### Beginning Farmer Resource Guide to Financing


#### Business Loan (breeding livestock, implements, machinery/equipment or office supplies)

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| **Beginning Farmer Loan Program, United States Department of Agriculture (USDA) Farm Service Agency** | • Provides direct and guaranteed loans to beginning farmers and ranchers who are unable to obtain financing from commercial credit sources.  
  • Operating loan (OL) funds to beginning farmers and ranchers for those who have three years farm management experience and meet all program requirements.  
  • Requires a security on all assets purchased.  
  • Rates are below commercial rates and in the past few years have been between 1.5 and 3%. | Your Local FSA Loan Officer                                                                                                                       | [http://www.fsa.usda.gov](http://www.fsa.usda.gov)                     |
| **Business & Industry Guaranteed Loan Program (B&I), USDA Rural Development**                   | • Guarantees loans by commercial lenders to rural businesses.  
  • Maximum $10 million aggregate loan amount to any one borrower.  
  • Must be located in an eligible rural area which is defined as being outside of cities with a population of 50,000 or more and the surrounding built-up areas.  
  • Requires equity investment on the part of owners. 20% tangible balance sheet equity for new businesses and 10% for existing businesses. | Find your Local USDA office                                                                                                                      | [http://www.rd.usda.gov/programs-services/business-industry-loan-guarantees](http://www.rd.usda.gov/programs-services/business-industry-loan-guarantees) |
| **Home Equity Loans**                                                                            | • If you own your home, you may use it to borrow money by leveraging your equity in the home as collateral with a bank.  
| **Iowa Microloans, Iowa Foundation for Microenterprise and Community Vitality**                  | • This group is the Small Business Administration intermediary that grants loans for the 7(m) Microloan SBA program.  
  • Use of funds for working capital, equipment, office furniture, etc.  
  • $5,000 to $50,000 loans for six year terms.  
  • Interest rate of 9.875% with a $500 annual technical assistance grant for borrower to attend business training (conference, workshop, class). | Craig Downs, (515) 212-0182 cdowns@iowamicroloan.org                     | [http://www.iowamicroloan.org/](http://www.iowamicroloan.org/)           |
| **Local Producer Loan Program, Whole Foods Market**                                              | • Targeted loan amounts between $1,000 and $100,000 (maximum $25,000 for start-ups).  
  • Loan amount not to exceed 80% of total project cost.  
  • Low, fixed interest rates (currently between 5% and 9%).  
  • Monthly payments required after termination of grace period.                                                                                   | Use website "contact us" link after reviewing all FAQ information.                                                            | [http://www.wholefoodsmarket.com/values/local-producer-details.php](http://www.wholefoodsmarket.com/values/local-producer-details.php) |
| **Microloan Program, United States Department of Agriculture (USDA) Farm Service Agency**       | • Apply for a maximum of $50,000 loan to pay for initial start-up expenses such as hoop houses to extend the growing season, essential tools, irrigation, delivery vehicles, and annual expenses such as seed, fertilizer, utilities, land rents, marketing, and distribution expenses. | Your Local FSA Loan Officer                                                                                                                      | [http://www.fsa.usda.gov/programs-and-services/farm-loan-programs/microloans/index](http://www.fsa.usda.gov/programs-and-services/farm-loan-programs/microloans/index) |
| **Targeted Small Business Assistance (TSB Assistance Program), Iowa Economic Development**       | • For the creation or expansion of Iowa small businesses operating to make a profit, located in Iowa, the business earns less than $4 million annual gross income, and at least 51% of business is owned, operated, and actively managed by a female, minority group member, or person with a disability.  
  • Loan amounts up to $50,000 for five year terms.  
  • Interest rate of 0% to 5% depending on the applicant.  
  • Other benefits: Free one-on-one business guidance and counseling, TSB online directory listing, state procurement business advantages. | Iowa Economic Development, (515) 725-3146 or (800) 532-1215, smallbusiness@iowa.gov | [http://www.iowaeconomicdevelopment.com/Entrepreneurial/TSB](http://www.iowaeconomicdevelopment.com/Entrepreneurial/TSB) |
| **Plains Angels, private angel investor group, based in Des Moines, Iowa**                      | • Group of SEC "accredited investors" (people with $1,000,000 net worth or have earned greater than $200,000 annually for at least the past two years.  
  • For a $750 application fee, Plains Angels members will view the business plans of start-up entrepreneurs and if the members are interested, they individually invest in the business. Refundable application fee if the group determines the business is beyond the scope of the group.  
  • They seek to invest between $125,000 and $750,000 per start-up to generate profits for the investors and the entrepreneur. | info@plainsangels.com                                                                                                                        | [http://www.plainsangels.com/](http://www.plainsangels.com/)               |
### Farmland Financing (includes loans that may be used to purchase land)

