



Farm Service Agency

Loans to For-Profit Farm Cooperatives

Overview

The U.S. Department of Agriculture's 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, organic and specialty crop operations.

Farm ownership, operating, emergency and conservation loans are 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, the Farm Credit System, or credit unions. FSA approves eligible loan guarantees and provides oversight of lenders' activities.

Guaranteed loans are available from commercial lenders that provide guaranteed loans from FSA. 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;

- Cooperatives 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; and
- 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 also may be used to refinance debt. The maximum loan amount for a direct loan is \$300,000; the maximum loan amount for a guaranteed loan is \$1,429,000.

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 direct amount is \$300,000 and the guaranteed maximum loan amount is \$1,429,000.

Microloans serve the unique financial operating needs of beginning, niche and the smallest of family farm operations. Microloans have a maximum loan amount of \$50,000. 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.

This fact sheet is provided for informational purposes; other restrictions may apply. For more information about Farm Loan Programs, visit www.fsa.usda.gov/farmloans or find a local FSA office at www.farmers.gov.