



## FARM LOANS

# Application Quick Guide

## | For Individuals

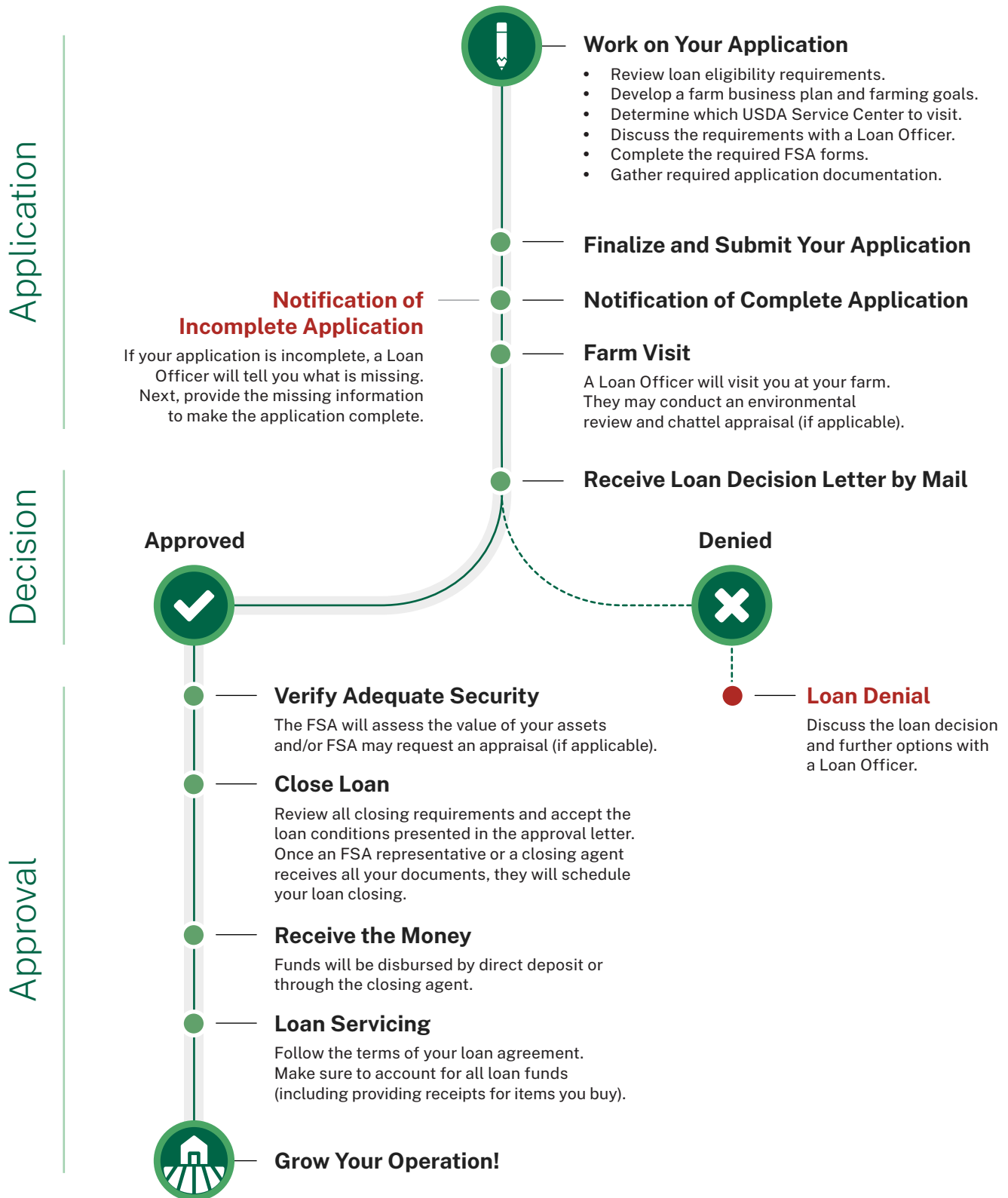
### How do you use this guide?

Use this guide to better understand how to prepare for your first visit to a Service Center and apply for a loan. In this guide you will find:

- Information About the Loan Process ..... Page 2
- Information on Partnering With A Loan Officer ..... Page 3
- Direct Farm Loans Overview..... Page 4
- Eligibility Requirements..... Page 5
- FSA Required Forms Checklist ..... Page 6
- Additional Documentation Checklist..... Page 7
- Resources if You Still Need Help..... Page 8

# Loan Process

Here's what to expect on your Farm Loan journey.



# Partner With A Loan Officer

Service Center employees are here to assist you throughout your loan journey.



## Loan Officers will:

- Assist you during the entire loan process.
- Provide supervision throughout the life of the loan.
- Give feedback and suggestions on your business operating plan.
- Work with you to develop opportunities to build your business and move on to a traditional form of credit.
- Work with you in person, via email, and on the phone.

## Are you ready to connect with a Loan Officer?

### Follow These Steps:

1

Find your local Service Center online at: <https://www.farmers.gov/service-locator> or contact an agriculture representative to find out where a Service Center is located.



Call before visiting a Service Center. If the Service Center you call does not have Farm Loan Programs employees, you will be directed to a Service Center that does.

2

Call to schedule an appointment with a Loan Officer at a Service Center. (Walk-ins are welcome, but Loan Officers may be unavailable at that time.)

# Direct Farm Loans

Farm Loan Programs offer access to funding for a wide range of farmer and rancher needs, from purchasing land to buying equipment and/or livestock.

