

MICROLOANS

CULTIVATING
BIG
DREAMS
ON A SMALLER SCALE



Who is FSA

The Farm Service Agency (FSA), is an agency within the United States Department of Agriculture (USDA). FSA's Farm Loan Programs (FLP) can provide credit to agricultural producers who are unable to obtain private, commercial credit. FSA places special emphasis on providing loans to beginning, minority and women farmers and ranchers.



United States Department of Agriculture
Farm Service Agency



An Introduction to FSA Farm Loans



USDA - Farm Service Agency
Farm Loan Programs

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 your current situation and what you need the loan for. FSA loan officers are available to answer your questions and to help with the application process.

What Type of Loans are Available

Direct Loans:

Farm ownership, operating (including microloans and rural youth loans), and emergency loans

Guaranteed Loans:

Farm ownership, operating (including revolving lines of credit) and conservation loans

FSA also offers two types of guarantees under the Land Contract Guarantee Program.

USDA - Farm Service Agency
Farm Loan Programs

America's Lender of First Opportunity!

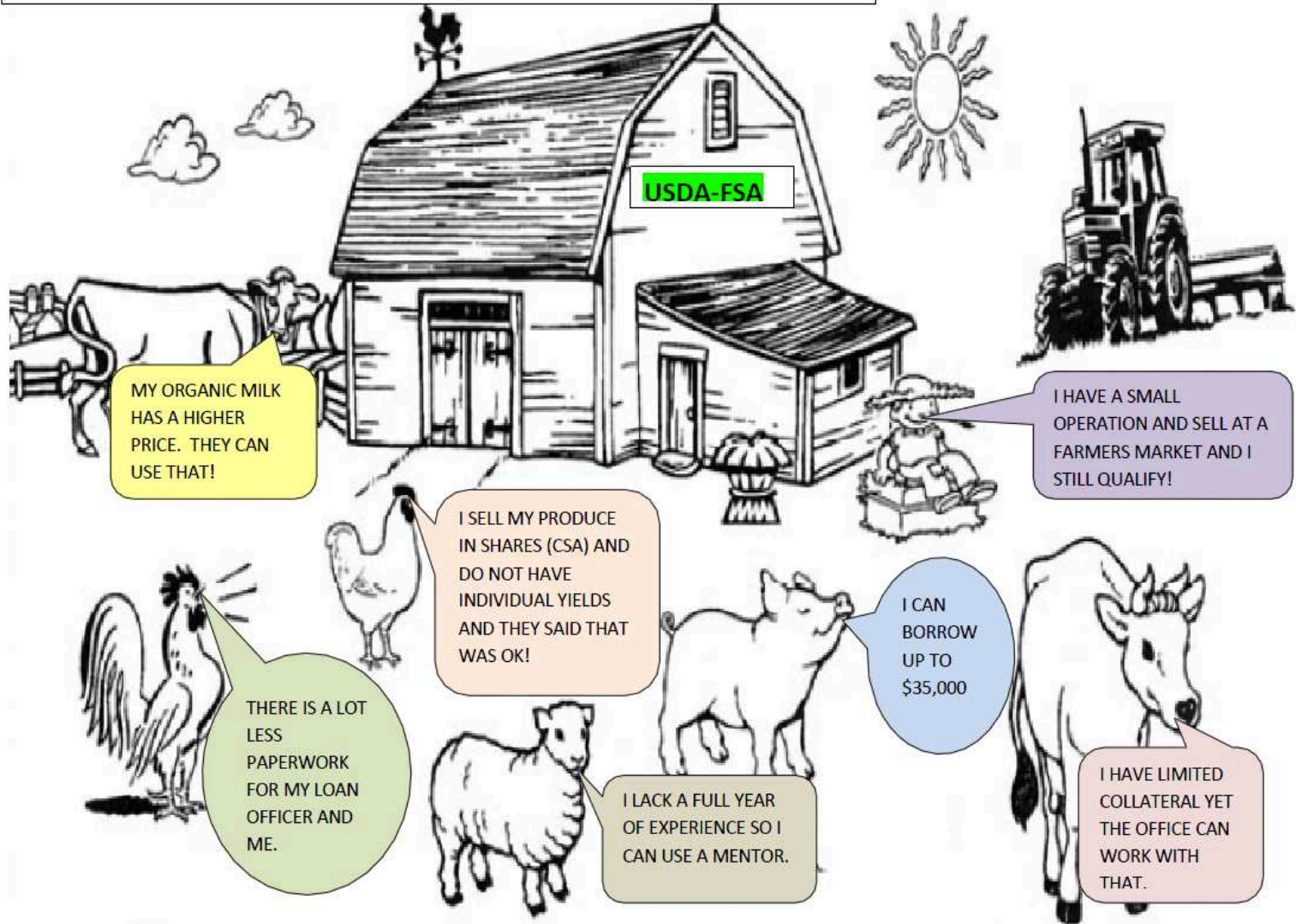


The Farm Service Agency (FSA) developed the Microloan (ML) program to better serve the unique financial operating needs of beginning, niche and the smallest of family farm operations.



Designed for smaller farming operations like specialty crop producers and operators of community supported agriculture (CSA).

WHAT THEY ARE SAYING ABOUT MICROLOANS DOWN AT THE FARM.




WHY MICROLOANS?

USDA continues to focus on making sure that credit is available to America's farmers and ranchers and microloans are part of USDA's ongoing efforts to streamline and modernize its service to American agriculture and more effectively use FSA's resources.

The Microloan program (administered through FSA's existing Operating Loan program), is designed to better meet the unique credit needs of beginning and socially disadvantaged farmers and of the smallest family farms.

