

Financial Assistance Programs for Beginning Farmers

Qualifications	USDA Farm Service Agency (FSA)	USDA Farm Service Agency (FSA)	USDA Farm Service Agency (FSA)	Commercial Lender USDA/FSA Guaranty Loan	Commercial Lender USDA/FSA Guaranty Loan	Small Business Administration	Kansas Farm Credit Services	Kansas Development Finance Authority
Type of Loan	Farm Ownership Beginning Farmer Downpayment	Farm Ownership	Farm Operating	Farm Ownership	Farm Operating	7(a) Guaranty Loan Program	Real Estate, Livestock, Operating, Machinery and Equipment	Beginning Farmer Loan Program
Beginning Farmer (Time and experience)	At least 3 years but 10 years or less Farmland owned less than 25% average farm size	N/A	N/A	N/A	N/A	N/A	A farmer or rancher who has ten years or less experience at farming or ranching. (This is only for the designation of "beginning" farmer or rancher.)	No ownership exceeding 15% of median sized farm
Maximum Amount	\$200,000	\$200,000	\$200,000	\$700,000 (total all loan types)	\$700,000 (total all loan types)	\$750,000 Guaranty	Real estate loans are limited to 85% of appraised value (unless a government guarantee is obtained.) Other size limitations would be determined by the overall strengths and weaknesses of the credit requests.	\$250,000
Terms	10 years at 4% interest	40 years, 5% or regular rate	7 years, 5% or regular rate	40 years at Lender rate (If in beg. farmer downpayment program, fee waived and lender gets 95% guarantee.)	7 years at Lender rate (If in beg. farmer downpayment, fee waived and lender gets 95% guarantee.)	25 years maximum	5 to 40 years for real estate loans, up to 10 years for other loans	Negotiated by bank or other lender
Institutional Participation	10% down payment 30% FSA 60% commercial lender or contract seller	Possible – not required	None	Financial Institution must submit package for guaranty	Financial Institution must submit package for guaranty	Financial Institution must submit package for guaranty	100% participation	Bank purchases bond from KDFA, KDFA makes loan to farmer
Eligible Activities Real Estate	Yes	Yes	No	Yes	No	Yes	Yes	Yes
Livestock (Breeding)	No	No	Yes	No	Yes	Yes	Yes	Yes
Equipment	No	No	Yes	No	Yes	Yes	Yes	Yes
Working Capital	No	No	Yes	No	Yes	Yes	Yes	No
Refinancing/Consolidation	No	Yes	Yes	Yes	Yes	Yes	Yes	No
Restrictions	10 years maximum must meet eligibility requirements	Must meet eligibility requirements	Must meet eligibility requirements	Must meet eligibility requirements	Must meet eligibility requirements	Size standard annual receipts cannot exceed \$500,000	Loans must be for eligible purposes consistent with the Farm Credit Act and subsequent amendments	



Kansas Rural Development Council
 1303 SW First American Place, Suite 100
 Topeka, Kansas 66604
 785/271-2770; Fax 785/271-2719

Beginning Farmer Programs

The following is a partial list of the purposes and contacts for each agency or organization with beginning farmers programs. Although these are identified as beginning farmer programs, they also serve the needs of existing farmers.

USDA Farm Service Agency (FSA)

Down Payment Farm Ownership Loan Program

- to assist farmers through the extension of credit to become owner-operators of family farms.
- to allow beginning farmers to place a 10% cash down payment, borrow 30% of the purchase price from FSA at 4% for 10 years, and finance the other 60% with another lender which may be guaranteed by FSA. Purchase price not to exceed \$250,000.

Commodity Credit Corporation

- to stabilize and support farm prices and income.
- to help maintain balanced supplies.
- to help with the orderly distribution of agricultural commodities.

Beginning Farmer and Rancher Loans

- FSA provides direct and guaranteed loan assistance for beginning farmers and ranchers who are unable to obtain financing from commercial credit sources. A portion of available funds are targeted for use by beginning farmers or ranchers.

Sale of Inventory Farmland to Beginning Farmers or Ranchers

- FSA advertises acquired farm property within 15 days of acquisition. Eligible beginning farmers and ranchers are given first priority to purchase these properties at the appraised market value for the first 75 days after acquisition. If more than one eligible beginning farmer or rancher offers to purchase the property, the buyer is chosen randomly.

Contact: Kansas State FSA Office, Ag Credit Division, 3600 Anderson Avenue, Manhattan, KS 66503-2511, 785/587-8709.

Kansas Development Finance Authority (KDFA)

Beginning Farmer Loan Program

- to assist new and existing farmers in acquiring agricultural property at below-market interest rates.

Contact: Jack H. Brier, President, Kansas Development Finance Authority, 555 S. Kansas, Suite 202, Topeka, KS 66603, 785/357-4445.

Kansas Farm Credit Services

Farm Credit Associations provide financing for farmers, ranchers and farming/ranching related businesses. This is provided through:

- **Agricultural Credit Association (ACA)**
- **Federal Land Credit Association (FLCA)**
- **Production Credit Association (PCA)**

Contact: James Grauerholz, Sr. Vice President of Administration, Farm Credit, 245 North Waco, PO Box 2940, Wichita, KS 67201-2940, 316/266-5100.

Kansas State Research & Extension

Kansas Farm Management Association

- to help farmers and ranchers assess their financial situation and explore short-and long-term impacts.

Borrower Education for Agricultural Producers

- to assist FSA applicants seeking loans and services with a borrower training program.

Contact: Extension Agriculture Programs, 123 Umberger Hall, Kansas State University, Manhattan, KS 66506, 785/532-5820.

Natural Resources Conservation Service

Emergency Watershed Protection

- to assist in relieving imminent hazards to life and property from floods and the products of erosion created by natural disasters.

Soil Survey

- to maintain up-to-date published soil surveys and other forms of soil survey databases.

Soil and Water Conservation

- to plan and carry out a national soil and water conservation program to provide leadership in conservation, development, and productive use of the nation's soil, water, and related resources.

Contact: Natural Resources Conservation Service, 760 South Broadway, Salina, KS 67401-4642, 785/823-4500, FAX 785/823-4540.

USDA Rural Development

Housing Programs

- to provide rural residents with decent, safe, and sanitary homes.

Business and Industry Programs

- to purchase land, buildings, and equipment; working capital; and in certain cases for refinancing debt.

Contact: USDA Rural Development, 1303 SW First American Place, Suite 100, Topeka, KS 66604, 785/271-2700.

Small Business Administration (SBA)

7(a) Guaranty Loan Program

- to fund the long-term needs of small businesses where the necessary financing is unavailable on reasonable terms through normal lending channels.

Contact: Steve Rozell, Small Business Administration – Wichita District, 271 W. Third Street, North, Suite 2500, Wichita, KS 67202, 316/269-6571.

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