



# Agricultural Loan Program

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# 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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## Agricultural Loan Program

### 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

# State of Hawaii

## Agricultural Loan Program

### 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

# State of Hawaii

## 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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## Agricultural Loan Program

- **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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## Agricultural Loan Program

### 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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