



START A SMALL-SCALE OR DIVERSIFIED FARM

Stumped on how to finance your new farm? The Farm Service Agency is a great option for beginning farmers who want to purchase land, finance equipment, or just need operating financing and cannot get a loan from a commercial bank.

BY PROVIDING ACCESS TO CREDIT, FSA's Farm Loan Programs offer opportunities to family-sized farmers and ranchers. To find out more, visit: www.fsa.usda.gov.

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- **Direct loan** – up to \$300,000 for land or infrastructure purchases. The requirements above are a must.
- **Micro loans** – Maximum loan amount of \$50,000. Can be used for down payment, joint financing, building and infrastructure on your farm.
- **Farm Operating Loans** – Both Micro and Direct operating loan with maximum loan amount of \$50,000 and \$300,000 respectively. Any operating expenses to start up your farm.

FSA LOANS FOR BEGINNING SPECIALTY CROP FARMERS

because they do not have experience. Don't let that discourage you. Talk to your county FSA loan officer, rent land, and start keeping records. This will help you be prepared to take on debt to get your farm off to the right start!

SOME BEGINNING FARMERS WALK AWAY FROM FSA LOANS

Farm Service Agency Financing to START A SMALL-SCALE OR DIVERSIFIED FARM



1. DEVELOP A BUSINESS PLAN



- A. **Mission statement and Vision** — Sit down and think about what you and your farm partners want and how you will achieve it.
- B. **Develop SMART goals** — Make sure your goals are Specific; Measurable; Achievable/ Realistic; and they have a Timeline.
- C. **Marketing Strategies** — Develop a marketing plan that outlines who and where you will be selling your products.
- D. **Financial projections** — Use past experience, mentors, and research to develop realistic projections. Consider adding 10-20% onto your cost projection and reduce income projection by 10-20%.



2. RESEARCH THE MARKET FOR YOUR PRODUCT

- A. **Remember the 5P's** — Product; People; Price; Promotion; Place (where will you sell?).



3. ASSESS FINANCING OPTIONS

- A. You must be unable to obtain sufficient credit elsewhere. Check with your FSA loan officer.



4. CONTACT YOUR FARM SERVICE AGENCY LOAN OFFICER

- A. This officer is typically regional, but every county USDA Farm Service Agency can put you in touch with the FSA loan officer. See <https://offices.sc.egov.usda.gov/locator/app>

5. WHAT FSA REQUIRES FOR A LOAN APPLICATION



- A. A sound and well thought out business plan.
- B. Experience is required. It varies with the type of loan. See "Highlighted FSA Program Booklet" for more information.
- C. Good credit — without good credit it will be difficult to obtain any kind of financing. To find your credit score go to: www.annualcreditreport.com
- D. Profit and loss statement from previous 3 years.
- E. Production history from previous 3 years. If you do not have 3 years of data, your FSA loan officer can help with this.
- F. List of creditors, e.g. student loans, credit cards, etc.
- G. Financial projections or projected cash flow including income and expenses, based on each crop or enterprise.
- H. Balance statement — a picture of your assets vs. your debts.
- I. Remember character counts! Have you thought through how you will pay back your loan? Have you presented yourself as a thoughtful and responsible business owner?