

STATE OF UTAH  
AGRICULTURE RESOURCE DEVELOPMENT LOAN PROGRAM  
(ARDL)

ADDENDUM FOR EMERGENCY DISASTER RELIEF (EDR) TO  
POLICIES AND GUIDELINES

Administered by  
Utah Conservation Commission  
Through the  
Utah Department of Agriculture and Food  
350 North Redwood Road  
PO Box 146500  
Salt Lake City, Utah 84114-6500

8/27/2021

# ADDENDUM

In addition to ARDL Policy and Guidelines, the following addendum policy reflects additional policies set forth solely for the Emergency Disaster Relief Program.

**AS AUTHORIZED BY Subsection 4-18-106 (3(g)) we are initiating this Emergency Disaster Relief Loan Program policy as an addendum to the Policy and Guidelines approved 04/23/2019.**

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## PART 1

### PROGRAM OBJECTIVES

- A. The purpose of this program is to provide loan funds for Emergency Disaster Relief (EDR) for acceptable uses due to unusual and extraordinary circumstances such as flood, drought, or other natural disasters, as declared by authorized federal, state, or county partners, including the Governor’s Office.
- A. *Eligible Activities.* Eligible activities will be determined under Part 2 of this addendum and include allowing practices that would otherwise be prohibited under traditional ARDL loans in an effort to help producers recover from production and physical losses due to declared disasters.
- B. The use of ARDL loans to “mitigate damages to agriculture as a result of flooding, droughts, wildfire, or other natural disasters” also consistent with Subsection R64-1(3(1)).
- C. This program is only available to Utah agricultural producers.
- D. Emergency Disaster project improvements shall be located on lands within the borders of the State of Utah. Loan security must be within the State of Utah on secured loans.

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## PART 2

### LOSSES ELIGIBLE FOR PROGRAM

- A. General descriptions of eligible conditions can be found in Part 10 of this addendum.
- B. A detailed list of losses eligible for funding under the EDR program will be established at the time a disaster is declared. Reasonable costs of engineering/design may be included as part of the cost of the applicant’s plan for the use of loan funds.
- C. Loss approval may be requested and will require the applicant to prepare and submit a description of the loss, appropriate limits or extent of loan fund assistance requested, and justification of the need associated with the loss to the Utah Conservation Commission (the Commission) for approval.
- D. Each disaster declared may involve different losses and parameters. If there is a need to establish a new loss and specifications, they shall be submitted to the Commission for approval.

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### PART 3

## RESPONSIBILITY TO FOLLOW CURRENT LAW

- A. Cultural Resources Preservation.  
All loan recipients are required to follow all state and federal laws, rules, and regulations. Including Section 9-8-404 of Utah Code State Historic Preservation Office requirements.

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### PART 4

## LOAN APPLICATION POLICY

- A. Loan requests will be accepted and processed from eligible applicants regardless of race, age, sex, creed, color, religion, or national origin.
- B. A request for a loan must be in writing on the Emergency Disaster Application Form (a copy of which is included at the end of this addendum).
- C. A request for a loan may be filed during the designated disaster relief application period, as approved by the Commission upon recommendation of authorized federal, state, and county partners, including the Governor's Office.

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### PART 5

## APPLICATION PROCEDURE AND LOAN APPROVAL

- A. Any person or agriculture producer desiring to participate in the Emergency Disaster Relief program must submit a complete application to Utah Department of Agriculture and Food (UDAF) by mail or email. If available, UDAF may assist in the preparation of the application.
- B. The application must be completely filled out and signed.
- C. *Maximum Loan Limit:* Total borrowing will be determined at the time of the disaster as designated and approved by the Commission.
- D. All loans will be approved through the Commission.
- E. Upon approval, Commission staff will prepare loan documents. When all necessary loan documents are executed and returned to staff, the Commissioner or designee will make the final obligation of funds by signing the Contract Agreement.

- F. Costs may be reimbursed from loan proceeds for loan closing, including escrow fees, title insurance, recording fees, and appraisal costs when necessary.



