

Highlighted **Farm Service Agency**
Programs for

SMALL-SCALE OR DIVERSIFIED FARMERS AND RANCHERS



Community Food
Agriculture Coalition
OF MISSOULA COUNTY



NATIONAL CENTER FOR
APPROPRIATE TECHNOLOGY

What is the FSA? The Farm Service Agency is a federal agency of the USDA that provides loans, conservation incentives, disaster assistance, price support, and more to farmers and ranchers across the country. You can find an FSA office in almost every county in the nation and lending offices in a county nearby. To find an office near you, visit [offices.usda.gov](https://www.offices.usda.gov).

Acronyms! With so many different programs, the FSA uses a LOT of acronyms. In addition to the program acronyms described below, you'll also see BFR (beginning farmer or rancher – someone who has been a farm/ranch operator for 10 years or less) and SDA (socially disadvantaged farmer or rancher – a member of a group that has historically been subjected to racial or ethnic prejudice).

Where Do I Start? Register with your local FSA office to get started and check in annually to report your production. This will ensure your eligibility and help them to keep you informed of changes to the programs you use or could use.

This is just a selection of FSA's many programs. For information on other programs that might fit your operation, visit your local FSA office.

LOAN PROGRAMS

Direct vs. Guaranteed

- Many FSA loan programs offer Direct or Guaranteed loans. You apply for Direct loans with your local FSA farm loan staff and you apply for Guaranteed loans through any USDA-approved commercial lender.
- Eligibility requirements are the same for direct and guaranteed loans.

More on Guaranteed Loans

- By “guaranteeing” the loan, FSA may make it possible for a commercial lender to lend more money or lend to operations that may have previously seemed too “risky.”
- Lenders that do a lot of *Guaranteed* loans can receive “preferred” or “certified” status which streamlines the process for you and the lender. Get a list of these lenders by contacting your local FSA loan office.
- The EZ Guarantee program streamlines the process for loans up to \$100,000 with low interest rates for small-scale producers, SDA and BFRs. Ask your lender if you might be eligible.

Farm Ownership Loans (FO)



- Can be used to buy or enlarge a farm or ranch, construct, purchase, or improve farm dwellings or other structures, promote soil and water conservation, and pay loan closing costs.
- Direct loans can be made for up to \$300,000 and can be used in partnership with a Guaranteed loan to finance larger amounts; when joint financing (direct + another guaranteed or non-guaranteed loan) is used, reduced interest rates may be available.
- Maximum repayment period is 40 years.
- Farm must be unable to obtain sufficient credit elsewhere and must have at least 3 years (in the past 10 years) of farm management experience involving all aspects of farm production and decision-making.
- More information, current interest rates, and application instructions:
<https://www.fsa.usda.gov/programs-and-services/farm-loan-programs/farm-ownership-loans/index>

Down Payment Assistance



- Available to BFRs, minority, and/or women applicants who meet the other eligibility requirements for FO loans.
- Reduces the down payment requirement to 5% of the purchase price of the farm (combined outside and FSA financing can be up to 95%).
- Can be used to finance up to the lesser of \$300,000 or 45% of the purchase price or the appraised value; the balance of the purchase price may be covered by a commercial or private lender and may include a guaranteed loan.
- Offers significantly lower interest rates; as of June 2017, interest rate was 1.5%.

Farm Operating Loans (OL)



- Can be used to purchase equipment, livestock, minor building improvements, land and water development, and a wide array of other farm operating and family living expenses. May also be used to refinance certain non-real estate debts.

- Direct loans can be made for up to \$300,000 and can be used in partnership with a Guaranteed loan to finance larger amounts; no down payment is required.
- Maximum repayment period varies depending on the purpose, ability to repay, and income projections, but will be no more than 7 years.
- Farm must be unable to obtain sufficient credit elsewhere.
- Farm must demonstrate adequate “managerial ability” by meeting one or more of the following criteria: education (including high school vocational classes, farm management workshop programs, or 2-year or 4-year degree); on-the-job training (including ag training or intern/apprenticeship programs with an emphasis on management responsibilities); and/or 1 year of farm experience as an owner, manager, operator, or other leadership position making day-to-day management decisions.
- More information, interest rates, and application instructions:
<https://www.fsa.usda.gov/programs-and-services/farm-loan-programs/farm-operating-loans/index>

Microloans



- Offers a streamlined application process for FO or OL loans of \$50,000 or less.
- Reduces some application requirements, such as removing the need for an appraisal or verification of non-farm income for FO loans and removing production yield history requirements and modifying farm managerial experience for OL loans.
- Can be used for the same types of purchases as FO and OL – see above.

Emergency Loans



- For natural disasters designated by the Secretary of Agriculture or the President under the Stafford Act; can be used by affected producers in the designated or contiguous counties.
- Must have had a loss of 30% in production or quality (i.e. receiving a 30% reduced price for damaged crops).

