



### EZ Guarantee Loans

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#### OVERVIEW

Farmers and ranchers can apply for loans directly from the U.S. Department of Agriculture (USDA) Farm Service Agency (FSA), but a guaranteed loan allows a USDA-approved commercial lender to issue and service a loan, while FSA guarantees the loan against losses up to a maximum of 90 percent in most cases. In some circumstances, a 95 percent guarantee is available. FSA approves all loan guarantees and provides oversight of lenders' activities.

FSA developed the EZ Guarantee Loan to better serve the unique financial operating needs of new, niche, family, underserved or small farm operations by offering faster and simplified application and submission requirements. These farms often face limited financing options. USDA-approved lenders can apply to FSA on behalf of their applicants to obtain a guarantee of up to 95 percent for the EZ Guarantee Loan.

#### ELIGIBLE USES

EZ Guarantee Loans can be used to:

- Pay for the purchase of a farm;
- Enlarge an existing farm;
- Construct new farm buildings and/or improve structures;
- Pay closing costs;
- Promote soil and water conservation and protection;
- Refinance debt from another creditor;
- Purchase equipment;
- Purchase livestock; and
- Pay for other operating needs.

#### SIMPLIFIED APPLICATION

The application process requires less paperwork and analysis that corresponds with a smaller maximum loan amount. Lenders must only submit

one application form per loan request that contains all of the necessary information for the application. Lenders applying for an EZ Guarantee Loan will not be required to submit other supporting documents normally required for regular FSA guaranteed loan applications, such as balance sheets, cash flow projections, debt verifications, etc.

#### SECURITY REQUIREMENTS

Participating lenders will be responsible for choosing appropriate security for the loan. Security may vary depending on the purpose of the loan. Possible security property could include, but is not limited to, crops, livestock, equipment, other chattels and/or real estate.

#### RATES AND TERMS

Eligible applicants may obtain an EZ Guarantee Loan for up to \$100,000 from traditional lenders or \$50,000 from micro lenders for farm operating purposes and/or farm ownership purposes. The repayment term can be up to seven years for operating loans and 40 years for farm ownership loans. The interest rates are determined by the lender, but must be below maximum levels established by FSA.

#### OBTAINING FORMS AND SUBMITTING APPLICATION

EZ Guarantee Loan application forms can be obtained from the local FSA office or can be downloaded and printed from the USDA website at [www.fsa.usda.gov/farmloans](http://www.fsa.usda.gov/farmloans). Lenders who are having problems gathering information or completing forms can contact their local FSA office for help. After completing the required paperwork, the lender must submit the farm loan application to their local FSA office. Visit <http://offices.usda.gov> to locate a local office.

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**AFTER SUBMITTING APPLICATION**

After an application is submitted, FSA reviews the application and determines if the loan applicant is eligible for the loan. The lender will receive written notification of each step in the process, such as when the application is received, when more information is needed and when a final decision is made. If the application is approved, FSA makes the loan and funds are obligated as needed. The lender is then notified that the loan is approved and funds are available. Once the lender closes the loan, FSA issues the guarantee to the lender. If the application is denied, the loan applicant and the lender are notified in writing of the specific reasons for the denial and provided reconsideration and appeal rights.

**ELIGIBILITY**

To qualify for assistance, the applicant must not be larger than a family-sized farmer, have a satisfactory history of meeting credit obligations, be unable to obtain credit without the guarantee at reasonable rates and terms and meet all other loan eligibility requirements.

**FOR MORE INFORMATION**

This fact sheet is provided for informational purposes only; other restrictions and eligible requirements may apply. Additional information on the FSA EZ Guarantee Loan program may be found online at [www.fsa.usda.gov/farmloans](http://www.fsa.usda.gov/farmloans) and at local FSA offices. To locate a local FSA office, visit <http://offices.usda.gov>.

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*To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html) and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:*

- 1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410;*
- 2) fax: (202) 690-7442; or*
- 3) email: [program.intake@usda.gov](mailto:program.intake@usda.gov).*

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