet is provided to help you in the process of applying for a Rural Assistance Loan.

A brochure about the loan program is also available from the Montana Department of Agriculture and County Extension Agents. The brochure describes the basic guidelines and qualifications for loans.

This booklet consists of five sections; the instructions, application form, financial statement, profit or loss statement, and projected profit-loss statement. Forms are to be completed as thoroughly as possible to avoid any delays in processing your application.

We request that you establish a two-member local loan committee to review your application and provide recommendations to you and the Montana Department of Agriculture. The committee may wish to review the economic feasibility of your enterprise as well as your personal need, abilities, and eligibility. It may be beneficial for you to be present during the committee review should they have any questions.

The completed application, copies of your federal income tax returns for the past two years, and a non-refundable application fee in the amount of \$35 must be received prior to consideration of your loan request. Upon receipt, the Department of Agriculture loan committee will review your request as soon as possible and notify you of their decision.

Thank you for your interest and cooperation. If you need more information or assistance, feel free to contact the Agricultural Finance Officer at 444-2402. Completed applications should be mailed to Montana Department of Agriculture, Agricultural Finance Program, P. O. Box 200201, Helena, Montana 59620-0201.

Sincerely,

Ron de Yong
Director

RURAL ASSISTANCE LOAN PROGRAM

The Rural Assistance Loan Program provides loans to farmers and ranchers with modest financial investments in agriculture. These loans finance agricultural enterprises to provide financial experience and to assist in the economic growth and welfare of Montana agriculture. Rural Assistance Loans are made available through the Agricultural Finance Program of the Agricultural Development Division.

ELIGIBILITY

Applicants must be at least 18 years of age and residents of Montana at the time of application. Loans are available to persons who are unable to qualify for financing from commercial lenders. The activity for which the loan is requested and the overall financial position of the applicant must show a positive cash flow.

An applicant's net worth, including that of spouse and minor children, cannot exceed \$450,000 at the time of application as determined using standard accounting procedures.

MAXIMUM LOAN AMOUNT AND PURPOSE

The maximum loan amount is \$75,000 per individual. Borrowers may refinance loans up to the maximum of \$75,000.

Loans can be made up to 80% of the value of collateral used to secure the loan. A 20% down payment or additional collateral items may be required to meet this guideline.

Loans may be made to finance the following:

- AGRICULTURAL PROPERTY such as livestock and farm machinery;
- AGRICULTURAL IMPROVEMENTS such as barns or irrigation systems;
- ANNUAL OPERATING EXPENSES
- AGRICULTURAL LAND.

TERMS OF REPAYMENT

Maximum term for repayment will conform to the following schedules:

- AGRICULTURAL EQUIPMENT, LIVESTOCK OR OTHER CHATTEL PROPERTY-Seven years
- AGRICULTURAL IMPROVEMENTS OR AGRICULTURAL REAL ESTATE-ten years
- ANNUAL OPERATING-one year

INTEREST RATE

The interest rate at the onset of the loan will remain the same for the term of that contract.

LOCAL LOAN COMMITTEE

A two-member local committee must be established by the applicant to review the loan request. The committee shall be composed of an officer from a bank in the borrower's community or bank

where the borrower normally conducts business, and an agricultural specialist. Examples of agricultural specialist are county extension agents, agriculture education teachers, and Farm Service Agency county supervisors. This committee will review eligibility of applicants (s) and make recommendations concerning making and servicing the loan. A bank official will assist the borrower and department in closing approved loans.

OTHER REQUIREMENTS

- 1) Cattle or horses serving, as collateral must be branded with a brand registered with the Montana Department of Livestock.
- 2) Good records of production and expenses are required.
- 3) Borrowers will pay the fees required to file, continue, or release financing statements, brand liens, and mortgages.
- 4) Applicants may be required to establish a joint checking account with the department. Loan funds will be deposited in this account, and the account will be used for financial transactions that involve activities related to the loan.
- 5) Comprehensive insurance or crop insurance may be required on secured or mortgaged property.
- 6) For real estate loans, the department requires a first mortgage position and title insurance in the name of the department.
- 7) A qualified appraisal may be required to determine the value of assets or collateral property.