The Microloan program simplifies and streamlines the process for producers obtaining loans under \$35,000; it cuts the paperwork burden in half and simplifies the loan application process.

The improvements aim to offer more efficient processing times for smaller loans, adding flexibility to some of the loan eligibility requirements, and reducing the application requirements.



According to the 2007 Census of Agriculture, 71 percent of all farm operations gross less than \$25,000 per year. Operators of these types of small farms are not typically served by agricultural lenders and may have difficulty obtaining financing from commercial lenders.

Since 2009, USDA has made a record amount of farm loans through FSA — more than 128,000 loans totaling nearly \$18 billion.

USDA has increased the number of loans to beginning farmers and ranchers from 11,000 loans in 2008 to 15,000 loans in 2011.

More than 40 percent of USDA's farm loans now go to beginning farmers.

USDA has increased its lending to socially-disadvantaged producers by nearly 50 percent since 2008.

Use of Microloans

- Initial start-up expenses
- Seed, fertilizer, utilities, land rents
- Marketing and distribution expenses
- Family living expenses
- Livestock, equipment, and other materials essential to farm operations
- Minor farm improvements such as wells and coolers
- Hoop houses to extend the growing season
- Essential tools
- Irrigation
- Delivery vehicles



Simplified Application Process

- Less paperwork to fill out
- Requirements for managerial experience and loan security have been modified to accommodate smaller farm operations, beginning farmers and those with no farm management experience.
- ML program applicants will need to have some farm experience; however, FSA will consider an applicant's small business experience as well as any experience with a self-guided apprenticeship as a means to meet the farm management requirement.
- Opportunity to gain farm management experience


Security Requirements

For annual operating purposes, microloans must be secured by a first lien on a farm property or agricultural products having a security value of at least 100 percent of the microloan amount, and up to 150 percent, when available.

