



# FARM LOANS

# Application

# Quick Guide

## | Microloans

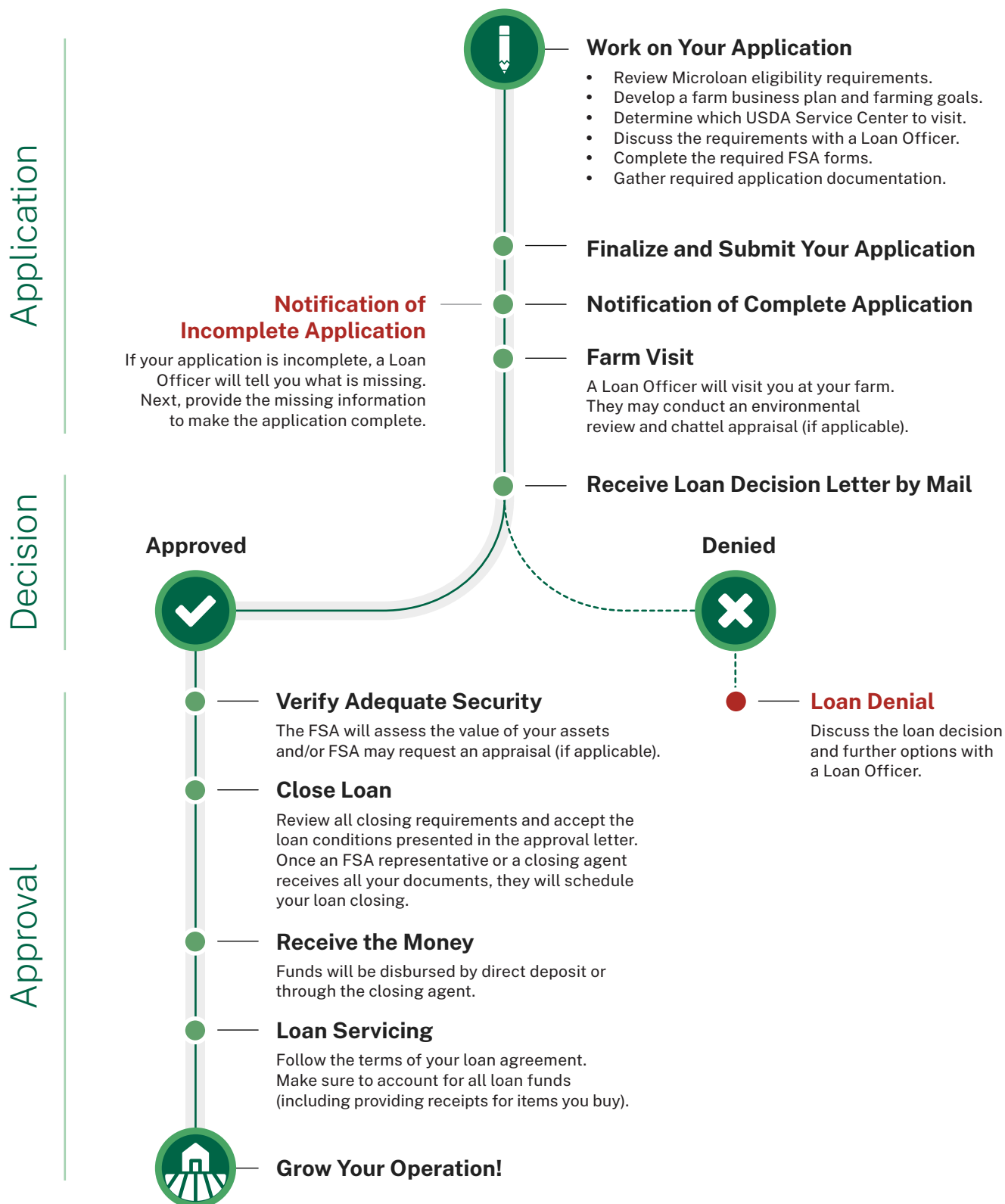
### How do you use this guide?

