

**State of Utah**  
**Administrative Rule Analysis**  
Revised May 2025

**NOTICE OF SUBSTANTIVE CHANGE**

**TYPE OF FILING:** Amendment

**Rule or section number:**

**R51-5**

**Filing ID: OFFICE USE ONLY**

**Date of previous publication (only for CPRs):**

Click or tap to enter a date.

**Agency Information**

1. Title catchline:		Agriculture and Food, Administration
Building:		TSOB South Bldg., Floor 2
Street address:		4315 S 2700 W
City, state:		Taylorsville, UT
Mailing address:		PO Box 146500
City, state, and zip:		Salt Lake City, UT 84114-6500
Contact persons:		
Name:	Phone:	Email:
Amber Brown	385-245-5222	<a href="mailto:ambermbrown@utah.gov">ambermbrown@utah.gov</a>
Camille Knudson	801-597-6010	<a href="mailto:camillek@utah.gov">camillek@utah.gov</a>
Jim Bowcutt	435-232-4017	<a href="mailto:jdbowcutt@utah.gov">jdbowcutt@utah.gov</a>

**Please address questions regarding information on this notice to the persons listed above.**

**General Information**

<b>2. Rule or section catchline:</b>	
R51-5. Rural Rehabilitation Loans.	
<b>3. Are any changes in this filing because of state legislative action?</b>	Changes are not because of legislative action.
<b>If yes, any bill number and session:</b>	HB 1 (2025 General Session), SB 25 (2024 3rd Special Session)
<b>4. Purpose of the new rule or reason for the change:</b>	
The department is amending this rule to align with the standards in the Utah Rulewriting Manual and to reduce redundancy with statute.	
<b>5. Summary of the new rule or change:</b>	
The key changes in this amendment include updating the references to "loan staff" to "department" for consistency and removing or rewriting redundant definitions that duplicate information found in statute. Additionally, certain subsections were removed from Section r51-5-3 due to redundancy. Overall, the changes are technical and structural, focusing on improving clarity and conciseness by converting passive voice to active voice, eliminating vague qualifiers, and reorganizing line structure.	

**Fiscal Information**

<b>6. Provide an estimate and written explanation of the aggregate anticipated cost or savings to:</b>	
<b>A. State budget:</b>	
This amendment will not have an impact on the state's budget because the requirements are not changing.	
<b>B. Local governments:</b>	
This amendment will not have an impact on the local government's budget because it does not participate in or administer the program.	
<b>C. Small businesses</b> ("small business" means a business employing 1-49 persons):	
This amendment will not have an impact on a small business's budget because the requirements are not changing.	
<b>D. Non-small businesses</b> ("non-small business" means a business employing 50 or more persons):	
This amendment will not have an impact on a non-small business's budget because the requirements are not changing.	

**E. Persons other than small businesses, non-small businesses, state, or local government entities** ("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an **agency**):

This amendment will not have an impact on a person's budget because the program requirements are not changing.

**F. Compliance costs for affected persons:**

The compliance costs are not changing.

**G. Regulatory Impact Summary Table** (This table includes only fiscal impacts the agency was able to measure. If the agency could not estimate an impact, it is excluded from this table but described in boxes A through F.)

Regulatory Impact Summary Table					
Fiscal Cost	FY2026	FY2027	FY2028	FY2029	FY2030
State Budget	\$0	\$0	\$0	\$0	\$0
Local Governments	\$0	\$0	\$0	\$0	\$0
Small Businesses	\$0	\$0	\$0	\$0	\$0
Non-Small Businesses	\$0	\$0	\$0	\$0	\$0
Other Persons	\$0	\$0	\$0	\$0	\$0
<b>Total Fiscal Cost</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Fiscal Benefits	FY2026	FY2027	FY2028	FY2029	FY2030
State Budget	\$0	\$0	\$0	\$0	\$0
Local Governments	\$0	\$0	\$0	\$0	\$0
Small Businesses	\$0	\$0	\$0	\$0	\$0
Non-Small Businesses	\$0	\$0	\$0	\$0	\$0
Other Persons	\$0	\$0	\$0	\$0	\$0
<b>Total Fiscal Benefits</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Net Fiscal Benefits</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**H. Department head comments on fiscal impact and approval of regulatory impact analysis:**

The Commissioner of the Department of Agriculture and Food, Kelly Pehrson, has reviewed and approved this regulatory impact analysis.

