MICROLOANS

CULTIVATING

BIG DREAMS

ON A SMALLER SCALE

USDA FSA





Who is FSA

The Farm Service Agency (FSA), is an agency within the United States Department of Agriculture (USDA).

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



An Introduction to FSA Farm Loans



- If you are a farmer or rancher who is unable to obtain credit from another lender 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.



Farm Loan Programs Information Chart

Type of Loan	Maximum Loan Amount	Rates and Terms
Direct Farm Ownership	$600,000	• Term: Up to 40 years • Interest rate: fixed**
Direct Farm Ownership-Joint Financing	$600,000 Must obtain at least 50% of the loan amount from another lender to obtain the Joint Financing rate.	• Term: Up to 40 Years • Interest rate: fixed** • Greater of 2% below the normal Farm Ownership rate or 2.5% • Participating lender must provide 50% or more
Direct Farm Ownership-Down Payment	• 45% of farm or ranch purchase price or appraised value, whichever is lower. • $667,000 maximum for all loans. FSA $300,150 max.	• Term: Up to 20 years • Interest Rate: Fixed at 1.5% • Participating lender must provide 50% at 30 year amortization.
Direct Operating	$400,000	• Term: 1 to 7 years • Interest rate: fixed: **



Farm Loan Programs Information Chart *Continued*

Type of Loan	Maximum Loan Amount	Rates and Terms
Youth Loan	$5,000	• Term: 1 to 7 years • Interest rate: fixed: **
Guaranteed Loans	For 2020 FY-$1,776,000 Maximum total for all Guaranteed Loans	
Guaranteed Farm Ownership	The maximum loan amount is adjusted annually for inflation*	• 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*	• Term: 1 to 7 years • The interest rate is negotiated by you and your lender.

* To determine the maximum loan limit for the current year, please check with your local FSA loan officer at http://offices.sc.egov.usda.gov/locator/app or our website at http://www.fsa.usda.gov/Internet/FSA_File/guaranteed_farm_loans.pdf

** Direct loan interest rates are adjusted monthly and are posted online at http://www.fsa.usda.gov/FSA/webapp?area=home&subject=gfmlp&topic=fir and at your local FSA office.



FSA's Microloan Program

The Farm Service Agency (FSA) developed the Microloan (ML) program to better serve the unique financial operating needs of beginning, niche and the smallest of family farm operations. Examples might include; direct marketing to restaurants and grocery stores, organic production, community supported agriculture (CSA's) and farmers markets.

Fulfilling a Need

- Assisting applicants who have limited experience by providing them with an opportunity to gain farm management experience while working with a mentor;

- Eliminate use of high cost personal loans and high interest credit cards;

- Providing a bridge for Youth Loan borrowers to transition to larger-scale operations;

- Assisting the agricultural community by creating opportunities to start new businesses.





What is a Microloan

Microloans are direct farm operating, either annual or term, or farm ownership loans, that do not exceed $50,000. Microloans have a simplified application process and paperwork and verification requirements that are more proportional to smaller loans and operations.



An Overview

Microloans can be used for operating expenses including but not limited to:

- Initial start-up expenses;
- Annual expenses such as seed, fertilizer, utilities, leases;
- Marketing and distribution expenses;
- Purchase of livestock, equipment, and other materials essential to farm operations;
- Minor farm improvements such as wells and coolers;
- Essential tools;
- Irrigation

Also for the purchase of real estate.



Eligibility Requirements

Different types of loans have different eligibility requirements. Some examples of these are:

Being the operator of a farm, having sufficient managerial ability, be unable to obtain credit elsewhere but have an acceptable credit history, and are a U.S. citizen, non-citizen national, or qualified alien.

For more information on general and loan specific eligibility requirements, visit our website at www.fsa.usda.gov or see your local FSA loan officer.

vision

Securing Microloans

- For an annual operating purpose, 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, foundation livestock or land are usually secured by the equipment, livestock or land being purchased but other types of security can be used.

