

Business planning is the key to a successful farm. Financing should be the final step after a thorough analysis of business feasibility. To learn how to write a business plan, go to <http://practicalfarmers.org/wp-content/uploads/2014/08/PFI-Resource-List-for-Business-Planning.pdf>

5/1/2015

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

| Name   | Description   | Contact   | Website   |
|--|---|---|---|
| <i>Beginning Farmer Loan Program, United States Department of Agriculture (USDA) Farm Service Agency</i> | <ul style="list-style-type: none"> <li>Provides direct and guaranteed loans to beginning farmers and ranchers who are unable to obtain financing from commercial credit sources.</li> <li>Operating loan (OL) funds to beginning farmers and ranchers for those who have three years farm management experience and meet all program requirements.</li> <li>Requires a security on all assets purchased.</li> <li>Rates are below commercial rates and in the past few years have been between 1.5 and 3%.</li> </ul>   | <a href="#">Your Local FSA Loan Officer</a>   | <a href="http://www.fsa.usda.gov">http://www.fsa.usda.gov</a>   |
| <i>Business &amp; Industry Guaranteed Loan Program (B&amp;I), USDA Rural Development</i>                 | <ul style="list-style-type: none"> <li>Guarantees loans by commercial lenders to rural businesses.</li> <li>Maximum \$10 million aggregate loan amount to any one borrower.</li> <li>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.</li> <li>Requires equity investment on the part of owners. 20% tangible balance sheet equity for new businesses and 10% for existing businesses.</li> </ul>  | <a href="#">Find your Local USDA office</a>   | <a href="http://www.rd.usda.gov/programs-services/business-industry-loan-guarantees">http://www.rd.usda.gov/programs-services/business-industry-loan-guarantees</a>               |
| <i>Home Equity Loans</i>   | <ul style="list-style-type: none"> <li>If you own your home, you may use it to borrow money by leveraging your equity in the home as collateral with a bank.</li> <li>Work with your bank to determine loan rates and terms.</li> </ul>   | Loan officers at a bank   | <a href="http://files.consumerfinance.gov/f/201204_CFPB_HELOC-brochure.pdf">http://files.consumerfinance.gov/f/201204_CFPB_HELOC-brochure.pdf</a>                                 |
| <i>Iowa Microloans, Iowa Foundation for Microenterprise and Community Vitality</i>                       | <ul style="list-style-type: none"> <li>This group is the Small Business Administration intermediary that grants loans for the 7(m) Microloan SBA program.</li> <li>Use of funds for working capital, equipment, office furniture, etc.</li> <li>\$5,000 to \$50,000 loans for six year terms.</li> <li>Interest rate of 9.875% with a \$500 annual technical assistance grant for borrower to attend business training (conference, workshop, class).</li> </ul>  | Craig Downs, (515) 212-0182<br>cdowns@iowamicroloan.org                                   | <a href="http://www.iowamicroloan.org/">http://www.iowamicroloan.org/</a>   |
| <i>Local Producer Loan Program, Whole Foods Market</i>   | <ul style="list-style-type: none"> <li>Targeted loan amounts between \$1,000 and \$100,000 (maximum \$25,000 for start-ups).</li> <li>Loan amount not to exceed 80% of total project cost.</li> <li>Low, fixed interest rates (currently between 5% and 9%).</li> <li>Monthly payments required after termination of grace period.</li> </ul>   | Use website "contact us" link after reviewing all FAQ information                         | <a href="http://www.wholefoodsmarket.com/values/local-producer-details.php">http://www.wholefoodsmarket.com/values/local-producer-details.php</a>                                 |
| <i>Microloan Program, United States Department of Agriculture (USDA) Farm Service Agency</i>             | <ul style="list-style-type: none"> <li>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.</li> </ul>  | <a href="#">Your Local FSA Loan Officer</a>   | <a href="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</a> |
| <i>Targeted Small Business Assistance (TSB Assistance Program), Iowa Economic Development</i>            | <ul style="list-style-type: none"> <li>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.</li> <li>Loan amounts up to \$50,000 for five year terms.</li> <li>Interest rate of 0% to 5% depending on the applicant.</li> <li>Other benefits: Free one-on-one business guidance and counseling, TSB online directory listing, state procurement business advantages.</li> </ul>                   | Iowa Economic Development,<br>(515) 725-3146 or (800) 532-1215,<br>smallbusiness@iowa.gov | <a href="http://www.iowaeconomicdevelopment.com/Entrepreneurial/TSB">http://www.iowaeconomicdevelopment.com/Entrepreneurial/TSB</a>   |
| <i>Plains Angels, private angel investor group, based in Des Moines, Iowa</i>                            | <ul style="list-style-type: none"> <li>Group of SEC "accredited investors" (people with &gt;\$1,000,000 net worth or have earned greater than \$200,000 annually for at least the past two years).</li> <li>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.</li> <li>They seek to invest between \$125,000 and \$750,000 per start-up to generate profits for the investors and the entrepreneur.</li> </ul> | <a href="mailto:info@plainsangels.com">info@plainsangels.com</a>                          | <a href="http://www.plainsangels.com/">http://www.plainsangels.com/</a>   |

