

**Annual Report to Congress**  
**Regarding**  
**Term Limits on Direct Operating Loans**  
**As**  
**Required by**  
**Section 5104 of the Agricultural Act of 2014**

**February 2020**

**USDA/Farm Production and Conservation Business Center,**  
**Economic and Policy Analysis Division**  
**in collaboration with the Farm Service Agency**

## Executive Summary

Term limits, which impose a statutory maximum on the number of years a farmer may receive a Farm Service Agency (FSA) direct operating loan (DOL), have not appeared to have had a major impact on FSA's loan portfolio over the past two decades, though there are some areas of concern arising. Term limits stipulate that an *eligible* applicant must have a DOL obligated in 6 or fewer calendar years. The years need not be consecutive and multiple loans received during a year count only against 1 year of loan eligibility. The *eligible* applicant is able to close an additional DOL in the 7th year. The limitation does not apply to beginning farmers through their first 10 years of farming. Waivers that allow an additional 2 years of eligibility are provided on a case-by-case basis, if borrowers continue to meet all other eligibility criteria. Youth loans and microloans to beginning farmers and veterans are exempt and do not count against the limitation.

Key findings are:

***In calendar 2018 and 2019, an additional 886 farm businesses reached the DOL term limit.*** This includes 365 farm businesses in 2018 and 521 in 2019 and brings the total number of farm borrowers reaching term limits since their inception in 1993 to 8,140.

***Term-limited borrowers represented 5.1 percent of total DOL borrowers with a positive loan balance at the end of 2019.*** This reflects the importance of DOLs as a temporary credit source. Nearly half of DOL borrowers over the last 25 years received a DOL in only 1 year and over 80 percent were recipients of DOLs for 3 years or less.

***There is no indication that term limits have hastened farm exits.*** Over 75 percent of farm borrowers who have reached term limits since their implementation in 1993 were still active in farming through 2019 as indicated by eligibility to vote in the most recent county office committee elections. Most borrowers reaching term limits since 2012 remain active borrowers with a positive loan balance and may participate in non-DOL credit programs, including direct farm ownership, emergency, and guaranteed loans. Also, term-limited borrowers unable to make scheduled payments are eligible for loan restructuring.

***Term limits have had a greater impact on crop farms than livestock farms.*** This was especially true among direct cotton borrowers with 27 percent using 5 or more years of eligibility by 2019. Likewise, 23 percent of all corn-soybean direct borrowers had used 5 or more years of eligibility by 2019.

***Term limits have a greater impact in regions more dependent on FSA credit where overall incomes are lower and farms smaller.*** Combined, the Appalachia and Northern Plain regions represented 28 percent of all DOL borrowers but held 35 percent of all term-limited borrowers at the end of 2019.

## Introduction

This report was undertaken in fulfillment of requirements specified in Section 5104 of the Agricultural Act of 2014, which amended the Consolidated Farm and Rural Development Act (ConAct) and requires an annual report on term limits for direct operating loans (see Appendix 1). As directed by the statute, this report documents the number and characteristics of DOL borrowers who have reached their term limits.

Term limits impose a statutory limit on the number of years that a farm borrower may receive loan funds through programs administered by the U.S. Department of Agriculture (USDA).<sup>1</sup> DOLs are authorized under Section 311(c)(2) of the ConAct to provide a source of credit for qualified farmers. Term limits were initially enacted for both direct and guaranteed farm ownership and operating loan programs by the Agricultural Credit Improvement Act of 1992.<sup>2</sup> Term limits have never applied to emergency loan borrowers.

Subsequent legislation exempted all guaranteed loans from term limits. Microloans made to veterans and beginning farmers are also exempt from term limits. Moreover, the limitation does not apply if a borrower's farm is subject to the jurisdiction of an Indian tribe. FSA can obligate, in certain circumstances, DOLs to borrowers beyond their term limit. For example, waivers are granted to qualified beginning farmers through their 10th year of farming. Non-beginning farmers may receive a 2-year waiver, provided the operation is viable, the borrower has or will complete financial training, and commercial credit is unavailable.

## Farm Economic Outlook Remains Tenuous

Background on farm economic conditions helps provide context for the analysis of term limit data. USDA's Economic Research Service (ERS) forecasts net farm income<sup>3</sup> to increase \$9.8 billion (11.7 percent) to \$93.6 billion in 2019, after increasing in both 2017 and 2018. In inflation-adjusted 2020 dollars, net farm income is forecast to increase \$8.4 billion (9.6 percent) from 2018. If realized, in inflation-adjusted terms, net farm income in 2019 would be 31.5 percent below its peak of \$139.1 billion in 2013 but 3.9 percent above its 2000-2018 average (\$91.6 billion). Much of the expected increase is attributable to direct government payments from Federal crop insurance indemnities, Market Facilitation Program payments, and other programs, which combined are projected to exceed \$23 billion in 2019.

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<sup>1</sup> A farm borrower may be an individual, partnership, or legal entity. Term limits apply to both the entity and underlying individuals who are obligated as co-borrowers. This includes the spouse of married borrowers as well as legal partners. FSA uses the term 'borrower case' to refer to the borrowing individual or entity listed on the promissory note.

<sup>2</sup> The ConAct states that an applicant is eligible for a direct operating loan if the applicant received a DOL in 6 or fewer years. The regulations (7 CFR 764.252), which were implemented in 1993, state that an applicant is not eligible if the applicant has closed a DOL in 7 or more years. The net impact of these provisions is that a borrower has 6 full years of eligibility for direct operating loans before reaching the term limit. In accordance with language in the ConAct, this report considers term limits to have been met at the end of 6 full years of receiving DOLs.

<sup>3</sup> ERS farm income forecast as of February 2020.

Profit margins for most commodities remain tight with prices at or near break-even levels. Large carryover stocks for corn and soybeans, combined with reduced exports for corn and modest gains for soybean exports, are expected to limit the upside price potential. Despite a strong start to export sales in 2019 and the highest forecast exports in several years, cotton prices have been weighed down by very large supplies and fallout from the trade war with China. Similarly, wheat prices are down, despite an increase in exports, given record global supplies and record global ending stocks. While expanding demand for tree nuts and many fruits have facilitated profitability, these types of operations represent only a small share of U.S. farm production and FSA lending.

The overall outlook for the livestock sector has improved from earlier years. U.S. beef and pork prices have been buoyed by expectations of increased exports of U.S. pork and beef to offset the impact of African Swine Fever on worldwide supplies. Likewise, African Swine Fever is expected to increase global demand for poultry, although U.S. export gains were small in 2019 and prices softened over the year. The all-milk price rose in 2019 on a tighter supply-demand situation. Though margins are expected to be positive, some dairy producers will continue to face financial stress.

Five consecutive years of tight profit margins have had a negative impact on farmers' financial situations. For most producers, working capital has declined, leaving them more reliant on borrowed capital. Farm sector debt is near the peak levels of the late 1970s and early 1980s. Among farms with at least \$100,000 in annual sales, the share facing financial stress (having a low repayment capacity or low levels of solvency) has increased since 2012.<sup>4</sup>

Other sources provide similar evidence. The Minnesota Center for Financial Management found median farm income for Minnesota farmers in 2018 to be the lowest in 23 years with major indicators down (liquidity, net worth, profitability, coverage ratios). Federal Reserve Bank surveys indicate a continuation of low farm liquidity, increasing bank delinquencies, and greater demand for farm loans. Alongside historically low levels of liquidity, loan performance at agricultural banks has declined.