All loans need adequate security.





In Summary: Microloans

- Are a direct operating or Farm Ownership loan with a maximum loan amount of $50,000.
- Have a shortened application process and reduced paperwork.
- Allow some applicants that do not currently meet the experience and managerial requirements to qualify.



In Summary: Microloans

- 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.

Rural Youth Loan Program

- Financing for modest, income producing agricultural projects
- Project sponsored by 4-H, FFA or similar organization
- Rural youth resident – 50,000 population or less
  - Age: 10 – 20 years of age
- Max. loan amount - $5,000
- Terms: Depends on project
- Interest Rate: 2.625% as of Feb. 1, 2020

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MARKETING FOR SUCCESS

- MARKETING IS THE GREATEST HURDLE TO THE SUCCESS OF ANY SPECIALTY CROP OR LIVESTOCK

- KNOW YOUR MARKET-CURRENT OR DEVELOPMENT

- DON'T ASSUME IF YOU PRODUCE IT THEY WILL COME!!!

- HAVE MARKETING PLAN THAT YOU ARE CONFIDENT IN PRIOR TO BORROWING AND SPENDING $$$$

- KNOW YOUR PROJECTED PROFIT MARGINS

Applying for a Loan

➢ You may obtain the forms for a loan application by visiting your local office or from the FSA website at http://forms.sc.egov.usda.gov/eForms/ welcomeAction.do?Home.

Your FSA loan officer can provide assistance in completing the FSA forms or can identify other sources of assistance in your area.

➢ You may submit your application by:

• calling for an appointment with an FSA loan officer;

• mailing, faxing, or delivering your application to your local FSA office; or

• electronically submitting your application if you have registered through the e-gov system.

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Applying for a Loan

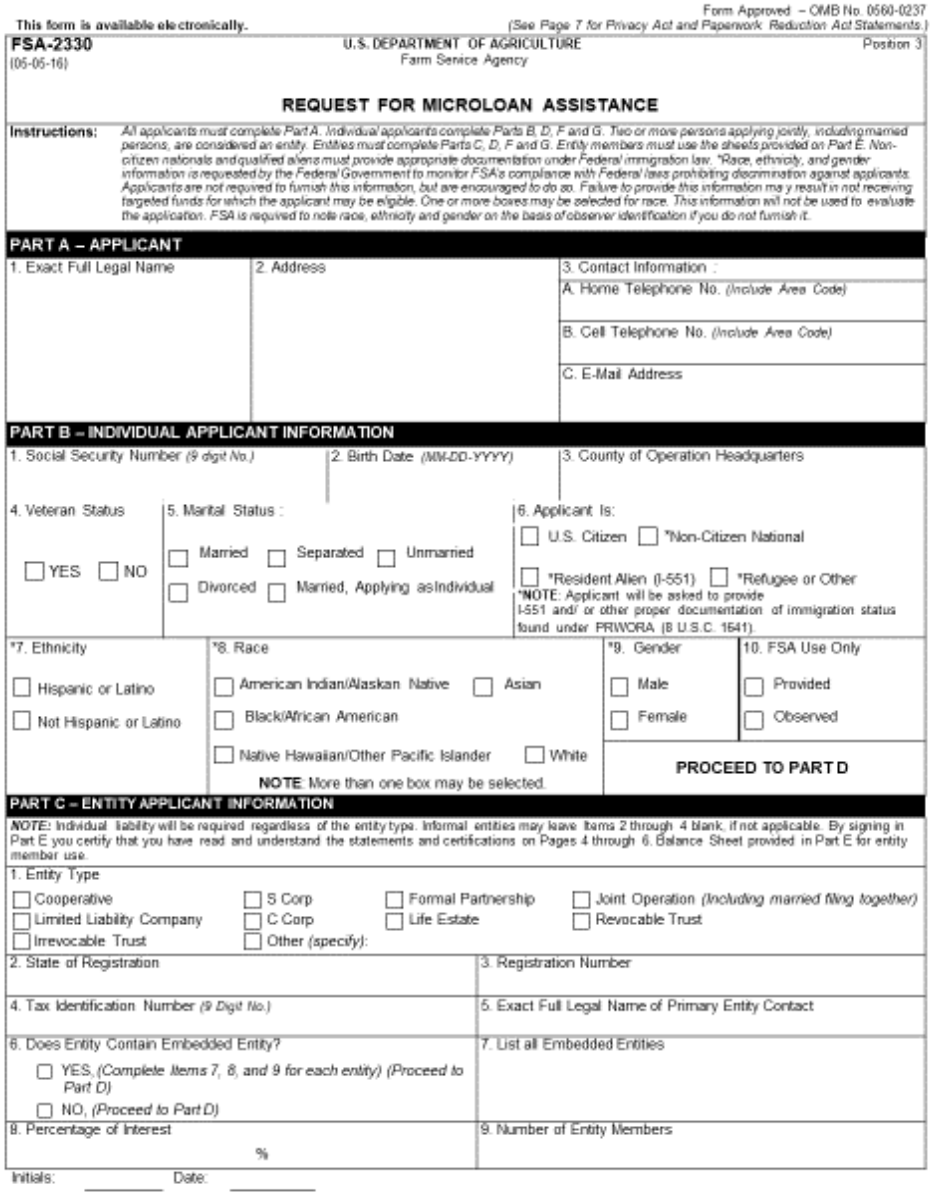
- Current Interest Rates as of February, 2020 are as follows:

Operating Loans	2.625%
Farm Ownership and Conservation Loans	3.250%
Farm Ownership-Down Payment	1.500%
Farm Ownership-Joint Financing	2.500%

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Microloan Application



Form Approved – OMB No. 0560-0237

This form is available electronically. *(See Page 7 for Privacy Act and Paperwork Reduction Act Statements.)*

FSA-2330 (05-05-16)

U.S. DEPARTMENT OF AGRICULTURE
Farm Service Agency

Position 3

REQUEST FOR MICROLOAN ASSISTANCE

Instructions: *All applicants must complete Part A. Individual applicants complete Parts B, D, F and G. Two or more persons applying jointly, including married persons, are considered an entity. Entities must complete Parts C, D, F and G. Entity members must use the sheets provided on Part E. Non-citizen nationals and qualified aliens must provide appropriate documentation under Federal immigration law. *Race, ethnicity, and gender information is requested by the Federal Government to monitor FSA's compliance with Federal laws prohibiting discrimination against applicants. Applicants are not required to furnish this information, but are encouraged to do so. Failure to provide this information may result in not receiving targeted funds for which the applicant may be eligible. One or more boxes may be selected for race. This information will not be used to evaluate the application. FSA is required to note race, ethnicity and gender on the basis of observer identification if you do not furnish it.*

PART A – APPLICANT

1. Exact Full Legal Name	2. Address	3. Contact Information : A. Home Telephone No. *(Include Area Code)* B. Cell Telephone No. *(Include Area Code)* C. E-Mail Address

PART B – INDIVIDUAL APPLICANT INFORMATION

1. Social Security Number *(9 digit No.)*	2. Birth Date *(MM-DD-YYYY)*	3. County of Operation Headquarters

4. Veteran Status	5. Marital Status :	6. Applicant Is:
☐ YES ☐ NO	☐ Married ☐ Separated ☐ Unmarried ☐ Divorced ☐ Married, Applying as Individual	☐ U.S. Citizen ☐ *Non-Citizen National ☐ *Resident Alien (I-551) ☐ *Refugee or Other *NOTE: Applicant will be asked to provide I-551 and/ or other proper documentation of immigration status found under PRWORA (8 U.S.C. 1641).

