FSA Farm Loan Programs
Public Meeting – Natoma, KS
December 29th, 2021

Russell County FSA Farm Loan Programs
Servicing Barton, Ellis, Lincoln, Mitchell, Osbourne & Russell

Russell County FSA Farm Loan Programs
Contact Information

Russell County FSA Office
Farm Loan Programs
555 S. Fossil
Russell, KS 67665
Phone Number: (785)483-5618
Farm Loan Manager: Mark Herrmann
Graham County FSA Farm Loan Programs
Servicing Decatur, Graham, Norton, Rooks, Sheridan & Trego

Contact Information
Graham County FSA Office
Farm Loan Programs
100 N. 12th Ave
Hill City, KS 67642
Phone Number: (785)421-2115
Farm Loan Manager: Randy Thiel

Loan Options
- Emergency Loans
- Operating Loans
- Farm Ownership Loans
- Microloans
- Guaranteed Loans
FSA Farm Loan Programs
General Loan Eligibility
- Must have acceptable credit history
- Test for credit applies
- FSA will evaluate financial strength of applicant
- Referral from commercial lender may be needed
- Must be the owner and operator of the farm or ranch

FSA Farm Loan Programs
Emergency (EM) Loans
- Made available by a Disaster Designation
- FSA is in the process of gathering loss data from this disaster. Once loss information is known, a request will be sent to the FSA Administrator for a Disaster Designation
- EM loan funds can be used for both production and physical losses when applicable

FSA Farm Loan Programs
Emergency (EM) Loans
- Loans up to $500,000, based on loss calculations
- Interest Rate: 3.0%
- Term dependent on loss type
- Must have suffered disaster-related damage
- Duplicative assistance will be used to repay EM loans: ECP, ELAP, LIP
FSA Farm Loan Programs
Emergency (EM) Loans
- Losses: Livestock, equipment, stored crops (hay)
- Loan funds used to repair or replace
- Refinance farm-related debt
- May also used for farm operating/living expenses if losses were to calves or hay stock intended for resale

FSA Farm Loan Programs
Operating (OL) Loans
- Loan amount up to $400,000
- Purposes include:
  - Purchase livestock and/or equipment
  - Annual operating expenses
  - Refinance debt
  - Minor real estate repairs or improvement
- Interest rate 2%, Loan term up to 7 years

FSA Farm Loan Programs
Farm Ownership (FO) Loans
- Loan amount up to $600,000
- Purposes include:
  - Purchase farm or ranch real estate
  - Repair or construct buildings, capital improvements
- Interest rate 3%, Loan term up to 40 years
FSA Farm Loan Programs

Microloans

- Loan amounts of $50,000 or less
- Can be used for authorized OL and FO loan purposes
- Simple application process and a quick turnaround
- Interest rate same as current OL or FO rate
- Term 1-25 years depending on security and loan type

FSA Farm Loan Programs

Guaranteed Loans

- FSA may guarantee commercial loans for authorized purposes, up to $1,825,000
- Guarantees assist lenders to make loans they otherwise may not due to:
  - Tight repayment margins
  - Limited security
  - Other credit concerns

FSA Farm Loan Programs

Need more information?

- Contact your local FSA office
- Go to the web:
<table>
<thead>
<tr>
<th>County</th>
<th>Office Location</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Sherman</td>
<td>210 W. 10th St #2, Goodland, KS 67735, 785-899-3070</td>
</tr>
<tr>
<td>2.</td>
<td>Thomas</td>
<td>1015 W. 2nd St., Oakley, KS 67748, 785-672-4861</td>
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<tr>
<td>3.</td>
<td>Graham</td>
<td>100 N. 12th Ave., Hill City, KS 67642, 785-421-2115</td>
</tr>
<tr>
<td>4.</td>
<td>Rooks</td>
<td>555 S. Fossil, Russell, KS 67665, 785-483-5618</td>
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<tr>
<td>5.</td>
<td>Smith</td>
<td>319 Roger Bartoway, Smith Center, KS 66967, 785-282-3832</td>
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<tr>
<td>6.</td>
<td>Jewell</td>
<td>705 B. St., Washington, KS 66968, 785-325-2253</td>
</tr>
<tr>
<td>8.</td>
<td>Rooks</td>
<td>409 North St., Seneca, KS 66538, 785-336-3543</td>
</tr>
<tr>
<td>9.</td>
<td>Waupaca</td>
<td>605 Sixth St., Effingham, KS 66023, 913-833-5460</td>
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<tr>
<td>11.</td>
<td>Butler</td>
<td>343 W 23rd St., Ste 1, Ottawa, KS 66067, 785-242-3260</td>
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<tr>
<td>12.</td>
<td>Ford</td>
<td>207 S. Summit, Girard, KS 66743, 620-724-6227</td>
</tr>
<tr>
<td>14.</td>
<td>Sumner</td>
<td>2118 N. 9th, Winfield, KS 67156, 620-221-2060</td>
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<td>16.</td>
<td>Sedgwick</td>
<td>18 East 7th Ave., S. Hutchinson, KS 67505, 620-669-8161</td>
</tr>
<tr>
<td>17.</td>
<td>Pratt</td>
<td>299 NE SR 61, Pratt, KS 67124, 620-672-7449</td>
</tr>
<tr>
<td>18.</td>
<td>Kingman</td>
<td>18635 140 Rd, Ness City, KS 67560, 785-798-3614</td>
</tr>
<tr>
<td>19.</td>
<td>Marion</td>
<td>104 Soule St., Dodge City, KS 67801, 620-227-3731</td>
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</tbody>
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## Farm Loan Information Chart

