

For: State and County Offices

Requirements for Rural Youth Loans

Approved by: Deputy Administrator, Farm Loan Programs

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1 Overview

A

Purpose

This notice provides requirements for rural youth loans.

B

Contacts

If there are any questions about this notice:

- County Offices shall contact the State Office
 - State Offices shall contact Linda Baker, Loan Making Division at 202-720-1647.
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2 Loan Requirements

A

Loan Eligibility

Rural youth loans can be made to persons who:

- have reached the age of 10, but have not reached the age of 21
 - do not reside in any city or town with a population of more than 10,000 inhabitants.
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Continued on the next page

Disposal Date	Distribution
July 1, 2002	State Offices; State Offices relay to County Offices

Notice FLP-189

2 Loan Requirements (Continued)

B

Rural Youth Projects

Projects must be initiated, developed, and carried out by rural youths participating in 4-H, Future Farmers of America , or similar organizations. Projects must produce enough income to meet expenses and debt repayment.

C

Recommendation by Parent and Project Advisor

If otherwise eligible, a rural youth who applies for an operating loan must be recommended by a project advisor, such as a 4-H club advisor, vocational teacher, home economics teacher, county extension agent, or other organizational sponsor or advisor. In addition, a youth who has not reached the age of majority under State law must obtain a written recommendation from a parent or guardian. All recommendations will be filed with the application in the borrower's case file.

Note: The project advisor and Farm Loan Manager should work closely with the youth providing technical advice and assistance.

D

Requiring Cosigners

A cosigner will be required only if it has been determined that the applicant cannot possibly meet the repayment or security requirements for the loan request.

Note: When a plan is feasible using realistic figures, a cosigner will not be required.

E

Loan Limitations

A youth loan will not be approved if the total outstanding loan principal balance will exceed \$5,000 at loan closing.
