



U.S. DEPARTMENT OF AGRICULTURE



# Beginning Farmer & Rancher (BFR) Webinar Series

March 20, 2024

Month 2 Topic: Farm Service Agency Loans

FARM PRODUCTION AND CONSERVATION  
FSA | NRCS | RMA | Business Center

# Agenda

- Welcome and Introductions
- FSA Farm Loans Overview
- Questions About Loans
- All USDA Programs Deadline & Important Dates
- Future Webinar Dates
- Contacts
- Questions

# Introductions

Elizabeth Thomas

Farm Service Agency (FSA)

*Outreach and Communication Coordinator*

Colorado State Office

Kim Lacy

Farm Service Agency (FSA)

*State Loan Specialist*

Colorado State Office

Cindy Einspahr

Natural Resource Conservation Service (NRCS)

*Outreach Coordinator & CO BFR Coordinator*

Colorado State Office

Amy Mund

Rural Development (RD)

*Public Information Coordinator*

Colorado State Office

Jeff Darrow

Risk Management Agency (RMA)

*Deputy Director*

Topeka, KS Regional Office

# Farm Loan Programs

- Loan Programs Provide:
  - Farm loans
  - Farm loan guarantees
  - Business planning to eligible farmers, ranchers, and others to promote, build, and sustain family farms in support of a thriving agricultural economy

# Farm Loan Programs (Cont.)

- Farm Ownership Loans
  - Direct & Guaranteed
- Farm Operating Loans
- Emergency Loans
  - Direct Only

# Direct Loan Program - Eligibility

- U.S. Citizen
- Must be a family size farm
- Legal capacity to incur the loan obligation
- Unable to obtain sufficient credit elsewhere
- Not delinquent on a federal debt
- No Prior FSA debt forgiveness
- Satisfactory credit history
- No disqualification from Crop Insurance violations
- No conviction for controlled substance
- Demonstrate Management Ability

# Direct Farm Ownership Loan Requirements

- In addition to meeting the “General Eligibility Requirements,” a Farm Ownership applicant must have participated in the business operations of a farm or ranch for at least 3 years out of 10 years prior to the date the application is submitted. This requirement may be met by being:
  - an operator of a farm or ranch with significant responsibility for the day-to-day operation.
  - raised on a farm and made management decisions while working on the farm.
  - employed as a manager of a farm that participated in the business operation and not solely as a laborer.

# Direct Farm Ownership Loan Requirements (Cont.)

- The following experiences can substitute for one of the 3 years, with a maximum of 2 years substitution.
  - Post-secondary education in an agriculture-related field;
  - Successful completion of farm management curriculum;
  - One year of experience as farm laborer with substantial management responsibility;
  - Successful completion on an internship;
  - Significant business management experience
  - Honorable discharge from the armed forces of the United States;
  - Successful repayment of an FSA financed youth loan; or
  - Established relationship with a counselor in the Service Corps of Retired Executives program with farming experience.

# Direct Farm Ownership Loans

- Maximum Loan Amount - \$600,000
- Purpose - Purchase or enlarge a farm/ranch or to construct essential farm buildings and improvements
- Interest Rate as of March 2024: 5.25%
- Joint Financing Interest Rate 03/24: 3.25%
- Terms - Not to exceed 40 years

# Down Payment Program

- Must be a beginning farmer or socially disadvantaged applicant
- Must not own more than 30% of the average farm size for the county (Beginning farmer only)
- Applicant provides 5%
- FSA provides 45% with a maximum of \$300,150 with a term of 20 years @ 1.5% (\$667,000 maximum purchase)
- Another lender provides the remaining loan with a minimum amortization of 30 years and a minimum balloon installment of 20 years (this can be guaranteed)

# Direct Operating Loans

- Maximum Loan Amount - \$400,000
- Purpose:
  - Farm Operating Expenses, typically one year repayment
  - Equipment/Livestock Purchases, typically 7 year repayment
- Interest Rate as of March 2024: 4.875%

# Micro Loans

- Available for Operating and Farm Ownership purposes
- Limited to \$50,000
- Abbreviated application requirements
- Assist smaller operations

# Guaranteed Loan Program

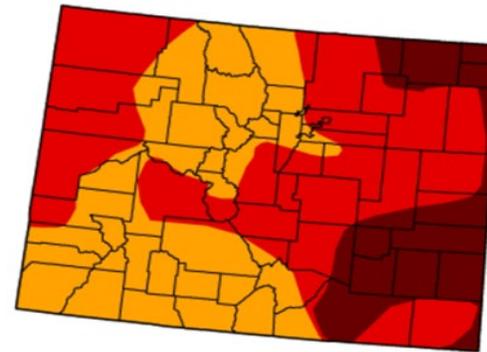
- Maximum loan amount for 2024 - \$2,236,000
- Operating Loan terms
  - 5 Year Lines of Credit
  - 1-7 years for Chattel secured loans
- Farm Ownership
  - Up to 40 year repayment terms
- Interest Rates are negotiated with the lender
- Loan must be adequately secured
- Fees – 1.5% of the guaranteed portion of loan