<table>
<thead>
<tr>
<th>Program</th>
<th>Maximum Loan Amount</th>
<th>Rates and Terms</th>
<th>Use of Proceeds</th>
</tr>
</thead>
</table>
| Direct Farm Ownership (FO)                   | $600,000                  | • Rate based on agency borrowing costs  
• Term up to 40 years                                                              | • Purchase farm  
• Construct buildings or other capital improvements  
• Soil and water conservation  
• Pay closing costs                                                                 |
| Direct Farm Ownership (FO) Participation     | $600,000                  | • Rate is direct FO rate less 2% with a floor of 2.5% if at least 50% of loan amount provided by other lender  
• Term up to 40 years                                                              | Same as direct FO                                                                 |
| Direct Farm Ownership Microloan (FO ML)      | $50,000                   | • Rate based on agency borrowing costs  
• Term up to 25 years                                                               | • Purchase farm  
• Construct buildings or other capital improvements  
• Soil and water conservation  
• Pay closing costs                                                                 |
| Direct Down Payment Farm Ownership Program   | The lesser of 45% of:  
• the purchase price;  
• the appraised value; or  
• $667,000 ($300,150 maximum)          | • Rate is direct FO rate less 4% with a floor of 1.5%  
• Term of 20 years  
• Down payment of at least 5%                                                      | Purchase of farm by a beginning or underserved farmer                             |
| Direct Operating (OL)                        | $400,000                  | • Rate based on agency borrowing cost  
• Term from 1 to 7 years                                                            | • Purchase livestock, poultry, equipment, feed, seed, farm chemicals, and supplies  
• Soil and water conservation  
• Refinance debts with certain limitations                                              |
| Direct Operating Microloan (ML)              | $50,000                   | Same as direct OL                                                                | Same as direct OL                                                                |
| Direct Emergency                             | 100% actual or physical losses $500,000 maximum program indebtedness | • Rate is based on the OL rate plus 1%; with a cap of 3.75%  
• Term from 1 to 7 years for non-real estate purposes  
• Term up to 40 years for physical losses on real estate | • Restore or replace essential property  
• Pay all or part of production costs associated with the disaster year  
• Pay essential family living expenses  
• Reorganize the farming operation  
• Refinance debts with certain limitations                                               |
## FARM LOAN INFORMATION CHART – March 2020

<table>
<thead>
<tr>
<th>Program</th>
<th>Maximum Loan Amount</th>
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<th>Use of Proceeds</th>
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</thead>
<tbody>
<tr>
<td>EZ Guarantee</td>
<td>$100,000</td>
<td>Same as Guaranteed Operating or Guaranteed Farm Ownership</td>
<td>Same as Guaranteed Operating or Guaranteed Farm Ownership</td>
</tr>
<tr>
<td>Guaranteed Operating</td>
<td>$1,776,000 (Amount adjusted annually for inflation)</td>
<td>• Rate determined by the lender</td>
<td>Same as direct OL</td>
</tr>
<tr>
<td>Guaranteed Farm Ownership</td>
<td>$1,776,000 (Amount adjusted annually for inflation)</td>
<td>• Rate determined by the lender</td>
<td>Same as direct FO except loan may be used to refinance debts</td>
</tr>
<tr>
<td>Guaranteed Conservation Loan (CL)</td>
<td>$1,776,000 (Amount adjusted annually for inflation)</td>
<td>• Rate determined by the lender</td>
<td>• Implement any conservation practice in an NRCS-approved conservation plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Term not to exceed 30 years, or shorter period, based on the life of the security</td>
<td>• May be used to refinance debts related to implementing an NRCS-approved conservation plan</td>
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<td></td>
<td></td>
<td>• Loan guarantee fee is 1.5%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Eligibility requirements expanded to include large and financially strong operations</td>
<td></td>
</tr>
<tr>
<td>Land Contract (LC) Guarantee</td>
<td>The purchase price of the farm cannot exceed the lesser of:</td>
<td>• Rate cannot exceed the direct FO interest rate plus 3%</td>
<td>• Sell real estate through a land contract to a beginning or underserved farmer</td>
</tr>
<tr>
<td></td>
<td>• $500,000; or</td>
<td>• Amortized over a minimum of 20 years with no balloon payments during the first 10 years of loan</td>
<td>• Guarantee is with the seller of the real estate</td>
</tr>
<tr>
<td></td>
<td>• The current market value of property</td>
<td>• Down payment of at least 5%</td>
<td></td>
</tr>
</tbody>
</table>

For more information about Farm Loan Programs, visit [fsa.usda.gov/farmloans](http://fsa.usda.gov/farmloans) or find a local FSA office at [farmers.gov](http://farmers.gov).
Overview

The U.S. Department of Agriculture’s Farm Service Agency (FSA) offers direct and guaranteed loans to farmers and ranchers to promote, build, and sustain family farms for a thriving agricultural economy.

Farm ownership, operating, and emergency loans are available under the Direct Loan Program. Farm ownership, operating, and conservation loans are available under the Guaranteed Loan Program. FSA offers two types of guarantees under the Land Contract Guarantee Program.

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.

Direct Farm Loans

FSA’s Direct Loan Program is designed to help farmers start, purchase, or expand their farming operation. From beginning farmers who have limited financial history to qualify for commercial credit to farmers who have suffered financial setbacks from natural disasters, FSA offers a variety of loans to provide additional resources farmers need to establish and maintain profitable farming operations. Farmers may apply for direct loans at their local FSA offices.

Guaranteed Farm Loans

FSA guaranteed loans are available to farmers who may not meet loan qualifications from a commercial lender. Guaranteed loans are made and serviced by commercial lenders, such as banks, Farm Credit System institutions, or credit unions. Under a guaranteed loan, a commercial lender makes and services the loan, and FSA guarantees it against loss up to a maximum of 90 percent in most cases or 95 percent in limited circumstances. FSA approves eligible loan guarantees and provides oversight of lenders’ activities. Contact a local FSA office for a list of participating lenders.

Farm Ownership Loans

Farm Ownership Loans 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. The direct loans are available up to a maximum of $600,000. Microloans are also available. FSA will guarantee farm ownership loans through a commercial lender up to $1,825,000. The maximum repayment term is 40 years for both direct and guaranteed farm ownership loans.

Farm Operating Loans

Farm Operating Loans may be used for normal operating expenses, machinery and equipment, minor real estate repairs or improvements, and refinancing debt. The direct loans are available up to a maximum of $400,000. Microloans are also available. FSA will guarantee farm operating loans through a commercial lender up to $1,825,000. The repayment term may vary, but it cannot exceed seven years. Annual operating loans are generally repaid within 12 months or when the commodities produced are sold. Direct
operating loans require applicants to have sufficient education, training, or at least one year’s experience in managing or operating a farm or ranch within the last five years.

**Down Payment Program**

The Down Payment loan assists socially disadvantaged and beginning farmers in purchasing a farm.

Requirements:

- The applicant must make a cash-down payment of at least 5 percent of the purchase price;
- The maximum loan amount does not exceed 45 percent of the least of the purchase price of the farm to be acquired, the appraised value of the farm to be acquired or $667,000 (Note: This results in a maximum loan amount of $300,150);
- The term of the loan is a maximum of 20 years. The interest rate is 4 percent below the direct farm ownership rate, but not lower than 1.5 percent;
- The remaining balance may be obtained from a commercial lender or private party. FSA can provide up to a 95 percent guarantee if financing is obtained from a commercial lender. Participating lenders do not have to pay a guarantee fee
- Financing from participating lenders must have an amortization period of at least 30 years and cannot have a balloon payment due within the first 20 years of the loan.

**Youth Loans**

Youth loans may be made to young persons who are sponsored by a project advisor, such as a 4-H club, FFA, 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. These loans are only available as direct loans with a maximum loan amount of $5,000. Youth loans are available to those between the ages of 10 and 20 years at the time of loan closing.

**Emergency Loans**

Emergency loans help farmers and ranchers who have suffered a loss caused by natural disasters that damaged their farming or ranching operation.

Emergency loan funds may be used to restore or replace essential property, pay all or part of production costs associated with the disaster year, pay essential family living expenses, reorganize the farming operation, and refinance certain debts. The county or counties where the farm is located must be declared a disaster area by the President or designated by the Secretary of Agriculture. For production loss loans, applicants must demonstrate a 30 percent loss in a single farming enterprise. Applicants may receive loans up to 100 percent of production or physical losses.
These loans are only available as direct loans from FSA with a maximum loan amount of $500,000.

