



# AGROFORESTRY: FSA RESOURCES

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# WHAT IS THE FARM SERVICE AGENCY?

The Farm Service Agency is part of the U.S. Department of Agriculture and provides programs and loans to help farmers, ranchers and agricultural partner organizations provide food, fuel and fiber to millions of people worldwide.





# FSA FINANCING OPTIONS FOR AGROFORESTRY

# FSA: WHAT WE CAN OFFER

- Loans to purchase land or operate a business FLP
  - Ownership, Operating, Microloans and Guaranteed Loans
- Storage facilities for produce/commodities, new mobile storage for direct marketing farmers- FSFL
- Insurance for crops- NAP
- Disaster programs- ELAP, LIP, LFP, TAP
- Reporting system for crops- Acreage reports
- Leadership and opportunity to engage: COC

## TYPES OF LOANS AND THEIR LIMITS:

- Operating: \$300,000
- Ownership \$300,000
- Microloan \$50,000
- Guaranteed \$1,399,000 or \$100,000 (EZ Guaranteed)
- Down Payment Loan: The lesser of 45% of the purchase price, 45% of the appraised value or \$667,000 (not to exceed \$300,000)
- Conservation Loans

# OPERATING LOANS

- Operating loans can be used to purchase:
  - Equipment
  - Livestock
  - Production expenses
  - Refinance operating expenses
  - Rent/Lease Fees



# FARM OWNERSHIP LOAN

- Ownership loans can be used to pay for:
  - Land purchases
  - Capital improvements
  - Soil and water conservation
  - Loan closing and related expenses

Farm Ownership loans can be repaid in up to 40 years.  
Limit \$300,000

# MICROLOANS

- Microloans are limited to \$50,000 and have a simpler application process and less paperwork. There are both ownership and operating microloans.
  - Operating microloans can be used for all approved operating expenses authorized by FSA such as initial start-up expenses, seed, fertilizer, marketing, livestock etc.
  - Ownership loans can be used for approved expenses such as purchasing land or a farm, enlarging an existing farm, constructing buildings, paying closing costs etc.
  - The experience requirements have been modified to accommodate applicants: small business, management and military experience can count towards management requirements while working with a mentor in the first production cycle of an operating loan.
  - Operating loans repayment terms are 1 to 7 years while ownership is up to 25 years. You can only borrow up to \$50,000 in microloans total at any given time. This means you can't have two 50k loans for 100k



# AGROFORESTRY AND FARM LOANS

- FSA Farm Loans may be used for timber and tree farm operations, but tree farming requires a timber management plan that promotes sustainable annual harvest of trees
- A Forest Stewardship Management plan is acceptable documentation of the required sustainable timber management plan
- FSA farm loans need to cash flow and farmers planting trees need to have an interim revenue stream
- Conservation loans may be used for conservation activities in a conservation or forest stewardship management plan



# FSA ELIGIBILITY AND SUPERVISED CREDIT

FSA is supervised credit: this is different from traditional credit. FSA is the lender of first opportunity for those who may not otherwise qualify for ag credit. FSA makes and services direct loans through supervised credit with funds from the U.S. Treasury. FSA also offers loan guarantees for loans made by conventional lenders.

## Direct and guaranteed applicants must:

- Be unable to obtain sufficient credit elsewhere
- Be a citizen or a legal resident alien
- Possess legal capacity to incur the loan obligation
- Have acceptable credit history
- Be the owner-operator or tenant-operator of a family farm

# FSA DIRECT LOANS

A direct loan applicant must:

- Meet general eligibility criteria
- **Have applicable education, training, or farm experience that provides reasonable prospects of success** (For an FO loan, must have participated in the management of a farm or ranch for at least 3 years)
- Certain types of qualifications can reduce the three year experience requirement: these include degrees and military experience
- For a microloan (operating) the experience requirement can be reduced if the borrower has a mentor

# DEFINITIONS:

- *Beginning Farmer according to FSA: A beginning farmer or rancher is an individual or entity who:*

(1) has not operated a farm or ranch for more than 10 years (2) meets the loan eligibility requirements of the program to which he/she is applying (3) for an FO loan, does not own a farm greater than 30 percent of the average size farm in the county

- *SDA: Historically Underserved Groups*

As defined by law, an SDA applicant is one who is a member of a socially disadvantaged group whose members have been subjected to racial, ethnic, or gender prejudice because of their identity as a member of a group, without regard to their individual qualities.

SDA groups are African Americans, American Indians, Alaskan Natives, Hispanics, Asians, Pacific Islanders, and Women.

A herd of cattle, including brown, black, and white cows, is grazing in a lush green field within a pine forest. The trees are tall and thin, with sunlight filtering through the canopy. The ground is covered in grass and some fallen branches.

FSA RISK MANAGEMENT TOOLS FOR AGROFORESTRY

## FSA DISASTER ASSISTANCE:

- FSA has a variety of disaster programs that may be useful for agroforestry risk management:
  - NAP: Non Insured Crop Disaster Assistance Program
  - TAP: Tree Assistance Program
  - EFRP: Emergency Forest Restoration Program
  - ELAP: Emergency Assistance for Livestock, Honey Bees, and Farm Raised Fish
  - LIP: Livestock Indemnity Program
  - LFP: Livestock Forage Program