



### Guaranteed Micro Lenders

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#### OVERVIEW

The Farm Service Agency (FSA) developed the EZ Guarantee Loan to make obtaining loans from the U.S. Department of Agriculture (USDA)-approved commercial lenders simpler and faster.

Farmers and ranchers can apply for loans directly from the USDA FSA, but a guaranteed loan allows a USDA-approved commercial lender to issue and service a loan, while FSA guarantees the loan against losses up to a maximum of 90 percent in most cases. In some circumstances, a 95 percent guarantee is available. FSA approves all loan guarantees and provides oversight of lenders' activities.

FSA developed the guaranteed Micro Lender status to allow participation in the EZ Guarantee Loan program by “non-traditional lenders,” such as Community Development Financial Institutions (CDFI) and Rural Rehabilitation Corporations (RRC). These lenders have experience with serving the unique financial operating needs of new, niche, underserved and small family farm operations. Smaller farms, including non-traditional farm operations, often face limited financing options. This new category of lenders will help these producers with access to credit while also giving the lenders an opportunity to gain experience with agricultural loans, access to new markets or expand their customer base.

#### ELIGIBLE USES OF EZ GUARANTEE LOANS

Guaranteed Micro Lenders apply for EZ Guarantee Loans on behalf of their applicants to:

- Pay for the purchase of a farm;
- Enlarge an existing farm;
- Construct new farm buildings and/or improve structures;
- Pay closing costs;

- Promote soil and water conservation and protection;
- Refinance debt from another creditor;
- Purchase equipment;
- Purchase livestock; and
- Pay for other operating needs.

#### MICRO LENDER ELIGIBILITY

To qualify, the lender must:

- Be subjected to appropriate oversight;
- Have originated at least 20 loans; and
- Not have losses in excess of 3 percent in the past seven years.

#### OBTAINING FORMS AND SUBMITTING APPLICATION

Interested lenders must apply to the USDA FSA for Micro Lender status before submitting EZ Guarantee Loan applications. FSA Micro Lender application forms can be obtained from the local FSA office or can be downloaded and printed from the USDA website at [www.fsa.usda.gov/farmloans](http://www.fsa.usda.gov/farmloans). After completing the required paperwork, the lender must submit the Micro Lender application to their local FSA office. Visit <http://offices.usda.gov> to locate a local office.

#### AFTER SUBMITTING APPLICATION

After a Micro Lender application is submitted, FSA reviews the application and determines if the lender is eligible for Micro Lender status. The lender will receive notification throughout the process and will receive final notification as to whether their application is approved or not. If the application is approved, FSA notifies the lender and the lender may then begin submitting EZ Guarantee Loan applications. If the application is denied, the lender is notified in writing of the specific reasons for the denial.

**FOR MORE INFORMATION**

This fact sheet is provided for informational purposes only; other restrictions and eligibility requirements may apply. For more information about this and other FSA Farm Loan Programs, visit online at [www.fsa.usda.gov/farmloans](http://www.fsa.usda.gov/farmloans) or USDA service center. To locate a local FSA office, visit <http://offices.usda.gov>.

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- 1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410;*
- 2) fax: (202) 690-7442; or*
- 3) email: [program.intake@usda.gov](mailto:program.intake@usda.gov).*

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