



# PRESS RELEASE

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## Loans for Socially Disadvantaged Persons

(LEXINGTON, January 4, 2007) --- USDA Farm Service Agency reserves funds each year to make loans to socially disadvantaged applicants to buy and operate family-size farms. A socially disadvantaged farmer is one of a group whose members have been subjected to racial, ethnic, or gender prejudice because of their identity as members of the group without regard to their individual qualities. For the purposes of this program, socially disadvantaged groups have been defined as women, African Americans, American Indians, and Alaskan Natives, Hispanics, and Asians, and Pacific Islanders.

### Types of Loans

- Operating loans may be used for various short and intermediate type credit needs, such as the purchase of livestock and equipment and annual operating expenses.
- Farm ownership loans may be used for the purchase and/or improvement of farmland and buildings.

### Who May Borrow

Individuals, partnerships, joint operations, corporations, and cooperatives primarily and directly engaged in family-size farming operations may apply. A family-size operation is considered to be one that a family can operate and manage itself.

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Terms and Interest Rates

Repayment terms for direct operating loans depend on the collateral securing the loan and usually run from 1 to 7 years. Repayment terms on direct ownership loans are up to 40 years. Guaranteed loan terms (made through commercial lenders, i.e. bank) are set by the lender.

Interest Rates

Current interest rates are:

- Operating Loans: 5.125 %
- Farm Ownership Loans: 5.250 %
- Emergency Loans: 3.750 %

How to Get a Loan

Applications for all FSA direct loan programs are made through the local FSA County office. Guaranteed loan applications are processed by the participating lender. For information on participating lenders, contact the local FSA County office.

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