



United States Department of Agriculture

Farm Service Agency

Farm Loans Overview



FSA Overview

- The U.S. Department of Agriculture's Farm Service Agency (FSA) offers various loans to farmers and ranchers to promote, build and sustain family farms for a thriving agricultural economy.
- The goal of FSA's farm loan programs is to help farmers and ranchers obtain commercial credit. Once you are able to obtain credit from a commercial lender, our mission of providing temporary, supervised credit is complete.
- While FSA is fully committed to all farmers and ranchers, there is a special focus on the credit needs of beginning farmers and ranchers.
- For FSA purposes, a beginning farmer is defined as an individual or entity who:
 - Has not operated a farm for more than 10 years;
 - Substantially participates in the operation; and
 - For farm ownership loans, the applicant cannot own a farm greater than 30 percent of the average size farm in the county, at time of application.-If the applicant is an entity, all members must be related by blood or marriage, and all entity members must be eligible beginning farmers.

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1. Direct Farm Ownership Loan

- May be used to purchase a farm, enlarge an existing farm, construct new farm buildings and/or improve structures, pay closing costs and promote soil and water conservation and protection.
- Maximum loan amount = \$600,000

2. Direct Farm Operating Loan

- May be used for normal operating expenses, machinery and equipment, minor real estate repairs or improvements, and refinancing debt.
- Maximum loan amount = \$400,000



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Farm Loans Overview continued

3. Guaranteed Farm Loan

- Guaranteed loans are made and serviced by commercial lenders, such as banks, Farm Credit System institutions, or credit unions. FSA guarantees the loan against loss up to a maximum of 90 percent in most cases (95 percent limited circumstances).
- Guaranteed loans are available from commercial lenders that provide guaranteed loans from FSA. Individuals can contact a local FSA office for a list of participating lenders.

4. Microloan Program

- Microloans are a special subcategory of direct operating and farm ownership loans that provide flexible access to credit for small farming operations, including specialty, niche and local food producers.
- Maximum loan amount = \$50,000

5. Youth Loan Program

- May be made to young persons who are sponsored by a project advisor, such as a 4-H club, FFA chapter, tribal youth organization or similar agriculture affiliated group. The project must provide an opportunity for the young person to acquire experience and education in agriculture-related skills.
- Only available as direct loans with maximum loan amount of \$5,000.

Testimonials

- Leah Nelson of Spokane, Missouri received a direct farm ownership loan. She did not grow up on a farm but has always wanted to own cattle. She used the loan to buy 40 acres of pasture ground and 15 head of cattle.
 - Quote from Leah: “The loan I received through the Farm Service Agency helped me fulfill a lifelong goal of owning cattle. Without this financial support, I could have never made this dream a reality.”
- Chase Montgomery of Centralia, Missouri received a direct farm operating loan. He is a third-generation farmer who recently inherited a 100-acre row crop farm. He used the loan to cover input costs including seed, fertilizer and pesticides.
 - Quote from Chase: “After inheriting my grandpa’s farm, I wasn’t sure I was going to be able to keep it running financially. The FSA loan saved my family’s farm and helped me to keep it going.”