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Agriculture Value Added Loan Program

The Agriculture Value Added Loan Program provides financial support for the creation and expansion of producer-based alliances and value added businesses. Dollars from the program may be used by agricultural producers and entrepreneurs for such things as business planning, product development, marketing and processing equipment. Loans may not be used for production costs, land acquisition or to pay off any existing debt.

Three competitive loan programs are available for ag producers:

- Agriculture Value Added Loans
- Agritourism Attraction Development Loans
- Diversified Farm and Specialty Production Loans

Kansas Department of Commerce Rural Development Division

The Rural Development Division is focused exclusively on rural development, with a mission to provide easier access to Kansans seeking assistance and to encourage more collaboration among existing rural development organizations.

Rural Development serves as the umbrella for all of the department's rural development entities, including Agriculture Marketing, Community Development and the Office of Rural Opportunity. The Division works closely with its partners – including the Department of Agriculture, NetWork Kansas and Kansas Small Business Development Center – to avoid duplication of services. As such, the Division is better equipped to tackle the unique challenges faced by rural Kansas.

For further information on the Agriculture Value Added Loan Program, please contact:


KANSAS
DEPARTMENT OF COMMERCE

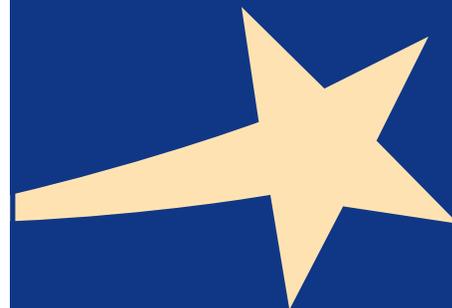
Rural Development

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Photo by Keith Riggs




KANSAS
DEPARTMENT OF COMMERCE
Rural Development

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Agriculture Value Added Loan Program

“Value added,” simply defined, amounts to further processing or alternative marketing of agriculturally derived products to capture additional value in the marketplace. This category provides a funding source for those ventures not meeting the criteria for either the Agritourism or Diversified Farm and Specialty Production Loan Programs.

Agritourism Attraction Development Loan

“Agritourism” is often defined as the crossroads of traditional agriculture and tourism, when tourists visit a working farm, ranch, winery or any agricultural operation for enjoyment, recreation, activities, education, shopping, dining or lodging. Eligible recipients must be registered with the Kansas Department of Commerce as an Agritourism Operation.

Diversified Farm and Specialty Production Loan

The Diversified Farm and Specialty Production Loan Program assists agricultural producers’ transition to non-traditional crops or livestock as a means to add value to the farm. Eligible recipients must exhibit the potential for the project to generate and sustain additional revenue streams for the farm.

Loan Guidelines for Value Added Funds

- Interest will not accrue until after 24 months from the date the contract is enacted.
- The interest rate will be fixed at one point over Kansas City prime rate on the day the contract is enacted and is compounded quarterly. For phase-funded loans, interest will accrue, compounded quarterly from the date the company utilizes the balance of the loan, or, beginning on a date specified in the contract, whichever date is earliest.
- No penalties will be assessed for early repayment.
- Quarterly reports will be due by January 15, April 15, July 15 and October 15 following the respective quarters.
- Projects are subject to program requirements and must exhibit a high probability of return on investment.
- Eligible expenses include (but are not limited to): building construction, purchase or improvement; equipment; professional service fees and supplies and materials.
- Loans may not be used for production costs, land acquisition or to pay off any existing debt.
- A substantial match is required for all loans.

Who are eligible recipients?

Agricultural producers in Kansas with value added ventures.

What is the definition of “value added”?

Further processing or alternative marketing of agriculturally derived products to capture additional value in the marketplace.

What types of projects receive funding?

Projects that are likely to commercialize, with demonstrated business plans and management, those which seek to explore a market, fund an equity drive or purchase equipment and/or “bricks and mortar.”

How do I apply?

Applications, which are available by mail or on our Web site (KansasCommerce.com), are submitted for review. If necessary, our staff will offer assistance with the application process.

What happens next?

Upon receipt of a completed application, an interview will be scheduled in our Topeka office to further review and consider the application.

What can I expect in the interview?

You’ll give a brief presentation of your proposal and the staff will ask questions. While it is a formal meeting, we strive for a relaxed, friendly atmosphere and to assist with making the project successful. Usually, the interview takes no more than an hour.

How are funding decisions made?

The staff evaluates the proposal in the areas of feasibility, utilization, innovation, location and level of need. If a majority of the staff approves the proposal, the funding recommendation will be made to the Senior Director of Rural Development and then to the Secretary of Commerce.