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| 7(a) Loan Program, Small Business Administration (SBA)               | • For start-up businesses that operate in rural areas.  
• Low interest loans for up to seven years.  
• Loan proceeds may be used to establish a new business or to assist in the acquisition, operation, or expansion of an existing business.  
• May also be used to purchase land.  
• Contact your local Small Business Development Center for more information on how to apply. | Local CDC in your area           | https://www.sba.gov/category/nav-igation-structure/loans-grants/small-business-loans/sba-loan-programs/7a-loan-program |
| Beginning Farmer Farm Ownership (FO) Loan Program, United States Department of Agriculture (USDA) Farm Service Agency (FSA) | • Provides direct and guaranteed loans to beginning farmers and ranchers who are unable to obtain financing from commercial credit sources.  
• Each fiscal year, the FSA targets a portion of its direct and guaranteed farm ownership (FO) loans to beginning farmers and ranchers with three years farm management experience and meet all program requirements to qualify. | Your Local FSA Loan Officer      | http://www.fsa.usda.gov/programs-and-services/farm-loan-programs/beginning-farmers-and-ranchers-loans/index |
| Beginning Farmer Loan Program and Loan Participation Program, Iowa Agricultural Development Authority (IADA) | • Helps Iowa beginning farmers purchase agricultural land, depreciable machinery or equipment, breeding livestock or buildings.  
• Issues federal tax-exempt bonds to lenders or contract sellers to assist beginners to acquire agricultural property.  
• Interest payments collected by lender are also tax-exempt which allows them to charge beginners a lower interest rate. | Steve Ferguson, (515) 281-6444 steve.ferguson@iowa.gov | http://iowafinanceauthority.gov/Public/Pages/PC202LH48 |
| Certified Development Company (CDC/504) Loan Program, SBA           | • Provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings.  
• Typically, a 504 project includes a loan secured with a senior lien from a private-sector lender covering up to 50 percent of the project cost, a loan secured with a junior lien from the Certified Development Company (CDC) (backed by a 100 percent SBA-guaranteed debenture) covering up to 40 percent of the cost, and a contribution of at least 10 percent equity from the small business being helped. | Local CDC in your area           | http://www.sba.gov/content/cdc504-loan-program                                                |
| Downpayment Program for Beginning Farmers by USDA, FSA               | • Cash downpayment of 5% of purchase price must be made.  
• Maximum loan amount $225,000.  
• 20 year loan at interest rate between 1.5 and 3%.  
• Remainder of loan must come from a commercial source - FSA guarantees 95% of that loan to lender.  
• Retiring farmers may use this program to transfer their land to future generations. | Your Local FSA Loan Officer      | http://www.fsa.usda.gov/programs-and-services/farm-loan-programs/beginning-farmers-and-ranchers-loans/index |
| Organic Farmland Access/Succession Program, New Spirit Farmland Partnerships | • Helps farmers start, maintain and grow their organic or sustainable operations by addressing their need for long-term access to land.  
• Links farmers with socially motivated investors who will purchase the farmland and lease it to them on long-term, renewable leases with an option to buy. | Robert Karp, (414) 477-1170 robert.karp@newspiritfp.com | http://www.newspiritfp.com/ |
| Working Farms Capital                                                | • Targets organic midsize farmers (80 acres or greater at business maturity) that have identified parcels of land they would like to purchase.  
• This firm negotiates a sale so they can lease it to the beginning farmer on a five year lease with an option to buy.  
• Investors provide “patient capital.” They expect modest financial returns but are investing in a social benefit as well. | Dave Miller, (847) 736-0076 info@workingfarmscapital.com | http://workingfarmscapital.com/ |
| Vilicus Capital Partners                                             | • Group of investors buy farmland for beginning organic farmers, lease it to them until the beginner is in a position to buy the land.  
• Investors feel great about helping an organic farmer, while putting their money in an asset that appreciates in value. | Jim Holub, (319) 310-7263 jim.holub@vilicuscapital.com | http://www.vilicuscapital.com/ |
| Young and Beginning Farmer Program, Farm Credit Services             | • Beginning farmer loans (aged 35 and under with 10 years or fewer experience) for real estate, operating, insurance, and more.  
• Youth in Agriculture (18 years and under) market livestock loans up to $2,500 per student. Individual Student breeding livestock loans up to $10,205. | Your Local FCS Office            | https://www.fcsamerica.com/products/young-beginning |