A complete application will include the following:

- 1) Financial Statement**
- 2) Profit or Loss statements**
- 3) Lease agreement**
- 4) All forms must be signed**
- 5) Copies of the past two years federal income tax returns**
- 6) A \$35.00 non-refundable application fee payable to the Montana Department of Agriculture.**

Additional information or documentation may be required at the discretion of the department. The Montana Department of Agriculture will determine final loan approval or denial.

GENERAL DIRECTIONS

The entire application must be filled out as accurately and completely as possible to avoid delays in processing. Additional information can be submitted on separate attachments.

APPLICATION FORM INSTRUCTIONS

1. If you have one or more brands registered with the Montana Department of Livestock, please draw the brand(s) accurately in the space provided and describe the brand location on your cattle or horses. A registered brand is required for applicants wishing to finance cattle or horses, or use cattle or horses as collateral.
2. Please be as specific as possible in providing the requested information and attach additional sheets if necessary.
3. Describe the purposes and amounts for which the requested loan will be used. For example, if the loan will pay operating expenses, specify the type of expense and amount (i.e.: fuel, 500 gallons, \$425.00). If for cattle, specify the number, breed, sex and age. If for equipment, list the manufacturer, model number, engine size, serial number, etc.
4. Please give the location of your enterprise or agricultural operation as in the following example: My enterprise will be located in Madison County approximately 1-1/2 miles southeast from Sheridan on State Highway 287. Be as exact as possible on distance, direction and road name. Please draw a map showing the best route to your home or project location.
5. If your loan application is to finance real estate, list the acres of dryland or irrigated cropland, pasture land, and rangeland. A complete legal description of the location will be required for any real estate to be financed. This can usually be obtained from the seller or their agent. Loan applicants will also be required to provide title insurance for any real estate to be financed or used as collateral for a loan. Title insurance will name the Montana Department of Agriculture as the insured party.
6. Enter the total project cost and the amount of loan that you are requesting. The total project cost should agree with "Total Operating and Other Expenses" from the PROFIT OR (LOSS) STATEMENT.
7. Depending upon the value of property to be purchased with loan funds and the value of other collateral, a down payment of up to 20 percent of the value of financed property or services may be required. Please list any cash down payment that you will apply from personal funds to finance your purchase. Other funding sources such as outside income, upcoming sales, or additional financing should also be explained and the amounts listed.
8. Property being purchased with loan funds (livestock, equipment, land, etc.) will be collateral for the loan. Other personal property that is owned and not encumbered by

liens or mortgages may be offered as collateral in lieu of a cash down payment. Examples of suitable collateral include branded livestock, real estate, vehicles, and equipment for which you have clear title of ownership.

9. Please list as completely as possible the purchase price and the seller of property, services, etc. to be purchased with loan funds. For example, if you intend to purchase cattle, give the seller's name and address and the cost of cattle. If from a stockyard, give name and address of the yard and estimated cost. For equipment list the seller, seller's name and address, and the total cost.
10. Because department representatives may not be able to personally visit all loan applicants prior to committee review, careful attention will be given to contacting personal references. Please list a phone number where your references can be contacted during working hours. Examples of suitable references include representatives from banks, local businessmen, civic leaders, teachers, and employers.
11. In most cases, applicants will be required to contact a local bank officer to arrange for assistance in signing loan papers. Some applicants may be required to open a joint checking account with the Department of Agriculture. Loan funds would be deposited in this account and the account would be maintained and used for financial transactions involving the loan project. Normally a member of the local loan committee will be designated, as the department's representative to sign on checks and withdrawals.
12. This section is to be completed by the local committee at the request of the loan applicant. The committee is encouraged to carefully review the proposed purchases and related project; to personally interview the applicant to determine qualifications, experience, and character; and to provide recommendations to the applicant and Montana Department of Agriculture. The committee may request additional information from the applicant or decline to sign where applications are incomplete or misleading, do not meet the requirements of the program, or are not economically feasible. Two (2) committee members must sign the application before the Department of Agriculture will consider it. Local loan committee members do not assume any financial liability by signing as committee members or by acting as the department's representative if required to cosign on joint checking accounts.
13. This section is to be completed by an official from a private lending institution. Rural Assistance Loans are available only to persons who are unable to obtain financing through conventional sources at reasonable terms or conditions.
14. Please sign in ink as you normally sign checks, legal documents, etc.

