

FARM SERVICE AGENCY



United States Department of Agriculture
Farm Service Agency



Your Guide to FSA Farm Loans

FSA?



The Farm Service Agency (FSA), is an agency within the United States Department of Agriculture (USDA).

FSA's Farm Loan Programs (FLP) provide temporary credit to agricultural producers who are unable to obtain private, commercial credit. FSA places special emphasis on providing loans to beginning, minority and women farmers and ranchers.

Goal of FSA's loan programs is to graduate the borrowers to commercial credit.

Intro to FSA Loan Programs

- If you are a farmer or rancher who is unable to obtain credit from another lender to start, purchase, sustain, or expand your family farm you may be able to get a loan through FSA's Farm Loan Programs.
- FSA has different types of loans depending on your current situation and what you need the loan for.

Guaranteed Loans



- ❧ Commercial lender
 - ❧ EZ Guarantee
 - ❧ Farm Ownership
 - ❧ Operating

Guaranteed Loans

TYPE OF LOAN	MAXIMUM LOAN AMT	RATES AND TERMS
EZ Guarantee	\$100,000	Same as guaranteed farm ownership and guaranteed operating.
Farm Ownership	\$2,236,000 – adjusted annually for inflation.	<ul style="list-style-type: none">• Term: Up to 40 years• Rate: Determined by lender.
Farm Operating	\$2,236,000 – adjusted annually for inflation.	<ul style="list-style-type: none">• Term: 1-7 years• Rate: Determined by lender.

Direct Loans



- œ FSA is the lender
 - œ Farm Ownership
 - œ Operating
 - œ Microloans (Farm Ownership and Operating)
 - œ Emergency

Direct Loans –Farm Ownership

Type of Loan	Maximum Loan Amount	Rates and Terms
Farm Ownership	\$600,000	<ul style="list-style-type: none"> • Term: Up to 40 years • Interest Rate: Fixed**
Farm Ownership Participation	\$600,000	<ul style="list-style-type: none"> • Term: Up to 40 years • Interest Rate: Fixed** • At least 50% of loan amount provided by another lender
Direct Down Payment	<p>The lesser of the following:</p> <ul style="list-style-type: none"> • 45% of the farm or ranch purchase price • 45% of the appraised value 	<ul style="list-style-type: none"> • Term: Up to 20 years • Interest Rate: Fixed** • Down payment of at least 5% • Must be a beginning farmer.
Farm Ownership Microloan	<ul style="list-style-type: none"> • \$50,000 	<ul style="list-style-type: none"> • Term: Up to 25 years • Interest Rate: Fixed**

Direct Loans -Operating

Type of Loan	Maximum Loan Amount	Rates and Terms
Direct Operating	\$400,000	<ul style="list-style-type: none"> • Term: 1 to 7 years • Interest Rate: Fixed**
Direct Operating Microloan	\$50,000	<ul style="list-style-type: none"> • Term: 1 to 7 years • Interest Rate: Fixed**
Emergency	<p>The lowest of the following:</p> <ul style="list-style-type: none"> • 100% of actual or physical losses • \$500,000 	<ul style="list-style-type: none"> • Term: 1 to 7 years (possibly up to 20 years) for non-real estate purposes • Up to 40 years for physical losses on real estate • Interest Rate: Fixed**
Youth	<ul style="list-style-type: none"> • \$5,000 	<ul style="list-style-type: none"> • Term: 1 to 7 years • Interest Rate: Fixed**

Eligibility

❧ Eligibility requirements different for each type of loan

❧ BASICS

- ❧ Credit history
- ❧ Credit elsewhere
- ❧ Managerial experience
- ❧ Owner/Operator
- ❧ Family Farm

Microloans



- ❧ The Microloan (ML) program was developed to better serve the unique financial operating needs of beginning, niche and the smallest of family farm operation
- ❧ Simpler Application Process
- ❧ Modified Managerial Experience

Beginning Farmer



- ❧ Has not operated a farm for more than 10 years.
- ❧ Meets the loan eligibility requirements of the program to which he/she is applying.
- ❧ Substantially participates in the operation of the farm.
- ❧ For FO purposes, does not own a farm greater than 30 percent of the average size farm in the county, at the time of operation.
- ❧ Applicants for FO purposes must have participated in the business operations of a farm for at least 3 out of the last 10 years.

Beginning Farmer cont..



Experiences that can substitute for up to 2 of the 3 years

- ❧ 16 hrs of post-secondary education in an agriculture related field
- ❧ Successful completion of a farm management curriculum offered by a cooperative extension service, community college, adult vocational agriculture program, non-profit organization, or land-grant college or university.
- ❧ One-year experience as a farm laborer with substantial management responsibility
- ❧ Successful completion of an internship, mentorship, or apprenticeship in day-to-day farm management
- ❧ Significant business management experience
- ❧ Honorable discharge from the armed forces
- ❧ Successful repayment of a youth loan
- ❧ An established relationship with a counselor in the Service Corps of Retired Executives (SCORE) program who has experience in farming or ranching

Operating Loan 7-year term



Standard Loan Calculator Results

Essential Calculators for the Web™

Loan Amount:	\$400,000.00
Interest Rate:	5.13%
Number of Years:	7
Number of Periods Per Year:	1
Payment Amount:	\$69,441.41
Total Interest Paid:	\$86,089.85

Farm Ownership Loan 40-year term



Standard Loan Calculator Results

Essential Calculators for the Web™

Loan Amount:	\$600,000.00
Interest Rate:	5.38%
Number of Years:	40
Number of Periods Per Year:	1
Payment Amount:	\$36,780.12
Total Interest Paid:	\$871,204.77

Things to think about?



- ❧ Must be producing an agricultural commodity
- ❧ What are you going to produce?
- ❧ Where are you going to market the products?
- ❧ How are you going to repay the loan?
- ❧ What are your goals for the operation?

Contact Information



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