



Farm Service Agency
U.S. DEPARTMENT OF AGRICULTURE

Farm Loan Programs Recovery Tools

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Farm Loan Programs Recovery Tools

- **Short-Term Financial Relief**
- **Long-Term Financial Relief**
- **Other Resources**

Short-term Financial Relief

Have you experienced a loss to your crops or livestock?

- **Can't make your upcoming annual payment**
- **Expect to recover and resume full annual payment next year**
- **Short-term / temporary distress**

Disaster Set-Aside (DSA)

- **Sets aside up to one annual payment on each loan**
 - Pushed to the back of the loan – Due at loan maturity
- **Provides temporary financial relief**
- **Interest will continue to accrue as normal on the set-aside amount**
 - Allowed to pay the DSA prior to maturity

Disaster Set-Aside (DSA)

Main Eligibility Requirements:

- **Need for DSA caused directly by the Declared Disaster**
 - President, Secretary of Agriculture, Administrator
- **FSA Direct loan borrower at time of disaster**
- **Operated a farm at the time of a disaster within either:**
 - County designated a disaster area
 - Contiguous county
- **Develop cashflow projection for the next production cycle demonstrating ability to cover all expenses and debt payments (farm and personal).**
 - Resume regularly scheduled FSA annual payments in the next year
- **Direct loan must have a remaining term of at least 2 years**
- ❖ **Other Requirements Apply**

Disaster Set-Aside (DSA)

Application Process:

- **FSA will notify all borrowers of DSA availability**
 - After the first disaster of the calendar year
- **Borrower must submit a request for DSA in writing within 8 months of date the natural disaster was designated**
- **Borrower must provide production, income, and expense records for the production cycle in which the disaster occurred**
- **Borrower must also provide documentation to support their projected cash flow for the upcoming production cycle**
- **Other items may be required by FSA**

Distressed Borrower Set-Aside (DBSA)

- Same function as DSA – Set Aside payment to loan maturity
- Interest will only accrue at 0.125% on the amount set aside, instead of your existing interest rate
- Need for DBSA must be due to financial distress
 - ❖ Does not require a Declared Disaster
- Loan must have been outstanding as of September 25, 2024

Distressed Borrower Set-Aside (DBSA)

Eligibility Requirements:

- Similar to DSA, excluding disaster related requirements

Application Process:

- **Similar to DSA**
 - Exception: FSA will not notify borrowers of its availability
 - Continuously available
- **Borrower must submit a request for DBSA in writing**
- **Borrower must provide production, income, and expense records for the current production cycle and any other information required to support their projected cash flow for the upcoming production cycle**
- **Other items may be required by FSA**

Long-term Financial Relief

Have you experienced a loss to your crops or livestock?

- **Can't make your upcoming annual payment**
- **You won't be able to resume payments next year**
- **Recovery of your operation will take much longer**
- **Need a more long-term solution**

Loan Restructure

Reschedule or Reamortization

- Direct Operating Loans - Extend Term up to 15 years
- Direct Farm Ownership Loans - Extend Term up to 40 years from loan origination date
- Interest Rate - Lower of Current Rate Offered or Existing Interest Rate
- Typically reduces payments to a manageable amount for life of the loan

Deferral:

- Defer all or a portion of payments up to the first 5 years of the newly restructured term
 - FSA will utilize the smallest amount & shortest time period required to achieve sufficient cashflow

Loan Restructure

Main Eligibility Requirements

- **Reason for Distress or Need for Restructure is due to circumstances beyond your control**
 - Natural disaster, adverse weather
 - Other circumstances allowed
- ❖ **Other Requirements Apply**

Application Process:

- ❖ **Continuously Available – Not limited to a disaster**
 - **Contact Local Office if you're in distress**
 - **FSA will automatically notify 90-day delinquent borrowers**
 - **Provide FSA complete application – similar to new loan making request**

Other Resources

Direct Emergency Loans

- **Uses:**

- Physical loss – Repair or replace essential property damaged or destroyed

- Production loss – Cover operating expenses, essential family living expenses, refinance farm related debts (non-real estate)

- **Maximum amount:** \$500,000
- **Term:** 1 – 20 years
- **Interest Rate:** 3.750% Fixed (October 2024)
- **Must apply no later than 8 months after the disaster designation/declaration date**
- ❖ **Other Requirements Apply**

Other Resources

Direct Operating Loans

- **Uses:** Purchase equipment, operating expenses, family living, minor repairs, refinance farm related debt (non-real estate), other needs essential to the farm operation
- **Maximum amount:** \$400,000
- **Term:** 1 - 7 years
- **Interest Rate:** 4.875% Fixed (October 2024)
- ❖ **Other Requirements Apply**

Guaranteed Operating Loans

- **Uses:** Similar to Direct Operating Loans
- **Maximum amount:** \$2,236,000
- **Term:** 1 – 7 years dependent on use and Lender
- **Interest Rate:** Dependent on Lender
- ❖ **Other Requirements Apply**

Other Resources



Local FSA County Office

- **#1 Resource**
- **Available by phone, email, in-person**

Questions?

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