Please draw a map showing the best route to your home and/or the location of your project. Include major landmarks and mileage.

5. Real estate loans: Provide a legal description of real estate to be purchased and indicate the number of acres of pasture, cropland and whether irrigated or non-irrigated.

Legal description _____

Irrigated Pasture _____ Acres Non-irrigated Pasture _____ Acres
Irrigated Cropland _____ Acres Non-irrigated Cropland _____ Acres

6. Total Project Cost (From Part 5) \$ _____
Amount of loan request \$ _____

9. Down payment anticipated \$ _____
Other funding sources (describe) _____

8. List collateral, which will be used to secure the loan _____

9. Where will purchases be made and at what price (include name and address of seller(s))?

10. Please provide the names, addresses, and phone numbers of three persons who can be contacted, as credit and/or character references (do not use relatives as references):

(1) Name _____ Phone _____
Address _____

(2) Name _____ Phone _____
Address _____

(3) Name _____ Phone _____
Address _____

11. Provide the following information for a bank officer who has agreed to assist you in signing the loan documents.

Name _____ Phone _____
Bank Name _____
Address _____

12. LOCAL COMMITTEE RECOMMENDATIONS AND SIGNATURES

Amount of loan recommended by committee \$ _____

Other recommendations and comments: _____

Committee Signatures:

Agricultural Specialist Date Title Phone

Financial Officer Date Title Phone

Acting as a committee member or department representative does not impart any liability with regard to a loan agreement resulting from this application.

13. **TO BE COMPLETED BY AN OFFICIAL FROM A PRIVATE LENDING INSTITUTION:**

The applicant has applied for and been unable to secure financing at the below named lending institution.

Bank _____ Phone _____

Signature _____ Title _____

14. I (we) certify that I (we) am (are) a resident of the State of Montana and that I (we) have been unable to obtain the credit necessary for this enterprise from a private financial source at reasonable rates or terms. I (we) certify that the statements made in this application are true, complete, and accurate to the best of my (our) knowledge and belief, and are made in good faith to obtain a loan. I (we) understand that false information or misrepresentation of information on this application will be reasonable cause for denial of my (our) request or resulting loan to be called immediately due and payable in full

Applicant's Signature Co-applicant's Signature Date

FINANCIAL STATEMENT INSTRUCTIONS

Please complete the supporting financial Schedules A through I. Two copies of each form are included, one for personal records or use as a worksheet. The financial schedules should be filled out before the information is entered on the financial statement.

If you have more than one business, you should submit separate financial statements for each business using these forms or a form acceptable under generally accepted accounting practices (GAAP).

All individuals who share or co-own assets with the borrower, which are listed on financial statement, are required to sign the loan application.

Assets and liabilities should be entered as current, intermediate, or long-term.

Current assets include cash and other assets such as bonds and certificates, which can be readily, converted into cash; or non-cash assets that will be used or converted to cash within the year. Examples of the latter include crops, feeder livestock, and operating supplies.

Intermediate assets are those, which are recognized or used up over a longer period of time, usually 10 years or less. Examples include machinery, breeding livestock, equipment, retirement accounts, household goods, and cash value of life insurance.

Long-term assets are primarily land, other real estate and "fixed" improvements such as fences, silos, buildings, and confinement facilities.

Current liabilities are debts that are payable within the year such as charge accounts, one-year notes, taxes, and current portions of longer-term debts.

Intermediate liabilities are obligations due in over 1 and usually up to 10 years.

Long-term liabilities are those due in over 10 years, usually debts for real estate and certain improvements.

The applicant's net worth, including spouse and minor children, may not exceed \$450,000.