- Can be used to restore or replace essential property, cover production costs or essential family living expenses, reorganize the farming operation, and/or refinance certain non-real estate operating debts.
- Farm must be unable to obtain sufficient credit elsewhere.
- Maximum loan amount is \$500,000, although actual limitations related to the level of loss.
- Repayment term is up to 18 months, based on the useful life of the security, repayment ability, and the type of loss involved.

Farm Storage Facility Loans (FSFL)



- Low-interest rate financing allowing producers to borrow up to \$500,000 with 15% down or \$50,000 with 5% down. In June 2017, interest rates were as low as 1.5%.
- Eligible for a wide array of commodities including fruit, honey, dairy, meat, and vegetables, as well as a wide array of facilities, including permanent or portable structures, trucks, and equipment for storage, electrical, safety, monitoring, cooling, renovation, and some processing, packaging, and feeding.
- You can apply for an FSFL at your local FSA office.

ADDITIONAL LAND ACCESS PROGRAMS

Transition Incentive Program (CRP-TIP)



- Looking at land that has an expiring Conservation Reserve Program (CRP) contract? By leasing to a SDA/BFR, the landowner can get two additional years of CRP rental payments!
- Designed to make SDA/BFRs more competitive in finding and acquiring land.
- SDA/BFRs must purchase the land or lease it on a long-term basis (at least 5 years).

DISASTER ASSISTANCE PROGRAMS

Noninsured Crop Disaster Assistance Program (NAP)



- Crop insurance for farmers with diversified operations or crops that can't otherwise be insured.
- Applies if you have low yields, lose inventory, or can't plant because of weather-related events like drought, frost, hail, disease, insect infestation, or excessive moisture/flood, wind, or heat.
- SDA, limited resource, and BFRs are eligible for FREE basic coverage, a waiver of the service fee, and a 50% premium reduction for higher coverage levels.
- You must apply for coverage BEFORE the application closing dates, which vary by crop and year – contact your local office to find out the dates that apply to your operation.
- When you have a weather-related event, you must notify FSA within 15 days of: the event; the final planting date if planting is prevented; the date the damage becomes apparent; or the normal harvest date. However, most offices prefer to be notified as soon as the event occurs so they can be aware of the issue as soon as possible.

Tree Assistance Program (TAP)



- Pays for the loss of trees, bushes, or vines due to a natural disaster, including plant disease, insect infestation, drought, fire, freeze, flood, earthquake, lightning, and more.
- Eligible tree types are those that produce an annual crop for commercial purposes, including nursery and Christmas trees.
- Applies if you have a mortality loss greater than 15% (after normal mortality).
- You must own the trees, but you don't have to own the land on which they're planted.
- You do NOT have to pre-apply for TAP; you can submit an application for payment within 90 calendar days of the disaster event or the date when the loss is apparent

Livestock Forage Disaster Program (LFP)



- Provides compensation to livestock producers if an eligible drought or fire occurs anywhere in your county.
- FSA maintains a map of counties that are eligible for LFP throughout the year: www.fsa.usda.gov/programs-and-services/disaster-assistance-program/livestock-forage/index. Check it to stay up to date on eligibility throughout the season.
- You do NOT have to pre-apply for LFP; you can submit an application for payment within 30 calendar days after the end of the calendar year in which the grazing loss occurs.

Livestock Indemnity Program (LIP)



- Provides compensation to livestock producers for livestock deaths beyond normal mortality if they're caused by eligible weather, disease, and/or wildlife attacks.
- You do NOT have to pre-apply for LIP. First, submit a notice of the loss within 30 calendar days of when the loss of livestock is first apparent to you. Then, file an application for payment no later than 90 calendar days after the end of the calendar year in which the loss took place.
- Contact your local FSA office for more information on how you should document the loss.

Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish (ELAP)



- Provides financial assistance to eligible producers for losses due to disease and certain weather events. ELAP can often cover losses not covered by LFP and LIP.
- You do NOT have to pre-apply for ELAP. First, submit a notice of the loss within 30 calendar days of when the loss is first apparent to you. Then, file an application for payment no later than Nov. 1 after the program year in which the loss took place.
- Contact your local FSA office for more information on how you should document the loss and specific eligibility requirements for the three different program areas.

Acronym Key

USDA – United States Department of Agriculture.

FSA- Farm Service Agency

SDA- Socially Disadvantaged Farmer or Rancher

BFR – Beginning Farmer or Rancher

FO – Farm Ownership Loans

OL – Operating Loans

FSFL- Farm Storage Facility Loans

CRP – Conservation Reserve Program

CRP-TIP – Transition Incentive Program

NAP – Non-insured Crop Disaster Assistance Program

TAP – Tree Assistance Program

LFP – Livestock Forage Disaster Program

LIP – Livestock Indemnity Program

ELAP – Emergency Assistance for Livestock, Honeybees and Fish

Notes

FSA'S PROGRAMS offer diverse opportunities to farmers and ranchers of all kinds. To find out more, visit: www.fsa.usda.gov.



United States Department of Agriculture
Farm Service Agency

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