### Farmstead Financing (to purchase a rural residence with several acres)

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<td>Commerical Lenders</td>
<td>Hundreds of banks around the country will get you lined up for a loan for a rural home or acreage site. Local banks too!</td>
<td>Loan officers</td>
<td><a href="http://www.us-banks.net">www.us-banks.net</a></td>
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Financing to Expand (as your business grows, additional financing is available)

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| Farm Storage Facility Loan Program USDA, FSA | • Loans to producers to build or upgrade farm storage and handling facilities for soybeans, peanuts, hay, renewable biomass, pulses and oilseeds.  
• Corn, grain sorghum, oats, wheat, barley, fruits and vegetables are also eligible, subject to program requirements. | Your Local FSA Loan Officer | http://www.fsa.usda.gov/programs-and-services/price-support/facility-loans/farm-storage/index |
| Value-Added Producer Grant, USDA Rural Development | • Grants may be used for planning activities and for working capital for marketing value-added agricultural products and for farm-based renewable energy.  
• Eligible applicants are independent producers, farmer and rancher cooperatives, agricultural producer groups, and majority-controlled producer-based business ventures. | Bill Menner, (515) 284-4663 bill.menner@ia.usda.gov | http://www.rd.usda.gov/programs-and-services/value-added-producer-grants |

Financing to Conserve (funds may be available to help pay for costs of land stewardship)

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| Conservation Reserve Program (CRP) USDA FSA NRCS | • To reduce erosion, increase wildlife habitat, and improve water quality through the application of conservation plans (landowner sets aside cropland with annual rental payments).  
• Practices include tree planting, grass cover, small wetland restoration, prairie restoration, and others. | Your Local FSA Loan Officer | http://www.fsa.usda.gov/programs-and-services/conservation-programs/conservation-reserve-program/index |
| Environmental Quality Incentives Program (EQIP) USDA NRCS | • Provides financial and technical assistance to agricultural producers through contracts up to a maximum term of ten years in length.  
• Help plan and implement conservation practices that address natural resource concerns and for opportunities to improve soil, water, plant, animal, air and related resources on agricultural land and non-industrial private forestland.  
• Landowners or land tenants may apply for cost-sharing to add cover crops, manage manure, rotational grazing, and much more!  
• Practice list varies by county. | Local USDA Service Center http | http://www.nrcs.usda.gov/wps/portal/nrcs/main/ia/programs/financial/equip/ |
| Rural Energy for America Program (REAP) USDA Rural Development | • Grants, guaranteed loans, and combined grants and guaranteed loans for the development and construction of renewable energy systems and for energy efficiency improvement projects.  
• Grants for conducting energy audits and renewable energy development assistance; for conducting renewable energy system feasibility studies.  
• Applications due by mid-April. | Local USDA Service Center http | http://www.rd.usda.gov/programs-services/rural-energy-america-program-energy-audit-renewable-energy-development-assistance |

Supporting Organizations (people who want to help you succeed)