So far, strong equity positions, stable farm real estate markets, government payments, and bank liquidity have provided farmers with the tools to weather financial adversity without relying more heavily on USDA credit programs. However, a continuation of working capital erosion will likely impose greater stress on both lenders and borrowers, possibly resulting in an enhanced role for both direct and guaranteed FSA credit programs in upcoming years. If the farm economy deteriorates, the term limit period may be insufficient to overcome temporary financial hardships for some types of borrowers.

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<sup>4</sup> See: USDA, ERS, *Financial Conditions in the U.S. Agricultural Sector: Historical Comparisons* <https://www.ers.usda.gov/webdocs/publications/95238/eib-211.pdf?v=8745.1>. October 2019.

## **Overall Credit Quality Has Not Deteriorated**

Despite reduced farm incomes, there has not been an increase in demand for direct or guaranteed loans except for direct farm ownership loans. Both direct operating loan obligations and direct loan applications received have been trending downward since 2016 (figure 1). The increase noted for direct farm ownership loan obligations has primarily been a consequence of increased loan size limits.<sup>5</sup> For guaranteed loans, obligations and applications have also trended downward since 2016 (figure 2). While there have been increases in borrower defaults for both direct and guaranteed operating credit, these have, thus far, been modest (figure 3). Neither has there been a widespread deterioration of credit quality among commercial banks or the Farm Credit System. Through the 3rd quarter of 2019, loan defaults for farm nonreal estate credit were below 2.5 percent at commercial banks and 1 percent for the Farm Credit System (Ag Finance Databook; Farm Credit Funding Corporation).

There have been no other indicators of stress in FSA's loan portfolio. The average loan classification score has remained stable and there have not been increases in losses, loans restructured, or accounts flagged for bankruptcy or foreclosure. Borrowers appear to be holding their loans longer, however, as indicated by a 2 percent increase in borrower caseload in 2019.

While there are no widespread indications of stress, financial difficulties are affecting some groups more than others. Small and mid-size family farms are more susceptible to lower incomes and tend to be more reliant on FSA credit. A combination of Agricultural Resource Management Survey and FSA loan data indicated that as of December 2017,<sup>6</sup> over 18 percent of all medium-sized farms had a direct or guaranteed loan (figure 4). The share of farms utilizing FSA credit has been increasing since 2014. Also, there is a great deal of regional disparity in dependence on FSA credit programs: FSA serves a larger share of farms in regions which are economically challenged, such as Appalachia, the Mississippi Delta, and Indian Country (figure 5).

## **DOL Term Limits Affect a Small Share of Borrowers**

In 2018, a total of 365 borrower cases reached the DOL term limit followed by 521 cases in 2019 (table 1).<sup>7</sup> A borrower was determined to have met the term limit at the end of the 6th year in which they received DOL funds.<sup>8</sup> The year in which the term limit was reached was the last year

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<sup>5</sup> The Agriculture Improvement Act of 2018 (the 2018 Farm Bill) increased direct farm ownership loan size limits from \$300,000 to \$600,000 and the direct operating loan size from \$300,000 to \$400,000.

<sup>6</sup> The most recent ARMs data available to make this calculation are from 2017.

<sup>7</sup> A borrower case represents the entity which is obligating the loan. It can be an individual, partnership, family corporation, or LLC. It includes all co-borrowers who may also sign the promissory note.

<sup>8</sup> While a borrower may receive a loan in the following (7<sup>th</sup>) year, only about half do. A likely explanation is that farmers may be saving the last year of eligibility as a risk management tool. Considering term limits to have been met at 6 years was judged to provide a more accurate estimate of the number of farmers adversely affected.

in which DOL funds were received. For example, if a borrower receives funds for 7 years, the term limit would have been considered to have been met in the 7th year and not the 6th year.<sup>9</sup>

This brings the total number of borrower cases reaching term limits since inception to 8,140 (table 1). The share of current borrowers reaching term limits is 3.9 percent of the total direct borrower caseload and 5.1 percent of the DOL borrower caseload. On average over the past 12 years, 402 cases reach term limits each year. From 2014 through 2019, over 2,600 additional direct borrowers have reached term limits, which represents an increase over historical norms (figure 6). This includes about 250 borrowers who, as of calendar year 2020, would have been considered a beginning farmer. Beginning farmers meeting all relevant eligibility criteria receive a waiver and can receive a DOL during their first 10 years of farming. After 10 years of farming, they are no longer considered beginning farmers and therefore no longer qualify for this waiver. Further, microloans to beginning farmers and veterans as well as youth loans do not count against term limits. Historically, these types of loans have represented about 30 percent of all DOL obligations.

Despite being unable to receive additional DOL loan funds, many term-limited borrowers have continued as FSA borrowers. Over 42 percent (3,441/8,140) of borrowers reaching term limits in 2019 were still active borrowers with a direct operating loan, farm ownership loan, or an emergency loan as of year-end 2019 (table 1). Most of those reaching term limits have remained active in farming. Over the past 5 years, over 75 percent of borrowers reaching the term limit were still active in farming as indicated by eligibility to vote in county office committee elections.<sup>10</sup> After adjusting for deceased borrowers,<sup>11</sup> only about 12 percent of those that reached their term limits have exited farming (100 minus (6,740 COC eligible voters/ (8,140-473))).

## **DOLs Used Primarily as a Temporary Credit Source**

A majority of DOL borrowers use FSA only as a temporary source of credit. Nearly half (48.1 percent) of all non-exempt DOL borrowers (since 1993) received DOL funds for only 1 year (figure 7). Less than 1 in 5 non-exempt borrowers have received DOL funds in 4 or more years. The number of years in which borrowers rely on FSA direct loans varies by region (figure 8) and production specialization.

While term-limited borrowers are spread throughout the U.S., there are localities with a greater density of term-limited borrowers. Specifically, the Red River Valley, eastern Nebraska and the Dakotas, the Texas High Plains, and Appalachia are examples of areas with a greater concentration of term-limited borrowers (figure 8). Years of DOL eligibility use varies from

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<sup>9</sup> This results in revisions to totals from earlier years. Changes in beginning farmer status also result in a revision of earlier estimates. For example, a farmer receiving his or her 6<sup>th</sup> loan in 2016 may have still been eligible in 2018 as a beginning farmer and not considered in the term limit totals. But, if they aged past the beginning farmer classification in 2019, the earlier 2016 estimates of term-limited borrowers would have been adjusted.

<sup>10</sup> An eligible voter in an FSA county office committee election includes an individual or legal entity which participates or cooperates in any FSA program that is provided for by law.

<sup>11</sup> Of the 8,140 cumulative borrowers reaching term limits, about 6 percent (473/8,140) passed away since reaching their respective term limit.

2.23 years in the Southern Plains to 2.9 years in the Northern Plains (figure 9). Term-limited borrowers are more heavily concentrated in the Northeast, Lake States, Corn Belt, and Northern Plains as indicated by the share of U.S. term-limited borrowers exceeding the share of all U.S. DOL borrowers (figure 10). While the Appalachia and Northern Plains regions represented 28 percent (13% + 15%) of all DOL borrowers, for example, these regions represented 35 percent (19% + 16%) of all term-limited borrowers at the end of 2019. The Northern Plain and the Lake States had a relatively large share of borrowers who had used 5 or more years of loan eligibility, suggesting that they will continue to experience greater impacts from term limits.

