

[From USDA FARM BILL FORUM FARM LOAN PROGRAMS - USDA](#)

Agricultural Credit Improvement Act of 1992. ... • Some participants said that they had no confidence in the local FSA directors regarding receiving guaranteed loan ...

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General Opinions Expressed

- Participants generally expressed support to increase the guaranteed and direct operating and farm ownership loan limits. The general consensus was that the current direct loan limits have not been changed in many years and have not kept pace with inflationary changes that have occurred in the agricultural economy.
- Many asked to have the direct and guaranteed loan term limits abolished so producers have sufficient time to recover from financial hardships.
- Many expressed concerns about the complicated process of applying for FSA loan assistance. They routinely stated the loan process needs to be streamlined for simplicity. They also expressed concern that too much time elapses between application filing and loan closing.
- Many participants expressed support for the beginning farmer loan program and helping beginning farmers. The general consensus was that funding needs to be increased. Low interest loans should be provided to young farmers under this program. Participants also supported added incentives to encourage new farmers to get into farming. Many said that better rates and terms should be provided to beginning farmers seeking agency loan assistance.
- Participants also expressed general support for the continuation of the FSA direct and guaranteed operating loan programs. Many commented that the programs should be expanded to allow loan funds to be used for custom farming, value-added crops, niche farming, and organic farming. Other commenters encouraged FSA to increase credit supervision to prevent misuse and abuse of its program loan funds.
- Several comments were made concerning the continuation and improvement of the Rural Youth Loan Program. Participants expressed support for increasing the loan limit of the program.
- Some participants expressed a need for additional technical assistance and education programs for farmers and ranchers. The general consensus on this topic was that more management training is needed for farmers; minority farmers need increased opportunities for education and technical assistance; and more technical and business planning help is needed for farmers.
- Some participants expressed a need for increased outreach efforts and activities by FSA concerning the existence and availability of loan programs. Participants stated the agency does a poor job of informing the farming public regarding the availability of financial programs.
- Some participants stated that FSA needs to do a better job of supporting minority and socially disadvantaged farmers, as well as small farmers.
- Some participants said that they had no confidence in the local FSA directors regarding receiving guaranteed loan assistance.
- General support was expressed for intergenerational transfer of assets and farm operations within families.
- Some want simplified methods of applying for conservation contracts and loan restructure which would preserve farm operations and prevent farmland from being lost to residential and industrial development.
- Many felt that relaxed recordkeeping requirements are needed.
- Leniency on bank loans due to rising energy costs was encouraged.

Detailed Suggestions Expressed

- Notification of delinquency should occur after 180 days, not 90 days.
- The Beginning Farmer Program loan limit is \$250,000 and has been that way for 23 years. It should be raised to \$750,000.

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- Direct and guaranteed operating loan programs should be expanded to include custom service providers to production agriculture, including custom field operations (i.e., planting/spray-spread applications/harvesting) and manure handling operations.
- The present direct operating loan term limits of 7 years for operating loans and 10 years for farm ownership loans should be suspended permanently. These term limits do not allow adequate time for beginning farmers to become financially stable and grow their businesses. Guaranteed operating loan term limits that were suspended during the last farm bill should be suspended permanently. Permanently removing term limits from direct loans as well as from guaranteed operating loans should be supported by USDA.
- Increase loan limits for direct farm ownership and operating loans—the current limits of \$200,000 for farm ownership loans and \$200,000 for operating loans were set over 20 years ago. Production costs and real estate values have greatly increased over the past 20 years.
- Loan limits should be increased to \$400,000 for farm ownership, operating and direct loans. Also in an effort to help beginning farmers, the \$250,000 limit on the purchase price or appraised value for property in FSA’s Beginning Farmer Down Payment Program should be increased to \$350,000.
- FSA should be allowed to guarantee loans made by commercial lenders on tax- free bonds—many States are promoting tax-free bonds as an avenue to assist beginning farmers. Changing the rules to allow the use of FSA guaranteed loans in conjunction with tax-free bonds will provide an excellent opportunity for a Federal-State partnership in their efforts to assist beginning farmers.
- Increase the maximum FSA loan term for beginning farmer down payment loans to 20 or 25 years, from the present 15-year term.
- The current USDA Beginning Farmer Program needs improvement. The need to hire someone to fill out the application is a major concern. Also, the limited availability of these funds is a problem.
- FSA loan application processing needs to be streamlined and expedited. The application process is taking more than 60 days, because the employment verification of new farmers, who also hold multiple other jobs, delays the process.
- The 2007 farm bill should provide low- interest loans or cost-sharing arrangements to individuals and entities involved in niche and value-added agriculture.
- Make operating loan assistance less complicated and more flexible with added incentive programs for young farmers.
- Beginning farmer and rancher programs should be expanded to specifically serve beginning organic farmers and ranchers.
- Provide funding for “small” farmers to be able to purchase land if desired and necessary.
- Increase the FSA cap on farm purchase loans to \$500,000 (from \$200,000).
- Investment should go to supporting programs encouraging small family farms and community-supported agriculture.
- At the very least, USDA actions should be crafted to do no harm to beginning farmers and ranchers. This could be done by developing an oversight group that would scrutinize the development of law, rule, and policy to ensure programs are designed to benefit beginning farmers.
- Let more low- income people get loans for smaller farms. Take a lot of restrictions off the farms and the people applying for loans.
- A one-time interest-free or very-low- interest loan to purchase equipment and/or land would be helpful in getting young farmers into business.
- Place as much emphasis on providing loans to non-beginning farmers (by increasing targeted funds for non-beginning farmers) as for providing loans to beginning farmers.
- Offer low-cost loans for farmers to gain land, much like the Veterans Administration does for veterans.

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- The Rural Youth Loan Program should be the vehicle to provide our rural youth the needed production and marketing experience required to participate in the FSA Beginning Farmer Loan Program, contributing to the short-term and long-term enhancement of rural economic growth.
- The youth operating loan limits should be increased to \$10,000. They have been at \$5,000 for quite a few years. This could help aspiring young farmers who are FFA members.
- Guaranteed loan limits should be increased beyond the current limit of \$813,000.
- Young farmers need to be educated about the administrative side of FSA loan programs.
- A program is needed to assist farmers, especially young farmers who are under stress, to improve their farming abilities, to provide a positive cash flow, and to allow them to control and better operate the family farm. This program could help farmers diversify by assisting in capital costs of equipment purchases, constructing buildings, and other farm-related items. FSA has the data to help assess this program and it could be a combination of both State and Federal funds.
- Reduce foreclosure of black farmers by providing educational and economic programs.
- Provide personnel to assist black farmers with education to improve program participation and production levels.