**Citation Information**

**7. Provide citations to the statutory authority for the rule. If there is also a federal requirement for the rule, provide a citation to that requirement:**

Subsection 4-2-103(1)(i)	Section 4-19-103	

**Incorporation by Reference Information**

**8. Incorporation by Reference** (if this rule incorporates more than two items by reference, please include additional tables):

**A. This rule adds or updates the following title of material incorporated by reference** (a copy of the material incorporated by reference must be submitted to the Office of Administrative Rules. *If none, leave blank*):

<b>Official Title of Materials Incorporated</b> (from title page)	
<b>Publisher</b>	
<b>Issue Date</b>	
<b>Issue or Version</b>	

**B. This rule adds or updates the following title of material incorporated by reference** (a copy of the material incorporated by reference must be submitted to the Office of Administrative Rules. *If none, leave blank*):

<b>Official Title of Materials Incorporated</b> (from title page)	
<b>Publisher</b>	

<b>Issue Date</b>	
<b>Issue or Version</b>	

#### Public Notice Information

<b>9. The public may submit written or oral comments to the agency identified in box 1.</b>		
<b>A. Comments will be accepted until:</b>		02/02/2026
<b>B. A public hearing (optional) will be held</b> (The public may request a hearing by submitting a written request to the agency, as outlined in Section 63G-3-302 and Rule R15-1.):		
<b>Date:</b>	<b>Time (hh:mm AM/PM):</b>	<b>Place (physical address or URL):</b>
Click or tap to enter a date.		
<b>To the agency:</b> If more than one hearing is planned to take place, continue to add rows.		

<b>10. This rule change MAY become effective on:</b>	02/09/2026
NOTE: The date above is the date the agency anticipates making the rule or its changes effective. It is NOT the effective date.	

#### Agency Authorization Information

<b>To the agency:</b> Information requested on this form is required by Sections 63G-3-301, 63G-3-302, 63G-3-303, and 63G-3-402. The office may return incomplete forms to the agency, possibly delaying publication in the <i>Utah State Bulletin</i> and delaying the first possible effective date.			
<b>Agency head or designee and title:</b>	Commissioner, Kelly Pehrson	<b>Date:</b>	12/03/2025

### R51. Agriculture and Food, Administration.

#### R51-5. Rural Rehabilitation Loans.

##### R51-5-1. Authority.

Pursuant to Section 4-19-10~~[4]~~<sup>3</sup> and Subsection 4-2-103(1)(i), this rule establishes the general operating practices by which the Rural Rehabilitation Loan program shall function.

##### R51-5-2. Definitions.

(1) "Agricultural Advisory Board" means ~~[a twenty-one member board appointed by the Commissioner of Agriculture to advise the Commissioner regarding the planning, implementation, and administration of the Department of Agriculture and Food's programs as authorized by the board created in Section 4-2-108.]~~

~~[(2) "Board" means the Agricultural Advisory Board.]~~

~~[(3)2] "Borrower" or "Applicant" means a person applying to or borrowing Rural Rehabilitation federal or state funds.~~

~~[(4) "Commissioner" means the Commissioner of the Utah Department of Agriculture and Food, who is responsible for the conduct and administration of the Rural Rehabilitation Loan Program within the state in accordance with the Use Agreement entered into in January 1975.]~~

~~[(5) "Department" means the Utah Department of Agriculture and Food.]~~

~~[(6)3] "Executive Committee" means a committee consisting of members of the Board that is organized under Subsection 4-2-108(9). [and is tasked with approval of Rural Rehabilitation Loans. Pursuant to Subsection 4-19-104(5), the Executive Committee may create a Subcommittee from Board membership to approve a loan or renewal.]~~

##### R51-5-3. Rural Rehabilitation Loan Program Operation.

~~[(1) The program is available to any entity allowed under the January 1975 use agreement between the department and the United States Farm Home Administration or state or federal law, including individual farmers and ranchers or agricultural cooperatives, corporations, or other entities that directly or indirectly provide assistance to farmers or members of their families.]~~