Regional dependence on DOLs may be a function of the predominant types of agriculture. Grain and oilseed producers, common in the Northern Plains, Lake States, and Corn Belt, are more dependent on DOLs and more likely to be impacted by term limits. Nearly a quarter of corn-soybean farmers had used 5 or more years of eligibility or reached term limits compared to 12.4 percent for beef producers and 5.4 percent for poultry producers (figure 11). Nearly 27 percent of all cotton borrowers had received 5 or more years of DOL assistance, likely explaining the cluster of term-limited borrowers in Texas and the coastal Carolinas.

### **Term-Limited Borrowers Not Necessarily More Financially Stressed**

In many ways, borrowers reaching term limits are like other direct borrowers (table 2). Indeed, the debt-to-asset ratio for term-limited borrowers is lower than for those who are not term-limited and the liquidity ratio is similar. The share of term-limited borrowers receiving write-offs or restructuring does not differ significantly from all other DOL borrowers. Of all borrowers receiving DOLs since 1993, 12.4 percent of term-limited borrowers have had either a direct loan write-off or guaranteed loan loss claim since reaching the term limit compared to 11.7 percent for all other DOL borrowers (figure 12). Also, the share of borrowers receiving loan restructuring under primary loan servicing differed by only 0.6 percent between term-limited and other borrowers

Term-limited borrowers operate larger farms, though they tend to be less efficient than other borrowers. In 2019, borrowers reaching term limits had nearly \$306,000 in gross revenue compared to \$153,500 for all other borrowers receiving DOLs (table 3). In terms of total assets, term-limited borrowers operated farms that were twice as large, with the value of total assets for term-limited borrowers at \$1.015 million compared to just over \$455,000 for other borrowers. The net income ratio for term-limited borrowers has been less than for other borrowers, though both are in the “cautionary but acceptable” range of 10 to 20 percent.

### **Summary**

DOL term limits do not appear to be having a large impact on current farm borrowers. Since their inception in 1993, only 8,140 borrowers have reached term limits. While the number reached on an annual basis has been increasing, the total reflects 5 percent of current borrowers. This is primarily because DOLs have mostly been used as a temporary credit source with most borrowers receiving new DOLs for 3 years or less. However, *if market conditions in agriculture*

worsen and producers significantly increase their use of FSA credit programs, term limits may have a greater impact on the ability of producers to obtain needed credit.

### ***List of References and Suggested Readings***

Federal Farm Credit Banks Funding Corporation, *3<sup>rd</sup> Quarter Information Statement of the Farm Credit System* (November 13, 2019).

Federal Reserve Bank of Kansas City (a), *Ag Credit Survey 3rd Quarter 2019*, <https://www.kansascityfed.org/research/indicatorsdata/agcreditsurvey/articles/2019/11-14-2019/farm-finances-continue-to-weaken-amid-ongoing-uncertainty>

Federal Reserve Bank of Kansas City (b), *Agricultural Finance Databook, October 17, 2019*, <https://www.kansascityfed.org/research/indicatorsdata/agfinancedatabook/articles/2019/10-17-19/ag-finance-dbk-10-17-2019>.

University of Minnesota Center for Financial Management, 2018 FINBIN Report on Minnesota Farm Finances, May 2019. <https://finbin.umn.edu/Content/docs/2018-FINBIN-Report-MN-Farm-Finances.pdf>

U.S. Department of Agriculture, Economic Research Service and National Agricultural Statistics Service. *Agricultural Resource Management Study (ARMS)*, 2014-2017, Version 1.

U.S. Department of Agriculture, Economic Research Service, *2019 Farm Sector Income Forecast*, (<https://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances/farm-sector-income-forecast/>)

U.S. Department of Agriculture. *FSA Handbook: Farm Loan Program General Program Administration*. 1-FLP, Farm Service Agency, Washington, D.C. (2016). <https://www.fsa.usda.gov/FSA/webapp?area=home&subject=empl&topic=hbk>

U.S. Department of Agriculture, Economic Research Service, *Farm Income and Wealth Statistics: U.S. and State Farm Income and Wealth Statistics*, <https://www.ers.usda.gov/data-products/farm-income-and-wealth-statistics>

## Appendix 1. Text of Legislation from Section 5104 of the Agricultural Act of 2014

### 5) ANNUAL REPORT ON TERM LIMITS ON DIRECT OPERATING LOANS.—

(A) IN GENERAL.—The Secretary shall prepare a report annually that describes—

- (i) the status of the direct operating loan program of the Department of Agriculture; and
- (ii) the impact of term limits on direct loan borrowers.

(B) DEMOGRAPHIC INFORMATION.—

(i) IN GENERAL.—The report shall provide a demographic breakdown, on a State-by-State basis, of—

- (I) all direct loan borrowers; and
- (II) borrowers that have reached the eligibility limit for direct lending programs during the previous calendar year.

(ii) DEMOGRAPHIC INFORMATION.—The available demographic information shall include, to the maximum extent practicable, a description of race or ethnicity, gender, age, type of farm or ranch, financial classification, number of years of indebtedness, veteran status, and other similar information, as determined by the Secretary.

(C) ADDITIONAL CONTENT.—In addition to information described in subparagraph (B), the report shall provide—

- (i) a demographic analysis of the borrowers impacted by term limits;
- (ii) information on the conditions impacting the direct lending portfolio of the Department of Agriculture, including impacts by region and agriculture sector, and credit availability within those regions and sectors;
- information on the status of borrower operations impacted by term limits; and
- (iv) recommendations, if appropriate, to address any identifiable unmet credit needs.

(D) SUBMISSION.—The Secretary shall—

- (i) annually submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a copy of the report; and
- (ii) make the report available to the public, including posting the report on the website of the Department of Agriculture.

**Table 1. Selected characteristics of term-limited direct operating loan (DOL) borrowers**

	With outstanding direct loan balance <sup>1</sup>	With DOL balance only	Reaching term limits during calendar year - cumulative <sup>2</sup>	Borrowers reaching term limits each calendar year	Eligible county office committee electors <sup>3</sup>
2019	3,441	2,749	8,140	521	6,470
2018	2,985	2,358	7,619	365	6,004
2017	2,934	2,309	7,254	381	5,576
2016	2,889	2,333	6,873	474	5,144
2015	2,737	2,221	6,399	470	4,662
2014	3,295	2,843	5,929	401	4,155
2013	2,483	2,038	5,528	344	3,793
2012	2,494	2,043	5,184	364	3,505
2011	2,493	2,066	4,820	308	3,190
2010	2,454	2,061	4,512	411	2,926
2009	2,671	2,332	4,101	433	2,582
2008	2,040	1,761	3,668	352	2,222

<sup>1</sup> Includes direct farm ownership, operating, or emergency loan balance outstanding at calendar year end.

<sup>2</sup> Number of current and past borrowers who have completed their 6 or more years of eligibility and have not received subsequent DOLs; excludes beginning farmers currently receiving a waiver.

<sup>3</sup> Number of term-limited borrowers who are active producers and, therefore, eligible to vote in county office committee elections.