## PART 6

### IMPLEMENTATION OF AGREED TO LOSSES

- A. The borrower will submit all signed invoices and bills to the Commission staff for complete disbursement of loan funds.
- B. The ARDL program coordinator or designee will approve all disbursements and prepared warrant (check) request(s), directing the Division of Finance to prepare each warrant payable to both the borrower and any applicable vendor/contractor and mail it to the borrower. If the borrower is satisfied with vendor/contractor's services, they will endorse the warrant and submit it for payment to the vendor/contractor. If the borrower has already paid the invoice and submits proof of payment, warrant can be payable to the borrower only.
- C. The borrower may draw loan funds as work is completed or invoices paid can be submitted for payment.
- D. Loan disbursement must be completed within six months of loan closing or as determined by the disaster and approved by the Commission.



## PART 7

### LOAN STRUCTURE AND SECURITY POLICY

- A. Repayment and loan structure will be detailed separately for each disaster and included with the eligible disaster list in Part 10 and will be written in the loan agreement and promissory note, as well as provided as part of the loan application. These parameters will include rate, term, interest, maximum loan amount, and whether the loans are secured or unsecured. To facilitate lending, Emergency Disaster Relief lending can follow Part 12 B of Policies and Guidelines approved 4/23/2019 for secured loans.
- B. All loans will be fully amortized with payments due at least annually. Interest will be fixed as determined and approved by the Commission. One month before payment is due, the Commission staff will send out an account statement for billing.
- C. These procedures will be reviewed at least annually and amended as needed to meet the needs of the EDR program.
- D. The Commission may approve an administration fee at their discretion as determined necessary.



## PART 8

### REPORTING ACCOUNTABILITY

- A. Commission staff will prepare an annual report covering loan activity and utilization of funds.

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## PART 9

### CREDIT GUIDELINES AND COLLECTION POLICY

- A. To facilitate lending on EDR loans, lending of secured loans shall follow Part 15 of Policies and Guidelines approved 4/23/2019 determined by UDAF and approved by the Commission.
- B. Lending of unsecured loans may not need to follow Part 15 of Policies and Guidelines approved 4/23/2019 determined by UDAF and approved by the Commission.
- C. Collection Policy. The following procedures will be followed on delinquent loans:
  - a. 30 Days Past Due: If payment has not been received within 30 days after due date, a delinquent notice reflecting the amount due, including penalty, will be sent to the borrower.
  - b. 60 Days Past Due: If payment has not been received within 60 days after due date, a second delinquent notice will be sent out. Personal contact will also be made by the Commission staff with the borrower during this time period to try to collect the payment. The Conservation District involved with the project may also be notified.
  - c. 90 Days Past Due: If payment has not been received within 90 days after due date, a third delinquent notice will be sent out. This notice may also advise the borrower that payment must be made, or other satisfactory arrangements made with the Commission staff within 30 days or the account will be assigned to our Agency Counsel for appropriate action. Attempts to make personal contact by Commission staff will be made during this period of time to try to collect the payment or make acceptable arrangements with the borrower.
  - d. 120 to 180 Days Past Due: Commission staff will work with the borrower to make satisfactory arrangements for payment of past due amounts. This may include modifying of the terms of the original contract to meet the borrower's ability to perform on the obligation. Taking additional or substitute collateral if the lender is deemed insecure, or any other appropriate actions to provide service for the borrower and protect against loss should be done. As a last resort, if it appears that the borrower will be unable to pay the loan, the account will be assigned to the Attorney General's office for collection and foreclosure proceedings. These actions would be at the discretion of the Loan Program Coordinator. In the case of an unsecured loan under this program, borrowers that are in default will not be eligible to apply for funding under any of UDAF's loan programs.

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# PART 10

## EMERGENCY PRACTICES

The following are conditions are eligible for Emergency Disaster assistance. These conditions allow activities that would otherwise be prohibited under the ARDL program to help producers recover from production and physical losses due to declared disasters. Other emergency conditions will be handled through special consideration by the Commission. If applicable, these conditions will be provided to applicants as part of the loan application.

General Emergency circumstances include, but are not limited to:

- a) Earthquakes
- b) Floods
- c) Drought
- d) Wildfire
- e) Other natural disasters

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