Use this guide to better understand how to prepare for your first visit to a Service Center and apply for a loan. In this guide you will find:

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# Loan Process

Here's what to expect on your FSA Microloan journey.



# Partner With A Loan Officer

Service Center employees are here to assist you throughout your loan journey.



## Loan Officers will:

- Assist you during the entire loan process.
- Provide supervision throughout the life of the loan.
- Give feedback and suggestions on your business operating plan.
- Work with you to develop opportunities to build your business and move on to a traditional form of credit.
- Work with you in person, via email, and on the phone.

## Are you ready to connect with a Loan Officer?

### Follow These Steps:

1

Find your local Service Center online at: <https://www.farmers.gov/service-locator> or contact an agriculture representative to find out where a Service Center is located.



Call before visiting a Service Center. If the Service Center you call does not have Farm Loan Programs employees, you will be directed to a Service Center that does.

2

Call to schedule an appointment with a Loan Officer at a Service Center. (Walk-ins are welcome, but Loan Officers may be unavailable at that time.)

# Microloans

Microloans focus on helping finance small, beginning farmer or rancher, niche, and non-traditional farm operations.

All FSA Direct Farm Loans are funded and serviced by the FSA through local Loan Officers. The funding comes from congressional appropriations as part of the USDA budget. Interest rates are calculated monthly and are posted on the 1st of each month; view them here: <https://www.fsa.usda.gov/farmloans>.

## Loan Limitations

Funds cannot be used to finance exotic birds, tropical fish, dogs, or horses used for racing, pleasure, show, and boarding or any other enterprises not typically associated with human consumption, fiber or draft use.

The maximum loan amount for either a Farm Ownership or a Farm Operating Microloan is \$50,000. The \$50,000 limit includes any outstanding FSA Direct Operating or Farm Ownership unpaid principal loan balances. A loan applicant may have other Guaranteed or Direct loans and still qualify for a Microloan. Discuss additional options with your Loan Officer.

## What is the difference between Farm Ownership and Farm Operating Microloans?



### Ownership Loans

Land Purchase or Construction Project

The maximum loan amount is \$50,000.

Used to buy a farm; enlarge an existing operation; make a down payment on a farm; purchase easements; construct, purchase or improve farm dwellings, service buildings or other facilities and improvements essential to the farm operation; promote soil and water conservation and protection; and pay loan closing costs.

Generally, you need experience operating a farm-related business.



### Operating Loans

Equipment, Feed, Livestock, etc.

The maximum loan amount is \$50,000.

Used to pay costs associated with reorganizing a farm to improve profitability; purchase livestock, including poultry; purchase farm equipment; pay farm operating expenses, make minor improvements or repairs to buildings; refinance certain farm-related debts, excluding real estate; aid in land and water development, use, or conservation; and pay loan closing and borrower training costs.

# Eligibility Requirements

Here are general eligibility requirements you need to meet.

## General eligibility requirements include:

- Not having federal or state conviction(s) for planting, cultivating, growing, producing, harvesting, storing, trafficking, or possession of controlled substances.
- The legal ability to accept responsibility for the loan obligation.
- An acceptable credit history.
- Be a United States citizen, non-citizen national or legal resident alien of the United States, including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and certain former Pacific Trust Territories.
- Being unable to obtain sufficient credit elsewhere, with or without an FSA loan guarantee.
- No delinquency on a federal debt, other than IRS tax debt, at the time of loan closing.
- Not being ineligible due to disqualification resulting from a federal crop insurance violation.
- Have sufficient managerial ability to assure a reasonable expectation of loan repayment.

**Note:** There may also be additional requirements that your Loan Officer will discuss with you.





# FSA Required Forms

These are the form(s) the FSA needs to complete your loan application.

