USDA

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

Farm Loans

FACT SHEET

March 2015

Emergency Loan Program

OVERVIEW

USDA's Farm Service Agency (FSA) provides emergency loans to help producers recover from production and physical losses due to drought, flooding, other natural disasters or quarantine.

LOAN USES

Emergency loan funds may be used to:

- Restore or replace essential property;
- Pay all or part of production costs associated with the disaster year;
- Pay essential family living expenses;
- Reorganize the farming operation and;
- Refinance certain debts.

ELIGIBILITY

Emergency loans may be made to farmers and ranchers who:

- Own or operate land located in a county declared by the President or designated by the Secretary of Agriculture as a primary disaster area or quarantine area. All counties contiguous to the declared, designated, or quarantined primary counties also are eligible for emergency loans. A disaster designation by the FSA administrator authorizes emergency loan assistance for physical losses only in the designated and contiguous counties;
- Are established family farm operators and have sufficient farming or ranching experience;
- Are citizens or permanent residents of the United States;
- Have suffered at least a 30 percent loss in crop production or a physical loss to livestock, livestock products, real estate or chattel property;
- Have an acceptable credit history;
- Are unable to receive credit from commercial sources;
- Can provide collateral to secure the loan and;
- Have repayment ability.

LOAN REQUIREMENTS

FSA loan requirements are different from those of other lenders. Some of the more significant differences are the following:

- Borrowers must keep acceptable farm records;
- Borrowers must operate in accordance with a farm plan they develop and agree to with local FSA staff and;
- Borrowers may be required to participate in a financial management training program and obtain crop insurance.

COLLATERAL IS REQUIRED

All emergency loans must be fully collateralized. The specific type of collateral may vary depending on the loan purpose, repayment ability and the individual circumstances of the applicant. If applicants cannot provide adequate collateral, their repayment ability may be considered as collateral to secure the loan. A first lien is required on property or products acquired, produced or refinanced with loan funds.

LOAN LIMIT

Producers can borrow up to 100 percent of actual production or physical losses to a maximum amount of $500,000.

LOAN TERMS

Loans for crop, livestock and non-real estate losses are normally repaid within one to seven years, depending on the loan purpose, repayment ability and collateral available as loan security. In special circumstances, terms of up to 20 years may be authorized. Loans for physical losses to real estate are normally repaid within 30 years. In certain circumstances, repayment may be made over a maximum of 40 years.

CURRENT INTEREST RATE

August – 3.625

To find the current emergency loan interest rate, visit www.fsa.usda.gov/FSA/webapp?area=home&subject=fmlp&topic=fir.

APPLICATION DEADLINE

Applications for emergency loans must be received within eight months of the county's disaster or quarantine designation date.

FOR MORE INFORMATION

For more information on FSA disaster assistance, visit http://disaster.usda.fsa.gov. For more information on FSA farm loans, visit www.fsa.usda.gov/farmloans. Further information about this and other FSA programs is available from local FSA offices or on the FSA website at www.fsa.usda.gov. To find your local FSA office, visit http://offices.usda.gov.

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