All FSA Direct Farm Loans are funded and serviced by the FSA through local Loan Officers. The funding comes from congressional appropriations as part of the USDA budget. Interest rates are calculated monthly and are posted on the 1st of each month; view them here: <https://www.fsa.usda.gov/farmloans>.

## Loan Limitations

Funds cannot be used to finance exotic birds, tropical fish, dogs, or horses used for racing, pleasure, show, and boarding or any other enterprises not typically associated with human consumption, fiber or draft use.

### What is the difference between Farm Ownership and Farm Operating Loans?



#### Ownership Loans

Land Purchase or Construction Project

The maximum loan amount is \$600,000.

Used to buy a farm; enlarge an existing operation; make a down payment on a farm; purchase easements; construct, purchase or improve farm dwellings, service buildings or other facilities and improvements essential to the farm operation; promote soil and water conservation and protection; and pay loan closing costs.

Generally, you need experience operating a farm-related business.



#### Operating Loans

Equipment, Feed, Livestock, etc.

The maximum loan amount is \$400,000.

Used to pay costs associated with reorganizing a farm to improve profitability; purchase livestock, including poultry; purchase farm equipment; pay farm operating expenses, make minor improvements or repairs to buildings; refinance certain farm-related debts, excluding real estate; aid in land and water development, use, or conservation; and pay loan closing and borrower training costs.

# Eligibility Requirements

Here are general eligibility requirements you need to meet.

## General eligibility requirements include:

- Not having federal or state conviction(s) for planting, cultivating, growing, producing, harvesting, storing, trafficking, or possession of controlled substances.
- The legal ability to accept responsibility for the loan obligation.
- An acceptable credit history.
- Be a United States citizen, non-citizen national or legal resident alien of the United States, including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and certain former Pacific Trust Territories.
- Being unable to obtain sufficient credit elsewhere, with or without an FSA loan guarantee.
- No delinquency on a federal debt, other than IRS tax debt, at the time of loan closing.
- Not being ineligible due to disqualification resulting from a federal crop insurance violation.
- Have sufficient managerial ability to assure a reasonable expectation of loan repayment.

**Note:** There may also be additional requirements that your Loan Officer will discuss with you.



# FSA Required Forms


These are the forms the FSA needs to complete your loan application.

Check the boxes below as you fill out each form to ensure a complete application. You may need other forms and may be able to replace some forms with comparable farm records. A Loan Officer can provide you with an application package with the comprehensive application requirements.

**Note:** A signature is required for every form.

## ✓ Form Number and Name

- FSA-2001: “Request for Direct Loan Assistance”
  
- AD-1026: “Highly Erodible Land Conservation and Wetland Conservation Certification”  
*The Authorized Agency Official will assess your farm’s environmental compliance and recommend next steps, which may include additional forms and a visit to your local county office.*

 There are online resources on the last page of this document that may help answer additional questions you may have about these forms or the application process.

# Additional Documentation

These are some of the items you will need to complete your application.

Check the boxes below as you gather each item to ensure a complete application.

## ✓ Item Name

- Credit report fee, using personal or bank check, made payable to the Farm Service Agency
  - Complete tax returns, including Schedule F if available, for the past 3 years
  - Copies of all leases, contracts, options, and other agreements
  - Proof of legal name such as a driver's license or Green Card
  - Verification of income, debts, and assets (for example, recent pay stubs and statements for credit cards, loans, and bank accounts)
- 

**If you are applying for a Farm Ownership Loan, please provide these items, too.**

- Legal descriptions of all farm property owned or to be acquired
- Copy of ratified purchase agreement
- Construction plans (if applicable)

**Note:** Complete legal descriptions are usually found in a deed from the courthouse.

# Still Need Help?

The following online resources can help answer your questions.

Talk to a Loan Officer, local agriculture representative, or community organization to learn more. If you do not have internet access, a Loan Officer can send you resources and provide state-specific resources. Also, consider getting in touch with your state's agricultural extension.

## Farmers.gov

<https://www.farmers.gov>

Farmers.gov provides farmers, ranchers, private foresters, and agricultural producers with educational materials, engagement opportunities, and business tools to increase efficiency and productivity.

## Find Your Local Service Center

<https://www.farmers.gov/service-locator>

Use this online tool to search for your Farm Service Agency, Natural Resources Conservation Service, and Risk Management Agency Service Centers by state and county.

## FSA Farm Loan Programs

<https://fsa.usda.gov/farmloans>

In-depth information about everything related to the FSA Farm Loan Programs including forms.

## Assistance for Socially Disadvantaged Farmers and Ranchers

<https://www.fsa.usda.gov/minority-and-women-farmers-ranchers>

FSA continues to develop innovative loan products and initiatives to improve its ability to serve traditionally underserved farmers and ranchers. View this information online or talk to a Loan Officer to learn about initiatives that may be in place to assist you.

## Beginning Farmers Resources

<https://www.farmers.gov/your-business/beginning-farmers>

Find the resources you need to get started with your operation. Learn how to get an FSA Farm Number which gives you access to key USDA programs.

## Make a Farm Business Plan

<https://www.farmers.gov/your-business/beginning-farmers/business-plan>

This is your roadmap to start-up, profitability, and growth, and provides the foundation for your conversation with USDA about how our programs can complement your operation. Your Loan Officer can provide guidance on how to develop the plan as well.

## Farm Loan Assistance Tool

<https://www.farmers.gov/loan-assistance-tool>

Check your eligibility for FSA loans, discover the various FSA loan products, learn about documentation requirements, and follow easy-to-understand instructions when completing the loan application forms.