~~[(2)1] Pursuant to Section 4-19-102, an eligible entity or individual may apply for a loan or a grant [Borrowers may] to use [funds] for any purpose allowed under the January 1975 use agreement between the department and the United States Farm Home Administration, including for one or more of the following Rural Rehabilitation purposes:~~

- (a) loans, such as:
  - (i) real estate loans;
  - (ii) farm operating loans;
  - (iii) youth loans;
  - (iv) education loans; or
  - (v) loans for irrigation and water conservation projects;
- (b) grants, such as youth and education grants;
- (c) reserve funds; and
- (d) other rural rehabilitation purposes.

~~[(3)2] Borrowers may use loans for the purchase of land within the borders of Utah, and any collateral or security for a loan must be located within Utah.~~

~~[(4)3] The department may use a portion of program funds for:~~

- (a) costs of administration;
- (b) protection of the assets; and

(c) temporary investments, annual reports, implementing agreements, and other allowed uses under Title 4, Chapter 19, Rural Rehabilitation.

~~[(5)4] The [department may not make a loan authorized under Title 4, Chapter 19, Rural Rehabilitation, for a period to exceed 10 years. Loans are renewable. A] Executive Committee shall set a limitation on total borrowings by any one entity [shall be set] in policy [approved by the Executive Committee].~~

~~[(6) To protect its interest in a defaulting loan, the Board may use either appropriated or repayment monies to purchase or otherwise obtain property in which the Board has acquired a security interest by any mortgage, trust deed, pledge, assignment, judgment, or other means at any execution, bankruptcy, or foreclosure sale.~~

~~[(7) The Board may operate or lease, if necessary to protect an investment, any property in which it has an interest, or sell or otherwise dispose of such property to recover loaned funds.]~~

~~[(8)5] [The department, through] With approval from the Executive Committee [or Board] and in conjunction with the Commissioner, the department may adopt additional policies and procedures as necessary to carry out the purposes of the Rural Rehabilitation Loan program. These policies and procedures may be in addition to those outlined in this rule.~~

#### **R51-5-4. Loan Application.**

(1) The department shall accept and process loan requests from eligible applicants regardless of race, age, sex, creed, color, religion, national origin, or on any other basis prohibited by law.

(2) An applicant shall request a loan in writing on the forms provided by the department.

(3) The Executive Committee requires a minimum of 90 days to process, approve, and close a loan.

(4) An applicant may request a loan at any time during the ~~[program]~~ year.

(5) Approval of a loan shall be subject to the availability of funds. ~~The [D] department [loan staff]~~ shall impartially consider each loan application based on the ~~[basis of]~~ program objectives and priorities ~~[set in place and]~~ approved by the Executive Committee and Board.

(6) ~~The department encourages [A] applicants [are encouraged]~~ to apply for available federal funds, such as from the United States Department of Agriculture Farm Service Agency, or other cost-share assistance.

#### **R51-5-5. Application Procedure.**

(1) Any person or group of persons, or entity, who desires to participate in the Rural Rehabilitation Loan program shall apply to the department ~~[through the staff of the agriculture loan department].~~

(2) ~~The department shall provide [A] any person who contacts the department to express interest in the program, [shall be given]~~ an applicant information page that lists the information required ~~[-] in the application.~~

(3) The applicant shall include ~~[the] all~~ required information, including any necessary personal information, in ~~[a one page] the application [letter, including any necessary personal information].~~

~~[(4) The applicant shall send the completed application directly to the agriculture loan department either by email or regular mail.]~~

~~[(5)4] If necessary, [loan staff] the department shall contact the applicant and provide further information about the policies and procedures [that shall be followed in order for the loan application to be approved by] for the Executive Committee [the Board] to consider the loan application for approval. [This conversation and] Contact or any other actions by the [loan staff] department does not guarantee loan approval.~~

#### **R51-5-6. Loan Review.**

(1) ~~[Loan staff]~~ The department shall:

~~(a) review and discuss the application and required documentation with the applicant or the applicant's representative; and [- Loan staff shall shall]~~

~~(b) conduct a policy compliance review, credit analysis, and underwriting before presenting a written loan proposal to the Executive Committee for approval.~~

(2) The Executive Committee shall make decisions concerning the use of loan program funds, and shall consider the recommendation of the Commissioner and the department ~~[- loan staff].~~

(3) The Board shall ensure, to the best of its ability, that available Rural Rehabilitation Loan funds are made available in accordance with this rule and state and federal laws. If there are insufficient funds to fund each loan application, the department shall distribute funds ~~[shall be distributed]~~ based on the date the complete application is received, in sequential order.