## Farmland Financing (includes loans that may be used to purchase land)

| Name   | Description   | Contact  | Website   |
|--|---|--|---|
| <i>7(a) Loan Program, Small Business Administration (SBA)</i>  | <ul style="list-style-type: none"> <li>For start-up businesses that operate in rural areas.</li> <li>Low interest loans for up to seven years.</li> <li>Loan proceeds may be used to establish a new business or to assist in the acquisition, operation, or expansion of an existing business.</li> <li>May also be used to purchase land.</li> <li>Contact your local Small Business Development Center for more information on how to apply.</li> </ul>  | <a href="#">Local CDC in your area</a>                     | <a href="https://www.sba.gov/category/navigation-structure/loans-grants/small-business-loans/sba-loan-programs/7a-loan-program">https://www.sba.gov/category/navigation-structure/loans-grants/small-business-loans/sba-loan-programs/7a-loan-program</a> |
| <i>Beginning Farmer Farm Ownership (FO) Loan Program, United States Department of Agriculture (USDA) Farm Service Agency (FSA)</i> | <ul style="list-style-type: none"> <li>Provides direct and guaranteed loans to beginning farmers and ranchers who are unable to obtain financing from commercial credit sources.</li> <li>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.</li> </ul>   | <a href="#">Your Local FSA Loan Officer</a>                | <a href="http://www.fsa.usda.gov/programs-and-services/farm-loan-programs/beginning-farmers-and-ranchers-loans/index">http://www.fsa.usda.gov/programs-and-services/farm-loan-programs/beginning-farmers-and-ranchers-loans/index</a>                     |
| <i>Beginning Farmer Loan Program and Loan Participation Program, Iowa Agricultural Development Authority (IADA)</i>                | <ul style="list-style-type: none"> <li>Helps Iowa beginning farmers purchase agricultural land, depreciable machinery or equipment, breeding livestock or buildings.</li> <li>Issues federal tax-exempt bonds to lenders or contract sellers to assist beginners to acquire agricultural property.</li> <li>Interest payments collected by lender are also tax-exempt which allows them to charge beginners a lower interest rate.</li> </ul>   | Steve Ferguson, (515) 281-6444<br>steve.ferguson@iowa.gov  | <a href="http://iowafinanceauthority.gov/Public/Pages/PC202LN48">http://iowafinanceauthority.gov/Public/Pages/PC202LN48</a>   |
| <i>Certified Development Company (CDC/504) Loan Program, SBA</i>   | <ul style="list-style-type: none"> <li>Provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings.</li> <li>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.</li> </ul> | <a href="#">Local CDC in your area</a>                     | <a href="http://www.sba.gov/content/cdc504-loan-program">http://www.sba.gov/content/cdc504-loan-program</a>   |
| <i>Downpayment Program for Beginning Farmers by USDA, FSA</i>  | <ul style="list-style-type: none"> <li>Cash downpayment of 5% of purchase price must be made.</li> <li>Maximum loan amount \$225,000.</li> <li>20 year loan at interest rate between 1.5 and 3%.</li> <li>Remainder of loan must come from a commercial source - FSA guarantees 95% of that loan to lender.</li> <li>Retiring farmers may use this program to transfer their land to future generations.</li> </ul>   | <a href="#">Your Local FSA Loan Officer</a>                | <a href="http://www.fsa.usda.gov/programs-and-services/farm-loan-programs/beginning-farmers-and-ranchers-loans/index">http://www.fsa.usda.gov/programs-and-services/farm-loan-programs/beginning-farmers-and-ranchers-loans/index</a>                     |