Sources: USDA-FSA OBFN database, December 31, 2019; USDA-FSA PLAS and County Office Committee Election Database, December 31<sup>st</sup> (2008 through 2019).

**Table 2. Summary balance sheet and liquidity characteristics for term-limited direct operating loan borrowers at time of last obligation compared with all other borrowers receiving direct operating loans during that year**

	Assets		Debt		Equity		Debt-asset		Liquidity Ratio	
	Term Limited	Not Term Limited	Term Limited	Not Term Limited						
2019	1,015,256	455,420	520,609	273,312	494,647	182,107	51.30%	60.00%	1	1
2018	995,520	506,124	517,428	283,563	478,092	222,562	52.00%	56.00%	1	1.1
2017	904,183	541,634	499,318	302,864	404,864	238,770	55.20%	55.90%	0.9	1.1
2016	856,648	547,798	459,486	318,804	397,162	228,995	53.60%	58.20%	1	1
2015	834,120	499,333	445,369	280,550	388,751	218,783	53.40%	56.20%	1	1.1
2014	816,370	454,428	433,106	254,199	383,264	200,229	53.10%	55.90%	1.1	1.1
2013	737,570	502,628	410,097	271,088	327,473	231,540	55.60%	53.90%	1.1	1.2
2012	834,190	446,817	460,617	238,502	373,572	208,316	55.20%	53.40%	1.1	1.1
2011	777,671	506,564	405,485	272,429	372,186	234,135	52.10%	53.80%	1.1	1.1
2010	721,795	561,719	416,636	304,121	305,159	257,598	57.70%	54.10%	1	1
2009	734,598	564,686	401,839	295,650	332,759	269,036	54.70%	52.40%	1.1	1.1
2008	627,120	429,864	359,611	230,681	267,509	199,183	57.30%	53.70%	1.1	1
2007	573,183	411,792	335,422	226,697	237,761	185,095	58.50%	55.10%	1	1
2006	568,620	408,702	324,737	229,960	243,883	178,742	57.10%	56.30%	1	1
2005	472,535	401,237	288,864	219,712	183,671	181,524	61.10%	54.80%	0.9	1

Source: Farm Service Agency, Web-Equity Farm Business Plan Database, June 2019.

**Table 3. Income characteristics of direct operating loan borrowers**

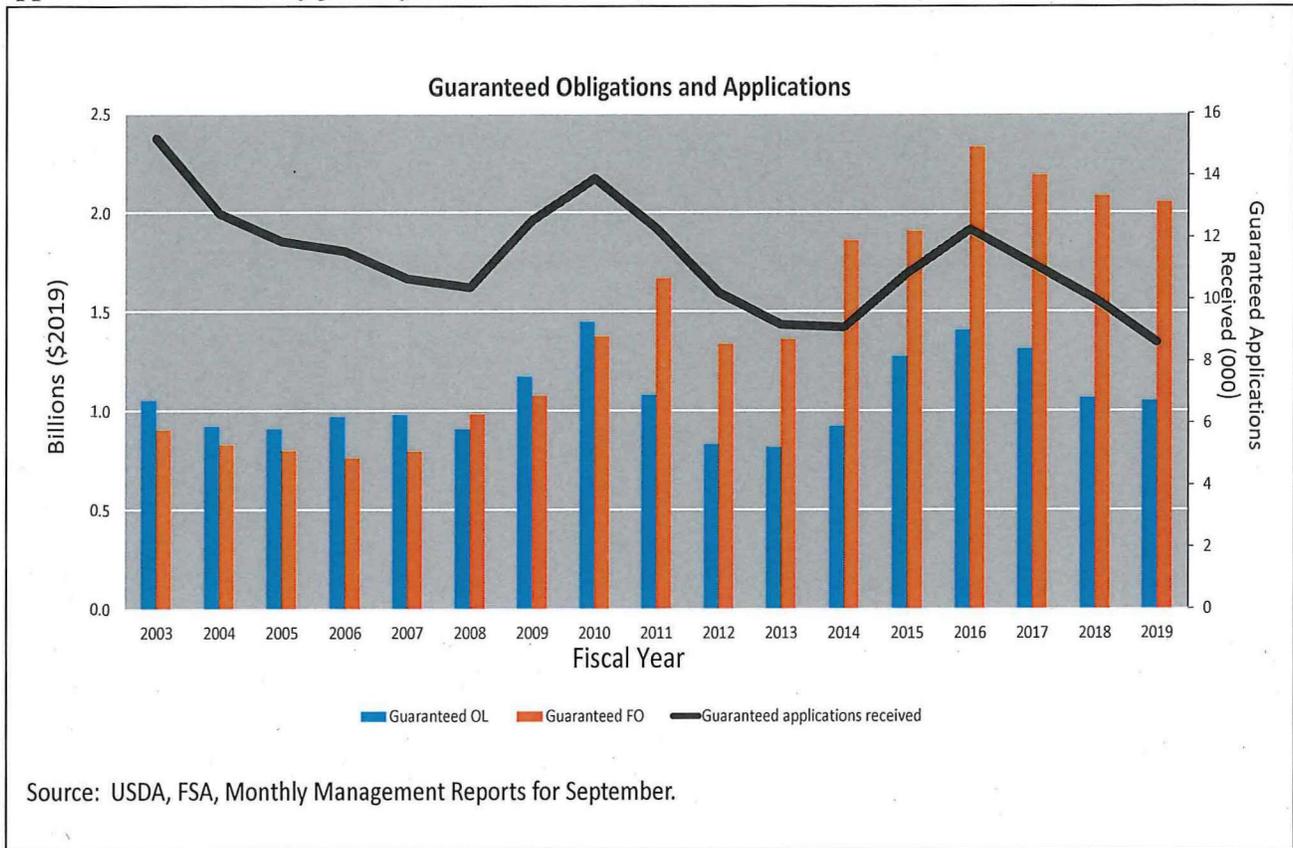
	Gross Revenue		Net Income		Net Income Ratio	
	Term Limited	Not Term Limited	Term Limited	Not Term Limited	Term Limited	Not Term Limited
2019	305,706	153,482	35,773	23,319	11.70%	15.20%
2018	270,931	143,445	37,136	22,768	13.70%	15.90%
2017	262,119	140,607	30,263	25,134	11.50%	17.90%
2016	286,429	138,502	34,368	25,259	12.00%	18.20%
2015	336,058	122,303	36,727	22,795	10.90%	18.60%
2014	270,376	127,616	33,180	22,581	12.30%	17.70%
2013	268,714	132,954	35,389	24,067	13.20%	18.10%
2012	341,856	169,400	44,405	28,480	13.00%	16.80%
2011	273,498	196,006	37,300	35,209	13.60%	18.00%
2010	290,557	210,423	34,807	35,850	12.00%	17.00%
2009	292,832	213,533	39,944	35,876	13.60%	16.80%
2008	277,754	171,796	43,493	29,672	15.70%	17.30%
2007	227,760	173,831	34,768	31,194	15.30%	17.90%
2006	249,730	184,591	34,482	33,128	13.80%	17.90%
2005	225,916	160,058	33,138	29,468	14.70%	18.40%

Source: Farm Service Agency, Web-Equity Farm Business Plan Database, June 2019.