# Guaranteed Loan Program (Cont.)

- Requires a participating commercial lender
- Provides a lender with a guarantee up to 95% of loss of principal and interest
- Operating Loan Purpose:
  - Lines of Credit – Annual Operating Expenses
  - Capital Purchases – Equipment/Livestock
  - Refinancing
- Farm Ownership Loan Purpose:
  - Purchase or enlarge a farm
  - Construction of farm buildings/improvements
  - Refinancing

# Emergency Loan Program

- Maximum Loan Amount: \$500,000 up to 100% of actual production or physical losses
- Purpose: Provide loan assistance to family farmers to recover from qualifying production and physical losses due to a disaster
- Interest Rate is 3.75%



# Emergency Loan Program Eligibility

- Farm operation is in a county declared a disaster by the President or the Secretary of Agriculture
- Meet general eligibility requirements for a direct loan
- Have suffered at least a 30% loss in crop production or a physical loss to livestock, equipment, or real estate

# Targeted Funds

- Targeted Funds
  - Socially Disadvantaged Applicants (SDA)
  - Beginning Farmers (BFR)
  
- Down Payment Loan Program
  - Available for eligible beginning farmer, socially disadvantaged farmer, or veteran farmer.



# Targeted Funds- SDA Applicants

- A percentage of all loan funds are targeted just for Socially Disadvantaged Applicants
- Socially Disadvantaged Applicants include individuals or entities who are members of the following groups:
  - American Indians or Alaskan Natives
  - Asians
  - Blacks or African Americans
  - Native Hawaiians or Pacific Islanders
  - Hispanics
  - Women

# Targeted Funds- BFR Applicants

- Beginning farmers are individuals or entities who:
  - Meet the loan eligibility requirements for a direct or guaranteed loan
  - Have not operated a farm for more than 10 years. (This requirement applies to all members of an entity)
  - Except for an Operating Loan, does not own more than 30 percent of the median size farm in the county where the property is located.
  - Agrees to participate in any loan assessment and borrower training required by Agency regulations

# FSA Loan Programs

- All loan programs require repayment ability and adequate security.
- All FSA loan programs are considered a temporary source of credit.
- Borrowers are expected to graduate to conventional credit sources when they are able

# How to Apply

- Loan Assistance Tool available at:  
<https://lat.fpac.usda.gov/>
- Forms are available at your local USDA/FSA Service Center servicing the area where you will carry out your operation or at [www.fsa.usda.gov](http://www.fsa.usda.gov)
- For Direct Loans apply at your USDA/FSA Service Center in the county where you are farming
- For Guaranteed Loans apply with your participating commercial lender



# Questions about Loans?

# USDA Upcoming Program Deadlines & Important Dates

## FSA

- March 29: General CRP Deadline
- April 29: Dairy Margin Coverage Program (DMC) Deadline
- July 15: Spring Crop Reporting Deadline

## NRCS

- None

## RD

- March 31: Rural Energy America Program Grant Deadline 1
- April 16: Value Added Producer Grant Applications due
- June 30: Rural Energy America Program Grant Deadline 2
- Sept. 30: Rural Energy America Program Grant Deadline 3

## RMA

- None

# Future Webinar Dates & Topics

- April 17, How to get Started with FSA and Why it's important
- May 15, RD financial assistance programs REAP Program and Value-Added Producer Grants
- June 19, Working with the Risk Management Agency (RMA) Crop & Livestock Insurance
- July 17, Technical and financial assistance to producers and forest landowners to address natural resource concerns (NRCS)
- August 21, Soil Health and how use Web Soil Survey
- September 18, Urban Ag
- October 16, What CSU has to offer
- November 18, Colorado Department of Agriculture New Farmer & Rancher Resources

\*\*All Previous Presentations and Materials, along with future registration links can be found on Colorado FSA's website: <https://www.fsa.usda.gov/state-offices/Colorado/resources/index>

# Contacts



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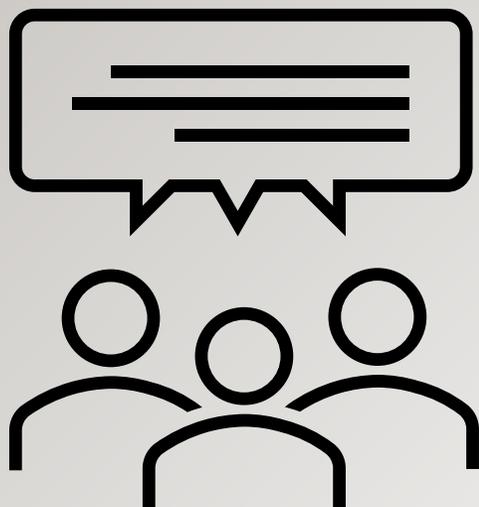
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Questions?