| <i>Organic Farmland Access/Succession Program, New Spirit Farmland Partnerships</i>  | <ul style="list-style-type: none"> <li>Helps farmers start, maintain and grow their organic or sustainable operations by addressing their need for long-term access to land.</li> <li>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.</li> </ul>  | Robert Karp, (414) 477-1170<br>robert.karp@newspritfp.com  | <a href="http://www.newspritfp.com/">http://www.newspritfp.com/</a>   |
| <i>Working Farms Capital</i>   | <ul style="list-style-type: none"> <li>Targets organic midsize farmers (80 acres or greater at business maturity) that have identified parcels of land they would like to purchase.</li> <li>This firm negotiates a sale so they can lease it to the beginning farmer on a five year lease with an option to buy.</li> <li>Investors provide "patient capital." They expect modest financial returns but are investing in a social benefit as well.</li> </ul>  | Dave Miller, (847) 736-0076<br>info@workingfarmcapital.com | <a href="http://workingfarmcapital.com/">http://workingfarmcapital.com/</a>   |
| <i>Vilicus Capital Partners</i>  | <ul style="list-style-type: none"> <li>Group of investors buy farmland for beginning organic farmers, lease it to them until the beginner is in a position to buy the land.</li> <li>Investors feel great about helping an organic farmer, while putting their money in an asset that appreciates in value.</li> </ul>  | Jim Holub, (319) 310-7263<br>jim.holub@vilicuscapital.com  | <a href="http://www.vilicuscapital.com/">http://www.vilicuscapital.com/</a>   |
| <i>Young and Beginning Farmer Program, Farm Credit Services</i>  | <ul style="list-style-type: none"> <li>Beginning farmer loans (aged 35 and under with 10 years or fewer experience) for real estate, operating, insurance, and more.</li> <li>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.</li> </ul>  | <a href="#">Your Local FCS Office</a>                      | <a href="https://www.fcsamerica.com/products/young-beginning">https://www.fcsamerica.com/products/young-beginning</a>   |

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

| Name                     | Description  | Contact       | Website  |
|--------------------------|--|---------------|--|
| <i>Commercal Lenders</i> | Hundreds of banks around the country will get you lined up for a loan for a rural home or acreage site. Local banks too! | Loan officers | <a href="http://www.us-banks.net">www.us-banks.net</a> |

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| <p><i>Single Family Housing Guaranteed Loan Program, by USDA Rural Development</i></p> | <ul style="list-style-type: none"> <li>• Made to qualifying applicants by conventional lenders. Guarantees repayment of loans to purchase homes in rural communities and areas.</li> <li>• Applicants may obtain 100% financing to purchase an existing dwelling, purchase a site and construct a dwelling, or purchase a newly constructed dwelling in a community outside of a metropolitan area or in a rural area.</li> <li>• Long term financing at reasonable rates and terms with no down payment.</li> </ul> | <p>USDA Rural Development<br/>State Office<br/>210 Walnut Street<br/>Room 873<br/>Des Moines, IA 50309<br/>(515) 284-4666</p> | <p><a href="http://www.rd.usda.gov/programs-and-services/single-family-housing-guaranteed-loan-program">http://www.rd.usda.gov/programs-and-services/single-family-housing-guaranteed-loan-program</a></p> |
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**Financing to Expand (as your business grows, additional financing is available)**

