

**USDA Offers Farm Loans for Targeted Underserved Groups**

Bangor, ME, October 29, 2015 - Maine State USDA Farm Service Agency (FSA) State Executive Director Don Todd III reminds producers that FSA offers specially-targeted farm ownership and farm operating loans to targeted underserved groups. "Farming and ranching is a capital intensive business and FSA is committed to helping producers start and maintain their agricultural operations,” said SED Todd. In fiscal year 2015, Maine FSA obligated $4.47 million in direct and guaranteed loans to targeted underserved farmers.

FSA defines targeted underserved as those who have not operated a farm or ranch for more than 10 years, do not own a farm or ranch greater than 30 percent of the average size farm in the county if applying for a farm ownership loan, and who substantially participate in the operation of the farm. Targeted underserved are also defined as applicants as a group whose members have been subjected to racial, ethnic, or gender prejudice because of their identity as members of the group without regard to their individual qualities. These groups consist of: American Indians and Alaskan Natives, Asians, Blacks or African Americans, Native Hawaiians or other Pacific Islanders, Hispanics, and women.

Targeted underserved producers who may not be able to obtain commercial credit from a bank can apply for either FSA direct loans or guaranteed loans. Direct loans are made to applicants by FSA. Guaranteed loans are made by lending institutions who arrange for FSA to guarantee the loan. FSA can guarantee up to 95 percent of the loss of principal and interest on a loan. The FSA guarantee allows lenders to make agricultural credit available to producers who do not meet the lender's commercial underwriting criteria.

The direct and guaranteed loan program offers two types of loans: farm ownership loans and farm operating loans. Farm ownership loan funds may be used to purchase or enlarge a farm or ranch, purchase easements or rights of way needed in the farm's operation, build or improve buildings such as a dwelling or barn, promote soil and water conservation and development and pay closing costs. Farm operating loan funds may be used to purchase livestock, poultry, farm equipment, fertilizer, and other materials necessary to operate a successful farm. Operating loan funds can also be used for family living expenses, refinancing debts under certain conditions, paying salaries for hired farm laborers, installing or improving water systems for home, livestock, or irrigation use and other similar improvements.

Repayment terms for direct operating loans depend on the collateral securing the loan and usually run from 1 to 7 years. Financing for direct farm ownership loans cannot exceed 40 years. Interest rates for direct loans are set periodically according to the Government's cost of borrowing. Guaranteed loan terms and interest rates are set by the lender.

**News Release**

**Maine Farm Service Agency**

967 Illinois Ave, Ste 2

Bangor, ME 04401

Mary Anne Coffin

207-990-9140

maryanne.coffin@me.usda.gov

www.fsa.usda.gov/me