

**WHAT FINANCING IS
RIGHT FOR YOU?**

FSA FARM LOAN PROGRAMS

- Who we are
- Processing
- Conditions
- Tools



**WHAT'S THE
WORD?**



GOVERNMENT AGENCY

- Programs must abide by federal laws and regulations
- Loan Programs are a part of the Farm Bill
- Often short staffed
- Hands can be tied/slow moving

PROGRESSION LENDING

- FSA aims to assist its borrowers in developing skills and understanding, in both production and finances, to help them qualify for full commercial credit.
- We call this “Graduation”
- What does that mean? Refinancing your FSA loan



LOAN PROCESSING

1. Submit Application

2. Review for Completeness

3. Environmental Review

4. Financial Analysis

5. Loan Writeup

6. Loan Decision

b. Approval

i. Approval documents mailed

ii. Approval documents returned to FSA

iii. Lien searches & filings

iiii. Close loan

a. Rejection/
Denial

i. Discussion with applicant

i. Formal letter mailed

Processing of an Operating Loan (OL) Application

COMMERCIAL OL LENDING DIFFERENCES

- Typically, less documents required
- Limited or no environmental review
- Financial Analysis is less in depth
- Loan write up is often shorter
- Pre-Approvals
- Can order lien searches before approval

1. Submit Application

2. Review for Completeness

3. Environmental Review

4. Financial Analysis

5. Loan Writeup

6. Loan Decision

b. Approval

i. Order appraisal

ii. Approval documents mailed

iii. Approval documents returned to FSA

iii. Contact title company

a. Rejection/Denial

v. Review appraisal

i. Discussion with applicant

Processing of a Farm Ownership (FO) Loan Application

vi. Order title work

i. Formal letter mailed

vii. Review title work

viii. Close loan

COMMERCIAL FO LENDING DIFFERENCES

- Typically, less documents required
- Limited or no environmental review
- Financial Analysis is less in depth
- Loan write up is often shorter
- Pre-Approvals
- **Can receive appraisals more quickly**
- **Can order title work before FSA can**
- **Can transfer money more quickly**

APPLICATION FAST TRACK (AFT)

- Shortened writeup
- Shortened Financial Analysis
 - Credit Report
 - Balance Sheet
 - Basic Production info
for A-OL

Traditional FSA Financing

- Full writeup
- Complete Financial Analysis
 - Credit Report
 - Balance Sheet
 - Income and Expense, 1-3 yrs.
 - Income and Expense Projections
 - Production Records, 1-3 yrs.

LOAN CONDITIONS





TYPICAL CONDITIONS

- Borrower must be the owner/operator for life of loan*
- Annually submit production records, taxes, balance sheet, projections with crop plan
- Consult with FSA on major changes
- Continue to meet Environmental Regulations*
- Farm visits at least every other year



TYPICAL CONDITIONS

- Maintain insurance for the life of the loan
- Production/Financial Training may be required*
- Recording/Closing fees paid by borrower
- Assignments on checks-FSA, commodity, insurance, rental property income
- 100%+ security*

Extra security (above 100%) taken when available & if loan type requires more than 100%

- Term Micro Operating Loan: \$50,000 for Cattle, 100% security (\$50,000)
- Term Micro Operating Loan, Specialty: \$20,000 for Maple Syrup, 150% (\$30,000)
- Term Operating Loan: \$60,000 for a tractor, 150% security (\$90,000)
- Annual Loan Micro or Not: \$50,000 for crops, 150% security (\$75,000)
- Micro Farm Ownership: \$40,000 for barn improvements, 100% security (\$40,000)
- Direct Farm Ownership: \$200,000 from FSA, 150% security (\$300,000)
- Participation Farm Ownership: \$350,000 from FSA, 150% security (\$525,000)
- Down Payment Farm Ownership: \$250,000 from FSA, 100% security (\$250,000)



TYPICAL CONDITIONS

- **Partial Release:** FSA letting go of what was taken as security
 - Taking acres out of production
 - Selling acres
 - Using FSA's additional security for another loan
 - Exchange of security



TYPICAL CONDITIONS

- **Subordination:** allowing other creditors to be ahead of FSA's lien position
 - Home Loans/HELOC
 - New Farm Loans- LOC, OL, FO
 - Refinancing



OL ADDITIONAL CONDITIONS

- Use/return funds within 6-12 months*
- Provide receipts/quotes to make draws*
- Funds limited to production cycle/specific use*
- PAD agreement
- Borrower must pay fees to update/continue/release UCC
- Consult FSA when selling/trading securities



FO ADDITIONAL CONDITIONS

- Subject to participating lender
- Must “Appraise out”
- Down Payment
- Supervised Bank Account with construction*



FSA TOOLS

ONLINE ASSISTANCE

Tool	Learn More
Loan Discovery Tool	https://www.farmers.gov/loans/farm-loan-discovery-tool
Loan Assistance Tool	https://lat.fpac.usda.gov/
Farmers.gov Account	https://www.farmers.gov/account
<i>Online Application</i>	https://www.youtube.com/watch?v=HC17WVvjCAs
<i>Pay My Loan</i>	https://www.youtube.com/watch?v=dT53LLInhzw



PRIMARY SERVICING

- Loan Consolidation-OL
- Reschedule-change payment date
- Reamortize-extend loan
- Defer payments
- Limited Resource Rate-temporarily lower rate
- Debt Write-down-when above options don't work
- *Other more specific servicing is available*

QUESTIONS?



bridgette.wanhainen@usda.gov



765-529-2303 ext. 2125