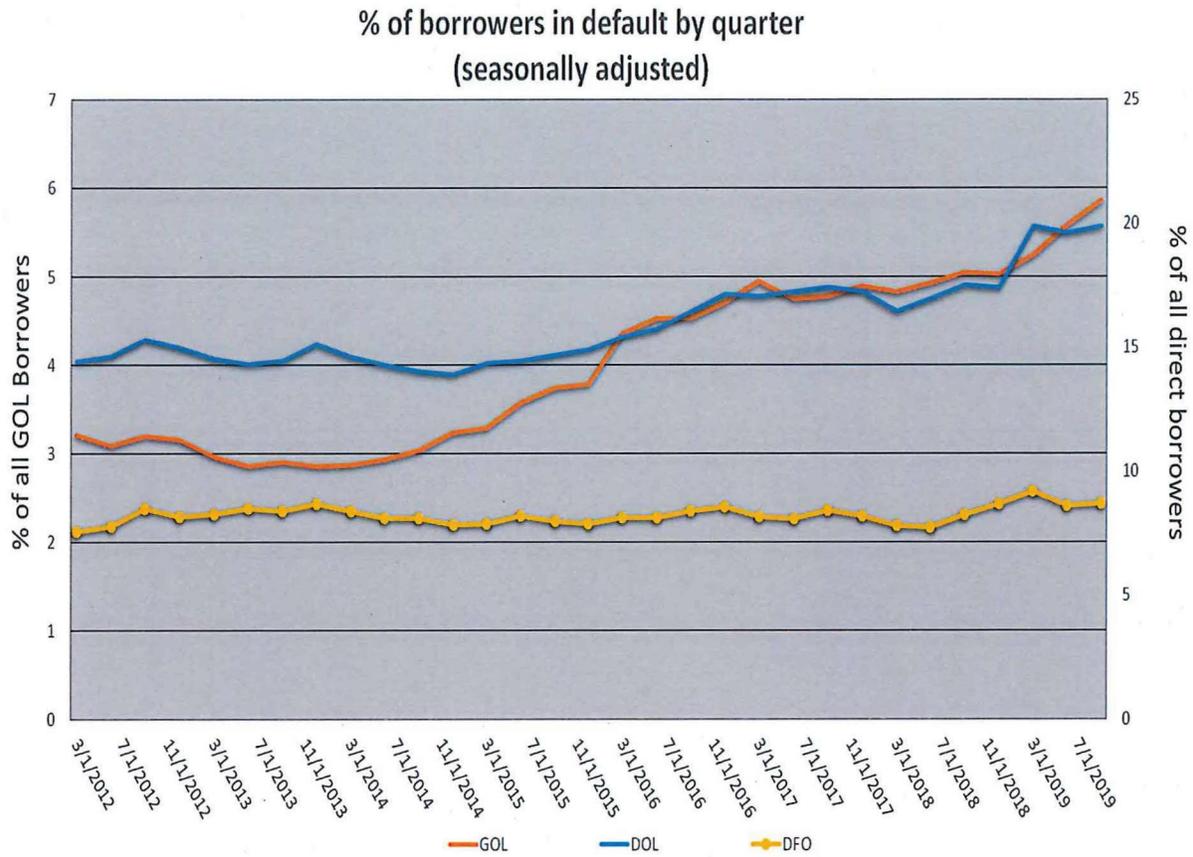
**Figure 1. Combined direct operating loan (DOL) and direct farm ownership (FO) loan obligations and number of applications received by fiscal year.**



**Figure 2. Guaranteed operating (OL) farm ownership (FO) loan obligations and number of applications received by fiscal year.**

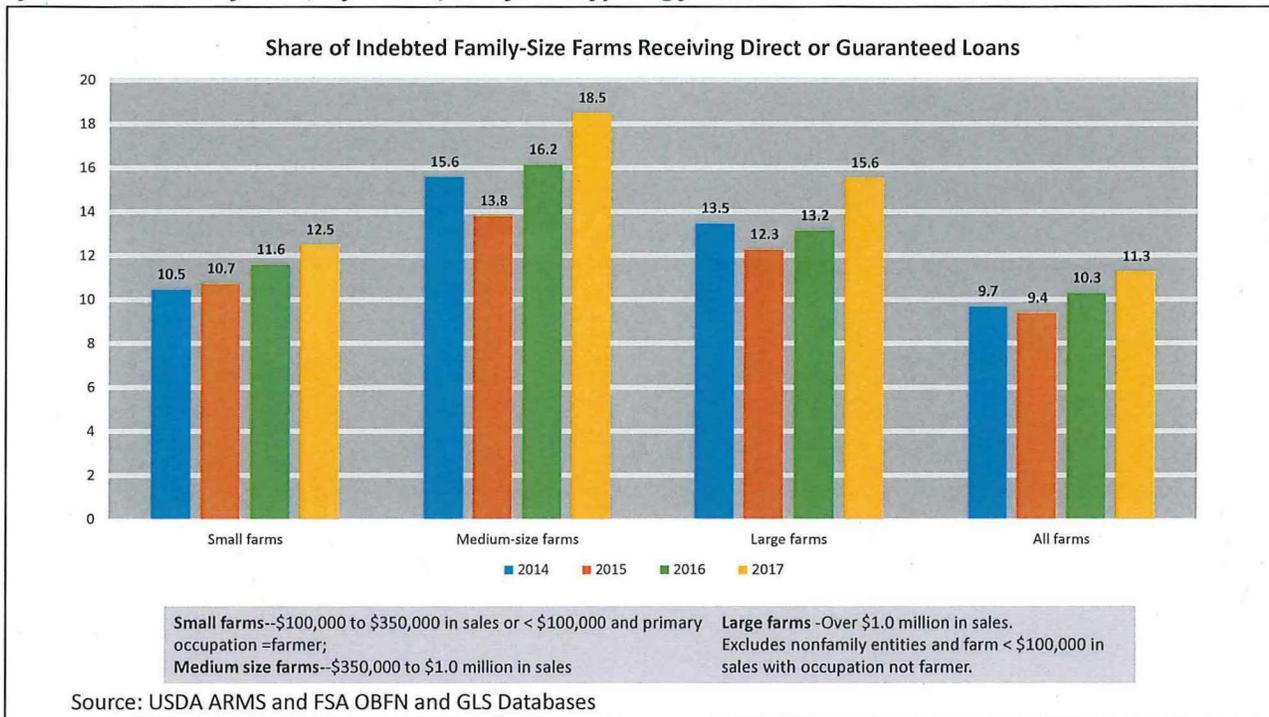


**Figure 3. Share of direct operating (DOL), direct farm ownership (DFO), and guaranteed operating loan (GOL) borrowers in default by quarter, seasonally adjusted.**