*7. Ethnicity	*8. Race	*9. Gender	10. FSA Use Only
☐ Hispanic or Latino ☐ Not Hispanic or Latino	☐ American Indian/Alaskan Native ☐ Asian ☐ Black/African American ☐ Native Hawaiian/Other Pacific Islander ☐ White **NOTE**: More than one box may be selected.	☐ Male ☐ Female	☐ Provided ☐ Observed

PROCEED TO PART D

PART C – ENTITY APPLICANT INFORMATION

NOTE: Individual liability will be required regardless of the entity type. Informal entities may leave items 2 through 4 blank, if not applicable. By signing in Part E you certify that you have read and understand the statements and certifications on Pages 4 through 6. Balance Sheet provided in Part E for entity member use.

1. Entity Type

☐ Cooperative ☐ S Corp ☐ Formal Partnership ☐ Joint Operation *(Including married filing together)*
☐ Limited Liability Company ☐ C Corp ☐ Life Estate ☐ Revocable Trust
☐ Irrevocable Trust ☐ Other *(specify)*:

2. State of Registration	3. Registration Number
4. Tax Identification Number *(9 Digit No.)*	5. Exact Full Legal Name of Primary Entity Contact
6. Does Entity Contain Embedded Entity? ☐ YES, *(Complete Items 7, 8, and 9 for each entity) (Proceed to Part D)* ☐ NO, *(Proceed to Part D)*	7. List all Embedded Entities
8. Percentage of Interest %	9. Number of Entity Members

Initials: _____ Date: _____

Microloan Application

PART D – FINANCIAL STATEMENTS FOR INDIVIDUAL OR ENTITY APPLICANT	
PROJECTED ANNUAL INCOME AND EXPENSES	
1. INCOME:	
A. DESCRIPTION *(Include income from crops and livestock)*:	B. $ Amount
Crop(s):	
Livestock:	
2. Total Annual Farm Income:	
3. EXPENSES:	
A. DESCRIPTION:	B. $ Amount
4. Total Annual Farm Expenses:	
5. Net Farm Income (Subtract Item 4 from Item 2):	
6. Total Annual Non-Farm Income:	
7. Total Annual Family Living Expenses:	
8. Net Non -Farm Income (Subtract Item 7 from Item 6):	
9. Net Total Annual Income (Add Item 5 to Item 8):	

ASSETS AND DEBTS (Farm and Non-Farm) as of:				
10. ASSETS:		**12. DEBTS:**		
A. DESCRIPTION	B. $ VALUE	A. CREDITOR	B. $ PAYMENT	C. $ BALANCE
11. TOTAL ASSETS:		**13. TOTAL DEBTS:**		
14. Total Assets from Item 11:				
15. Total Debts from Item 13: (-)				
16. Net Worth (Subtract Item 15 from Item 14):				
INDIVIDUAL APPLICANTS – PROCEED TO PART F				
ENTITY APPLICANTS – PROCEED TO PART E				

Initials: _____ Date: _____

Microloan Application



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PART E – INDIVIDUAL ENTITY MEMBER INFORMATION

Instructions: Two or more persons, including married persons, who are applying jointly and do not have an entity name or Tax ID Number, will be considered a joint operation. In Part C, married persons applying jointly check the "Joint Operation" box. Complete Items 1A through 1I for each entity member. *Items 1K through 1M are voluntary. Provide balance sheet information for each entity member. Signature and Date blocks below must be completed for all entity members. Use separate Part E pages for each entity member.

NOTE: Individual liability will be required regardless of the entity type. By signing below in Item 9 you certify that you have read and understand the statements and certifications on Pages 4 through 6

1A. Exact Full Legal Name of Entity Member	1B. Social Security No. *(9 Digit No.)*	1C. Birth Date *(MM-DD-YYYY)*
1D. Address	1E. Contact Numbers	1F. Percent of Ownership %
	1G. Email Address	1H. Annual Non-Farm Income $