(4) The Executive Committee shall approve loans by majority vote.

(5) The Executive Committee shall report approved loans to the Board.

#### **R51-5-7. Loan Closing.**

(1) After the Executive Committee approval, [T] the Commissioner shall sign loans [that have been approved by the Executive Committee] and make the final obligation of funds by signing the Rural Rehabilitation Obligation to Purchase form.

(2) ~~[Loan staff] The department~~ shall prepare loan documents and an instruction letter for the title company closing ~~[z]~~, including a signed warrant request to disburse funds.

(3) The borrower may proceed with the closing at the title company.

(4) Neither the state, the department, nor the Board has ~~has~~ any obligation to disburse funds before the completion of the procedures described in Rule R51-5.

(5) The borrower shall be required to cover pay any costs incurred for loan closing, including:

(a) escrow fees; ~~[z]~~

(b) title insurance; ~~[z]~~

(c) recording fees; ~~[z]~~ and

(d) appraisal, when necessary.

#### **R51-5-8. Collections.**

(1) Collection Policy. The department shall follow the following procedures on delinquent loans:

(a) 30 Days Past Due: If the department does not receive payment within 30 days after the due date, the department shall send a delinquent notice reflecting the amount due, including a penalty ~~[shall be sent]~~ to the borrower.

(b) 60 Days Past Due: If the department does not receive payment within 60 days after the due date, the department shall send a second delinquent notice ~~[shall be sent]~~ to the borrower. ~~[Loan staff]~~ The department shall also make or attempt to make personal contact with the borrower during this time period to try to collect the payment.

(c) 90 Days Past Due: If the department does not receive payment within 90 days after the due date, the department shall send a third delinquent notice ~~[shall be sent]~~ to the borrower. This notice may also advise the borrower that payment shall be made, or other satisfactory arrangements made with ~~[loan staff]~~ the department within 30 days, or the account shall be assigned to the Attorney General's Office for appropriate action. ~~[Loan staff]~~ The department shall attempt to make personal contact during this period to try to collect the payment or make acceptable arrangements with the borrower.

(d) 120 to 180 Days Past Due: ~~[Loan staff]~~ The department shall work with the borrower to make satisfactory arrangements for payment of past due amounts. This may include:

- (i) modifying ~~[of]~~ the terms of the original contract to meet the borrower's ability to perform on the obligation;
- (ii) taking additional or substitute collateral if the lender is deemed insecure; or
- (iii) any other appropriate actions to provide service for the borrower and protect against loss.

(e) If it appears that the borrower shall be unable to pay the loan, refuses to communicate or cooperate with the department ~~[or loan staff]~~, or fails to cure the delinquency, the account shall be assigned to the Attorney General's Office for collection and foreclosure proceedings.

(f) These actions are at the discretion of the ~~[loan staff]~~ department in consultation with the Commissioner or the Commissioner's designee, and the Attorney General's Office.

(2) Notwithstanding the procedures set in Subsection R51-5-8(1), at any time, the ~~[loan staff]~~ department, with approval from the Commissioner or the Commissioner's designee, may consult with the Attorney General's Office on behalf of the department to protect the state's interest in any pledged security or collateral on a loan or to protect its interest in any property, real or otherwise.

(3) Notwithstanding the procedures set in Subsection R51-5-8(1), the state or the department may, at any time, pursue any legal or equitable remedy allowed under state or federal law to protect its interest in any pledged security or collateral on a loan or to protect its interest in any property, real or otherwise.

**KEY: Rural Rehabilitation Loans, loans, grants, program operations, agriculture funding**

**Date of Last Change: February 1, 2022**

**Notice of Continuation: March 7, 2023**

**Authorizing, and Implemented or Interpreted Law: 4-19-103; 4-2-103(i); 4-19-102**