



MICROLOAN PROGRAM

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What is a Microloan:

- ❖ Modified version of the Direct Operating Loan program
- ❖ Serves the unique financial operating needs of beginning, niche and the smallest of family farm operations
- ❖ Flexible access to credit
- ❖ Loan alternative for smaller farming operations, like specialty crop producers & operators of CSA
- ❖ Terms can be 1 to 7 years

What can a microloan be used for?

Initial start-up expenses

Annual expenses such as seed, fertilizer, utilities, land rents

Marketing and distribution expenses

Family living expenses

Purchase of livestock, machinery, equipment, and other materials essential to farm operations

Minor farm improvements such as wells and coolers

Hoop houses to extend the growing season

Essential tools

Irrigation

Delivery vehicles



SECURITY

- Secured by a first lien on a farm property or agricultural products having a security value of at least 100% of the microloan amount, and up to 150% when available.
- Microloans made for purposes other than annual operating expenses must be secured by a first lien on farm property or agricultural products purchased with loan funds and having a security value of at least 100% of the microloan amount.

MAXIMUM LOAN AMOUNT



\$35,000



Eligibility Requirements:

- Must not be larger than a family-sized farmer
- Have a satisfactory history of meeting credit obligations
- Be unable to obtain credit elsewhere at reasonable rates and terms
- Meet all other loan eligibility requirements

Is a Microloan just what I need?



Simpler application = less paperwork



Requirements for managerial experience and loan security have been modified to accommodate smaller farm operations, beginning farmers and those with no farm management experience.



Farm experience is necessary, however the ML allows small business experience as well as any experience with a self-guided apprenticeship as a means to meet the farm management requirement.



Current interest rate and payment terms

- The February 2014 microloan interest rate is 2%.
- The interest rate is fixed.
- Payments can be made monthly, quarterly, semi-annually, or once a year. Your loan officer work with you to determine the best time of the year for you to make payments.
- \$35,000 loan at 2.00% for 7 years would equal an annual payment of \$5,407 or \$450 per month.



Filing an application

- Applications can be mailed to you, picked up at one of our local offices or downloaded online:

<http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/FSA2330.PDF>

National FSA Website: www.fsa.usda.gov

Costs to apply:

\$13.50 individual credit report

\$22.50 married couple credit report

\$48 for a UCC lien search

\$48 for the filing of the UCC lien if loan is approved

What Happens After I file?

- Your application will be processed by the local farm loan office.
- You will receive written notification of each step in the process.
- If the loan is approved, you will be notified when funding is received.
- A loan closing will be set up
- If your loan is rejected, you will be given reconsideration, mediation and appeal rights.



What happens after the loan closes?

- FSA practices “supervised credit” so our working relationship with you continues through the life of you loan.
- Good record keeping of farm production levels is important
- Farm income and farm expenses will be reviewed each year
- Borrowers are encouraged to mitigate risk and maximizing profitability by taking advantage of our other farm programs (NAP, acreage reporting, etc.)
- Bottom line, we want you to succeed!

• QUESTIONS?



For more information:

- USDA Farm Service Agency
10 Ferry St Suite 212
Concord, NH 03301
- (603) 223-6003
FAX (603) 223-6030
- “Your Guide to FSA Farm Loans”
http://www.fsa.usda.gov/Internet/FSA_File/fsa_br_01_web_booklet.pdf