

## Conservation Loan Program

### Overview

The U.S. Department of Agriculture's Farm Service Agency (FSA) makes and guarantees loans to promote conservation practices on farms and ranches that help protect natural resources throughout the United States.

The goal of FSA's Conservation Loan (CL) program is to provide access to credit for farmers who need and want to implement conservation measures on their land but do not have the "up front" funds available to implement these practices.

Unlike FSA's traditional farm ownership and operating loan programs that are targeted toward smaller and less financially established farmers, eligibility requirements for the CL program are expanded to permit FSA to provide assistance to some applicants who may be large and financially strong.

### FSA Conservation Loan Program

CL funds can be used to implement a conservation practice approved by the Natural Resources and Conservation Service (NRCS), such as:

- Reducing soil erosion;
- Improving water quality and;
- Promoting sustainable and organic agricultural practices.

Specific conservation practices include:

- Installation of conservation structures;
- Establishment of forest cover;
- Installation of water conservation measures;
- Establishment or improvement of permanent pastures;

- Transitioning to organic production;
- Manure management, including manure digestion systems;
- Adaptation of other emerging or existing conservation practices, techniques or technologies.

Interested applicants who do not already have NRCS-approved conservation plans should work with the local NRCS staff to develop a conservation plan, including all applicable conservation practices. New or existing conservation plans must be NRCS approved before FSA can provide financing.

### Rates and Terms

Those interested may apply for guaranteed CLs with loan limits up to \$1,214,000 (amount adjusted for inflation), by applying with lenders working with FSA, to obtain a guarantee.

Interest rates on guaranteed CLs will vary, but may not exceed the rate charged the lender's average farm customer.

Terms will vary and will be based on the life of the security offered, but not to exceed 20 years. CLs must be fully secured and can only be approved for those who have the ability to repay them.

### Streamlined CL Application

A streamlined application process reduces paperwork requirements for applicants with a strong financial position by eliminating the requirement to provide a cash flow document and supplementary documentation.

To submit a streamlined CL applica-

tion, the applicant must be current on payments to all creditors, have a debt-to-asset ratio of 40 percent or less, have a minimum FICO score of 700, have a net worth of at least three times the loan amount and have not received FSA loan servicing within the past five years.

### More Information and Eligibility Criteria

Additional information may be obtained at local FSA offices or through the FSA website at [www.fsa.usda.gov](http://www.fsa.usda.gov).

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