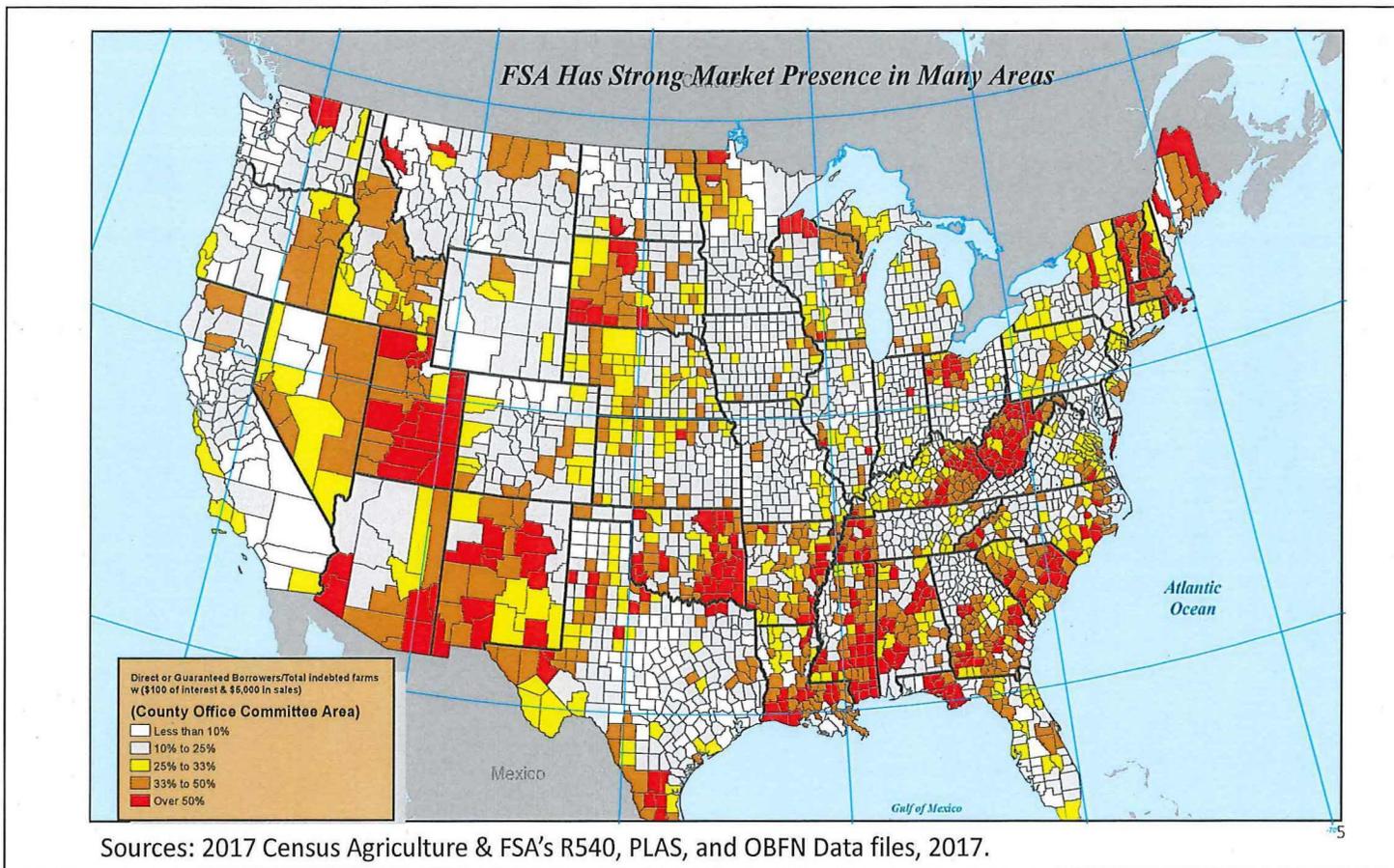


Source: USDA FSA R540 and Guaranteed Loan System (GLS) databases

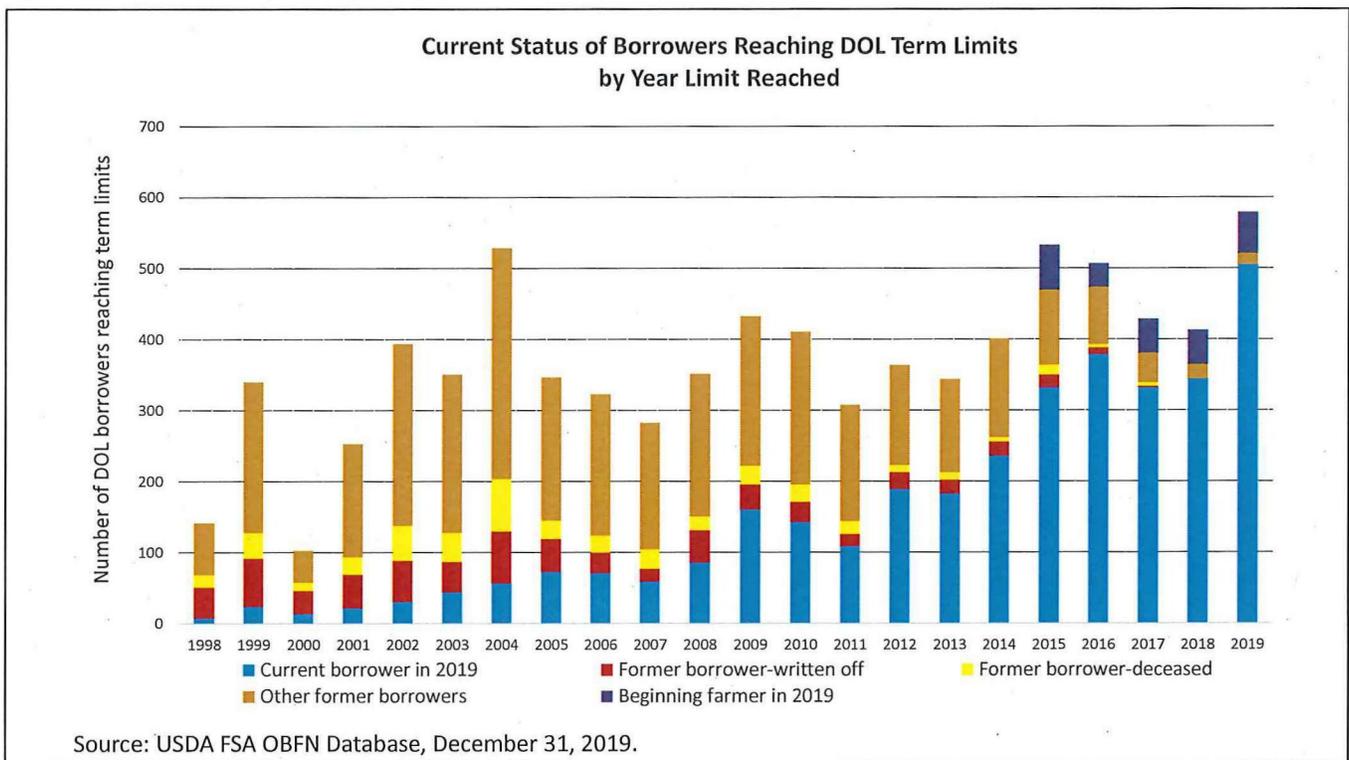
**Figure 4. Number of total direct and guaranteed borrowers (operating loan & real estate) as a share of total indebted farms, by USDA/ERS farm typology.**



