

# FSA Loan Programs

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# What is FSA?

FSA is a branch of the United States Department of Agriculture (USDA). FSA's mission is "equitably serving all farmers, ranchers, and agricultural partners through the delivery of effective, efficient agricultural programs for all Americans." Simply put, the FSA exists to provide economic stability to farmers and ranchers across America.



**Farm Service Agency**

U.S. Department of Agriculture

The FSA, or the Farm Service Agency, offers low interest loans to help family-size farmers and ranchers meet their farm needs when banks or other lenders cannot offer financial assistance.

FSA Loans can be used to purchase or expand a farm or ranch, construct or improve farm buildings, cover operating costs, family living expenses, conservation practices, and rebuild & recover after emergencies.

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FSA offers two types of loans, direct and guaranteed loans. Farmers applying for a **Direct** Loan with FSA will work directly with the agency to complete the application, must meet FSA loan requirements, and make payments directly to FSA. Farmers applying for FSA **Guaranteed** Loans will work with an FSA approved lender, apply through the local lender, and make payments to the bank.



# Direct Loans and Guaranteed Loans

- Direct Farm Ownership
- Direct Farm Ownership Joint Financing
- Direct Farm Ownership Down Payment Loan
- Direct Farm Ownership Microloan<sup>1</sup>
- Direct Farm Operating
- Direct Farm Operating Microloan<sup>1</sup>
- Indian Tribal Land Acquisition Loan
- Farm Storage Facility Loan<sup>1 3</sup>
- Youth Loan
- Guaranteed Farm Ownership<sup>2</sup>
- Guaranteed Farm Operating<sup>2</sup>
- Guaranteed Conservation Loan
- EZ Guarantee Loan
- Guaranteed Conservation Loan
- Land Contract Guarantee

# Eligibility

Farmers actively participate in the day to day operations of the for-profit farm.

- Must be a U.S citizen or legal resident
- Must be at least 18 years of age and able to make decisions about your own debt and finances
- Must not have a federal or state level conviction that makes you ineligible for federal benefits ie growing controlled substances
- Must have a workable farm business plan
- Must have a reasonable credit history



# Eligibility

## Additional Requirements based on Loan Programs

- Collateral to secure the loan, 100% to 150% depending on the type of loan
- Follow USDA Natural Resource Conservation Service's "Highly Erodible Land Conservation" guidelines and "Wetland Conservation Cross Compliance. The local NRSC agency will determine if your farm is located in a conservation area.
- Crop Insurance may be required if you are using your projected crops as collateral

### **Direct Farm Operating Loans**

- no previous debt forgiveness by the Agency, including a guarantee loan loss payment
- no delinquency on a Federal debt, other than IRS tax debt, at the time of loan closing
- no Federal Crop Insurance violation
- sufficient management experience to assure a reasonable expectation of loan repayment demonstrated by education, on-the-job training, and farm experience.

### **Direct Farm Ownership Loans**

- Same as Operation Loans PLUS
  - Must be the owner of a family farm operation after loan closing
  - 3 years farm management experience to assure a reasonable expectation of loan repayment. Applicants can substitute 1-2 years farm experience with military service, 16 college credits in agriculture related fields, completion of farm management curriculum or apprenticeship, 1 year management experience outside of the farming field, or have an established mentorship with an experienced farmer.
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# LEARN MORE ABOUT THE DIFFERENT TYPES OF LOANS:

## MICROLOANS

- + Up to \$50,000 in Operating Loan funds and \$50,000 in Ownership Loan funds, for a total of \$100,000
- + Repayment terms are 1-7 years
- + Same uses as Operating and Ownership loans
- + A streamlined application process with less paperwork

## OPERATING LOANS

- + Up to \$400,000
- + Up to 7 years to repay
- + Use funds for infrastructure, livestock, feed, seeds, equipment, labor, fertilizers, rent, family living expenses, etc.

## OWNERSHIP LOANS

- + Up to \$600,000
- + Repayment terms are up to 25 years
- + Use funds to purchase or enlarge a farm, make a down payment, promote soil and water conservation and protection, or pay closing costs
- + Funds can also be used to purchase, improve, or build structures related to the farming business

*Farm operating expenses, including, but not limited to, feed, seed, fertilizer, pesticides, farm supplies, repairs and improvements which are to be expensed, cash rent and family living expenses. Other programs include farm storage loans, living expenses under the loans above, down payment loan, guaranteed loan program, and youth loans.*

# Microloans

Borrow up to 50,000 for  
purchasing or improving real  
estate & up to 50,000 for  
operating expenses

Ownership: Purchase a Farm or Ranch, Construct or purchase home on the farm, Construct or improve other facilities essential to operations. For example: barns, wash & pack stations, cold storage facilities, Pay closing costs, Soil and Water Conservation

Operating Expenses: Purchase livestock, seed, and equipment. It can also cover farm operating costs and family living expenses while a farm gets up and running. Fertilizer, utilities, pesticides, irrigation fees, seeds, seedlings, packaging, fencing, hoop houses.