Schedule A- Please list current accounts receivable. Examples may include cattle or crops sold for which payment will be received within a year, custom services for which you have yet to be paid, or payments for land leased out or rented. Schedule A should include a description of each account (Example: two (2) ton Barley to neighbor) and the payer (Example: John Smith), the total amount due within a year, and collateral (if any), which secures the payment.

Schedule B- Please list current liabilities or those payments to be made within a year. Examples include any portion of livestock debt to be paid during the upcoming year and/or accounts for feed, fertilizer, seed, etc. Schedule B should include a description of each account (Example: seed), the creditor (Example: Mountain Seed Co.), the amount due as current debt, and any collateral, which secures your payment (Example: seed lien on wheat).

Schedule C- Please list the numbers and value of all livestock and any intermediate debt owed on livestock (intermediate will include all debt on livestock except that listed in Schedule B as current debt). List the number of market animals and breeding stock and their total values (Example: 18 breeding cows valued at \$11,000, 18 market calves valued at \$5,220, 2 cull cows (market) at \$700). Any amount still owed on livestock that has not been listed in Schedule B should be listed under "Amount Owed less Current". Use extra sheets if necessary. Livestock other than cattle, sheep, or hogs should be named and listed under "Other" (Examples: dairy cattle, mink or other fur bearers, poultry, goats, etc.).

Schedule D- Please list harvested or stored crops and feed purchased and stored. List the crop type (Example: alfalfa hay), acres planted (Example: 100 acres), and amount already harvested and held for sale (Example: 210 ton valued at \$13,650). Any crops or feed purchased for personal use or harvested and held for personal use should also be listed. All stored feed and crops held for sale or farm use should be listed as current assets on the financial statement. Any growing crops not yet harvested should be considered in Schedule E. Do not consider growing, unharvested crops as an asset on Schedule D.

Schedule E- Please list all growing crops and account for cash investment in them or in crops yet to be planted. Examples of cash investments include seed, fertilizer, cultivating costs, and weed control. Only the cash investment, not a projected crop value, should be entered for unharvested crops. The total investment should be entered as a current asset on the financial statement.

Schedule F- Please list all farm machinery, equipment, implements, trucks, personal vehicles, etc., and list value and debt. For each, enter the type, the year, make, and model as in the following examples:

<u>Item</u>	<u>Year/Make/Model</u>
Grain Truck	1988, Kenworth, Model # _____ with grain box
Tractor	1988, John Deere, 4250 diesel tractor with cab, duals, loader
Plow	1986, John Deere, Rollover 4 x 16

For each item enter the dollar amount of payment (principal and interest) that will be made during the current year. Unpaid principal after the current year (intermediate liability) should be entered. Totals for both should be entered in the appropriate places on the financial statement. The value of each item should be entered (book value if possible) and total value of all equipment, vehicles, etc. entered under intermediate assets on the financial statement.

Schedule G- Please list rented or leased real estate. For each unit you should list the owner and the number of cultivated and non-cultivated acres. Acres under grazing leases and pasture, for example, should be entered as non-cultivated leases. The type of lease should be entered as cash, share crop, etc. The total annual rent should be listed for each lease unit and the total cost for all units entered under current liabilities on the financial statement. A copy of all lease agreements is required. (Sample on page 20)

Schedule H- Please list all real estate in which you have ownership interest, the legal description, and the total value including value of improvements. An attachment may be necessary to give a complete legal description. Owned real estate includes land; structures such as barns, homes, and garages; mobile homes; other improvements such as livestock confinement facilities, immovable irrigation systems, and fences; livestock and domestic water facilities; etc. Values of farm and ranch real estate and other real estate should be entered as long-term assets on the financial statement.

Schedule I- Please list owned real estate and improvements which are mortgaged or under contract and the associated current and long-term liability. List the business name of the mortgage holder, or if a contract for deed, the contract holder. Specify whether payments are made monthly or yearly. The total amount of principal and interest due within a year should be entered under current liability. The principal amount of debt remaining on the mortgage or contract after current liability is accounted for should be entered under long-term liability on Schedule I and on the financial statement.

