

FARMERS HOME ADMINISTRATION

Resource ID 7989

Farmers Home Administration

Operating Loans

Farm Ownership Loans

Loans for Water Systems and Shifts in Land Use

Rural Housing Loans

Emergency Loans

Watershed Loans

Rural Renewal

Rural Areas Development

Farmers Home Administration
UNITED STATES DEPARTMENT OF AGRICULTURE
Washington, D. C.
PA-547

Special Information

Most loans made by Farmers Home Administration are to farmers who carry on farming operations on a scale large enough to support their family. However, loans are also made to farmers on small farms who obtain some income from off-farm employment.

Each loan is based on a plan that when followed will provide enough income from the farm and other sources to enable the family to have a reasonable standard of living and make payments when due on their debts.

The county supervisors of the Farmers Home Administration assist borrowers in preparing the farm and home plan, and provide on-the-farm assistance with farm management problems. Where major adjustments and improvements are being made the county supervisors meet with borrowers at the end of each year to help them analyze the strength and weaknesses of their farm operations and draw up plans for further improvements in the coming year.

Applications from veterans with farm experience receive preference.

Applications for loans are made at local county offices of the Farmers Home Administration, generally located at county-seat towns. A county or area committee of three farmers certifies eligibility of applicants and maximum amount of loan, and reviews borrowers' progress.

Loans supplement and in no case compete with credit provided by other lenders.

The technical farm and financial management assistance that the Farmers Home Administration supplies with each loan, plus the fact that the agency advances credit based on the repayment ability of the farmer, and may make loans up to the appraised value of the security, enables the agency to serve the credit needs of farmers who cannot obtain funds from other sources.

Borrowers must agree to refinance loans with other lenders when they can do so.

Assistance is provided applicants in determining their credit needs, working out debt repayment schedules, and solving other financial problems even though they may not be eligible for a loan.

Real estate loans are made from funds advanced by private lenders on an insured basis.

Details on loans can be obtained from county FHA supervisors. If unable to locate local office, write Farmers Home Administration, Washington, D.C., 20250.

Issued January 1963 Slightly revised February 1964

This publication supersedes PA-255, Thumbnail Sketch of the Farmers Home Administration.

U.S. GOVERNMENT PRINTING OFFICE: 1964-O-716-921

new loans and technical assistance are on a limited basis to public agencies located in designated rural renewal areas where income is abnormally low.

In the 1964 fiscal year, five pilot areas (one county in size) have been designated and assistance as funds are made available. The program leader assists the local public official and carry out rural renewal activities. Site specialists such as conservationists, economists, and engineers are called in.

new loans may be made for periods up to 5 years, with repayment of principal and interest up to 5 years, if necessary. Interest rates made in fiscal year 1964 is 3.046

grant funds also may be available for surveys, feasibility and engineering studies, planning activities essential to preparing entire plan or individual projects in it.

public agency with rural renewal loan plan: (1) Purchase and consolidate small land and resell as family-size farms or for use; (2) purchase and subdivide large land and resell as family-size farms or for use; (3) develop reservoir or system of water control, conservation, recreation, water supplies; (4) construct water and service buildings needed to broad land-use improvement; (5) purchase develop land, improve timber, build roads, carry out conservation measures; and use and develop grazing areas for use by land farmers.

Development

credit helps farm families improve homes and increase their incomes, their full contribution to the economic development of their communities. This combination plus management assistance is a major rural areas development.

development of better rural housing, rural water systems, and rural community facilities contribute to the growth of communities.

Farmers Home Administration also helps communities strengthen their economy by providing rural areas development services from all USDA agencies.

tion, the FHA offers technical assistance to rural communities that plan wide-range renewal programs.

MEKS HOME MINISTRATION ief

farmers Home Administration, an agency U.S. Department of Agriculture, serves farmers with credit and needed technical farm and money management problems. Loans are made only to applicants unable to obtain credit from other sources at reasonable terms.

Loans

Loans are made to eligible operators larger than family farms, to assist them in improved use of their land and labor and make adjustments necessary for farming. Funds may be advanced to purchase equipment, livestock, feed, seed, fertilizer, and home operating needs, to pay off debts, provide operating credit for forestry purposes, and for income-producing recreation enterprises. Loans are scheduled for repayment in accordance with the borrower's ability to repay, over a period not exceeding 7 years. The interest rate is

average around \$3,800 and vary considerably in size depending upon type of farming and needs of the applicants. A borrower's principal indebtedness for operating loans may not exceed \$35,000.

