



United States Department of Agriculture

Farm Service Agency

Microloans



Cultivating Big Dreams on a Smaller Scale



What is FSA?



The U.S. Department of Agriculture's (USDA), Farm Service Agency (FSA) provides services to farmers through loans, payment programs, commodity price support, conservation efforts and disaster recovery assistance.

FSA's Farm Loan Programs (FLP) provide credit to agricultural producers who are unable to obtain private, commercial credit.

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FSA Farm Loans



If you are a farmer or rancher who is unable to obtain credit from another lender to start, purchase, sustain or expand your family farm you may be able to get a loan through FSA's Farm Loan Programs.

FSA has different types of loans depending on your current situation and what you need the loan for. FSA loan officers are available to answer your questions and to help with the application process.

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Types of Loans Available



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Guaranteed Loan Program

- Farm Ownership
- Operating
- Conservation

Direct Loan Program

- Farm ownership
- Operating
 - Microloan
 - Youth Loan
- Emergency



Type of Loan	Maximum Loan Amount	Loan Terms
Direct Farm Ownership	\$600,000	<ul style="list-style-type: none">• Term: Up to 40 years
Direct Down Payment Farm Ownership	The lesser of: <ul style="list-style-type: none">• 45% of purchase price• 45% of appraised value• \$300,150	<ul style="list-style-type: none">• Term: Up to 20 years
Direct Operating	400,000	<ul style="list-style-type: none">• Term: 1 to 7 years
Direct Operating Microloan	\$50,000	<ul style="list-style-type: none">• Same as Direct Operating Loan
Direct Emergency	The lowest of the following: <ul style="list-style-type: none">• 100% actual or physical losses• \$500,000	<ul style="list-style-type: none">• Term: 1 to 7 years (possibly up to 20 years) for non-real estate purposes• Up to 40 years for physical losses on real estate
Youth Loan	\$5,000	<ul style="list-style-type: none">• Term: 1 to 7 years
Guaranteed Farm Ownership	Amount adjusted annually for inflation.	<ul style="list-style-type: none">• Term: Up to 40 years• Rate determined by lender



Type of Loan	Maximum Loan Amount	Loan Terms
Guaranteed Farm Ownership	The maximum loan amount is adjusted annually for inflation.	<ul style="list-style-type: none">• Term: Up to 40 years• The interest rate is negotiated by you and your lender.
Guaranteed Operating	The maximum loan amount is adjusted annually for inflation	<ul style="list-style-type: none">• Term: 1 to 7 years• The interest rate is negotiated by you and your lender.
Guaranteed Conservation	The maximum loan amount is adjusted annually for inflation	<ul style="list-style-type: none">• Term: Up to 20 years• The interest rate is negotiated by you and your lender.
Land Contract Guarantee	A maximum purchase price of \$500,000 on a new land contract	<ul style="list-style-type: none">• Term: Contract payments must be amortized for a minimum of 20 years with equal payments during the term of the guarantee. The guarantee period is 10 years.



FSA Microloans



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The Farm Service Agency (FSA) developed microloans to better serve the unique financial operating needs of beginning, niche and small family farm operations such as, but not limited to:

- Organic production
- Community Supported Agriculture (CSAs)
- Small scale livestock
- Shellfish operations such as clams or oysters
- Honey or cheese producers



What is a Microloan



- Direct farm operating loan;
- Does not exceed \$50,000;
- Simplified application process;
- Verification requirements are more proportional to smaller loans and operations.

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Microloans Fulfill a Need



- Assists applicants with limited experience by providing an opportunity to gain farm management experience while working with a mentor;
- Eliminates use of high cost personal loans and high interest credit cards;
- Provides a bridge for youth loan borrowers to transition to larger-scale operations;
- Assists the agricultural community by creating opportunities to start new businesses.

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Microloans Can be Used For:



- Initial start-up expenses;
- Seed, fuel, fertilizer, utilities, or labor;
- Farmland rents;
- Purchase of livestock, farm implements or essential tools;
- Irrigation equipment or delivery vehicles;
- Marketing and distribution;
- Minor farm improvements;
- Hoop houses or high tunnels;
- Family living expenses.

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Eligibility Requirements



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Other FSA loans require applicants to meet certain farm management requirements. The microloan allows alternatives to this requirement that include:

- Apprentice relationship;
- Past participation with organizations such as FFA, 4-H, beginning farmer programs, and community based organizations;
- Small business management experience combined with a self-directed apprenticeship.



Securing Microloans



For an annual operating purposes, such as purchasing seed, fertilizer and other crop input costs, these loans are generally secured by the crop or products produced; however equipment or other security can be used.

Loans for other purposes such as purchasing equipment or foundation livestock are usually secured by the equipment or livestock being purchased but other types of security can be used.

All loans need basic security.

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Applying for a Microloan



Application forms can be obtained by visiting your local office or downloading them from the FSA website at <http://forms.sc.egov.usda.gov/>.

An FSA loan officer can help you complete the FSA forms or can identify other sources of assistance in your area.

Applications can be submitted by:

1. Calling for an appointment with an FSA loan officer;
2. Mailing, faxing, or delivering your application to your local FSA office;
3. Electronically submitting your application if you have registered through the e-gov system.

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Microloan Summary



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- Direct operating loan with a maximum loan amount of \$50,000.
- Shortened application process and reduced paperwork.
- Allows flexibility with managerial requirements.
- Provide some flexibility in loan security.
- Assist the agricultural community by creating opportunities to start new businesses;
- Fulfill financial operating needs of beginning, niche and the smallest of family farm operations.



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For More Information Contact

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Learn more by visiting www.fsa.usda.gov/microloans



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Number of Borrowers

# Borrowers 1-1-2014	89
# Borrowers 1-1-2015	137
# Borrowers 1-1-2018	200
# Borrowers 1-1-2022	248



As of 6-30-22 in Estancia Service Area:

# Native American Borrowers	# Hispanic Borrowers	# Non SDA	Total # Borrowers
47 – Male 14 - Female	120 – Male 21 - Female	11-Female 41-Male	254
61	141	52	254