Microloans made for purposes other than annual operating expenses must be secured by a first lien on a farm property or agricultural products purchased with loan funds and having a security value of at least 100

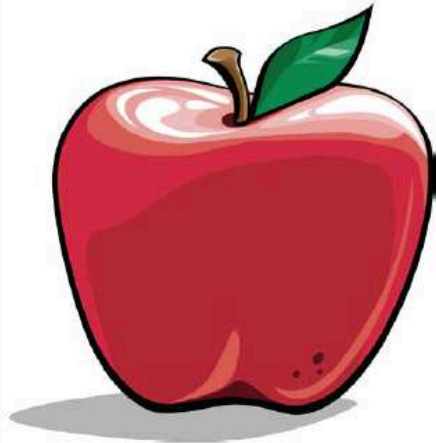
Rates and Terms

- Eligible applicants may obtain a microloan for up to \$35,000.
- The repayment term may vary and will not exceed seven years.
- Annual operating loans are repaid within 12 months or when the agricultural commodities produced are sold.
- Interest rates are based on the regular OL rates that are in effect at the time of the microloan approval or



As an operation's financing needs increase, microloan customers can apply for FSA's regular loan program or obtain financing from a commercial lender under the FSA's Guaranteed Loan Program.

REGULAR OL LOAN



MICROLOAN



- Standard application form.....Microloan application form
- All debt verifications and CBR.....CBR only
- \$300,000 Max.....\$35,000 Max
- Standard farm assessment & credit presentation.....Abbreviated credit presentation
- Full balance sheet..... Simplified balance sheet
- Detailed income & expense sheet.....Cash flow budget-summary only
- Verification of employment.....Verify income only if needed for repayment
- 3 years of production records.....Past yield only if available and practicable
- Standard policy on loan security.....Other options available for loan security
- Lien on personal residence/non-essential assets if necessary.....No lien on residence or non-essential assets
- New loans count towards first yr delinquency goalInitially, new loans won't count in goal
- 1 full year experience and managerial ability.....Having a mentor or other experience allowed

"The USDA is an equal opportunity provider and employer."

Refer to the Farm Loan Information Chart Fact Sheet

Lists all FSA loan types (Direct and Guaranteed) on 1 page – Except Rural Youth Loans

- Maximum Loan Amounts

- Terms

- What Proceeds can be used for

Refer to the Rural Youth Loan Fact Sheet

Direct Loan Interest Rates are adjusted monthly and are available online at our agency website at www.fsa.usda.gov

- Effective as of March 1, 2013
- Farm Operating-Direct 1.25%
- *Farm Ownership- Direct 3.25%*
- Farm Ownership- Direct, Joint Financing 5.00%
- Farm Ownership- Down Payment 1.50%
- Emergency Loan- Amount of Actual Loss 2.25%
- Conservation Loan 3.25%