Interest Rate: 3.85%, Operating Loan  
4.125% Ownership Loan

Term: 1-7 years for Operating Loan  
25 years max for Ownership Loans.

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# Guaranteed Loans

Borrow up to \$1,875,000 for  
purchasing or improving real estate  
& up to \$400,000 for operating  
expenses

By pass the 3 year Farm Management  
Experience Requirement

**Ownership:** Purchase a Farm or Ranch, Construct or purchase home on the farm, Construct or improve other facilities essential to operations. For example: barns, wash & pack stations, cold storage facilities, Pay closing costs, Soil and Water Conservation

**Operating:** Purchase livestock, seed, and equipment. It can also cover farm operating costs and family living expenses while a farm gets up and running. Fertilizer, utilities, pesticides, irrigation fees, seeds, seedlings, packaging, fencing, hoop houses.

**EZ Guarantee:** Loans under \$100,000 Eligible for Streamlined Processing.

*Lender Determines Interest Rate, but FSA sets max at 6.75 above Standard Overnight Financing Rate*

*Term: 1-7 years for Operating Loan  
\_\_\_\_\_ 40 years max for Ownership Loans.*

# Programs Designed for New, Beginning and Underserved Farmers Including Women and Farmers of Color

Microloans, Direct Down Payment Loan, Land Contract  
Guarantee

- Microloan program available for loans up to \$50,000. Micro Loans have a shorter application and fewer requirements.
  - Land Contract Guarantee to purchase a Farm or Ranch directly from the seller with FSA backing
  - Down Payment Loans to pay up to 45% down on a Farm or Ranch purchase. Lower interest rates.
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# Interest Rates Change Monthly

Fixed when you close on your  
loan

## Program Interest Rates

Farm Operating- Direct	3.875%
Farm Operating - Microloan	3.875%
Farm Ownership - Direct	4.125%
Farm Ownership - Microloan	4.125%
Farm Ownership - Direct, Joint Financing	2.500%
Farm Ownership - Down Payment	1.500%
Emergency Loan	3.75%
Storage Facility Loan	3.625%

Effective as of October 1, 2022

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# FAQS

## What type of paperwork will I have to complete?

Applicants need to complete a request for financial assistance with

- business structure and contact information.
- Tax ID
- 3 years financial history; tax returns;
- 3 years production history;
- 3 years management experience;
- a business plan;
- a list of creditors, debts, and assets;
- proof of off-farm income;
- and a purchase agreement or lease for the property.

## Are beginning farmers eligible for ownership loans?


- Post-secondary education in an agriculture-related field
- Leadership experience in the military service
- Significant business management experience
- At least 1-year experience as hired farm labor with substantial management responsibilities; and/or
- Successful completion a farm mentorship, apprenticeship, or internship program
- Having an established relationship with an individual who has experience in farming

farmers.gov/loans

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## Loans

USDA is here to help farmers, ranchers, and foresters get the loan support they need to be successful. Whether you're a new farmer just getting started or a seasoned rancher in business for decades, we have loan options to help you meet your goals.

In January 2021, USDA announced a temporary suspension of past-due debt collection and foreclosures for distressed direct loan borrowers due to the economic hardship imposed by the COVID-19 pandemic. USDA will not be accelerating or foreclosing on any direct loans, regardless of payment status, while the suspension is in effect. Although some direct loan borrowers may have received a standardized form known as the "Notice of Intent to Accelerate", they should rest assured that USDA is not pursuing any acceleration or foreclosure. More information can be found in this [January 31, 2022 FSA letter to direct](#)

Feedback

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<https://www.farmers.gov/loans>

# Terra Preta Farm, Edinburg Texas

- Family Farm ran by Juan and Shakera Raygoza, 3 kids
- Started Farming in 2009
- Currently farming 20 acres of certified organic land



# Markets

We grow vegetables for markets, CSA, wholesale distributors, and major Texas Supermarket.

