

USDA



Farm Service Agency



FARM SERVICE AGENCY FARM LOAN PROGRAM

[HTTPS://WWW.FARMERS.GOV/](https://www.farmers.gov/)

OUTLINE OF TODAY'S PRESENTATION

- FSA has two parts – Farm Programs and Farm Loans
- How can we help? Work with producers who want to start a farming operation and those who are already operating a farm
- Overview of Farm Loan Program options

FSA MISSION:

The mission of the Farm Service Agency is to ensure a healthy and abundant supply of food and fiber while conserving our land, water and wildlife, and deliver services efficiently in order to protect the economic security of American Farmers.

“Do right and feed everybody.” Sonny Perdue, United States Secretary of Agriculture

FSA FARM LOANS

- Provided to beginning farmers who cannot qualify for conventional loans because they have insufficient financial resources.
- Help farmers who have suffered financial setback from natural disasters, or whose resources are too limited to maintain profitable farming operations.
- FSA places special emphasis on providing loans to beginning and traditionally underserved (minority includes women, veterans) farmers and ranchers.

FSA – AMERICA'S LENDER OF FIRST OPPORTUNITY

- 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 the farm operation and purpose of the loan. FSA loan officers are available to answer your questions and to help with the application process.

LOAN PROGRAM

- FSA loan program is broken up into two categories.
 - Direct Loans
 - Guaranteed Loans

DIRECT LOANS

- Farm Ownership - \$600,000.00
 - Farm Ownership loan up to \$600,000
 - Participation/Joint Financing – FSA and commercial lender joint financing. FSA's portion - finance up to \$600,000
 - Beginning Farmer Down Payment - Lender will provide 50% of lending, agency will provide 45% of lending and borrower will put 5% down – FSA's portion - finance up to \$300,000
 - Microloan – to purchase real estate - finance up to \$50,000.00

DIRECT LOANS CONTINUED

- Operating Loans
 - Direct Operating Loan – up to \$400,000
 - Microloan – up to \$50,000

FARM OWNERSHIP PURPOSES

- Farm Purchases
 - Acquire or enlarge a farm or make a down payment on a farm
 - Capital Improvements
 - Make capital improvements to a farm owned by the applicant for construction, purchase or improvement of farm dwellings, service buildings or other facilities essential to farming operation.
 - Soil and Water Conservation Protection
 - Loan Closing Costs
 - Refinance Bridge Loan

FARM OWNERSHIP TERMS

- FO term may not exceed the useful life of security or 40 years
- Microloan FO – may not exceed useful life of security or 25 years
- BF Down Payment – may not exceed useful life of security or 20 years

OPERATING LOAN PURPOSES

- Reorganizing a Farm
- Chattel or Other Purchases
- Annual Farm Operating Expenses
- Principal and Interest Payments
- Other Farm Needs
- Land and Water Development
- Loan Closing Costs
- OSHA Compliance
- Training Costs
- Refinancing Farm Related Debts
- Minor Real Estate Repairs or Improvements

OPERATING LOAN TERMS

- Annual Operating Term – the term of the loan may not exceed 18 months from the date of the note
- Term Operating Loans- the term of the loan is based on the useful life of the security up to 7 years from the date of the note.

GUARANTEED LOANS

- \$1,750,000 limit
- Guaranteed Farm Ownership
- Guaranteed Term Operating
- Guaranteed Line of Credit

GUARANTEED FO PURPOSES

- Acquire or enlarge a farm- provide down payments, purchase easements,
- Make capital improvements
- Promote soil and water conservation and protection
- Pay closing costs, including but not limited to purchasing stock, appraisal and survey fees
- Refinance indebtedness incurred for authorized FO or OL purposes, provided the lender and applicant demonstrate the need to refinance the debt.

