



United States
Department of
Agriculture

FARM SERVICE AGENCY

Montana State
Producer Handbook



January 2009

Fact Sheet
**How to Complete an FSA
Loan Application-**
According to the 2008 Farm Bill

Overview

This fact sheet provides step-by-step instructions on the forms and other information that farmers, ranchers, and other agricultural producers need to apply for a direct farm loan with the Farm Service Agency (FSA). FSA must follow all relevant federal credit, environmental, and debt collection laws and policies when making farm loans.

Use of Loan Funds

Before applying for an FSA farm loan, producers should make sure their intended use of loan funds falls within FSA guidelines. Loan funds can be used by family farmers, ranchers, and others to:

- Refinance certain debts;
- Pay normal operating and family living expenses; and
- Purchase farmland, livestock, equipment, feed, and other materials essential to farm operations.

FSA loans **cannot** be used to refinance personal debts, buy personal vehicles, or start and operate non-farm businesses. Applicants with questions about whether an FSA farm loan meets their needs can contact their local FSA office or USDA Service Center.

Applying for a Loan

Applicants who need help in gathering information or completing forms should contact their local FSA office. FSA employees will help applicants understand what information is needed, where to find it or who to contact to get it. In some areas, FSA can arrange for an outside organization to help the applicant gather the information and complete the forms. If available, this help is provided at no cost to the applicant. Providing all the information in the following three steps will help the loan application process flow smoothly. ***(Please note that other information may be required depending on each individual situation.)***

Step 1 – Fill Out Forms

Gather and fill out the following forms:

- Form FSA-2001, "Application for Direct Loan Assistance," or FSA-2301, "Request for Youth Loan". If the applicant is a cooperative, corporation, partnership, joint operation, trust, or limited liability company, additional information will be required of each member of the group. Producers will need to discuss their business structures with an FSA loan official;

- Proof that the applicant and each member of an entity cannot obtain sufficient credit elsewhere, at reasonable rates and terms, including a loan guaranteed by the Agency. A rejection letter from a bank or other local lending institution serves as proof and may or may not be necessary depending on the applicant's financial situation;
- FSA-2002, "Three-Year Financial History, or copies of financial records for the past three years – including income tax records;
- Form FSA-2003, "Three-Year production History," or alternate documents that provide the information collected on this form, will be used to provide Production history for the past three years. If the applicant has been farming less than five years, the applicant can provide records for the years that he/she was involved in farm activity;
- Form FSA-2004, "Authorization to Release Information," to authorize employers, financial institutions, and creditors to verify and provide information in connection with the submission of your application;

- Form-FSA-2005, "Creditor List," will be used to gather creditor information from applicants;
- Form FSA-2007, "Statement Required By the Privacy Act," if needed, to allow FSA to request information on a non-applicant whose income is included in the loan request;
- For FSA 2037 "Farm Business Plan Worksheet-Balance Sheet";
- Form FSA 2038 "Farm Business Plan Worksheet-Projected Income and Expense";
- Form FSA-2014, "Request for Verification of Employment," must be completed and send to the Agency so that it can be mailed to the applicant's employer by FSA;
- FSA-2015, "Verification of Debts and Assets," will be completed and signed and will be mailed to creditors by FSA, and

Step 2 – Provide Additional Information

In addition to forms, a loan applicant must provide FSA with the following information as part of the loan process: (Important Note: If the applicant is already an FSA borrower, this information should be on file with FSA.)

- Applicants will need to provide a credit report fee, which will vary in amount depending on how many individuals are applying and/or the business structure;
- A brief written description of the farm business;
- Form FSA-2302 will provide a brief written description of the applicant's farm training and

experience, including employment as an owner, manager, farm management consultant, or operator of a farm business for at least one year;

- Form FSA-2006 will be completed to document leases, contracts, or agreements and their terms and conditions that might affect the operation or that might be important; and
- FSA must determine that a producer's current farm operation complies with regulations governing certain conservation programs. The local FSA office can assist the applicant with meeting this requirement. Form RD 1940-20, "Request for Environmental Information," must also be completed.

Step 3 – Contact FSA

- After completing the required paperwork, an applicant should contact his/her local FSA office or USDA Service Center to schedule an appointment with a farm loan official to submit the farm loan application. (**Important: Applicants who are having problems gathering information or completing forms should immediately contact FSA for help.**)

Emergency Loans

If a producer is applying for an emergency loan based on losses in an area that has been designated an agriculture disaster, he/she should fill out the following forms:

- Form FSA-2309, "Certification of Disaster Losses"; and
- Form FSA-2310, "Lender's Verification of Loan Application."

Actual Production History (APH) yields for the past three years must be established by a producer's crop insurance company and will be used to calculate losses. If APH yields are not available, three years of production history will be used.

Obtaining Forms

FSA forms can be obtained from your local FSA office or by logging on to the Montana FSA website at: <http://www.fsa.usda.gov/mt> and clicking on "Online Services" and next clicking on "eForms," or by accessing: <http://forms.sc.egov.usda.gov/efor.ms/mainservlet>

What Happens After a Loan Application is Submitted?

After a loan application is submitted, FSA reviews the application and determines if the applicant is eligible for a loan. The applicant will receive written notification of each step in the process such as when the application is received, when more information is needed, and when a final decision is made on the application. If the application is approved, FSA makes the loan and the loan applicant receives the funds. If the application is denied, the applicant will be notified in writing of the specific reasons for the denial, and provided reconsideration and appeal rights.

For more information

Additional information may be obtained at local FSA offices or through the Montana FSA Web site at <http://www.fsa.usda.gov/mt>

The United States Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, or marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202-720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call 202-720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.