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Summary: Young Farmer Loan Program

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**VERSIONS OF THIS BILL**

[12/05/2024](https://www.scstatehouse.gov/sess126_2025-2026/prever/3183_20241205.docx)

A bill

TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY ADDING SECTION 48‑59‑160 SO AS TO ESTABLISH THE “YOUNG FARMER LOAN PROGRAM” UNDER THE SOUTH CAROLINA CONSERVATION BANK ACT; AND BY AMENDING SECTION 48‑59‑50, RELATING TO BANK POWERS AND DUTIES OF THE SOUTH CAROLINA CONSERVATION BANK, SO AS TO PROVIDE THE BANK SHALL ADMINISTER THE “YOUNG FARMER LOAN PROGRAM.”

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Chapter 59, Title 48 of the S.C. Code is amended by adding:

Section 48‑59‑160. (A) Notwithstanding any other provision of this chapter or law to the contrary, the South Carolina Conservation Bank shall establish, operate, and administer the “Young Farmer Loan Program” pursuant to the provisions contained in this section.

(B) To be eligible for a loan, a person must submit a loan application to the Department of Agriculture. At the time of submitting the loan application the person must:

(1) be at least eighteen years of age and no older than forty years of age;

(2) have at least three years of farming or agriculturally related activity experience;

(3) have a net worth of no more than $300,000;

(4) be required to take title to the farmland in an individual name;

(5) have farmland subject to the purchase that contains at least fifteen tillable acres;

(6) not own or have an ownership interest in more than twice the tillable acres of farmland than the amount of tillable acres subject to purchases with loan monies;

(7) purchase farmland located in this State;

(8) be a resident of this State;

(9) purchase farmland that may be comprised of a combination of tillable acres, forestlands, or wetlands; provided, however, that the farmland property is zoned for agricultural usage;

(10) purchase farmland that is not subject to an existing preservation easement, conservation easement, or similar limitation which restricts residential or commercial development; and

(11) contractually commit that he will be actively engaged in agricultural usage of the purchased farmland during the term of the loan.

(C) The Department of Agriculture shall transfer all loan applications it receives to the bank for review and approval.

(1) The bank shall adopt a loan application form requesting information from the loan applicant which includes, but is not limited to, information regarding loan eligibility.

(2) The following requirements and conditions shall apply to loans provided by the bank:

(a) the maximum total amount of loans provided to an individual recipient shall not exceed $500,000;

(b) the maximum loan amount for any loan shall not exceed seventy percent of the appraised easement value of the farmland property which is being purchased and subject to perpetual preservation easement;

(c) a condition of the loan is that the eligible farmland being acquired is to be subjected at closing to a permanent preservation easement in the form determined by the bank, the easement to have priority status and not be subject to subordination; and

(d) the loans provided by the bank shall be secured by Notes and Mortgages which allows for the following conditions:

(i) the Notes and Mortgages will be subordinated to other loans provided for the purchase, in whole or in part, of the eligible farmlands; provided, however, that the perpetual preservation easement placed on the eligible farmland property at the time of settlement shall not be subordinated;

(ii) the Notes and Mortgages shall bear no interest and the payback may be structured for final payback within thirty years, with initial payments to begin after the primary commercial or other financing for the purchase of the farmland property is satisfied or released; and

(iii) the Notes and Mortgages shall contain a requirement for payment in full of the balance of the loan upon the sale or transfer of the secured farmland property; provided, however, the bank shall have the discretion to allow for assumption of the loan by the transferee under such terms and conditions deemed advisable, provided the transferee satisfies the loan eligibility requirements set forth in this subsection.

(3) Loans shall be limited to the purchase of farmland and farmland improvements only. Portions of the property subject to purchase which are used or proposed for use for residential purposes shall not be eligible for loans.

(4) The approval of loans by the bank under this subsection is purely a discretionary function and the bank shall be under no obligation to provide a loan to any applicant.

(D) The preservation easements provided as a condition for receiving a loan under this section shall include, but not be limited to, the following conditions:

(1) the preservation easement binds and runs with the farmland in perpetuity;

(2) no residential use is allowed on the farmland subject to the preservation easement;

(3) farming and related uses shall be allowed; and

(4) the preservation easements acquired under this section shall not be affected by the payment status of the loan.

(E) In carrying out the responsibilities of administering the loan program the bank may:

(1) adopt an application and other forms for processing applications and closing loan transactions;

(2) establish a prequalification system for potential loan applicants;

(3) establish schedules and timelines for processing applications and making loan decisions;

(4) require the submission by applicants of a farm plan which includes a loan repayment plan;

(5) provide assurances to commercial or other lenders regarding willingness to subordinate foundation loans to commercial or other loans needed to acquire farmland;

(6) structure and restructure the payment provisions of loans, provided, however, that payments due the bank under any loan shall not be forgiven in whole or in part;

(7) have appraisals performed under an appraisal methodology approved by the bank to determine the fair market value and preservation easement value of loan‑eligible farmland property;

(8) develop selection criteria for approving loans involving competing applicants, with emphasis on selecting on a priority basis the loan applicant or applicants who request a loan with the lowest percentage value of the appraised preservation easement value of the eligible farmland;

(9) subordinate bank loans to commercial financing provided to support farming operations conducted on the purchased farmland;

(10) cooperate with commercial lenders and others providing financing for the purchase of eligible farmlands to facilitate the successful completion of purchase transactions; and

(11) establish a system for annual reporting by loan recipients to assure that the loan recipients are actively engaged in agricultural usage of the acquired farmlands.

(F) The bank shall be entitled to advertise and promote the loan program, and create public awareness of the agricultural land preservation, open‑space and environmental benefits which the program provides.

(G) The bank shall promulgate regulations and adopt rules of practice and procedure for administering the loan program.

SECTION 2. Section 48‑59‑50(A) of the S.C. Code is amended to read:

(A) The bank is established and authorized to:

(1) award grants to eligible trust fund recipients for the purchase of interests in land, so long as the grants advance the purposes of this chapter and meet criteria contained in Section 48‑59‑70;

(2) make loans to eligible trust fund recipients for the purchase of interests in land, at no interest or at an interest rate determined by the board, and under terms determined by the board, so long as the loans advance the purposes of this chapter and meet criteria contained in Section 48‑59‑70;

(3) apply for and receive additional funding for the trust fund from federal, private, and other sources, to be used as provided in this chapter;

(4) receive charitable contributions and donations to the trust fund, to be used as provided in this chapter;

(5) receive contributions to the trust fund in satisfaction of any public or private obligation for environmental mitigation or habitat conservation, whether such obligation arises out of law, equity, contract, regulation, administrative proceeding, or judicial proceeding. Such contributions must be used as provided for in this chapter;

(6) exercise its discretion in determining what portion of trust funds shall be expended, awarded, or loaned in any particular year, and what portion of trust funds shall remain in the trust fund from one fiscal year to the next. Funds within the trust fund shall be invested or deposited into interest‑bearing instruments or accounts, with the interest accruing and credited to the fund; and

(7) when requested, collaborate and advise on mitigation efforts between state agencies and other parties to help ensure that mitigation efforts are consistent with the purposes set forth in this chapter; and

(8) establish, operate, and administer the “Young Farmer Loan Program” contained in Section 48‑59‑160.

SECTION 3. This act takes effect upon approval by the Governor.

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