

FC S OF WESTERN ARKANSAS has just been approved to participate as an approved lender for the Arkansas Agriculture Water Quality Loan Program (AgWQLP). This program is made available through the Arkansas Natural Resources Commission and its Water Quality Pollution Control Revolving Fund.

Basically, this program works with the State of Arkansas depositing funds with Farm Credit and allowing us to offer term loans at reduced interest rates for water quality improvement projects.

The Arkansas Ag Water Quality Program

Purpose and Objectives:

1. To provide a source of low-interest funding to Arkansas' farmers and ranchers for the purpose of improving water conservation and quality.
2. To encourage Arkansas farmers and ranchers to use best practices within their operations for the purpose of conserving water and improving quality.

Loan Terms, Conditions:

1. The total loan amount shall not exceed \$100,000 per entity.
2. The term of the loan shall not exceed 10 years.
3. The loan rate will be 3.0% per annum.
4. A .50% fee per transaction is paid to the Conservation District that issued the Certificate of Qualification.
5. The credit risk is with the association originating the loan, and not the State of Arkansas.

Types of Water Quality Projects Available for Funding:

- Animal Trails and Walkways
- Animal Use Area Protection
- Composting Facility
- Dike

FCS of Western Arkansas Offers Low Interest Rate Water Quality Project Loans

- Diversion
- Fence
- Field Border
- Pumping Plant for Water Control
- Pond
- Riparian Forest Buffer
- Roof Runoff Management
- Spring Development
- Stream Channel Stabilization
- Stream banks & Shoreline Protection
- Subsurface Drain
- Surface for Water Control
- Terrace
- Underground Outlet
- Waste Management System
- Waste Storage Facility
- Watering Facility
- Water and Sediment Control Basin

The list above is not intended to be all inclusive.

Local Conservation District Must Approve Project Prior to FCS Funding

This program is open to both existing Farm Credit customers and prospective customers interested in water quality projects. A customer will need to obtain an application from their local Conservation District (CD) for project consideration. Applicants must be District Cooperators.

Applicant will contact the USDA NRCS in their local Conservation District to obtain project approval for the conservation plan to be implemented.

Once the application has been completed, the document will be returned to the local Conservation District for approval.

The original application will be filed at the local Conservation District office.

If approved, the applicant will

receive an AgWQLP Certificate of Qualification.

Applicant can then submit loan application and certificate to Farm Credit to obtain a loan not to exceed \$100,000.00.

Farm Credit will then complete the credit evaluation and required lien searches, and approve and close the loan subject to its normal credit or lending procedures.

Interest Rate is 3% and Patronage Refund Is Applicable

That is correct. The loan interest rate for loans for the water quality projects will be 3% for the term of the loan. Water quality project loans will also be eligible for the patronage refund program. For example, if we could have offered AgWQLP loans in 2005 with nearly 80 basis points in patronage refunds, your effective cost of borrowing would have been only 2.20%. Now that is what we would call "maximizing your financial success."

Limited Funding Available

More details and complete program guidelines regarding the Arkansas Water Quality Loan Program are available on our website at www.myaglender.com

Also, on our website we have posted the contacts and phone numbers for the Conservation Districts in the 41 counties of Western Arkansas.

The State of Arkansas has a limited amount of funding available to Farm Credit Services borrowers in Arkansas on a first-come first-serve basis for water quality projects. If you think you may be interested in an AgWQLP, or want more information, please don't hesitate to contact your Farm Credit loan officer or local branch office.