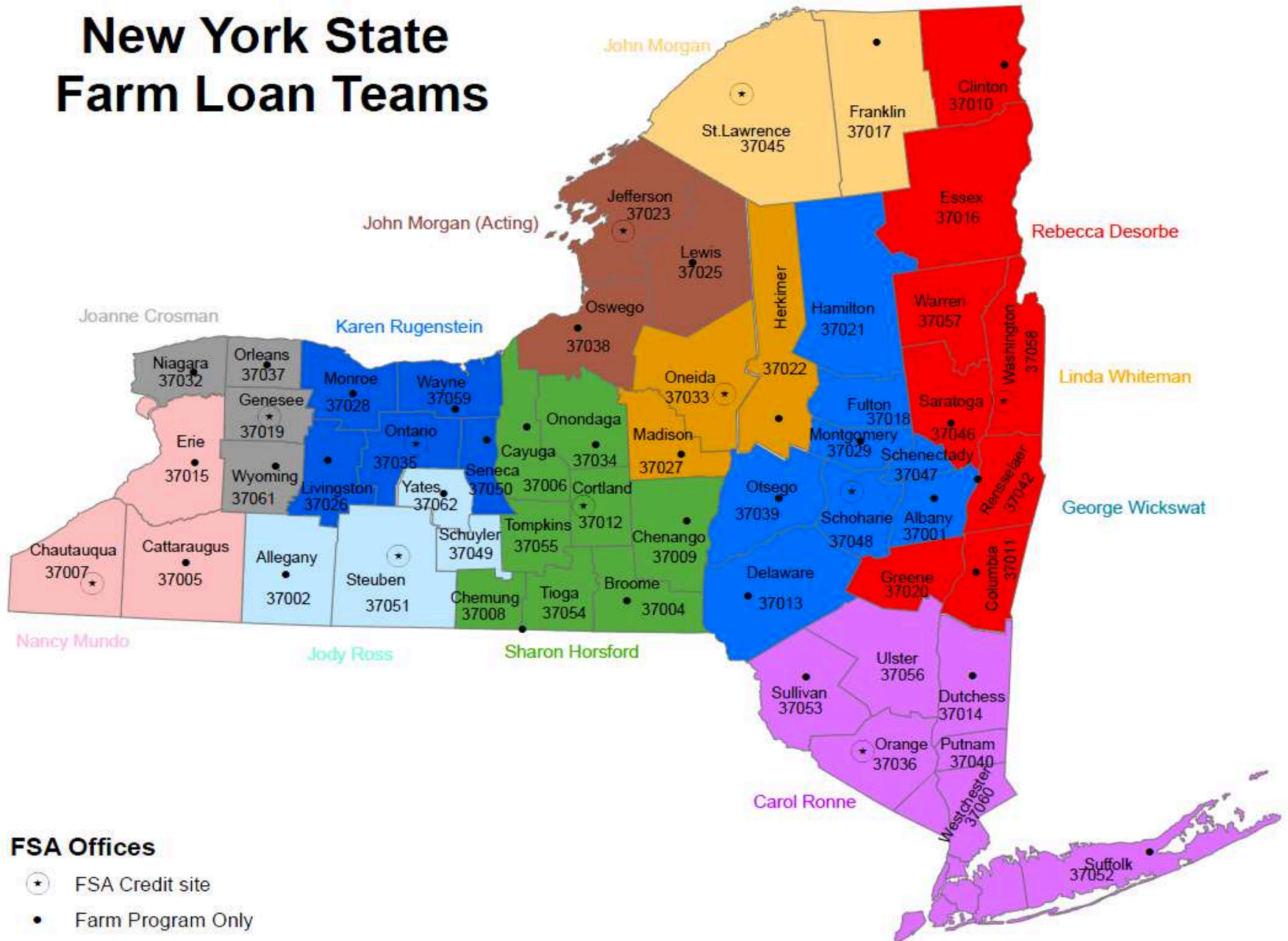
Visit our agency's website at <http://www.fsa.usda.gov>

- Click on the Farm Loan Program link on the left (under Browse by Subject heading)
- Your Guide to Farm Loan Programs – is a plain language guide which explains the types of loans available, how to apply and the application process
- Information is available on the specific loan types
- Application forms can be obtained electronically

GovDelivery – FSA’s Electronic News Service

- Farm Program News You Need...Available When You Need It...
- • Farm program news now available direct to your email account or Smartphone.
- • FSA’s electronic news service is free and convenient
- Subscribe at:
- <https://public.govdelivery/accounts/USDAOC/subscriber/new>

New York State Farm Loan Teams



NY FSA FARM LOAN TEAMS

1. Wash/Warren/Saratoga 2530 Rt. 40, Greenwich, NY 12834-2300 518-692-9940
2. Steuben/Yates 415 W. Morris St., Bath, NY 14810-1038 607-776-7398
3. Schen/Schoharie 108 Holiday Way, Schoharie, NY 12157-5206 518-295-8600
4. St. Lawrence 1942 Old DeKalb Rd, Canton, NY 13617-3134 315-386-2401
5. Ontario 3037 County Road 10, Canandaigua, NY 14424-8303 585-394-0525
6. Orange 225 Dolson Ave. Suite 1A, Middletown, NY 10940-6573 845-343-1872
7. Chautauqua 3542 Turner Rd., Jamestown, NY 14701-9605 716-664-2351
8. Jefferson POB 838, 21168 NYS Rt. 232, Watertown, 13601-0838 315-782-7289
9. Genesee 29 Liberty St., Suite 4, Batavia, NY 14020-3247 585-343-9167
10. Cortland/Tompkins 1 N. Main Street. Cortland. NY 13045-2250 607-



QUESTIONS?