

Choosing the Right Farm Loan for You

A Guide for Military Veterans

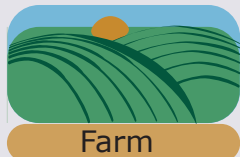
If you're a veteran looking to buy a farm or ranch property, a variety of loan options are available to you.

Whether you want to farm commercially, or buy a home with a small plot of land, the U.S. Department of Agriculture (USDA) and the Veterans Administration (VA) offer loans for farms, farmland, and rural residences.

Explore this guide to compare programs and find other resources to help make your loan decision.



Do you want your loan to finance a farm, a farm residence, or both?



Farm



Farm Service Agency
U.S. DEPARTMENT OF AGRICULTURE

FSA Farm Ownership Loan
Regular or Joint Financing Options



Farm and Residence



Farm
Residence

VA



U.S. Department
of Veterans Affairs

VA Farm Residence Loan

VA Farm Residence loans are meant to cover mortgages for rural residences, but *not* commercial farm operations.

Do you want to purchase a property worth more than \$600,000?



Regular loans offer up to 100% financing for a max of \$600,000.



Joint loans offer up to 50% financing for a max of \$600,000, which can be matched by a commercial lender.

Have you been farming for 10 years or less? *OR* Are you a female farmer or farmer of color?

Yes



FSA Down Payment Assistance

There is a specific pool of funding available for you towards down payment assistance.

No



You should apply for the FSA farm ownership loans under normal conditions.

Choosing the Right Farm Loan for *You*

If you want to purchase a farm as a commercial operation, consider an FSA Farm Ownership Loan. FSA offers different financing options to fit your needs and credit history. It also provides down payment assistance to new, beginning and underserved producers. The VA offers home loans for farm and other rural residences. While they are called “farm” loans, in fact they do not allow commercial use of the property.

Explore the next two pages to compare options and find the best fit for you.



Farm Service Agency
U.S. DEPARTMENT OF AGRICULTURE

FSA Farm Ownership Loans Regular and Joint Financing Options

Direct Farm Ownership Loans are one of the most direct ways to finance your farm or ranch purchase. They are intended to finance commercial farming operations to purchase new property or expand an existing one.

Regular Financing

Regular loans offer financing for up to 100% of the loan, up to a maximum \$600,000 limit.

Joint Financing

FSA also offers a joint financing option, where they provide up to 50% of the loan and a commercial lender, state program, or you would need to provide the remainder. This is a good option for high-value properties, since the FSA-financed portion maxes out at \$600,000, so you would need to make up the rest with other financing.

FSA Guaranteed and EZ Guarantee Farm Loans

Guaranteed Farm Loans are intended for producers with atypical market or business plans or lack of credit history. With this program, FSA guarantees your loan through a commercial lender to give you extra backing throughout the loan term. These loans do not carry the same farm management experience requirements as other FSA loans.

FSA Down Payment Assistance Loans

Down Payment Loans are designed to partially finance the purchase of a farm or ranch. The loans provides extra down-payment assistance over a shorter-term period.

- Loan terms are for 20 years
- Interest rates are 4 percent below the direct farm ownership rate
- Farms must have fewer acres than 30% of average farm size in county

Farm acreage limitations are determined by the most recent [Census of Agriculture](#) and do not apply to historically underserved or female farmers.

VA



U.S. Department
of Veterans Affairs

VA Farm Residence Loans

The VA Farm Residence Loan is designed to finance home mortgages in rural areas. If you're not planning to start a commercial operation, the Farm Residence Loan may be a good fit for you. And you can use the property's farmland for personal purposes.

- There is no upper loan or acreage limit
- There is no down payment required
- There is no mortgage insurance required

If plans change once the Farm Residence Loan is used, there may be opportunity to use the farmland for commercial purposes - only if the residence is bought outright. However, this is very rare. You must speak directly with a VA Appraiser for consultation.

Choosing the Right Farm Loan for *You*

FSA often works with other agencies and institutions to provide farm loan options. For instance, FSA partners with USDA-Rural Development to provide affordable housing options to farmers and ranchers. In this case, FSA would finance the commercial farmland on the property, while Rural Development would separately finance the farm residence. FSA also often works with the Farm Credit system, which provides many loan options for financing mortgages and operating expenses. Whether you'll need additional assistance or not, there is sure to be a combination of options that will work for you. See the chart below to compare.

Criteria	FSA Farm Ownership Loans - Regular/Joint Financing	FSA Down Payment Assistance Loans	VA Farm Residence Loan	USDA Rural Development
Eligibility	Three years of documented farm management experience *Military service may substitute one of the three years	10 years or less farming experience, or part of a historically underserved group Otherwise, same as farm ownership loans	Minimum active-duty service requirement Basic income and credit requirements for lenders	Income eligibility varies by state Rural areas with population less than 35,000
Documentation	Farm business plan including financial and/or production records	Farm business plan including financial and/or production records	Certificate of Eligibility	Employment and asset certification
Max. Loan Amounts and Down Payment Requirements	\$600,000	The lesser of \$300,150 or 45% or the appraised value or purchase price Minimum 5% down	No upper loan limit No down payment or mortgage insurance required *VA loan funding fee (~2.3-3.6%)	Dependent on repayment ability and area loan limit No down payment required
Interest Rates	Fixed at lowest rate available at time of approval 2.5 - 2.875% as of 10/1/2021	Fixed at lowest rate available at time of approval 1.5% as of 10/1/2021	Competitively low rates set by lenders	Fixed based on current market rates 2.5% for low- and very low-income applicants
Repayment Terms	Max 40 years	20 Years for FSA portion >= 30 years for non-FSA portion	15 and 30 year options	Up to 33 years 38 year option for very low-income applicants
Acreage Limits	None	Farm acreage must be less than 30% of average farm acreage in county	None	N/A



Choosing the Right Farm Loan for *You*

Find support to get started on the loan option you think is best for you.



Farm Service Agency
U.S. DEPARTMENT OF AGRICULTURE

To get started with an FSA Farm Ownership or Down Payment Loan, contact your local FSA office or USDA Service Center.

Website:

<https://www.fsa.usda.gov/state-offices/index>

You can also contact the Beginning Farmer and Rancher Coordinator for your state for more assistance.

Website:

<https://www.farmers.gov/your-business/beginning-farmers/coordinators>

VA



U.S. Department
of Veterans Affairs

To get started with a VA Farm Residence Loan, contact the Regional Loan Center to speak with a representative in your area.

Phone: 1-877-827-3702

Website:

https://www.benefits.va.gov/homeloans/contact_rlc_info.asp



FARM CREDIT

Farm Credit's 71 lending institutions serve every county in the U.S. and Puerto Rico.

Website:

<https://farmcredit.com/locations?zip=>



Rural Development
U.S. DEPARTMENT OF AGRICULTURE

To find out if you are eligible for Rural Development loans, go to the website below to explore the requirements in your state.

Website:

<https://www.rd.usda.gov/about-rd/state-offices>



**FARMLAND
INFORMATION
CENTER**

For more information on farm financing options, purchasing land, government programs, or partners in your area contact AFT's Farmland Information Center.

Phone : (800)-370-4879

Website : www.farmlandinfo.org