PROFIT OR (LOSS) STATEMENT INSTRUCTIONS

Actual income and expenses for your current enterprise should be listed for the past two operating years along with an estimate for the current year. Actual income from the past two years should agree with that reported on tax statements. Please provide a copy of federal tax returns for the past two years. Projected income should include income from current enterprises under current operating conditions such as farm income, off farm income from wages or salaries (including that of spouse), investments, rentals, contracts, leases, etc. Attachments may be used to explain income sources, show prices received or expected, and expected crop or livestock yields.

Please attach supporting detail for expenses that are not self-explanatory. For example, if you have expenses for salaries and benefits or contracted services, an attachment should show to whom these were paid and for what services. Supporting detail for rent and lease expense should explain what is being leased/rented and the cost per unit (Example: \$12.00/AUM for grazing, or \$50.00/acre).

Expenses for water include water user fees and assessments and should be supported with detail to explain access to water rights or irrigation districts and the amount of water by right or agreement.

Repairs and maintenance include costs to maintain machinery and equipment, structures, other improvements such as fences and irrigation systems, roads, etc.

Feed and seed expenses should include actual costs for purchasing livestock feed and crop seed. Do not include production or operating costs for growing feed and seed for farm use.

Expenses for fertilizer, pesticides, supplies, veterinary, medicines, and gas and oil should include only costs related to your agricultural enterprise and should not include any personal living expenses.

Taxes include property taxes on land, structures, homes, vehicles, equipment, etc. and other government assessments such as rural fire. Special check off fees for wheat, other commodities, and livestock may be included under taxes.

Income tax includes federal and state tax obligations.

Interest on loans should include the amount paid in interest on loans. (Example: operating loans, real estate mortgages, loans for cattle, etc.).

Auto/Freight/Trucking includes expenses for shipping cattle, hay, and other agricultural production to market, brokers, etc.

Livestock breeding fees include those costs associated with breeding livestock such as lease of bulls, studs, etc., boarding fees, cost of semen, and rental of breeding equipment.

Depreciation of property such as vehicles, equipment, structures, improvements and livestock should be accounted for as an expense. Schedules provided for federal income tax reporting will provide a standard rate for depreciating various classes of property. If income taxes have been filed, depreciation should be reported exactly as filed for tax purposes.

Where income taxes have not been filed, depreciation should be estimated by considering book value of vehicles and equipment, reduction in value of livestock due to age, etc.

Insurance should include expenditures for insuring farm property, crop and hail insurance, liability insurance, etc.

Storage includes actual expenditures paid to brokers, elevators, etc. for storing farm production.

Utilities are those costs for gas, water, and electricity related to agricultural enterprises exclusive of family living expenses.

Accounting/Legal expenses are those paid to lawyers, accountants, etc. for services such as bookkeeping, tax preparation, legal services, etc.

Miscellaneous expenses; or those not listed on the Profit or (Loss) Statement, might include costs such as registration costs for brands, costs for registering livestock or seed, dues to farm organizations, fees for licenses, training or conference fees, and others.

Cash Outlay for Capital Requirements are out-of-pocket expenses incurred for purchasing capital items required in your agricultural enterprise. Again, do not include items or expenses for which you are requesting financing. Examples of expenses that could be reported include cash outlay for new fencing or corrals, livestock, vehicles, and others.

Debt Payment on Principal includes all payments to be made against principal on operating loans, mortgages, loans for capital requirements, and other loans related to your farm and ranch enterprise.

ANNUAL LIVING EXPENSE includes all costs required to maintain a household including rent, utilities, food, clothing, medical, dental, phone, personal vehicles, charge accounts, loans for personal living, and others.

ESTIMATED PROFIT OR (LOSS) STATEMENT

Estimate income and expenses for the next three- (3) years. **You are encouraged to use attachments to explain projected prices, markets, crop and livestock yields, etc.**

THE FOLLOWING TABLE AND DIRECTIONS ARE TO ASSIST YOU IN ESTIMATING YOUR ANNUAL LOAN PAYMENTS.

