

North Dakota Farm Service Agency (FSA) Farm Loan Programs

March 2017

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.



An Introduction to FSA Farm Loans



- 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.



Direct and Guaranteed Loan Programs



Direct Loans

- Available to farmers who are temporarily unable to obtain credit from commercial lenders.
- FSA makes and services direct loans, and provides supervised credit.



Guaranteed Loans

- FSA guarantees qualified loans through commercial lenders for up to 95 percent of the loan amount.
- The lender makes and services the loan.



Combined financing is also available

FSA Direct Loans:

- A direct loan applicant must:
 - Develop a realistic Farm Business Plan that projects repayment ability for the loan
 - Provide adequate collateral for the loan
 - Agree to take borrower training courses (if required) and “graduate” to private sector credit when able to do so

Guaranteed Loans:

- Guaranteed loans are made and serviced by agricultural lenders (farm credit, local bank etc.)
- Often used to help lenders continue with customers who have experienced setbacks
- To qualify for a FSA guarantee loan an applicant must: meet general eligibility requirements, be unable to obtain the loan without a guarantee and have a feasible plan and adequate collateral as determined by the lender
- \$1,399,000 Limit

Direct Loans

Loan Program	Maximum Loan Amount	Use of Proceeds	Rates and Terms*
Direct Farm Ownership (FO)	\$300,000	<ul style="list-style-type: none"> • Purchase farm • Construct buildings or other improvements • Soil & water conservation • Pay closing costs 	<ul style="list-style-type: none"> • Term: Up to 40 years • Interest rate: based on Agency borrowing costs
Direct Operating (OL)	\$300,000	<ul style="list-style-type: none"> • Purchase livestock, poultry, equipment, feed, seed, farm chemicals and supplies • Soil & water conservation • Refinancing indebtedness 	<ul style="list-style-type: none"> • Term: 1 to 7 years • Interest rate: based on Agency borrowing cost

* See Program requirements for more details on applicable rates and terms

Other Direct Loans

Loan Program	Maximum Loan Amount	Use of Proceeds	Rates and Terms*
Direct Emergency (EM)	\$500,000	100% actual or physical losses including: all or part of production costs associated with the disaster year; and costs to restore or replace essential property	<ul style="list-style-type: none"> • Non-Real Estate Term: 1 to 7 years • Real Estate Term: Up to 40 years
Downpayment Program	\$300,000	<ul style="list-style-type: none"> • Purchase farm 	<ul style="list-style-type: none"> • Min. Downpayment: 5% • Term: 20 years • Interest rate: Direct FO rate less 4% with a floor of 1.5%

* See Program requirements for more details on applicable rates and terms

Other Direct Loans

Loan Program	Maximum Loan Amount	Use of Proceeds	Rates and Terms*
Microloan (ML-OL)	\$50,000	<p>Microloan program offers more flexible access to credit for smaller farming operations and niche operations. Example: operators of community supported agriculture (CSA). Typically loan funds may be used to:</p> <ul style="list-style-type: none"> - Initial start-up expenses; - Buy livestock, seed, equipment and supplies; - Buy, rent or repair needed tools and equipment; and - Pay operating expenses for the project. 	<ul style="list-style-type: none"> •Term: 1 to 7 years (depending on the project) •Interest rate: based on Agency borrowing costs

* See Program requirements for more details on applicable rates and terms

Other Direct Loans

Loan Program	Maximum Loan Amount	Use of Proceeds	Rates and Terms*
Microloan (ML-FO)	\$50,000	<p>The Microloan Farm Ownership program can be used to:</p> <ul style="list-style-type: none"> - Purchase a farm or farm land; - Enlarge an existing farm; - Construct new farm buildings; - Improved existing farm buildings; - Pay closing costs; and - Implement soil and water conservation and protection practices 	<ul style="list-style-type: none"> •Term: 1 to 25 years (depending on the project) •Interest rate: based on Agency borrowing costs

* See Program requirements for more details on applicable rates and terms

Other Direct Loans

Loan Program	Maximum Loan Amount	Use of Proceeds	Rates and Terms*
Direct Youth Loan (YL)	\$5,000	<ul style="list-style-type: none"> • Operating loans to eligible individual rural youths age 10 to 20 to finance income-producing, agriculture related projects. • Typically loan funds may be used to: <ul style="list-style-type: none"> - Buy livestock, seed, equipment and supplies; - Buy, rent or repair needed tools and equipment; and - Pay operating expenses for the project. 	<ul style="list-style-type: none"> • Term: 1 to 7 years (depending on the project) • Interest rate: based on Agency borrowing costs

