

Farm Credit Administration

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INFORMATIONAL MEMORANDUM



November 25, 2014

To: Chief Executive Officer
All Farm Credit System Institutions

From: Gary K. Van Meter, Director
Office of Regulatory Policy

A handwritten signature in black ink that reads 'Gary K. Van Meter'.

Subject: Lending, Training, and Outreach Opportunities with the Farm Service Agency

This memorandum provides information on lending, training, and outreach opportunities available through the Farm Service Agency (FSA) at the United States Department of Agriculture (USDA). Taking full advantage of these opportunities might benefit your institution when trying to reach a broader segment of the agricultural community and may provide you with ways to coordinate your Young, Beginning, and Small Farmers (YBS) programs with other governmental sources of credit, as required by section 4.19 of the Farm Credit Act of 1971. In addition, FSA farm loan programs can help you mitigate credit risk when meeting the credit and financial services needs of a broader agricultural community.

Farm Loan Guarantees

FSA direct and guaranteed farm loan programs for operating credit and farm ownership purposes serve family farm borrowers that typically are unable to meet conventional credit standards, with a special funding emphasis placed on historically underserved borrowers, such as beginning farmers, racial or ethnic minorities, and women. Obtaining a loan guarantee is one way of increasing your reach to these and other segments of the market, while at the same time minimizing credit risks.

To provide an incentive for lenders to refinance borrowers currently using its direct loan programs, FSA may increase the guarantee level to 95 percent when a lender agrees to refinance these loans through its guarantee programs. Also, FSA may waive the 1.5 percent guarantee fee under some circumstances. If the guarantee fee waiver is not granted, it may be passed along to the customer.

The following links further inform you about FSA's loan programs.

1. [FSA Loan Program Overview](#)
2. [Guaranteed Loan Programs](#)
3. [FSA Farm Loan Program Information Access](#)

Programs for New Farmers and Ranchers

FSA offers both loan guarantee and direct loan programs to serve new farmers and ranchers. Under FSA's direct farm ownership loan programs, FSA will jointly finance qualified loans to new farmers with another lender up to 50 percent, giving the participating lender priority over the FSA lien. FSA also offers a direct farm purchase down payment loan program at favorable rates for qualifying beginning and socially disadvantaged farmers. The balance of these loans supplied by a participating lender can be guaranteed against loss of up to 95 percent by the FSA and are also eligible for a guarantee fee waiver. FSA also has an active youth loan program to assist in participation with 4-H, FFA, and other similar organizations.

The following links further inform you about FSA's farm loan programs for new farmers and ranchers:

1. [USDA New Farmer Gateway](#)
2. [FSA Beginning Farmer Fact Sheet](#)

FSA Borrower Training and Outreach Programs

FSA financial literacy training requirements and outreach programs provide lenders an opportunity to collaborate with the FSA and take better advantage of the FSA's lending programs. More recently, greater outreach has been targeted to those producers interested in local foods or urban-oriented agriculture and returning veterans. FSA may also require potential borrowers exhibiting credit weakness or other deficiencies in their loan applications to improve their financial literacy. USDA's State and County Offices are the points of contact for FSA's training and outreach programs, as well as those of other USDA agencies.

The following link further informs you about FSA's training and outreach programs:

[FSA Outreach Information Access](#)

Questions?

Please contact Steve Koenig, Senior Economist, Office of Regulatory Policy, at (703) 883-4362, or by email at koenigs@fca.gov. You may also contact me at (703) 883-4026, or by email at vanmeterg@fca.gov.