



FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
NEBRASKA FARM SERVICE AGENCY

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Assistance for Beginning Farmers and Ranchers

December 2010

Direct and Guaranteed Loans

FSA makes and guarantees loans to beginning farmers who are unable to obtain financing from commercial lenders. Each fiscal year, the Agency targets a portion of its direct and guaranteed farm ownership (FO) and operating loan (OL) funds to beginning farmers. A beginning farmer is an individual or entity who (1) has not operated a farm for more than 10 years; (2) meets the loan eligibility requirements of the program to which he/she is applying; (3) substantially participates in the operation, and (4) for FO purposes, does not own a farm greater than 30 percent of the median size farm in the county. (Note: all applicants for direct FO loans must have participated in the business operation of a farm for at least 3 years.) If the applicant is an entity, all members must be related by blood or marriage, and all members in a corporation must be eligible beginning farmers. Maximum loan amount for Direct FO or OL loans is \$300,000 and for combined Guaranteed FO or OL loans is \$1,119,000.

Down Payment Program

FSA has a special loan program to assist socially disadvantaged and beginning farmers in purchasing a farm. Retiring farmers may use this program to

assist socially disadvantaged and beginning farmers in purchasing a farm. Retiring farmers may use their land to future generations. General qualifications are: the applicant must make a cash down payment of at least 5 percent, the maximum loan amount is \$225,000, the loan is 20 years and interest rate for December 2010 is 1.5 percent. The remaining balance may be obtained from a commercial lender or private party and participating lenders do not have to pay a guaranteed fee.

Sale of Inventory Farmland

Eligible socially disabled applicants and beginning farmers are given first priority to purchase these properties at the appraised market value. If one or more eligible SDA or beginning farmer offers to purchase the same property in the first 135 days, the buyer is chosen randomly.

Joint Financing Arrangement

Beginning farmers may choose to participate in a joint financing arrangement. With this arrangement, FSA lends up to 50 percent or more. The interest rates can be obtained from your local FSA office and the term of the loan will not exceed 40 years or the useful life of the security.

Transition Incentive Program (TIP)

The 2008 Farm Bill authorized a new program called the Transition Incentive Program (TIP). TIP transitions expiring Conservation Reserve Program (CRP) from a retired or retiring owner/operator to a beginning or socially disadvantaged farmer or rancher to return the land to production for sustained grazing or crop production. TIP provides annual rental payments for up to two additional years after the CRP contract expires to the CRP contract holders, provided the transition is not to a family member.

Noninsured Crop Disaster Assistance Program

(NAP)-USDA's Farm Service Agency's (FSA) Noninsured Crop Disaster Assistance program (NAP) provides financial assistance to producers of noninsurable crops when low yields, loss of inventory or prevented planting occur due to natural disasters. Producers must file application for coverage. The service fee is \$250 per crop or \$750 limit in one county with a maximum of \$1,875 for a multiple county producer. Beginning farmers may qualify as

Limited Resource producers who may qualify for a waiver of these fees. NAP covers the amount of a loss greater than 50 percent of the expected production based on approved yield and reported acreage.

Direct and Counter-cyclical Program (DCP)/Average Crop Revenue Election (ACRE)-The Direct and Counter-cyclical Program provides annual payments to participating producers for crops historically produced on a farm. Counter-cyclical payments may be issued in the event of low crop prices. Producers can also opt into the Average Crop Revenue Election (ACRE), which may provide additional payments when declines in either yield or price occur. The 2008 Farm Bill mandates that farms with 10 or less base acres are not eligible for DCP or ACRE program payments, except for farms whose owners are socially disadvantaged (SDA) or are limited resource farmers or ranchers. Beginning farmers who may qualify as "limited resource" or SDA producers may be eligible for payments on these farms.

Risk Management Purchase Requirements (RMPR)- The Risk Management Purchase Requirements require producers to obtain a plan of insurance equal to Catastrophic (CAT) level coverage or Non-insured Crop Disaster Assistance Program (NAP) coverage on all crops planted on the entire farm to be eligible for LFP, ELAP and SURE. Producers who meet the requirements of a beginning farmer or rancher, socially disadvantaged applicant, or limited resource applicant to not have to meet risk management purchase

requirements for LFP, ELAP, and SURE.

The following is a description of the three programs that provide an advantage to beginning farms concerning RMPR:

Livestock Forage Program (LFP)-The 2008 Farm Bill created several new disaster programs under the title "Supplemental Agricultural Disaster Assistance." One of the programs created is the Livestock Forage Disaster Program (LFP). This program provides financial assistance to producers who suffered grazing losses due to qualifying drought or fire on Federal lands which occurs on or after January 1, 2008, and before October 1, 2011, during the calendar year in which the loss occurs.

Emergency Livestock Assistance Program (ELAP)- The Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP) program provides emergency relief to eligible producers of Livestock, Honey Bees, and Farm-Raised Fish. The program is designed to aid in the reduction of losses due to eligible disaster events not covered under the Supplemental Revenue Assistance Program (SURE), Livestock Indemnity Program (LIP), Tree Assistance Program (TAP), and the Livestock Forage Program (LFP).

Supplemental Revenue Assistance Program (SURE)- SURE provides benefits for 2008 through 2011 crop year farm losses due to natural disasters. Benefits begin if a

producer farms in a county that is covered by a qualifying disaster declaration (USDA Secretarial Declarations only) or a contiguous county. Producers may also qualify if they have over a 50 percent loss in a county that does not meet those criteria.

For More Information- Further information about this and other FSA programs is available from your local FSA offices or on the FSA website at: www.fsa.usda.gov.

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