



How to Complete an FSA Loan Application

Overview

This fact sheet provides step-by-step instructions on the forms and other information that farmers, ranchers, and other agricultural producers need to apply for a direct farm loan with the U.S. Department of Agriculture's (USDA) Farm Service Agency (FSA). FSA must follow all relevant federal credit, environmental, and debt collection laws and policies when making farm loans.

Use of Loan Funds

Before applying for an FSA farm loan, producers should make sure their intended use of loan funds falls within FSA guidelines. Loan funds can be used by family farmers, ranchers, and others to:

- Refinance certain debts;
- Pay normal operating and family living expenses; and
- Purchase farmland, livestock, equipment, feed, and other materials essential to farm operations.

FSA loans cannot be used to refinance personal debts, buy personal vehicles, or start and operate non-farm businesses. Applicants with questions about whether an FSA farm loan meets their needs can contact their local FSA office or USDA Service Center.

Applying for a Loan

Applicants who need help in gathering information or completing forms should contact the local FSA office. FSA employees will help applicants understand what information is needed, where to find it or who to contact to get it. In some areas, FSA can arrange for an outside organization to help the applicant gather the information and complete the forms. If available, this help is provided at no cost to the applicant. Providing all the information in the following three steps will help the loan application process flow smoothly. (Please note that other information may be required depending on each individual situation.)

Step 1 - Fill Out Forms

Gather and fill out the following forms:

- Form FSA 410-1 "Application for Direct Loan Assistance" - If the applicant is a cooperative, corporation, partnership, joint operation, trust, or limited liability company, additional information will be required of each member of the group. Producers will need to discuss their business structures with an FSA loan official. (Applicants will need to provide a credit report fee, which will vary in amount depending

on how many individuals are applying and/or the business structure.);

- Form FSA 2037 "Farm Business Plan Worksheet-Balance Sheet";
- Form FSA 2038 "Farm Business Plan Worksheet-Projected Income and Expense";
- Form FSA 440-32 "Verification of Debts and Assets"; and
- Form FmHA 1910-5 "Request for Verification of Employment."

Step 2 - Provide Additional Information

In addition to forms, a loan applicant must provide FSA with the following information as part of the loan process: (Important Note: If the applicant is already an FSA borrower, this information should be on file with the FSA.)

- A brief written description of the farm business;
- A brief written description of the applicant's farm training and/or experience, including employment as an owner, manager, farm management consultant, or operator of a farm business for at least one year;
- Proof that the applicant cannot obtain credit from private sources at reasonable rates and terms. A rejection letter from a bank or other local

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lending institution serves as proof and may or may not be necessary depending on the applicant's financial situation;

- Copies of financial records for the past five years - for example, income tax records;
- Production history for the past five years. If the applicant has been farming less than five years, the applicant can provide records for the years that he/she was involved in farm activity;
- Copies of any leases, contracts, or agreements that might affect the operation or that might be important. If a written lease is not available, an applicant can provide a statement describing the terms and conditions of the agreement; and
- FSA must determine that a producer's current farm operation complies with regulations governing certain conservation programs. The local FSA office can assist the applicant with meeting this requirement.

Step 3 - Contact FSA

After completing the required paperwork, an applicant should contact his/her local FSA office or USDA Service Center to schedule an appointment with a farm loan official to submit the farm loan application. (Important: Applicants who are having problems gathering information or completing forms should immediately contact FSA for help.)

Emergency Loans

If a producer is applying for an emergency loan based on losses in an area that has been designated an agriculture disaster, he/she should fill out the following forms:

- Form FmHA 1945-22 "Certification of Disaster Losses"; and
- Form FmHA 1940-38 "Request for Lender's Verification of Loan Application."

Actual Production History (APH) yields for the past five years must be established by a producer's crop insurance company and will be used to calculate losses. If APH yields are not available, three years of production history will be used.

Obtaining Forms

FSA forms can be obtained from a local FSA office or a USDA Service Center, or they can be downloaded and printed from FSA's Web site: <http://www.fsa.usda.gov/dafl/forms%20list.htm>.

Also, many forms can be filled out and submitted via USDA's "eForms" Web site located at: <http://forms.sc.egov.usda.gov/eforms/mainservlet>.

What happens after a loan application is submitted?

After a loan application is submitted, FSA reviews the application and determines if

the applicant is eligible for a loan. The applicant will receive written notification of each step in the process such as when the application is received, when more information is needed, and when a final decision is made on the application. If the application is approved, FSA makes the loan and the loan applicant receives the funds. If the application is denied, the applicant will be notified in writing of the specific reasons for the denial, and provided reconsideration and appeal rights.

More Information

Visit FSA's Web site, www.fsa.usda.gov, for details on the types of loans and loan amounts offered by the Agency, as well as for information about all FSA programs.

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To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.