## Retail



## Wholesale



# Farming History



2009  
Borrowed  
land from  
a Friend



2009  
• Sold first  
Veggie  
Boxes



2010  
Bought  
1959  
Massey  
Ferguson



2011  
Got it  
working a  
year later!



# Farming History



2010  
Sold 10  
cases of  
Peppers  
to  
Greenling



2011  
Awarded TDA  
Young  
Farmer  
Grant



2011  
Borrowed  
Bigger Lot  
in Donna



2011  
Started  
CSA with 3  
Members

# 2011 Leased 3 Acres

3 Farmers  
Markets

20 CSA  
Members

Volunteers  
Part-Time  
employee



Utility Sink



Backyard  
Hoop House



Washer Salad  
Spinner



Transplanter



# Farmer's Markets



Alhambra  
100



20 Boxes Weekly



McAllen  
600

# Farm Ownership May 2012

FSA Loan



7 Acres in Edinburg TX



# Infrastructure FSA Microloan 2<sup>nd</sup> Young Farmer Grant



# Scaled up

- 50 Member CSA
- School Districts
- Wholesale Distributor in Austin



Relocated to 20 acres in 2017



# FSA Microloan, NRCS EQiP 3<sup>rd</sup> Young Farmer Grant



Infrastructure



# Equipment



# Equipment

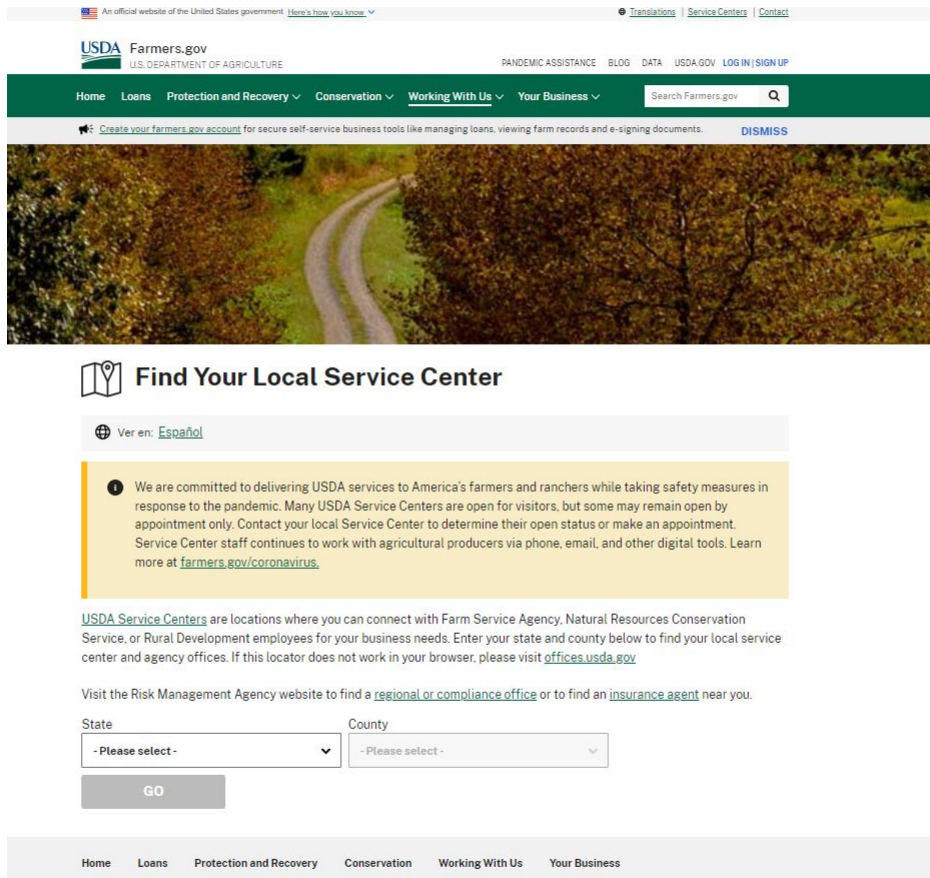


# Labels & Branding



Apply through your local FSA  
Office.

Technical Assistance  
Shakera Raygoza  
(512) 684-3564 Ext. 1  
Shakera@youngfarmers.org



An official website of the United States government [Here's how you know](#) [Translations](#) | [Service Centers](#) | [Contact](#)

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### Find Your Local Service Center

Ver en: [Español](#)

**i** We are committed to delivering USDA services to America's farmers and ranchers while taking safety measures in response to the pandemic. Many USDA Service Centers are open for visitors, but some may remain open by appointment only. Contact your local Service Center to determine their open status or make an appointment. Service Center staff continues to work with agricultural producers via phone, email, and other digital tools. Learn more at [farmers.gov/coronavirus](#).

[USDA Service Centers](#) are locations where you can connect with Farm Service Agency, Natural Resources Conservation Service, or Rural Development employees for your business needs. Enter your state and county below to find your local service center and agency offices. If this locator does not work in your browser, please visit [offices.usda.gov](#)

Visit the Risk Management Agency website to find a [regional or compliance office](#) or to find an [insurance agent](#) near you.

State:  County:

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