1I. Marital Status	1J. Applicant Is:	*1K. Ethnicity	*1L. Race	*1M. Gender	1N. Veteran Status
☐ Married ☐ Separated ☐ Unmarried ☐ Divorced	☐ U.S. Citizen ☐ *Non-citizen National ☐ *Resident Alien (I-551) ☐ *Refugee or Other *NOTE: Applicant will be asked to provide I-551 and/ or other proper documentation of immigration status as found under PRWORA (8 U.S.C. 1641).	☐ Hispanic/Latino ☐ Not Hispanic/ Latino	☐ American Indian/Alaskan Native ☐ Asian ☐ Black/African American ☐ Native Hawaiian/Other Pacific Islander ☐ White NOTE: More than one box may be selected.	☐ Male ☐ Female	☐ YES ☐ NO

1O. FSA Use Only
☐ Provided
☐ Observed

Complete balance sheet below for entity member listed above in Item 1A. ASSETS AND DEBTS (Farm and Non-Farm) as of: _____

2. ASSETS:		4. DEBTS:		
A. DESCRIPTION	B. $ VALUE	A. CREDITOR	B. $ PAYMENT	C. $ BALANCE
3. TOTAL ASSETS:		5. TOTAL DEBTS:		
			6. Total Assets from Item 3:	
			7. Total Debts from Item 5: (-)	
			8. Net Worth (Subtract Item 7 from Item 6):	

9. Signature	10. Date

PROCEED TO PART F

Initials: _____ Date: _____

Microloan Application

PART F – GENERAL INFORMATION

1. Counties Being Farmed	2. Acres Owned	3. Acres Rented

4A. Purpose of Loan	4B. Amount Requested $

5. Describe your existing or planned operation, including a description of your existing or planned production:

6. If not provided previously, describe fully all your farm training (include any applicable education such as animal husbandry, record-keeping, financial analysis, crop production, extension or other seminars, workshops, internships, or mentorships) and experience (include all past and present types of operations, duties and responsibilities). Include number of y ears farming, if you have ever operated farm. If you have or have had any involvement or membership with any agriculture-related organization (such as 4-H, FFA, National or State Grange organization, or an established community/urban farm initiative), please include details on how this experience will contribute to your operation. If you are working with a mentor for your operation, provide their full name, and describe the process of how this working relationship will provide the skills and knowledge you need to be successful in your farm operation. If you need additional space, use sheets of paper the same size as this page and write applicant's name on each individual sheet.

PART G – NOTIFICATIONS, CERTIFICATIONS AND ACKNOWLEDGMENT

	YES	NO
1. Are you currently or have you ever, and in the case of an entity any member of the entity, conducted business under any other name? *If "YES," list names in Item 8.*	☐	☐
2. Have you ever, or in the case of an entity any member of the entity, obtained a direct or guaranteed farm loan from FSA or Farmers Home Administration?	☐	☐
3. If Item 2 is "YES," did you receive any debt forgiveness through write-down, write-off, compromise, adjustment, reduction, charge-off, paying a loss on a guarantee, or bankruptcy? *If "YES," provide details in Item 8.*	☐	☐
4. Are you, or in the case of an entity any member of the entity, delinquent on any Federal debt or have any outstanding Federal judgments? *If "YES," provide details in Item 8.*	☐	☐
5. Are you, or in the case of an entity any member of the entity, involved in any pending litigation ? *If "YES," provide details in Item 8.*	☐	☐
6. Have you, or in the case of an entity any member of the entity, ever been in receivership, discharged in bankruptcy, or filed a petition for reorganization in bankruptcy? *If "YES," provide details in Item 8.*	☐	☐
7. Are you, or in the case of an entity any member of the entity, an FSA employee or related to or closely associated with an FSA employee? *If "YES," provide details in Item 8.*	☐	☐

8. Additional answers. Write the item number to which each answer applies. If you need additional space, use sheets of paper the same size as this page and write the applicant's name on each additional sheet.