* See Program requirements for more details on applicable rates and terms

Guaranteed Loans



Loan Program	Maximum Loan Amount	Use of Proceeds	Rates and Terms**
Guaranteed Farm Ownership (FO)	\$1,399,000 *	Same as Direct FO loan, except that funds may be used to refinance debts	<ul style="list-style-type: none"> • Term: Up to 40 years • Interest rate: Not to exceed lender's average rate charged to agricultural loan customers
Guaranteed Operating (OL)	\$1,399,000 *	Same as Direct OL loan, except that funds may be used to refinance debts	<ul style="list-style-type: none"> • Term: From 1 to 7 years • Interest rate: Not to exceed lender's average rate charged to agricultural loan customers
Guaranteed Land Contract (LC)	\$500,000	The Program provides a Guarantee to the owner of a farm who wishes to sell real estate through a land contract to a beginning farmer or socially disadvantaged farmer either with a prompt payment guarantee or a standard guarantee.	<ul style="list-style-type: none"> • Term: 10 years • Interest rate: During the term of the guarantee, the interest rate must be fixed at a rate not to exceed the Agency's direct farm ownership loan interest rate in effect at the time the guarantee is issued, plus three percentage points.

*Adjusted annually for inflation

** See Program requirements for more details on applicable rates and terms



General Eligibility Requirements

Applicants must:


- Be the owner-operator, or tenant-operator, of a family farm (after the loan is closed)
- Be unable to obtain sufficient credit elsewhere
- Be a citizen or a qualified alien
- Possess legal capacity to incur the loan obligation
- Have acceptable credit history
- Not have outstanding judgments, or be delinquent on federal debt
- Not have caused the Agency a loss by receiving debt forgiveness (some exceptions)
- Not have been convicted of planting, cultivating, growing, producing, harvesting, or storing a controlled substance within the last five years

Who Qualifies as a Beginning Farmer?

In addition to meeting all general loan eligibility requirements, a beginning farmer must:

- Have operated a farm for 10 years or less. (Note: for Direct FO loans, applicants must have a minimum of 3 years' participation in a farm business operation.)
- For FO loans, not own a farm greater than 30 percent of the median size farm in the county.
- If an entity, all members must be related by blood or marriage, and all members must be beginning farmers.


Veteran Definition



Veteran farmer is a farmer who has served in the Armed Forces (as defined in 38 U.S.C. 101(10) and, the term “Armed Forces” means the U.S. Army, Navy, Marine Corps, Air Force, and Coast Guard, including the reserve components, who has either:

- not operated a farm
- operated a farm but for not more than 10 years


Veterans Preference



The applicant and anyone who will sign the promissory note, may close an OL in no more than seven calendar years, either as an individual or as a member of an entity.

Microloans made to a beginning farmer or a veteran farmer are not counted toward this limitation.

Veterans Preference



Leadership or management experience while serving in any branch of the military can be substituted for one year of farm management experience.


- **Example:** military leadership or management that is, as a general rule, any officer or E5 or above will have completed an acceptable military leadership course.

Veterans Preference

If two or more applications were received on the same date, the Agency will give preference to:

- First, an applicant who is a veteran of any war;
- Second, an applicant who is not a veteran, but:
 - (i) Has a dependent family;
 - (ii) Is able to make a downpayment; or
 - (iii) Owns livestock and farm implements necessary to farm successfully.
- Third, to other eligible applicants.

Veterans Preference

A vertical collage of four images runs along the left side of the slide. From top to bottom: 1) A close-up of golden wheat stalks. 2) A red barn with two silos in a green field under a blue sky. 3) A close-up of a yellow ear of corn. 4) A field of green corn plants in rows.

The Agency's direct Microloan OL interest rate on an Microloan to a beginning farmer or veteran rancher is available in each Agency office. Microloan borrowers in these groups have the option of choosing the Microloan OL interest rate or the Direct OL interest rate in effect at the time of loan approval, or if lower, the rate in effect at the time of closing.

Veterans Preference

Once an FSA borrower-you can defer payments and interest accrual will stop during a time of war declared by the President if you are active duty at that time.

USDA - Website



The USDA has a website concerning Veterans in Agriculture:

<https://www.nal.usda.gov/veterans-agriculture>

More on FSA Farm Loans...