Check the box below once you have completed the form. A Loan Officer can provide you with an application form with the comprehensive application requirements. You can also download the form as a PDF on the FSA Microloan Programs webpage (<https://www.fsa.usda.gov/microloans>).

**Note:** A signature is required for every form from each applicant, including entity members.

## ✓ Form Number and Name

☐ FSA-2001: "Request for Direct Loan Assistance"

**If you are an entity, you may need to provide this form, too.**

☐ AD-3030: "Representations Regarding Felony Conviction and Tax Delinquent Status" (for corporations only)

**i** There are online resources on the last page of this document that may help answer additional questions you may have about these forms or the application process.



# Additional Documentation

These are some of the items you will need to complete your application.

Check the boxes below as you gather each item to ensure a complete application.

**Note:** For Entity Applicants, including all Embedded Entities, the information listed below is required for (1) the entity; (2) the embedded entity; and (3) each individual entity member.

## ✓ Item Name

- ☐ Credit report fee, using personal or bank check, made payable to the Farm Service Agency
- ☐ Copies of all leases, contracts, options, and other agreements
- ☐ Proof of legal name such as a driver's license or Green Card
- ☐ Verification of income, debts, and assets (for example, recent pay stubs and statements for credit cards, loans, and bank accounts)

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**If you are applying for a Farm Ownership Microloan, please provide these items, too.**

- ☐ Legal descriptions of all farm property owned or to be acquired
- ☐ Copy of ratified purchase agreement
- ☐ Construction plans (if applicable)

**Note:** Complete legal descriptions are usually found in a deed from the courthouse.

**If you are an entity, please provide these items, too.**

- ☐ Financial statements from your entity (if applicable) and all involved individuals
- ☐ Complete list of all entity members
- ☐ Copies of any organizational and operation documents
- ☐ Partnership Agreement or Joint Operation Agreement
- ☐ Evidence of current registration and good standing with relevant state regulatory agencies
- ☐ A duly adopted resolution to apply for and obtain financing

# Still Need Help?

The following online resources can help answer your questions.

Talk to a Loan Officer, local agriculture representative, or community organization to learn more. If you do not have internet access, a Loan Officer can send you resources and provide state-specific resources. Also, consider getting in touch with your state's agricultural extension.

## Farmers.gov

<https://www.farmers.gov>

Farmers.gov provides farmers, ranchers, private foresters, and agricultural producers with educational materials, engagement opportunities, and business tools to increase efficiency and productivity.

## Find Your Local Service Center

<https://www.farmers.gov/service-locator>

Use this online tool to search for your Farm Service Agency, Natural Resources Conservation Service, and Risk Management Agency Service Centers by state and county.

## Microloans

<https://www.fsa.usda.gov/microloans>

Get more information and resources on Microloans.

## FSA Farm Loan Programs

<https://fsa.usda.gov/farmloans>

In-depth information about everything related to the FSA Farm Loan Programs including forms.

## Assistance for Socially Disadvantaged Farmers and Ranchers

<https://www.fsa.usda.gov/minority-and-women-farmers-ranchers>

FSA continues to develop innovative loan products and initiatives to improve its ability to serve traditionally underserved farmers and ranchers. View this information online or talk to a Loan Officer to learn about initiatives that may be in place to assist you.

## Make a Farm Business Plan

<https://www.farmers.gov/your-business/beginning-farmers/business-plan>

This is your roadmap to start-up, profitability, and growth, and provides the foundation for your conversation with USDA about how our programs can complement your operation. Your Loan Officer can provide guidance on how to develop the plan as well.

## Beginning Farmers Resources

<https://www.farmers.gov/your-business/beginning-farmers>

Find the resources you need to get started with your operation. Learn how to get an FSA Farm Number, which gives you access to key USDA programs.

## Farm Loan Assistance Tool

<https://www.farmers.gov/loan-assistance-tool>

Check your eligibility for FSA loans, discover the various FSA loan products, learn about documentation requirements, and follow easy-to-understand instructions when completing the loan application forms.