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Farm Service Agency

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USDA FSA

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**Farm Service Agency**

- 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.

**Farm Loan Programs**

- 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 depend 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>2.00%</td>
</tr>
<tr>
<td>Farm Ownership - Direct</td>
<td>3.875%</td>
</tr>
<tr>
<td>Farm Ownership - Direct, Joint Financing</td>
<td>2.00%</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>3.50%</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 will you market your products?
• 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