GUARANTEED OL PURPOSES

- Payment of costs associated with reorganizing a farm to improve its profitability
- Purchase of livestock, including poultry, and farm equipment or fixtures, quotas and bases, and cooperative stock for credit, production, processing or marketing purposes
- Payment of annual farm operating expenses, examples of which include feed, seed, fertilizer, pesticides, farm supplies, repairs and improvements which are to be expensed, cash rent and family subsistence
- Payment of scheduled principal and interest payments on term debt provided the debt is for authorized FO or OL purposes
- Other farm needs

GUARANTEED OL PURPOSE CONTINUED

- Payment of costs associated with land and water development for conservation or use purposes
- Refinancing indebtedness incurred for any authorized OL purpose, when the lender and applicant can demonstrate the need to refinance
- Payment of loan closing costs
- Payment of costs approved with complying with Federal or State approved OSHA standards
- Payment of training costs required or recommended by the Agency
- Real Estate Improvements
- Processing or Marketing Purposes
- Refinancing

LINE OF CREDIT PURPOSES

- Payment of annual operating expenses, family subsistence, and purchase of feeder animals
- Payment of current annual operating debts advanced for the current operating cycle; under no circumstances can carry-over operating debts from a previous operating cycle be refinanced
- Purchase of routine capital assets, such as replacement of livestock, that will be repaid within the operating cycle
- Payment of scheduled, non-delinquent term debt payments provided the debt is for authorized FO or OL purposes
- Purchase of cooperative stock for credit, production, processing, or marketing purposes
- Payment of loan closing costs

GUARANTEED LOAN TERMS

- Operating Loan – Useful life of the security but not in excess of 7 years
- Line of Credit – 5 years of advancements with 6 years of repayment
 - Loan funds or advances on a line of credit used to pay annual operating expenses will be repaid when the income from the year's operating is received, except when the borrower is establishing a new enterprise, developing a farm, purchasing feed while feed crops are being established, or recovering from disaster or economic reverses
- Farm Ownership – Not to exceed 40 years or the life of the security

FARM BILL CHANGES FOR FARM LOANS

- Direct OL - \$400,000.00
- Direct FO - \$600,000.00
- Guaranteed Loans - \$1,750,000
- All BF and SDA loans are 95% guaranteed

NEEDED ITEMS FOR COMPLETE APPLICATION

- FSA-2001 or FSA-2330 Request for Direct Loan Assistance
- FSA-2002 Three Year Financial History
- FSA-2003 Three Year Production History
- FSA-2004 Authorization to Release Information
- FSA-2005 Creditor List
- FSA-2006 Property Owned and Leased - **Copy of lease with the State of Florida**
- FSA- 2037 Farm Business Plan Worksheet Balance Sheet
- FSA-2038 Farm Business Plan Worksheet Projected/Actual Income and Expense – **2-3 year projections**
- FSA-2032 Description of Farm Training and Experience
- Entity Information (If Applicable)
- Environmental Information – AD-1026, Plot Plan (if applicable), **Farm set up with FSA**

ENVIRONMENTAL INFORMATION

- Any new ground disturbing activities below the previous plow line require consultations with SHPO, THPO, and FWS – this process can take up to 45 days
- Loans without ground disturbing activities below the previous plow line- consultations with State Clearinghouse and Mastersite File – This is a few day process
- Needed items Environmental (if applicable) –
 - Nutrient Management Plan
 - CAFO Determination
 - Plot Plan – showing where all ground disturbing activities occur

CREDIT DECISION

- Financial Feasibility of Proposed Loan
- Security of Loan
- Appraisals

LOAN APPROVAL

- Once the loans has been approved, funded, and obligated FSA will let applicants know of the credit decision with the following items attached
 - FSA-2313 – Notification of Loan Approval and Borrower Responsibilities

WHO TO CONTACT?

- Bonifay Service Center
- **Bay, Calhoun, Escambia, Franklin, Gulf, Holmes, Jackson, Liberty, Okaloosa, Walton, Washington, and Santa Rosa Counties**
- 850-547-2850 Ext 2
- Wendy Forsyth, Farm Loan Manager

WHO TO CONTACT?

- Madison Service Center
- **Hamilton, Jefferson, Lafayette, Leon, Jefferson, Madison, Suwannee, Taylor, and Wakulla Counties**
 - 850-973-2205
 - Jim Boyd, Farm Loan Manager
 - Patricia Sorensen, Farm Loan Officer

QUESTIONS?