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| Ag Ventures Alliance | • Helps promote business development and investment in rural value-added agricultural enterprises.  
• Offers opportunities of investment in viable agricultural value-added businesses. | Ron Orth, (515) 733-5229 rondarlysorth@gmail.com | www.agventuresalliance.com |
| Beginning Farmer Center, Iowa State University Extension | • Extension specialists are very knowledgeable and helpful to answering your questions on financing. | Dave Baker, (515) 252-7801 baker@iastate.edu | http://www.extension.iastate.edu/bfc/ |
| Dream Big Grow Here | • Annual business plan contest awards $5,000 prize to start-up business.  
• Finalists compete at the statewide level for a $10,000 grant. | Rob Williams, (319) 273-4333 rob.williams@myentre.net | http://www.dreambiggrowhere.com |
<p>| Farmer Rancher Grant, Sustainable Agriculture Research and Education (SARE) | • Funds on-farm research projects (production, networking, pest management, quality of life issues, energy, and more) up to $7,500 for an individual, $15,000 couple, or $22,500 for a group of farmers. | Joan Benjamin, (573) 681-5545 <a href="mailto:Benjamin@lincoln.edu">Benjamin@lincoln.edu</a> | <a href="http://www.sare.org">www.sare.org</a> |</p>
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<th><strong>Fund-A-Farmer Project, Food Animal Concerns Trust (FACT)</strong></th>
<th>Lisa Isenhart, (773) 525-4952 <a href="mailto:grants@foodanimalconcerns.org">grants@foodanimalconcerns.org</a></th>
<th><a href="http://www.fundafarmer.org">www.fundafarmer.org</a></th>
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<td>• Grants of up to $1,500 for projects that (1) help farms transition to pasture-based systems, (2) improve the marketing of their humane products, or (3) more generally enrich the conditions in which farm animals are raised.</td>
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<td>• Applications must be submitted online or postmarked by May 1, 2013 for awards made in August 2013.</td>
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<td><strong>Myentre.net</strong></td>
<td>Maureen Collins-Williams, (319) 273-4333 <a href="mailto:maureen.collins-williams@uni.edu">maureen.collins-williams@uni.edu</a></td>
<td><a href="http://www.myentre.net/">www.myentre.net/</a></td>
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<td>• Great resources here for entrepreneurs/small business start-ups.</td>
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<td>• Site contains a useful “money map” that lists financing opportunities across the state and can be searched for industry and geography specific criteria.</td>
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<td><strong>Practical Farmers of Iowa</strong></td>
<td>Julie Wheelock, (515) 232-5661 <a href="mailto:julie@practicalfarmers.org">julie@practicalfarmers.org</a></td>
<td><a href="http://practicalfarmers.org/membership/beginning-farmers/savings-incentive-program/">http://practicalfarmers.org/membership/beginning-farmers/savings-incentive-program/</a></td>
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<td>• Savings Incentive Program matches up to $2,400 after two years of regular savings. Applications accepted August through mid-October.</td>
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<td>• Labor4Learning Program connects beginning and experienced farmers for paid, on the job training.</td>
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<td>• In-person workshops and online seminars on farm business planning.</td>
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<td>• Events and programming led by farmers.</td>
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<td><strong>Program-Related Investing Loans, (PRI Lending) RSF Social Finance</strong></td>
<td><a href="http://rsfsocialfinance.org/connect/contact/">http://rsfsocialfinance.org/connect/contact/</a> <a href="http://www.rsfsocialfinance.org">www.rsfsocialfinance.org</a></td>
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<td>• Serves both nonprofit and profit enterprises that meet a combination of financial, operational and impact criteria.</td>
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<td>• Enterprises need to meet one of three focus areas – Food &amp; Agriculture, Education &amp; the Arts, Ecological Stewardship or furthers field of social finance.</td>
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<td>• RSF core lending program offers mortgage loans, construction loans and working capital lines of credit.</td>
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Prepared by: Luke Gran, Next Generation Coordinator, Practical Farmers of Iowa

Adapted from: FamilyFarmed http://www.familyfarmed.org/wp-content/uploads/2011/03/FinancingResources.pdf; and Stephen Versen, Virginia Department of Agriculture and Consumer Services

*** Also, consider using debt financing from friends/family to get some much needed working capital to purchase items that depreciate within one year, or for which a security cannot be taken from the bank. Work with a lawyer to write up a Promissory Note, and Term Sheet to ask for funds to start-up your business. Present a business plan with a fund request letter to your supporters.