EXAMPLE: You wish to finance the purchase of 5 head of bred cows for your project at a cost of \$625 per head. (5 head X \$625 = \$3,125) You plan on repaying the loan from annual calf sales over a five-year period. What would be the annual payment of principal and interest for a \$3,125 loan at 9.5% interest for five years? For a loan of \$3,125 your calculations would be:

$$\$26.04 \times 31.25 (\$3,125 \text{ divided by } 100) = \$813.75 \text{ yearly payment.}$$

Payment Calculation

Annual payments per \$100 of a loan

Interest rate	8.0%	8.5%	9.0%	9.5%	10.0%	10.5%	11.0%	11.5%	12.0%
1	\$108.00	\$108.50	\$109.00	\$109.50	\$110.00	\$110.50	\$111.00	\$111.50	\$112.00
Y	2	\$56.08	\$56.46	\$56.85	\$57.23	\$57.62	\$58.01	\$58.39	\$58.78
E	3	\$38.80	\$39.15	\$39.51	\$39.86	\$40.21	\$40.57	\$40.92	\$41.28
A	4	\$30.19	\$30.53	\$30.87	\$31.21	\$31.55	\$31.89	\$32.23	\$32.58
R	5	\$25.05	\$25.38	\$25.71	\$26.04	\$26.38	\$26.72	\$27.06	\$27.40
S	6	\$21.63	\$21.96	\$22.29	\$22.63	\$22.96	\$23.30	\$23.64	\$23.98
	7	\$19.21	\$19.54	\$19.87	\$20.20	\$20.54	\$20.88	\$21.22	\$21.57

Borrowers will be required to make a yearly payment, which is normally scheduled to be paid on December 31 of each year. If the timing of your income is such that another payment date is better, please notify us of this date. Arrangements can also be made for monthly payments where appropriate.

FINANCIAL STATEMENT

Applicant name _____

Co-applicant _____

ASSETS	AMOUNT	LIABILITIES	AMOUNT
Current assets		Current Liabilities	
Cash on hand	_____	Notes & accts payable (Sch B)	_____
Marketable stocks, bonds, sec.	_____	Portion of Long & intermediate debt (due w/in 1 year)	_____
Notes/accts.receivable due in 1 year (Schedule A)	_____	Livestock (Sch B & C)	_____
Federal payments receivable	_____	Machinery & equip (Sch F)	_____
Livestock held for sale (Sch C)	_____	Land lease/rental (Sch G)	_____
Feed/seed for farm use(Sch D)	_____	Real estate (Sch I)	_____
Harv. Crps held for sale(Sch D)	_____	Taxes (income,water,real,etc.)	_____
Cash invested in crops (Sch E)	_____	Credit cards	_____
Supplies on hand	_____	Other	_____
Other current (list)	_____		_____
	_____		_____
TOTAL CURRENT ASSETS	_____	TOTAL CURRENT LIABILITIES	_____
Intermediate assets		Intermediate liabilities	
Cash value life insurance	_____	Breeding stock (Sch C)	_____
Breeding livestock (Sch C)	_____	Machinery & equip (Sch F)	_____
Auto,machinery,equip (Sch F)	_____	Household/bus furnishings, and equipment	_____
Securites (not readily marketable)	_____	Other intermediate (list)	_____
House of business furnishings	_____		_____
Other intermediate (list)	_____		_____
	_____		_____
TOTAL INTERMEDIATE ASSETS	_____	TOTAL INTERMEDIATE LIABILITIES	_____
Long-term assets		Long-term liabilities	
Farm or ranch real estate (Sch H)	_____	Real estate mortgages(except portion listed as current liab(Sch I)	_____
Other real estate (Sch H)	_____	Contracts for deed(Sch I)	_____
Other long-term assets (list)	_____	Other long-term(list)	_____
	_____		_____
TOTAL LONG-TERM ASSETS	_____	TOTAL LONG-TERM LIABILITIES	_____
Intangible assets (describe on back)	_____	NET WORTH (Assets-liabilities)	_____
Contingent assets (describe on back)	_____	DEBT TO ASSET RATIO	_____
		(liabilities/assets)	_____
		Contingent liabilities	_____