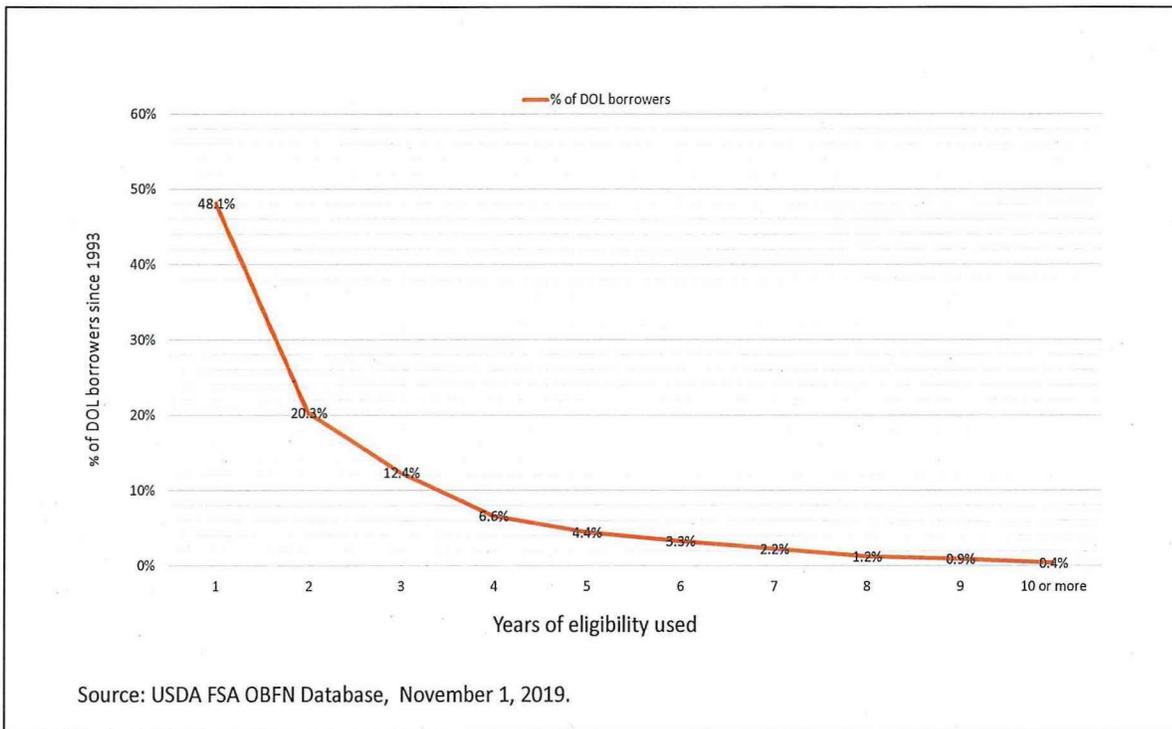
**Figure 5. Ratio of the number of FSA direct and guaranteed (operating & real estate) borrowers to the number of indebted farms by FSA's county office committee area, December 31, 2017.**



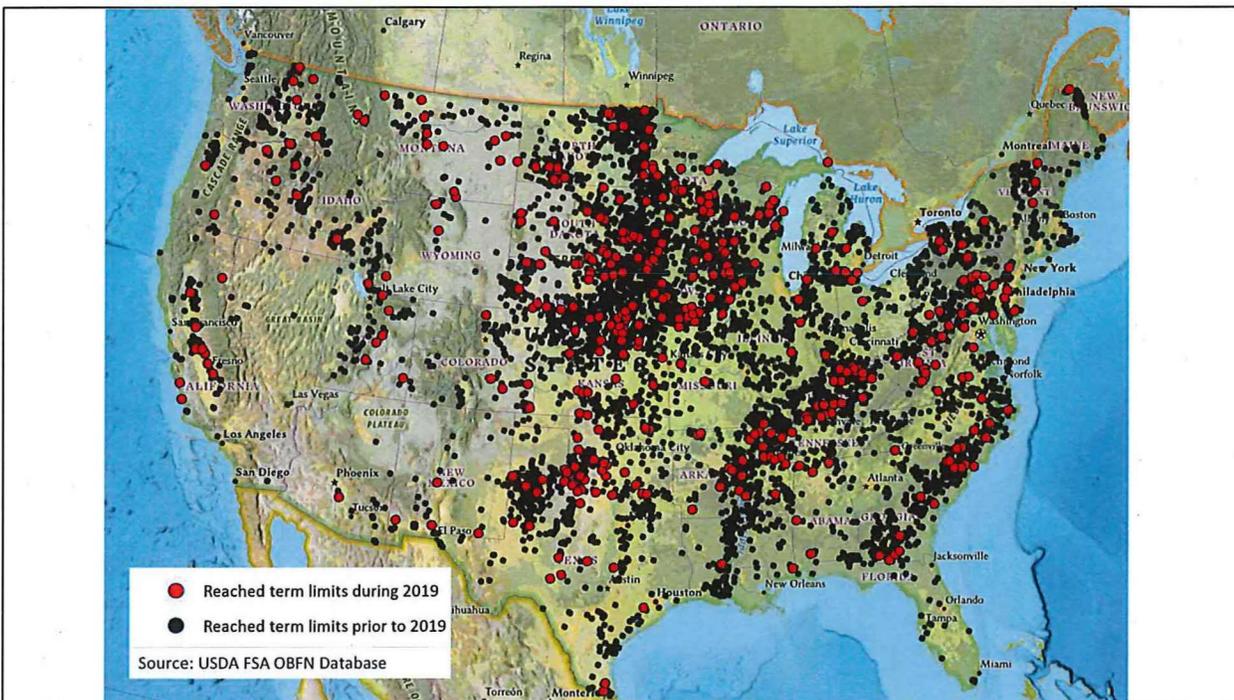
**Figure 6. Number of direct operating loan (DOL) borrowers completing 6 years of eligibility, by calendar year.**



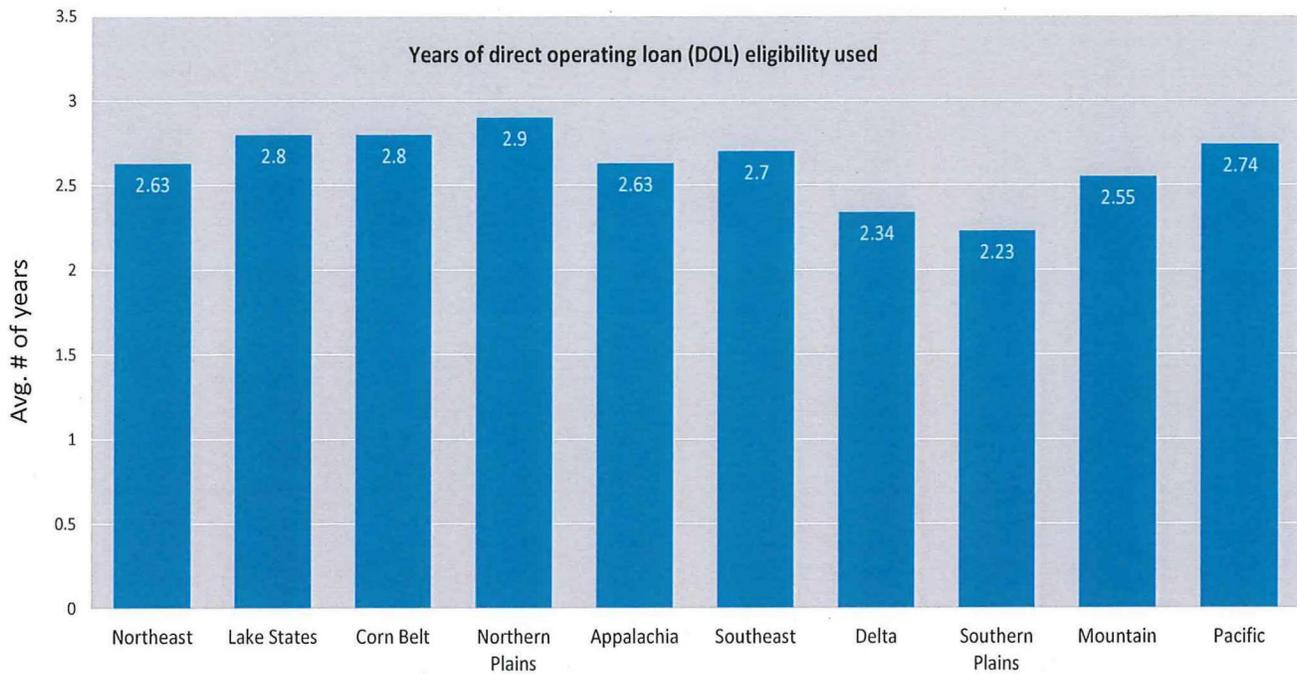
**Figure 7. Distribution of all direct operating loan borrowers since 1993 by years of eligibility used.**



