



FINANCING AGRICULTURE OPERATIONS

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Agriculture is notably a very resource-intensive field drawing upon land, labor, and capital as a means of production.

Of these, accessing capital is the foremost prerequisite to a successful operation because one must have sufficient finances to cover other operational inputs, or they be faced with curtailed production scale limitations or barriers to entering a new commodity market. One way for a young or beginning Tribal producer to access needed capital is financing one's operation with a number of the direct federal and private lending programs that exist at the U.S. Department of Agriculture and/or the Farm Credit System, respectively.



USDA FARM SERVICE AGENCY (FSA) LOANS

The USDA-FSA offers direct and guaranteed loans for eligible farmers in the form of Farm Ownership Loans and Operating Loans, with set-asides for Tribal and other qualifying producers.

DIRECT LOANS

Direct Loans are made directly to qualifying farmers with USDA as the lender and processing/servicing entity.

GUARANTEED LOANS

Guaranteed Loans are made through intermediary commercial lending institutions subject to federal or state supervision, with USDA-FSA guaranteeing 90 percent of the lender's loss if the loan fails.



FARM OWNERSHIP LOANS

(Direct: <\$600K, Guaranteed: <\$1.776 Mil)

Direct and Guaranteed Farm Ownership Loans may be used to purchase or enlarge a farm or ranch, purchase easements or rights of way needed in the farm's operation, erect or improve buildings, implement soil and water conservation measures, and pay closing costs. A producer may also use a Guaranteed Farm Ownership loan to refinance debt. Repayments terms for Direct Farm Ownership Loans vary but never exceed 40 years, whereas repayment terms and interest rates for Guaranteed Farm Ownership Loans are set by the lender.

OPERATING LOANS

(Direct: <\$400K, Guaranteed: <\$1.776 Mil)

Direct and Guaranteed Operating Loan funds may be used to purchase livestock, poultry, farm equipment, seed, feed, fuel, fertilizer, chemicals, and other operating expenses.

These funds may also be used for training costs, closing costs, and to reorganize and refinance debt. Repayment terms for Direct Operating Loans are dependent on the collateral acting as security and usually are 1-7 years, whereas repayment terms and interest rates for Guaranteed Operating Loans are set by the lender.

MICROLOANS

(<\$50K)

Microloans are operating loans issued directly by the USDA-FSA, constructed to meet the needs of small and beginning farmers, non-traditional, specialty crop, and niche type operations by easing borrower requirements and streamlining the application process.

YOUTH LOANS

(<\$5K)

Youth Loans are operating loans to eligible individual youths aged 10-20 to finance income-producing, agriculture-related projects. These projects are part of an organized and supervised program of work, typically through those participating in 4-H clubs or FFA chapters.

FARM CREDIT SYSTEM

A network of 72 private, borrower-owned lending cooperatives structured as a Government Structured Enterprise. Provides loans and related financial services to U.S farmers and ranchers, farmer-owned cooperatives and other agribusinesses, rural homebuyers and rural infrastructure providers.

