



Fact Sheet

Special Apple Loan Program

Background

The Farm Service Agency's (FSA) Special Apple Loan Program provides loans to apple producers who are suffering hardships due to low prices. This program was authorized by the Agricultural Risk Protection Act of 2000, following the 1998-1999 growing season when apple prices fell to their lowest levels in nearly 10 years.

Qualifications

To qualify, applicants must have produced apples for market in either 1999 or 2000, with a minimum of 10 acres in production in either of those years.

Loan funds may be used to:

- pay costs associated with reorganizing a farm to improve profitability;
- pay annual operating expenses;
- purchase equipment;
- acquire, enlarge or lease a farm;
- make capital improvements;
- refinance debt;
- purchase cooperative stock for credit, production, processing or marketing purposes; and
- pay closing costs.

Loan Amounts and Repayment Terms

Eligible applicants may obtain loans up to \$300 per acre of apple trees in production in 1999 or 2000, up to a maximum indebtedness of \$500,000. The maximum repayment term is 3 years, and the interest rate is based on the Government's borrowing cost.

Loan Requirements

Like other FSA programs, applicants for the Special Apple Loan Program must have an acceptable credit history and demonstrate an ability to repay the proposed loan. Applicants who are delinquent on a non-tax Federal debt, who have an outstanding judgment, or who have provided FSA false or misleading information are not eligible.

Expedited Requests for Loans

To expedite funding of eligible requests, applicants requesting \$30,000 or less are not required to submit historical production, financial information, or cash flow projections unless their net worth is less than three times the loan amount. For loans of more than \$30,000, applicants must submit a projected cash flow budget.

FSA requires a lien on available assets to adequately secure the loan. The level of documentation of

collateral value depends upon the size of the loan and the risk of loss, as determined by a review of the applicant's financial condition.

For loans over \$30,000: Applicants with net worth of at least three times the loan amount may provide documentation of collateral value in the form of assessments or depreciation schedules. Applicants with net worth of less than three times the loan amount must submit a current appraisal.

For loans of \$30,000 or less: Collateral value will be based on the best information available.

For More Information

Contact local FSA offices or USDA Service Centers. Information may also be obtained from the FSA web site at: www.fsa.usda.gov

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