FSA’s Direct Farm Operating loans are a valuable resource to start, maintain and strengthen a farm or ranch. For new agricultural producers, FSA direct farm operating loans provide an essential gateway into agricultural production by financing the cost of operating a farm. All FSA direct loans are financed and serviced by the Agency through local Farm Loan Officers and Farm Loan Managers. The funding comes from Congressional appropriations as part of the USDA budget.

Loan Limitations
The maximum loan amount for a Direct Farm Operating Loan is $300,000. There is no down payment requirement.

Repayment Terms
Direct Farm Operating loan repayment terms vary depending upon the purpose of the loan, the loan applicant's ability to pay, and when income is projected to be available. General operating and family living expenses are normally due within 12 months or when the agricultural commodities sell. For larger purchases such as equipment, minor repairs, or livestock, the term will not exceed 7 years.

Interest Rate
The interest rate charged is always the lower rate in effect at the time of loan approval or loan closing for the type of loan wanted. Interest rates are calculated and posted the 1st of each month.

Eligibility Criteria
There are 2 different types of qualifications which need to be met:
- eligible farm enterprise
- general eligibility requirements
Loan Purposes

Operating loans must be essential to the success of the farming operation and only for the following purposes:

- Costs associated with reorganizing a farm to improve profitability, for example:
  - purchase of equipment to convert from conventional to no-till production
  - change from stocker to cow-calf production
  - shifting from row crop to vegetable production
  - purchasing grain drying and storage equipment to facilitate better marketing
  - purchase shares in value-added processing and marketing cooperatives

- Purchase of livestock, including poultry
- Purchase farm equipment
- Farm operating expenses including, and not limited to:
  - feed
  - seed
  - fertilizer
  - pesticides
  - farm supplies
  - cash rent
  - family living expenses
  - initial processing of agricultural commodities, under certain circumstances

- Minor improvements or repairs to buildings
- Refinance certain farm-related debts, excluding real estate
- Land and water development, use, or conservation
- Loan closing and borrower training costs

Additional information may be obtained by contacting your local FSA office or going to the link provided: