

GUARANTEED LOAN PROGRAM

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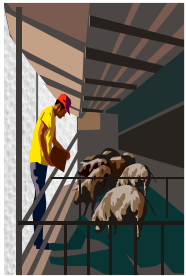
What is a Guaranteed Loan and the role of FSA?

Made and serviced by commercial lenders such as banks, the Farm Credit System or credit Unions.

FSA will guarantee the lender's loan against a loss up to 95%

FSA has the responsibility of approving all eligible loan guarantees and providing oversight of the lenders activities

Purpose of a Guaranteed Loan



Enables to extend credit to family farm owners or operators



Benefits beginning farmers and family farmers experiencing financial distress



Serves the local community by protecting family farmers



Enables lenders to extend conservation credit

Business Plans

- The mission, vision and goals for your farm or ranch
- Current assets/liabilities
- What your operation will produce
- How and where you will market and sell the products
- Will show if the amount of income your operation will generate will be enough to pay business and family living expenses
- Help you get organized
- Will act as your guide
- Required to get a loan



Eligibility Requirements:

- Be a citizen of the United States (or legal resident alien), which includes Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and certain former Pacific Trust Territories.
- Have an acceptable credit history as determined by the lender.
- Have the legal capacity to incur the obligations of the loan.
- Be unable to obtain a loan without a guarantee.
- Not have caused FSA a loss by receiving debt forgiveness on more than 3 occasions on or prior to April 4, 1996; or any occasion after April 4, 1996.
- Be the owner or tenant operator of a family farm after the loan is closed. For an OL, the producer must be the operator of a family farm after the loan is closed. For an FO Loan, the producer needs to also own the farm.
- Not be delinquent on any Federal debt.

Applying for a Guaranteed Loan

- Contact your lender if you are interested in a FSA guaranteed loan. Your lender will assist you in preparing the forms needed.
- Your lender will submit the guaranteed loan application to FSA.

Is this the Lenders Loan or an FSA Loan?

- Guaranteed loans are the property & responsibility of the lender.
- The lender makes and services the loan.
- If the loan fails and the lender suffers a loss, FSA will reimburse the lender with Federal funds according to the terms and conditions specified in the guarantee.

What happens after the lender submits my application?

FSA WILL:

- Review the application to determine whether all required forms & documents have been submitted and provide written notification of any missing items to the lender within 5 days. A copy is mailed to you.
- Provide written notification to the lender within 5 days of receiving all forms & documents that the application is complete.
- Review the application for eligibility, repayment ability, security and compliance with other program requirements

Types of Guaranteed Loans:

Guaranteed Ownership Loan (FO)

- Purchase farmland
- Construct/Repair buildings and other fixtures
- Develop farmland to promote soil & water conservation
- Refinance debt

Guaranteed Operating Loans (OL)

- Purchase livestock, farm equipment, feed, seed, fuel, farm chemicals, insurance and other operating expenses
- Pay for minor building improvements
- Costs associated with land and water development
- Family living expenses
- Refinance debt under certain conditions

Guaranteed Loan Types Cont:

Guaranteed Operating Loans/ Line of Credit (LOC)

- Annual operating expenses

Guaranteed Conservation Loans (CL)

- Install structures to address soil, water & related resources conservation
- Establish forest cover for sustainable yield timber management, erosion control, or shelter belt purposes
- Install water conservation measures

Guaranteed Conservation Loans Cont. (CL)

- Install waste management systems
- Adapt any other emerging or existing conservation practices, techniques or technologies
- Refinance debt incurred for any authorized CL purpose when financing will result in add'l conservation benefits

Security

Collateral for OL

First lien on crops to be produced and livestock and equipment purchased or refinanced with loan funds.

Lien may be taken on certain other chattel and real estate property and an assignment usually will be taken on income such as from a dairy enterprise

Collateral for FO

Real estate only or a combination of real estate and chattels. FSA determines if the collateral proposed by the lender is accurate

Loan Limits, Terms, Guarantee Fees, Rate

FO

- \$1,355,000.00
- TERM: UP TO 40 YRS
- GUARANTEE FEE: 1.5%
- RATE: DETERMINED BY LENDER

OL

- \$1,355,000.00
- TERM: 1 TO 7 YRS
- GUARANTEE FEE: 1.5%
- RATE: DETERMINED BY LENDER

CL

- \$1,355,000.00
- TERM: NOT TO EXCEED 30 YRS
- GUARANTEE FEE: 1.5%
- RATE: DETERMINED BY LENDER

GUARANTEED LOANS:

• QUESTIONS?



For more information:

- USDA Farm Service Agency
10 Ferry St Ste 212
Concord, NH 03301
- (603) 223-6003
FAX (603) 223-6030
- “Your Guide to FSA Farm Loans”
http://www.fsa.usda.gov/Internet/FSA_File/fsa_br_01_web_booklet.pdf