**Figure 8. Location of term-limited direct operating borrowers, September 30, 2019.**



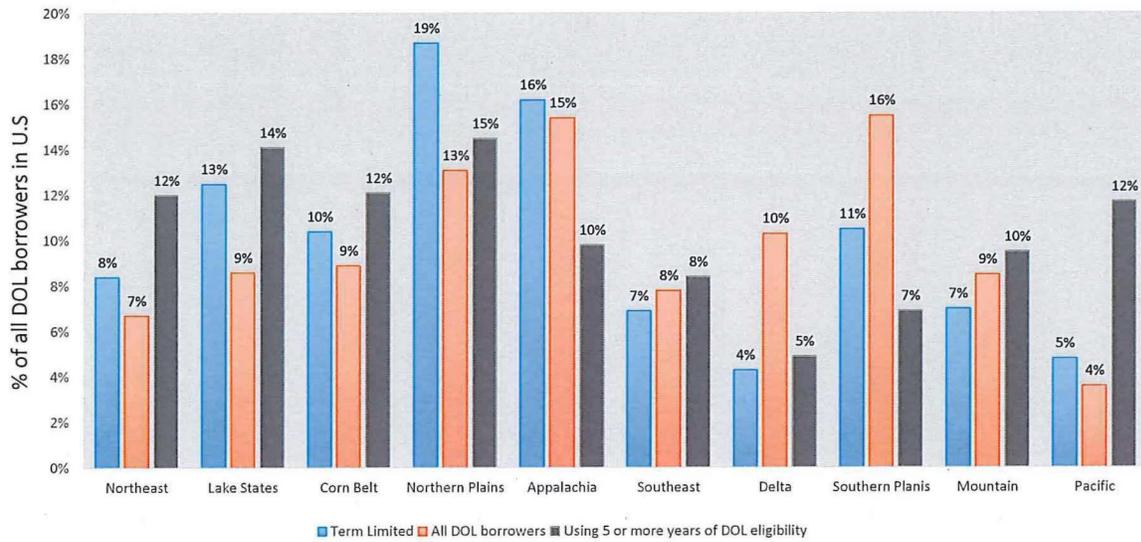
**Figure 9. Average years of direct operating loan eligibility used by USDA production region.**



**USDA Production Regions:** Northeast: CN,DE,ME,MD,MA,NH,NJ,NY,PA,RI,VT; Lake States: MI,MN,WI; Corn Belt: IL,IN,IA,MO,OH; Northern Plains: KS,NE,ND,SD Appalachian: KY,NC,TN,VA,WV; Southeast: AL,FL,GA,SC; Delta: AR,LA,MS; Southern Plains: OK,TX; Mountain: AZ,CO,ID,MT,NV,NM,UT,WY Pacific: CA,OR,WA

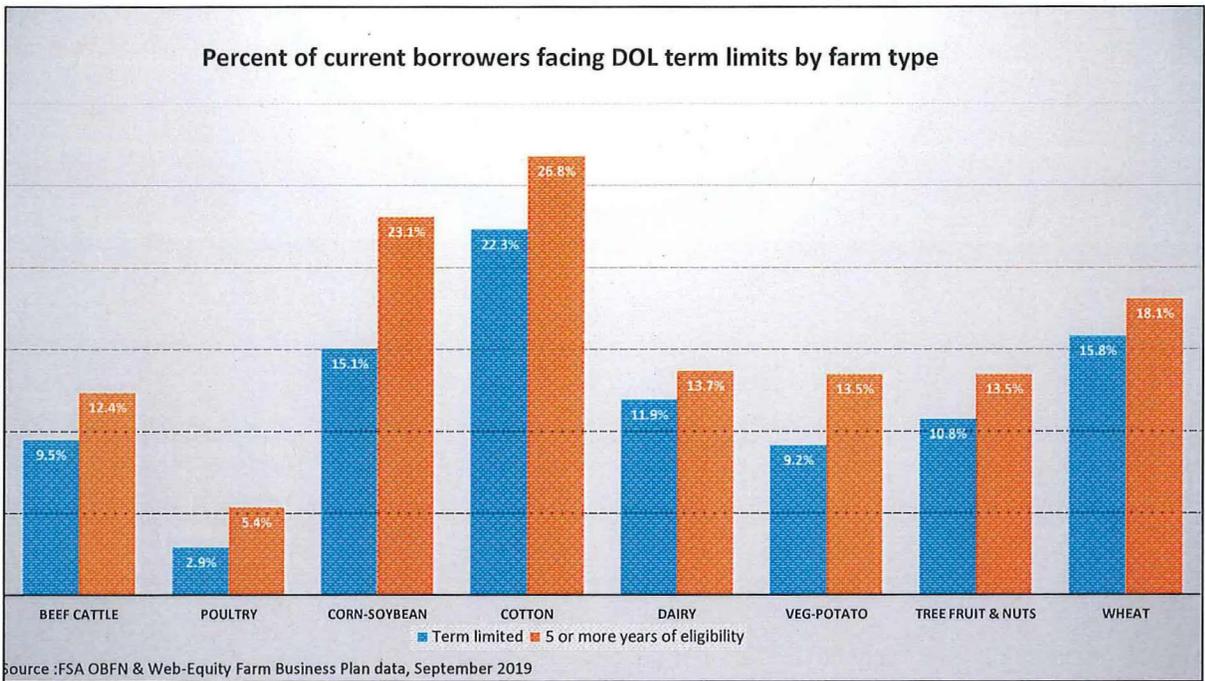
Source: USDA FSA OBFN Database, December 31,2019

**Figure 10. National distribution of total direct operating loan (DOL) borrowers, term-limited borrowers, and DOL borrowers using 5 years or more of eligibility, by USDA production region.**



Source: FSA OBFN Database, December 2019

**Figure 11. Term-limited direct operating loan (DOL) borrowers and borrowers using 5 or more years of eligibility as a share of total borrowers by farm production type.**



**Figure 12. Share of all direct operating loan (DOL) borrowers receiving debt write-offs, restructuring, or becoming deceased after receiving their latest DOL loan.**