**Conservation Loans**

Conservation Loans provide access to credit for farmers and ranchers who want to implement conservation measures on their land. These loans are available to both smaller and less financially established farmers and ranchers, and to larger and financially stronger farmers and ranchers. The family farm and test for credit requirements are not applicable to Conservation Loans.

Farmers and ranchers may use conservation loans to complete any conservation activity included in a USDA approved conservation plan or Forestry Management Plan. The maximum loan amount is $1,825,000 with a maximum repayment term of 30 years. Conservation Loans are available as guaranteed loans only.

**Loans for Beginning and Socially Disadvantaged Farmers**

Each year, Congress targets a percentage of farm ownership and farm operating loan funds to beginning and socially disadvantaged farmers. Providing loan programs is important as these groups of farmers have historically experienced more difficulties obtaining financial assistance. FSA offers several loan programs to assist beginning and socially disadvantaged farmers (refer to the fact sheets titled Loans for Socially Disadvantaged Farmers and Ranchers and Loans for Beginning Farmers and Ranchers). FSA’s Down Payment Program is offered to assist socially disadvantaged and beginning farmers in purchasing a farm with a maximum loan amount of $300,150.

**Land Contract Guarantees**

FSA also offers financial guarantees for land sale contracts to a beginning or socially disadvantaged farmer. The seller may request either of the following:

- Prompt Payment Guarantee: A guarantee up to the amount of three amortized annual installments plus the cost of any related real estate taxes and insurance.
- Standard Guarantee: A guarantee of 90 percent of the outstanding principal balance under the land contract.

The purchase price of the farm cannot exceed the lesser of $500,000 or the market value of the property.

The buyer must provide a minimum down payment of 5 percent of the purchase price of the farm. The interest rate is fixed at a rate not to exceed the direct farm ownership loan interest rate in effect at the time the guarantee is issued, plus three percentage points. The guarantee period is 10 years for either plan regardless of the term of the land contract. The contract payments must be amortized for a minimum of 20 years. Balloon payments are prohibited during the 10-year term of the guarantee.

**Who is Eligible**

Eligibility requirements:

- Be a family farmer;
- Have a satisfactory credit history;
- Be a citizen of the United States, including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Commonwealth of the Northern Mariana Islands, Republic of Palau, Federated States of Micronesia and the Republic of Marshall Islands; a U.S. non-citizen national or a qualified alien under federal immigration law;
- Be unable to obtain credit elsewhere at reasonable rates and terms to meet actual needs;
- Have the legal capacity to incur the obligations of the loan;
- Not have outstanding unpaid judgments obtained by the U.S. in any court, excluding judgments filed in U.S. Tax Courts;
• Not be delinquent on a federal debt;

• Must not have provided FSA with false or misleading documents or statements in the past;

• Not have been convicted under federal or state laws of planting, cultivating, growing, producing, harvesting, or storing a controlled substance within the last 5 crop years;

• Not have received debt forgiveness from FSA (certain exceptions apply); and

• Be within the time restrictions as to the number of years they can receive FSA assistance.

Applications may also be made by entities. Entities are corporations, cooperatives, joint operations, partnerships, trusts, and limited liability companies. Their members/stockholders must meet these same eligibility requirements. The entity must also be authorized to operate a farm or ranch in the state where the land is located.

For socially disadvantaged members, they must hold a majority interest in the entity applicant to receive targeted funding

Working with Farmers and Ranchers

FSA does more than just provide credit - it works with farmers and ranchers to identify strengths and opportunities for improvement in farm production and management. FSA helps farmers and ranchers find alternative options, so they can achieve success. Learning and improving business planning and financial insight through FSA’s credit management is the difference between success and failure for many farm families.

FSA works to keep farmers and ranchers farming. FSA may be able to support direct loan borrowers whose accounts are distressed or delinquent, including:

• Re-amortization, rescheduling, consolidation, and/or deferral of loans;

• Rescheduling at a lower interest rate;

• Acceptance of conservation contracts on environmentally sensitive land in exchange for reduction of debt; and

• Writing down the debt.

If none of these options results in a feasible farm operating plan, FSA will work with borrowers to determine if they are eligible for consideration to retain the homestead and up to 10 acres. Borrowers may be offered the opportunity to pay off their debt for an amount below the full debt if that amount represents the market value of the loan collateral.

Farms that come into FSA ownership are sold at market value, with preference given to socially disadvantaged and beginning farmers.

More Information

For more information visit, fsa.usda.gov/farmloans or farmers.gov. Find your local USDA Service Center at farmers.gov/service-locator.