

Program Update: **3% Low Interest Loans For Ag BMPs**  
Origin: Virginia Department of Environmental Quality

8/3/06

The Virginia Department of Environmental Quality's Construction Assistance Program (DEQ - CAP) continues to accept applications from Virginia's agricultural producers for low interest loans for the installation of specific Agricultural Best Management Practices (Ag BMP's).

Qualifying agricultural producers may borrow all, or a portion of the costs associated with the installation of eligible conservation practices designed to improve water quality. A few of the practices eligible for loan funding include: animal waste storage, grazing land protection, dairy loafing lot systems, composting and stream protection. A complete listing of Ag BMPs that are eligible for loan funding is found in the *Virginia Agricultural BMP Loan Program Guidelines*.

Beginning in February of this year the Construction Assistance Program extended the Ag BMP loan eligibility to include the purchase of No-Till drills / planters. The eligibility requirements are the same as with the other 22 Ag BMP's currently available through the loan program. Loan funding can be used to purchase new or used / refurbished No-Till equipment. Purchase of the equipment must be made through a dealership. Like the program's previous loan-eligible practices, a satisfactory credit review and Conservation Plan are required.

Currently, there is no cap or limit on the amount that an applicant may borrow through the Virginia Ag BMP Loan Program, however, loan funds are limited to the eligible cost associated with the practice. A minimum long-term loan of \$5,000 is required in order to take advantage of the 3% interest rate that is associated with the loan.

Eligible practice costs are those expenses incurred for materials, services and labor necessary to complete the components of the practice. In-kind labor, farm equipment, and on-hand materials provided by the applicant are not considered as eligible practice expenses under the loan program.

Unlike most traditional agricultural cost-share programs, loan funds are provided to cover up-front expenses associated with project installation. In a case where a loan recipient receives cost-share assistance once the project (or a component of the project) is completed, those cost-share funds are used to reduce the loan amount.

A simple pre-application for Ag BMP loan funding is included in the Virginia Agricultural BMP Loan Program Guidelines. Copies of the Guidelines are available at local Soil and Water Conservation Districts, Farm Credit and DEQ offices throughout the state.

The Agricultural BMP Loan Program offers an alternative funding source for agricultural producers in Virginia.

If you would like to receive a copy of the Ag BMP Loan Guidelines and pre-application, or if you have specific questions about practice eligibility, contact the DEQ - Construction Assistance Office in Richmond at (804) 698-4243, or the Harrisonburg DEQ Office at (540) 574-7891. Internet users can log on to: [www.deq.virginia.gov/cap/aghome.html](http://www.deq.virginia.gov/cap/aghome.html)