



Agricultural Loan Program

Daryl Arai

Business Loan Officer

Agricultural Loan Division

State of Hawaii

Agricultural Loan Program

- Direct Loans (requires two lender denials)
 - Qualified Farmer
 - New Farmer (one denial required)
 - Food Manufacturer
 - Renewable Farm Energy
 - Micro Loans / Emergency Loans
- Loan Participation

State of Hawaii

Agricultural Loan Program

General qualifications:

- Applicant must be a qualified farmer or a new farmer, except for applicants under the Food Manufacturing Loan program.
- U.S. citizen or permanent resident alien
- Resided in State for at least three years
- For corporations/partnerships/LLCs – 75% of owners or directors must meet general qualifications

State of Hawaii Agricultural Loan Program

Qualified Farmer

- Two or more years operating own farm
- Most of time spent farming, or
- Most of income is derived from farming
- Maximum Loan Amount
 - Ownership/Improvement \$800,000
 - Operating/Working Capital \$800,000
- Interest Rate – Prime rate minus 1.00% or 7.50%, whichever is less.
Currently at 3.375%.
- Maximum Term: Ownership/Improvement loan = 40 years
 Operating loan = 10 years

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New Farmer

- Degree in agriculture from an accredited university or community college;
- Graduates from farm trainee programs designed to provide interns with the necessary hands on skills and management training to be able to successfully operate their own farm;
- Displaced from employment in an agricultural production enterprise;
- 2 or more years as a part-time farmer, farm laborer or tenant;
- Person who by reason of ability, experience and training is likely to successfully operate a farm.
- New Farmer loans are for applicants who intend to farm full-time.
- Maximum Loan Amount: \$250,000
- Interest Rate: Lower of Prime minus 1.50% or 6.00%, whichever is less. Now at 3.00%
- Maximum Term: Farm ownership/Improvement loan = 40 years
Operating loan = 10 years

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Food Manufacturing

- Entity licensed to do business in the State of Hawaii
- Majority of shareholders and directors shall possess a minimum of two years of relevant processing or manufacturing experience.
- Process Hawaii-grown agricultural products or use Hawaii-grown products as an ingredient.
- Maximum Facility loan: \$500,000. Operating loan: \$300,000
- Interest Rate: Lower of Prime minus 1.0% or 7.50%, whichever is less. Now at 3.375%.
- Maximum Term: Facility loan = 20 years Operating loan = 7 years

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Agricultural Loan Program

Renewable Farm Energy Loan

Intended to assist Qualified Farmers in reducing their dependence on fossil fuels by producing energy through sources such as photovoltaic, hydroelectric, wind, methane, biodiesel and ethanol.

Purposes:

Purchase, construct or improve essential farm buildings, improve required land, purchase necessary equipment and pay for other related costs and operating expenses. Purchase of land is not allowed.

- Must be a Qualified Farmer
- Maximum loan: 85% of project cost up to \$1,500,000
- Interest Rate: 3.0% fixed
- Maximum Term: 40 years

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- **Micro-Loans** of \$25,000 and under are available for Qualified Farmer Loans and Renewable Energy Farm Loans. This minimizes the amount of required paperwork and expedites the loan process.
- **Emergency Loans** are for Qualified Farmers only. Program allows farmers to regain a comparable level of farming that existed immediately prior to the emergency as declared by the Board of Agriculture.

Maximum loan amount: \$250,000

Term: determined on a case-by-case basis.

Interest rate: 3.0% fixed

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Participation Loan

Requested by a private lender when unable to otherwise provide sufficient funds to a borrower at reasonable rates. The Agricultural Loan Division and the lender both provide funds to “share” in a loan to a qualified farmer, new farmer or food manufacturer.

- State’s portion of the loan is not to exceed 75%.
- Lender’s interest rate not to exceed Prime/Base + 2.0%
- State’s interest rate will be the prevailing rate for the applicable loan program.
- The Lender’s portion may be guaranteed by the State.



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