Farm Service Agency (FSA) Provides:

- Loans (Direct Loan Program)
- Guarantees (Guarantee Loan Program)
- Business Planning

Why?

- To promote, build, and sustain family farms
- Support a thriving agricultural economy
Washington State FSA Loan Teams

- Loan teams in 8 counties, covering all areas of the state
Direct Loans
Direct Loans

- Eligible farmer or rancher obtains a loan directly from the government
- Favorable rates and terms are based on FSA guidelines
- Loans are maintained and serviced by FSA
Who’s Eligible?

- Beginning Farmers
- Experienced Farmers
- Young, Old, Big, Small - FSA can help!

FSA staff want to help you navigate the program, contact a local office to discuss your specific situation!
Washington Direct Loan Portfolio

800 customer accounts

$115 million outstanding

550 accounts with beginning farmers

Farm Service Agency
Types of Direct Loans

- Farm Operating
- Farm Ownership
- Microloans
- Emergency
Uses:
- Crop inputs
- Family living needs
- Machinery purchases
- Livestock purchases
- Environmental programs
- Debt refinance

Rates & Terms:
- Interest rate – 3.75% (February 2018)
- Repayment terms – 1-7 years
- Loan limit - $300,000
- Youth Loans up to $5,000 available

Farm Service Agency
Farm Ownership

Three Types of Farm Ownership Loans

- REGULAR Loans
- PARTICIPATION Loans
- DOWN PAYMENT Loans
REGULAR Farm Ownership Loan

- FSA can provide up to 100% of the financing
- Interest rate – currently 4.125% (February 2018)
- Repayment terms - up to 40 years
- FSA loan maximum - $300,000 (no maximum purchase price)
- FSA can take a second lien on the property being purchased
- Cannot refinance debt
PARTICIPATION Farm Ownership Loan

- FSA's loan is limited to 50% of the financing
- Balance of the financing must come from another source (bank, Farm Credit Services, contract, etc.)
- Interest rate – currently 2.5%
- Repayment terms - up to 40 years
- FSA loan maximum - $300,000 (no maximum purchase price)
- FSA can take a second lien on the property being purchased
DOWN PAYMENT Farm Ownership Loan

- 5% down payment (minimum)
- FSA loan – limited to 45% of purchase price up to a $300,000 maximum loan amount (no maximum purchase price)
- Balance of the financing must come from another source (bank, FCS, contract, etc.)
- FSA interest rate – 1.5%
- Repayment terms – FSA: 20 years; Other lender: 30 years
- Funds for purchases only
Proposal: Purchase 80 acres for $400,000

- Minimum down payment - $20,000 (5% of $400,000)
- FSA financing – $180,000 (45% of $400,000)
- Other financing for the balance - $200,000*
- FSA payment - $10,500 (20 years, 1.5% interest)
- Other lender payment - $13,000 (30-years, ~5% interest)
- Annual payment - $23,500 ($294 per acre)

*Note: If the other financing comes from a federally-insured lender, FSA may be able to provide a government loan guarantee up to 95% of the loan amount with no fee.
Microloans

Simpler application process

More flexibility, reduced experience requirements

Designed for beginning and small farmers with traditional, niche or specialty enterprises

Farm Service Agency
Microloans

Operating or Ownership Loans

$50,000 maximum loan limit

Rates and terms match the operating and ownership programs

Farm Service Agency
Eligibility & Uses:
- Available after a declared disaster
- Physical losses
  - Restore or replace essential property
- Production losses of at least 30%
  - Operating expenses
  - Family living expenses
  - Refinance debt

Rates & Terms:
- Interest rate – 3.875% (July 2018)
- Repayment terms – 1-40 years (varies)
- Loan limit - $500,000
Guaranteed Loans
Guaranteed Loans

- Financing through a traditional non-government source (bank, Farm Credit Services, etc...)
- Loan is not with FSA, but FSA covers up to 95% of loan amount against any loss
- Farm operating loans
- Farm ownership loans
600 customer accounts

$125 million outstanding

400 accounts with beginning farmers
Guaranteed Loan Benefits

- Higher maximum loan amount
  - Up to $1.399 million in loans
- Increased flexibility for the lender
  - Loan limits set by lender
  - Rate set by lender
  - Terms set by lender
- Secondary market options allow the lender additional pricing options
- Increased flexibility on purpose of loan funds, including property refinance
FSA Loan Information

FSA Website
fsa.usda.gov

FSA’s Farm Loan Programs Website:
http://www.fsa.usda.gov/dafl

USDA New Farmer Site
https://newfarmers.usda.gov

The Farm Loan Program website has a link to “Your Guide to FSA Loan Programs”, which is a great place to start.