Initials: _____ Date: _____

Microloan Application

9. SPECIAL PROGRAM INFORMATION:

Certain FSA programs are, by law, designed to reach targeted applicants. If you are interested in any of the programs described here, or have questions about these programs and whether you may qualify for a specific program, the FSA office processing your application will help you.

A. **SOCIALLY DISADVANTAGED APPLICANTS**: A portion of FSA farm ownership, operating, and conservation loan funds are, by law, targeted to applicants who have been subjected to racial, ethnic or gender prejudice because of their identity as a member of a group, without regard to individual qualities. Under the applicable law, groups meeting this condition are: American Indians/Alaskan Natives, Asians, Blacks or African Americans, Native Hawaiians/Other Pacific Islanders, Hispanics and women. In addition, FSA has a down payment program, which receives special funding.

B. **BEGINNING FARMER ASSISTANCE:** FSA has the authority to assist beginning farmers through the farm ownership, operating, and conservation loan programs. A portion of FSA farm ownership, operating, and conservation loan funds are, by law, targeted to beginning farmers. In addition, FSA has a down payment program, which receives special funding. In some States, FSA has agreements with State beginning farmer programs to help meet the credit needs of beginning farmers.

C. **LIMITED RESOURCE LOANS**: Limited resource farm ownership and operating loans are available to qualified applicants. This program provides loans at reduced interest rates to low-income farmers whose operations and resources are so limited that they cannot pay the regular rates for FSA loans. The program is also intended to provide beginning farmers the opportunity to start a successful farming operation.

10. RIGHTS AND POLICIES:

A. **RIGHT TO FINANCIAL PRIVACY ACT OF 1978 (Public Law 95-630):** FSA has a right of access to financial records held by financial institutions in connection with providing assistance to you as well as collecting on loans made to you or guaranteed by the Government. Financial records involving your transaction will be available to FSA without further notice or authorization but will not be disclosed or released by this institution to another Government Agency or Department without your consent except as required by law.

B. **THE FEDERAL EQUAL CREDIT OPPORTUNITY ACT:** Prohibits creditors from discriminating against applicants on the basis of race, color, religion, sex, national origin, marital status, age (provided the applicant has the capacity to enter into a binding contract), because all or a part of the applicant's income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

C. **FEDERAL COLLECTION POLICIES:** Delinquencies, defaults, foreclosures and abuses of mortgage loans involving programs of the Federal Government can be costly and detrimental to your credit, now and in the future. The mortgage lender in this transaction, its agents and assigns as well as the Federal Government, its agencies, agents and assigns, are authorized to take any and all of the following actions in the event loan payments become delinquent on the mortgaged loan described in the attached application: (1) Report your name and account information to a credit bureau; (2) Assess additional interest and penalty charges for the period of time that payment is not made; (3) Assess charges to cover additional administrative costs incurred by the Government to service your account; (4) Offset amounts owed to you under other Federal programs; (5) Refer your account to a private attorney, collection agency or mortgage servicing agency to collect the amount due, foreclose the mortgage, sell the property and seek judgment against you for any deficiency; (6) Refer your account to the Department of Justice for litigation; (7) If you are a current or retired Federal employee, take action to offset your salary, or civil service retirement benefits; (8) Refer your debt to the Department of the Treasury for cross-servicing and offset against any amount owed to you by any Federal Agency such as an income tax refund; and (9) Report any resulting written-off debt to the Internal Revenue Service as taxable income. All of these actions can and will be used to recover debts owed to the Federal Government when in its best interests.

11. RESTRICTIONS AND DISCLOSURE OF LOBBYING ACTIVITIES:

A. The applicant:

(1) Certifies that if any funds, by or on behalf of the applicant, have been or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant or Federal loan, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, or loan, the applicant shall complete and submit Standard Form - LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

(2) Shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including contracts, subcontracts, and subgrants, under grants and loans) and that all subrecipients shall certify and disclose accordingly.