Partnership Loans

Partnership loans are made to buy farms or large farms; construct or repair buildings; improve land; develop water, forest, fish farming resources; establish recreation enterprises to supplement farm income; and pay off debts. Loans may be made only to eligible farmers who will operate not larger than family farms.

Loans are scheduled for repayment in accordance with the borrower's ability to repay, over a period not exceeding 40 years. The interest rate is

average around \$15,000 and vary considerably in size depending upon the needs of the borrower. A borrower's total principal indebtedness for the farm at the time the loan is made may not exceed \$60,000 or the normal value of the farm, whichever is less.

Shifts in Land Use

Loans are made to eligible groups of farmers, ranchers, and rural residents to develop rural community water supply systems, drain farmland, and carry out soil conservation measures. Loans may also be made for shifts in land use to develop recreation facilities, grazing areas, and forest lands.

Loans are made to eligible individual farm operators and owners to develop, conserve, and make better use of their soil and water resources.

Each loan is scheduled for repayment in accordance with the borrower's ability to repay, over a period not exceeding 40 years. The interest rate varies between 4 1/2 and 5 percent depending on the type of loan.

Loans to individuals average around \$5,000, and to associations \$100,000, but vary considerably in size depending upon the needs of the applicants. In the case of individual loans, a borrower's total indebtedness on the farm at the time the loan is made may not exceed \$60,000 or the normal value of the security, whichever is less. An association's total indebtedness cannot exceed \$500,000 when the loan is made from appropriated funds and \$1,000,000 when made from insured funds.

Rural Housing Loans

Rural housing loans are made to eligible farm owners and owners of nonfarm tracts in rural areas and small rural communities with populations of not more than 2,500. Loans are made for the construction and repair of needed homes and essential farm buildings.

Each loan is scheduled for repayment in accordance with the borrower's ability to repay, over a period not exceeding 33 years. The interest rate is 4 percent.

Loans average around \$9,000 and vary considerably in size depending upon the needs of the applicants. Funds may be used only to finance dwellings and farm service buildings that are adequate but modest in size and design.

Housing loans may be made to elderly people, 62 years of age and over, who live in rural areas to buy previously occupied housing as well as build or improve their homes. Senior citizens can use a housing loan to finance the cost of a building site as well as the dwelling. When they do not have enough repayment ability they may use cosigners to assume loan payments.

Direct and insured loans may also be made to provide rental housing in rural areas for the elderly. Direct loans enable private nonprofit corporations and consumer cooperatives to provide

housing for elderly with low to moderate incomes. Maximum loan is \$200,000. Interest rate is 3 1/2 percent. Insured loans may be made to individuals, corporations, and partnerships to provide housing for the elderly. Maximum loan is \$100,000. Interest rate is 5 1/4 percent.

Insured loans may be made to individual farmers, groups of farmers, and public or private nonprofit organizations to finance housing facilities for domestic farm labor.

Emergency Loans

Emergency loans are made to eligible farmers in designated areas where natural disasters such as floods and droughts have brought about a temporary need for credit not available from other sources. Loans may be made for the purchase of feed, seed, fertilizer, replacement equipment, livestock, and for other items needed to maintain normal operations. Loans may not be made to refinance debts or compensate applicants for their losses. Loans may be made to eligible oyster planters.

Emergency loans may also be made outside of designated areas to farmers who have been affected by disaster when the disaster affects only one or a few farms.

Loans are scheduled for repayment when income from the crop or livestock financed is normally received. The interest rate is 3 percent.

Loans average around \$3,200 and vary considerably in size depending upon the system of farming to be financed and the actual needs of the applicants.

Watershed Loans

Watershed loans are made to local organizations to help finance projects that protect and develop land and water resources in small watersheds. Loans are made only under watershed plans approved by the Soil Conservation Service and, under certain conditions, by the Congress.

Eligible local organizations include soil conservation districts, irrigation districts, drainage districts, flood prevention and control districts, municipal corporations, nonprofit irrigation or reservoir companies, mutual water companies, water users' associations, and similar organizations.

Loan funds may be used to pay the applicant's share of the cost of flood control dams and reservoirs, water supply reservoirs, rural water supply distribution systems, diversion dams, irrigation canals, drainage facilities, recreation facilities, easements, and similar purposes.

Watershed loans are made payable over periods up to 50 years. The interest rate for loans made in fiscal year 1964 is 3.046 percent.