Other liability: Partnership loans \$ _____ or for others as endorser or guarantor \$ _____ or as a bondsman \$ _____

Explain: _____

Judgements outstanding or suits or litigations pending for or against applicant _____

Have you ever declared bankruptcy? _____

Have required income tax returns been filed? _____

Any unpaid deficiencies? _____ Explain: _____

I(we) the undersigned, herein provide the above financial statement as part of my(our) application for a rural assistance loan from the Montana Department of Agriculture. I(we) certify that the statement is complete and accurate to the best of my(our)knowledge.

Signature of Applicant

Signature of Co-applicant

Date

SUPPORTING FINANCIAL SCHEDULES

Schedule A – Notes and Accounts Receivable		
Name of Debtor	Amount of Receivable	Collateral Taken
TOTAL		

Schedule B – Notes and Accounts Payable		
Name of Creditor	Amount Due	Collateral Used
TOTAL		

Schedule C – Livestock											
Cattle						Sheep					
TYPE	NUMBER		TOTAL VALUE		Inter. debt owed	TYPE	NUMBER		TOTAL VALUE		Inter. debt owed
	Market	Breed	Market	Breed			Market	Breed	Market	Breed	
Cows						Ewes					
Calves						Bucks					
Bulls						Lambs					
Steers						Yrlngs.					
Heifers											
Totals						Totals					

Schedule C – Livestock (cont'd)											
Hogs					Other						
TYPE	NUMBER		TOTAL VALUE		Inter. debt owed	TYPE	NUMBER		TOTAL VALUE		Inter. debt owed
	Market	Breed	Market	Breed			Market	Breed	Market	Breed	
Sows											
Piglets											
Boars											
Feeder											
Totals						Totals					

Schedule D – Crops/Feed Stored or Harvested				
	Harvested – Held for Sale		Harvested/Purchased – For Farm Use	
Crop Type	Bu/Ton	Value	Bu/Ton	Value
TOTALS				

Schedule E – Cash Investment in Growing Crops				
Crop Type	Acres Owned	Acres Rented	Description of Investment	Amount
TOTALS				

Schedule F – Automobiles, Trucks, Machinery, and Equipment

Year/Make/Model	Book Value	Payment Due (1 yr)	Unpaid Princ.>1yr
TOTALS			

Schedule G – Rented Real Estate

Owner Name	Acres		Type of Lease	Annual Cash Report	Exp. Date	Oral/ Written	County
	Cult.	Other					
TOTALS							

Schedule H – Owned Real Estate

Name on Title	Acres		Legal Description	Value of Improvements	Current Value
	Cult.	Other			
TOTALS					

Schedule I – Real Estate Mortgages/Contracts

Mortgage or Contract Holder	Monthly/Yearly Payment	Current Liability			Long Term Liability
		Principal	Interest	Total Pay.	
TOTALS					

Profit or (Loss) Statement

Applicant name _____ **Co-applicants name** _____

The applicant(s) must show actual cash flow the past two(2) years and an estimate for current year

Income

Income Sources	YEAR		
Livestock (list) _____	_____	_____	_____
_____	_____	_____	_____
Crops (list) _____	_____	_____	_____
_____	_____	_____	_____
Off-farm income (list) _____	_____	_____	_____
_____	_____	_____	_____
Other (list) _____	_____	_____	_____
_____	_____	_____	_____
TOTAL GROSS INCOME	_____	_____	_____