Initials: _____ Date: _____

Microloan Application

RESTRICTIONS AND DISCLOSURE OF LOBBYING ACTIVITIES: *(CONTINUED)*

B. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this statement is a prerequisite for making or entering into this transaction. Any person who fails to file the required statement shall be subject to a civil penalty imposed by 31 U.S.C. 1352.

12. CONTROLLED SUBSTANCES:

The applicant certifies that as an individual, or any member of an entity applicant, has not been convicted under Federal or State law of planting, cultivating, growing, producing, harvesting, or storing a controlled substance within the previous 5 crop years. See the Food Security Act of 1985 (Public Law 99-198). The applicant also certifies that as an individual, or any member of an entity applicant, is not ineligible for Federal benefits based on a conviction for the distribution of controlled substances or any offense involving the possession of a controlled substance under 21 U.S.C. § 862.

13. DISQUALIFICATION DUE TO FEDERAL CROP INSURANCE FRAUD:

The applicant certifies that as an individual or any member of the entity, has not been disqualified for Federal benefits as provided in Section 515(h) of the Federal Crop Insurance Act (FCIA). Applicants who willfully and intentionally provide false or inaccurate information to the Federal Crop Insurance Corporation (FCIC) or to an approved insurance provider with respect to a policy or plan of FCIC insurance, after notice and an opportunity for a hearing on the record, will be subject to one or more of the sanctions described in Section 515(h)(3) of FCIA.

14. TEST FOR CREDIT:

The applicant certifies that the needed credit, with or without a loan guarantee, cannot be obtained by (1) the individual applicant; (2) in the case of an entity, considering all assets owned by the entity and all of the individual members.

15. PERMISSION TO FILE FINANCING STATEMENT, ORDER A CREDIT REPORT, AND VERIFY CREDIT INFORMATION:

Under the Uniform Commercial Code, you do not have to sign the financing statement which allows FSA to obtain a security interest in your property. If the loan is approved and funded, FSA will file a financing statement at the earliest possible date, before you enter into a **SECURITY AGREEMENT. BY SIGNING BELOW OR PART E, I GIVE FSA PERMISSION TO FILE A FINANCING STATEMENT PRIOR TO THE EXECUTION OF THE SECURITY AGREEMENT AS WELL AS TO FILE AMENDMENTS AND CONTINUATIONS OF THE FINANCING STATEMENT THEREAFTER. I FURTHER AUTHORIZE FSA TO ORDER A CREDIT REPORT AND VERIFY ANY OTHER CREDIT INFORMATION.**

16. CERTIFICATION:

I certify that the information provided is true, complete, and correct to the best of my knowledge and is provided in good faith to obtain a loan. (WARNING: Section 1001 of Title 18, United States Code, provides for criminal penalties to those who provide false statements to the Government. If any information is found to be false or incomplete, such finding may be grounds for denial of the requested action).

17A. Signature of Individual Applicant, Spouse or Entity Member	17B. Capacity ☐ Self ☐ Entity Representative	17C. Date Signed *(MM-DD-YYYY)*
18A. Signature of Individual Applicant, Spouse or Entity Member	18B. Capacity ☐ Self ☐ Entity Representative	18C. Date Signed (MM-DD-YYYY)
19A. Signature of Individual Applicant, Spouse or Entity Member	19B. Capacity ☐ Self ☐ Entity Representative	19C. Date Signed (MM-DD-YYYY)
20A. Signature of Individual Applicant, Spouse or Entity Member	20B. Capacity ☐ Self ☐ Entity Representative	20C. Date Signed (MM-DD-YYYY)
21A. Signature of Individual Applicant, Spouse or Entity Member	21B. Capacity ☐ Self ☐ Entity Representative	21C. Date Signed (MM-DD-YYYY)



Contact Information

Karl D. Nail
Farm Loan Manager
Pontotoc County FSA
1328 Cradduck Road
Ada, OK 74820
580-332-3070 ext. 2

Farm Service Agency
Oklahoma State Office
100 USDA, Suite 102
Stillwater, OK 74074
405-742-1130

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