

# Loans to For-Profit Farm Cooperatives



## Overview

The U.S. Department of Agriculture's (USDA) Farm Service Agency (FSA) offers Direct Loans and Guaranteed Loans to farmers and ranchers to promote, build, and sustain family farms for a thriving agricultural economy. FSA farm loan programs are also available to members of for-profit cooperatives.

FSA loans may be used to start, purchase, expand, and maintain operations, or to support exciting new industry trends, value-added products, sales directly to customers, and organic or specialty crop operations.

Farm ownership, operating, and emergency loans are all available under the Direct Loan Program. Farmers may apply for direct loans at their local FSA offices.

Farm ownership, operating, and conservation loans are also available under the Guaranteed Loan Program. Guaranteed loans are made and serviced by commercial lenders such as banks, Farm Credit System institutions, or credit unions. FSA approves eligible loan guarantees and provides oversight of lender's activities. Contact a local FSA office for a list of participating lenders.

## Who May Borrow

For-profit cooperatives are eligible where:

- Cooperative members meet all general and program-specific eligibility requirements;
- Cooperatives are not larger than a family farm if all members are not related by blood or marriage;
- Cooperative members either hold the majority interest in the co-op or are the individual(s) responsible for the day to day operations of the co-op, and can demonstrate sufficient managerial ability;
- Cooperative members have an individual ownership interest in the co-op and are able to assume personal liability.

## Available Loans

Farm ownership loans may be used to purchase or enlarge a farm or ranch; purchase easements or rights of way needed for the farm's operation; erect or improve buildings; implement soil and water conservation measures; and pay closing costs. Guaranteed farm ownership loans may also be used to refinance debt. The maximum loan amount for a direct farm ownership loan is \$600,000; the maximum loan amount for a guaranteed farm ownership loan is \$2,236,000.

Operating loans may be used to purchase livestock, poultry, farm equipment, feed, seed, fuel, fertilizer, veterinary services, chemicals, insurance, and other operating expenses, including family subsistence. These loans can also be used for training costs, loan closing costs, and costs associated with reorganizing an operation. The maximum amount for direct operating loans is \$400,000 and the guaranteed maximum operating loan amount is \$2,236,000.

Microloans serve the unique financial operating needs of beginning, niche, and the smallest of family farm operations. Microloans have a total maximum loan amount of \$100,000: up to \$50,000 each or farm ownership and operating microloans. The microloan is a modified direct loan with more flexible access to credit that may benefit cooperative members, such as operators of Community Supported Agriculture and other non-traditional farm operations that often face limiting financial options.

## More Information

For more information visit, [fsa.usda.gov](https://fsa.usda.gov) or [farmers.gov](https://farmers.gov).

Find your local USDA Service Center at [farmers.gov/service-locator](https://farmers.gov/service-locator).