Expenses

Operating Expenses:			
Salaries and employee benefits	_____	_____	_____
Contracted services	_____	_____	_____
Rent/leases	_____	_____	_____
Water	_____	_____	_____
Repairs and maintenance	_____	_____	_____
Feed and seed	_____	_____	_____
Fertilizer/pesticides	_____	_____	_____
Supplies	_____	_____	_____
Veterinary and medicine	_____	_____	_____
Gas and oil, etc.	_____	_____	_____
Taxes (real estate/personal)	_____	_____	_____
Income tax	_____	_____	_____
Auto/freight/trucking, etc.	_____	_____	_____
Livestock breeding fees	_____	_____	_____
Depreciation	_____	_____	_____
Insurance	_____	_____	_____
Storage	_____	_____	_____
Utilities (gas,water,electricity)	_____	_____	_____
Accounting/legal	_____	_____	_____
Miscellaneous (Itemize) _____	_____	_____	_____
_____	_____	_____	_____
TOTAL OPERATING EXPENSE	_____	_____	_____
Other expenses:			
Cash outlays for capital needs(itemize)	_____	_____	_____
_____	_____	_____	_____
Annual living expense	_____	_____	_____
Debt payment	_____	_____	_____
Other (itemize) _____	_____	_____	_____
_____	_____	_____	_____
TOTAL OTHER EXPENSES	_____	_____	_____
TOTAL OPERATING & OTHER EXPENSE	_____	_____	_____
NET PROFIT OR (LOSS) (income-expenses)	_____	_____	_____
_____	_____	_____	_____

Signature of Applicant

Signature of co-applicant

Date

Estimated Profit or (Loss) Statement

Applicant name _____ **Co-applicants name** _____

The applicant(s) must show projected cash flow for the next three years.

Projected Income

Income Sources	YEAR	20	20	20
Livestock (list) _____		_____	_____	_____
Crops (list) _____		_____	_____	_____
Off-farm income (list) _____		_____	_____	_____
Other (list) _____		_____	_____	_____
TOTAL PROJECTED GROSS INCOME		_____	_____	_____

Projected Expenses

Projected Operating Expenses:

Salaries and employee benefits	_____	_____	_____
Contracted services	_____	_____	_____
Rent/leases	_____	_____	_____
Water	_____	_____	_____
Repairs and maintenance	_____	_____	_____
Feed and seed	_____	_____	_____
Fertilizer/pesticides	_____	_____	_____
Supplies	_____	_____	_____
Veterinary and medicine	_____	_____	_____
Gas and oil, etc.	_____	_____	_____
Taxes (real estate/personal)	_____	_____	_____
Income tax	_____	_____	_____
Auto/freight/trucking, etc.	_____	_____	_____
Livestock breeding fees	_____	_____	_____
Depreciation	_____	_____	_____
Insurance	_____	_____	_____
Storage	_____	_____	_____
Utilities (gas, water, electricity)	_____	_____	_____
Accounting/legal	_____	_____	_____
Miscellaneous (Itemize) _____	_____	_____	_____
TOTAL PROJECTED OPERATING EXPENSE	_____	_____	_____

Other Projected Expenses:

Cash outlays for capital needs (itemize) _____	_____	_____	_____
Annual living expense	_____	_____	_____
Debt payment	_____	_____	_____
Other (itemize) _____	_____	_____	_____
TOTAL OTHER PROJECTED EXPENSES	_____	_____	_____

TOTAL PROJECTED OPERATING & OTHER EXPENSE _____
PROJECTED NET PROFIT OR (LOSS) (income-expenses) _____

Signature of Applicant

Signature of co-applicant

Date

LEASE AGREEMENT

This agreement made and entered into this _____ day of _____, _____.

Between _____

whose address is _____

hereinafter called the Lessor(s) and _____

whose address is _____

hereinafter called the Lessee, witnesseth that the Lessor(s) have this day leased or provided for use unto the Lessee the following real property, situated in _____ County, Montana, described as follows: _____

_____ have and hold the same from this date to the _____ day of _____, _____.

The **Lessee agrees to provide** the following to the Lessor:(specify details of lease agreement, i.e. payments, labor exchange, chores, specific duties) _____

_____;

in return the **Lessor will provide** to the Lessee:(specify details of lease agreement, i.e. pasture, feed, use of facilities, use of buildings, etc.) _____

This lease agreement shall terminate on _____, _____.

Date _____ Signature of Lessee _____

Date _____ Signature of Lessor _____

Date _____ Signature of Witness _____