



United States Department of Agriculture

Kansas Farm Service Agency

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COLUMN

USDA-FSA Microloan Program

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With USDA Microloans, Your Farming Idea Is Closer than You Think

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Access to reliable credit has been an important issue for farmers and ranchers long before President Woodrow Wilson signed into law the Federal Farm Loan Act back in 1916. In fact, even a century later, with all of the financial options available today, one of the biggest challenges to entering agriculture - or even growing an existing farming or ranching operation - still can be the cost of land and equipment.

At the U.S. Department of Agriculture Farm Service Agency (FSA), we believe starting or expanding a farm or ranch should never be out of reach, nor should it require buying thousands of acres of land, borrowing significant sums or committing to unreasonable interest rates.

That's why three years ago, FSA created a new microloan program tailored especially to borrowers who have small or medium-sized needs. With its streamlined paperwork, no mandatory minimum amount and up to \$50,000 in borrowing authority, microloans have become one of our most popular programs to date, providing \$25.8 million to more than 17,000 borrowers, with fully 70 percent of microloans having gone to new farmers and nearly 50 percent to first-time FSA customers.

These "farm operating microloans" can be used for tools, equipment, livestock, seed, fertilizer, utilities, even marketing, distribution and certification expenditures. But unlike conventional FSA farm operating loans, the microloan offers a simplified application process, and eligibility requirements have been modified to recognize new and smaller operations.

This January, FSA expanded the microloan concept to now cover farm ownership expenses, such as land purchases, constructing or upgrading farm structures and even implementing soil and water conservation practices. With a "farm ownership microloan," no appraisals are needed, and eligibility has been expanded to include other important skills like experience with a non-farm business, military leadership or advanced education in an agricultural field.

So if you operate a truck farm with direct marketing and sales, if your farm uses hydroponics, aquaponics, organic or vertical growing methods, if you work a smaller number of acres and do business with farmers markets, restaurants or community-supported agriculture businesses, perhaps a microloan is just what you need to make your business succeed and grow!

At FSA, we work each day to help farmers and ranchers achieve their own version of the American Dream of brighter days for their farms, their families and their future. To learn more about how microloans can help you, visit www.fsa.usda.gov/microloans or contact your local FSA office. To find your local office, visit <http://offices.usda.gov>.

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