



## OWEN AND ELLEN LOVE FAMILY FARMLAND PROTECTION FUND

**Background:** In 1995 through the generosity of Owen and Ellen Love, American Farmland Trust (AFT) acquired a 660-acre farm in Climax, Michigan. In February, 2010, the farm was sold, subject to a conservation easement held by AFT, to two young brothers who will continue to operate the farm for grain production. In accordance with the Loves' wishes, the proceeds from the sale of the farm have been set aside in the Owen and Ellen Love Family Farmland Protection Fund at AFT to be used to assist in the permanent protection of other farmland in the state of Michigan.

**The Fund:** Beginning in January, 2011, American Farmland Trust will make the Owen and Ellen Love Family Farmland Protection Fund (the "Fund") available on a revolving loan basis to Michigan local units of government and land trusts. An eligible local unit of government must meet the requirements set forth in Section 324.36203(2) of Act 451 of 1994, the Natural Resources and Environmental Protection Act. An eligible land trust must be a qualified 501(c)(3) corporation incorporated in Michigan that, at a minimum, has adopted the Land Trust Alliance's Standards and Practices, and can demonstrate through its mission and past projects that the protection of agricultural land for future active agricultural use is a primary objective of the organization. The Fund is intended to bridge a time gap between an opportunity to protect farmland and the availability of other public or private funding to purchase land in fee or an agricultural conservation easement.

**The Process:** AFT will accept proposals throughout the year using the attached application form. An electronic, interactive version of the application is available upon request. To apply, mail a completed application and all required attachments to American Farmland Trust c/o Robert Wagner, 1 Short Street, Northampton, MA 01060. In addition, email an Adobe pdf of the application to Robert Wagner at [bwagner@farmland.org](mailto:bwagner@farmland.org).

**Eligible Projects:** The primary objective of the fund is to support projects that protect the viability and productive use of agricultural land. Thus, the Fund is limited to projects that will permanently protect farmland that is both currently in active agricultural use and intended to remain in active agricultural use. Other natural resource and public values of the project will be considered on a case-by-case basis.

All projects must be consistent with any applicable, local comprehensive land use plan. If the applicant intends to utilize public funds, such as the Michigan Agricultural Preservation Fund or the USDA Farm and Ranch Lands Protection Fund, to reimburse the Fund, then it must demonstrate that the project meets the qualifications and criteria of the applicable reimbursement

funding source and that the necessary steps have been taken to apply to and to receive such a determination from the reimbursement funding source.

**Stipulations on Use of the Fund:** The final decision on the use of the Fund for any project rests with American Farmland Trust's Board of Directors. The Fund may only be used to cover the cost of a permanent agricultural conservation easement on or fee title to eligible farmland. The Fund may not be used for staff or transaction expenses or stewardship responsibilities related to a project. AFT reserves the right to review the easement language for any project utilizing the Fund. AFT will look for the easement to cite applicable federal, state and local laws; contain a clearly stated conservation purpose; contain a statement indicating that the easement is perpetual; describe the agricultural resource being protected; recognize the changing nature of agriculture; and not unduly restrict agricultural practices, products and buildings. Additional appropriate conditions and restrictions may be required by AFT to ensure proper use of the Fund in a project.

**Terms of Loans from the Fund:** Funds from the Fund are provided on a loan basis. The Fund may not at any given time have outstanding commitments in excess of \$2.5 million. The terms of these loans are flexible, and will be subject to negotiation with each prospective borrower. Generally, loans will be made on the following terms:

**Loan-to-value ratios:** Loans shall not exceed the value of real property interests acquired with the loan proceeds.

**Interest:** Loans will bear interest at a fixed annual rate two percentage points above the 1- year London Interbank Offered Rate (LIBOR) in effect on the date of the loan.

**Points:** Borrowers will pay an amount equal to one percent of the principal amount of the loan to AFT to cover AFT's expenses in connection with the loan transaction.

**Term:** The term of each loan will not exceed three years; preference will be given to loans of shorter durations.

**Security:** Loans will be recourse to the borrower. Where the borrower uses the loan proceeds to acquire fee title to a property, the loan will be secured by a mortgage. Alternate security (including, but not limited to, personal guarantees) may be sought when the loan proceeds are used to acquire less-than-fee interests.

**Title Insurance:** If a mortgage is involved, the borrower will provide title insurance insuring AFT's interest as mortgagee

**Inquiries:** Direct all inquiries or questions on the use of the Fund to Robert Wagner, Herrick Mill, 1 Short Street, Northampton, MA 01060, 413-586-9330, Ext. 12, [bwagner@farmland.org](mailto:bwagner@farmland.org).