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Farm Service Agency

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USDA FSA

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

FSA’s Farm Loan Program has loan programs available to assist existing farmers and ranchers as well as beginning farmers and ranchers.

The Agency targets a portion of its loan funds to small and beginning farmers and ranchers (BF). A beginning farmer is defined as one who:

- Has not operated a farm or ranch for more than 10 years
- Does not own a farm or ranch greater than 30 percent of the average size farm in the county as determined by the most current Census for Agriculture
- Meets the loan eligibility requirements of the program to which he/she is applying
- Substantially participates in the operation

### TYPES OF LOANS

- **Farm Ownership (FO)**
  - $300,000, up to 40 year term
- **Farm Operating (OL)**
  - $300,000 annual, 1-7 year term
- **Emergency Loans (EM)**
  - $500,000 terms vary
- **Youth Loans**
  - $5,000, 1-7 year term
- **Guaranteed Loans**
  - $1,399,000, terms depends on bank terms

### How Can I Get Started?

- **Farm Operating Term Loan (TOL)**
  - Purchase of breeding stock and/or equipment
  - Up to $300,000
  - 1 to 7 year term
- **Farm Operating Annual Loan (AOL)**
  - Pay annual operating expenses (feed, repair, etc.)
  - Up to $300,000
  - 1 year

### How Do I Buy a Farm or Ranch?

- **Farm Ownership (FO)**
  - $300,000, up to 40 year term
- **Participation Loans**
  - Joint with other lender or seller
  - At least 50% by another lender the Interest rate 2.5%
  - 40 year term
- **Beginning Farmer Down Payment**
  - At least 5% Down Payment
  - 45% provided by FSA up to $300,000 maximum
  - Interest rate is currently 1.5%
  - 20 year term

### Interest Rates

<table>
<thead>
<tr>
<th>Program</th>
<th>Interest Rates as of November 1, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm Operating - Direct</td>
<td>2.50%</td>
</tr>
<tr>
<td>Farm Ownership - Direct</td>
<td>3.875%</td>
</tr>
<tr>
<td>Farm Ownership - Direct, Joint Financing</td>
<td>2.50%</td>
</tr>
<tr>
<td>Farm Ownership - Direct, Beginning Farmer/Rancher</td>
<td>1.50%</td>
</tr>
<tr>
<td>Emergency Loan - Amount of actual loss</td>
<td>2.50%</td>
</tr>
</tbody>
</table>
ELIGIBILITY

• Unable to obtain other financing
• Operated a Farm or Ranch for 3 years (Direct FO only)
• Citizen of the United States or qualified alien
• Must be 18 years of age or older (except youth loan)
• Not be delinquent on Federal debt
• Must have acceptable credit history
• Must have acceptable managerial ability
• Must be an operator of a family size farm

Application Tips

• What kind of operation will you have?
• What do you need to operate your farm?
• How much money do you need to borrow?
• Have a written proposed operating plan (business plan)
• Have financial records available (tax returns, income statements, financial records, and production records)
• Have a copy of your leases or legal description of the property to buy
• Check your credit report
• Write down your goals

Youth Loans

• Organized groups might be 4-H Clubs, Future Farmers of America, Vo-Ag, or similar organizations
• 10 to 21 years old

Youth Loans

• The maximum amount for FSA youth loans is $5,000.00 (principal balance).
  Funds can be used to buy livestock, equipment, and supplies; buy, rent, or repair needed tools and equipment; and pay operating expenses for running the project.

Additional Information

• Local FSA Office
• Local Extension Service
• Neighbors, Relatives, Friends
• Websites:
  • FSA's Beginning Farmer and Ranchers
  • Start2Farm
  • USDA New Farmers web page

http://start2farm.gov/

https://newfarmers.usda.gov/

http://offices.sc.egov.usda.gov/locator/app?state=co&agency=fsa