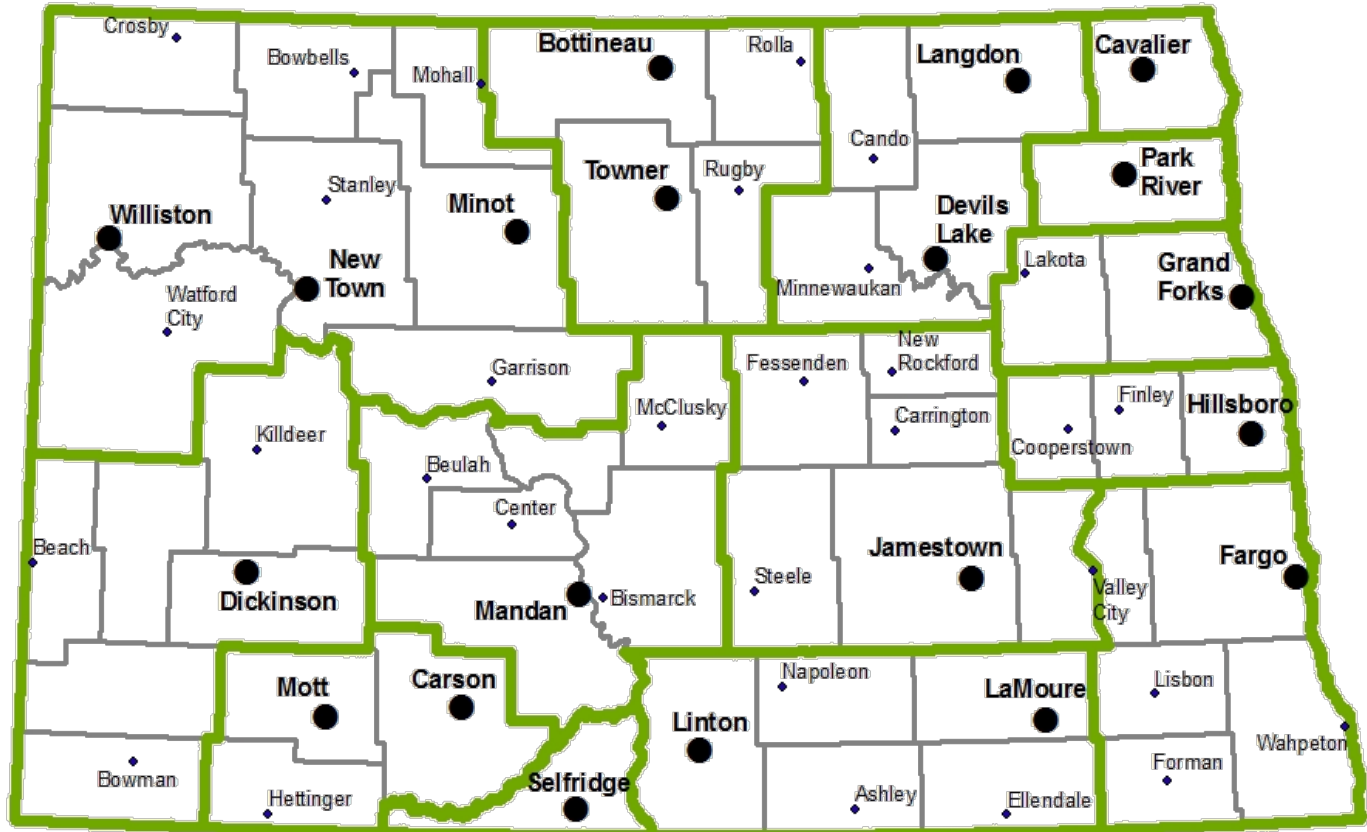
FSA offers many tools for today's farmers. Here's how to get more information:

You can reach your **local FSA Office** at:

<u>County Office</u>	<u>City Location</u>	<u>Telephone</u>
Bottineau	Bottineau, ND	(701) 228-3611
Cass	Fargo, ND	(701) 282-2157
Cavalier	Langdon, ND	(701) 256-5521
Emmons	Linton, ND	(701) 254-4791
Grand Forks	Grand Forks, ND	(701) 775-5533
Grant	Carson, ND	(701) 622-3240
Hettinger	Mott, ND	(701) 824-2691
LaMoure	LaMoure, ND	(701) 883-5268
McHenry	Towner, ND	(701) 537-5471
Morton	Mandan, ND	(701) 667-1163
Mountrail	New Town, ND	(701) 627-4783
Pembina	Cavalier, ND	(701) 265-4333
Ramsey	Devils Lake, ND	(701) 662-4987
Sioux	Selfridge, ND	(701) 422-3331
Stark	Dickinson, ND	(701) 225-2931
Stutsman	Jamestown, ND	(701) 252-1920
Traill	Hillsboro, ND	(701) 436-5101
Walsh	Park River, ND	(701) 284-7771
Ward	Minot, ND	(701) 852-5434
Williams	Williston, ND	(701) 572-6729



USDA Service Centers



FSA Office Locations

- ◆ USDA Service Center
- Farm Loan Offices

More on FSA Farm Loans...

- Visit FSA online at: www.fsa.usda.gov