| <b>Name</b>  | <b>Description</b>   | <b>Contact</b>   | <b>Website</b>   |
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| <p><i>Farm Storage Facility Loan Program USDA, FSA</i></p>       | <ul style="list-style-type: none"> <li>• Loans to producers to build or upgrade farm storage and handling facilities for soybeans, peanuts, hay, renewable biomass, pulses and oilseeds.</li> <li>• Corn, grain sorghum, oats, wheat, barley, fruits and vegetables are also eligible, subject to program requirements.</li> </ul>   | <p><a href="#">Your Local FSA Loan Officer</a></p>             | <p><a href="http://www.fsa.usda.gov/programs-and-services/price-support/facility-loans/farm-storage/index">http://www.fsa.usda.gov/programs-and-services/price-support/facility-loans/farm-storage/index</a></p> |
| <p><i>Value-Added Producer Grant, USDA Rural Development</i></p> | <ul style="list-style-type: none"> <li>• Grants may be used for planning activities and for working capital for marketing value-added agricultural products and for farm-based renewable energy.</li> <li>• Eligible applicants are independent producers, farmer and rancher cooperatives, agricultural producer groups, and majority-controlled producer-based business ventures.</li> </ul> | <p>Bill Menner, (515) 284-4663<br/>bill.menner@ia.usda.gov</p> | <p><a href="http://www.rd.usda.gov/programs-and-services/value-added-producer-grants">http://www.rd.usda.gov/programs-and-services/value-added-producer-grants</a></p>   |

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

| <b>Name</b>  | <b>Description</b>   | <b>Contact</b>  | <b>Website</b>   |
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| <p><i>Conservation Reserve Program (CRP) USDA FSA NRCS</i></p>               | <ul style="list-style-type: none"> <li>• To reduce erosion, increase wildlife habitat, and improve water quality through the application of conservation plans (landowner sets aside cropland with annual rental payments).</li> <li>• Practices include tree planting, grass cover, small wetland restoration, prairie restoration, and others.</li> </ul>  | <p><a href="#">Your Local FSA Loan Officer</a></p>                        | <p><a href="http://www.fsa.usda.gov/programs-and-services/conservation-programs/conservation-reserve-program/index">http://www.fsa.usda.gov/programs-and-services/conservation-programs/conservation-reserve-program/index</a></p>   |
| <p><i>Environmental Quality Incentives Program (EQIP) USDA NRCS</i></p>      | <ul style="list-style-type: none"> <li>• Provides financial and technical assistance to agricultural producers through contracts up to a maximum term of ten years in length.</li> <li>• 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.</li> <li>• Landowners or land tenants may apply for cost-sharing to add cover crops, manage manure, rotational grazing, and much more!</li> <li>• Practice list varies by county.</li> </ul> | <p><a href="#">Local USDA Service Center</a><br/><a href="#">http</a></p> | <p><a href="http://www.nrcs.usda.gov/wps/portal/nrcs/main/ia/programs/financial/eqip/">http://www.nrcs.usda.gov/wps/portal/nrcs/main/ia/programs/financial/eqip/</a></p>   |
| <p><i>Rural Energy for America Program (REAP) USDA Rural Development</i></p> | <ul style="list-style-type: none"> <li>• Grants, guaranteed loans, and combined grants and guaranteed loans for the development and construction of renewable energy systems and for energy efficiency improvement projects.</li> <li>• Grants for conducting energy audits and renewable energy development assistance; for conducting renewable energy system feasibility studies.</li> <li>• Applications due by mid-April.</li> </ul>  | <p><a href="#">Local USDA Service Center</a><br/><a href="#">http</a></p> | <p><a href="http://www.rd.usda.gov/programs-and-services/rural-energy-america-program-energy-audit-renewable-energy-development-assistance">http://www.rd.usda.gov/programs-and-services/rural-energy-america-program-energy-audit-renewable-energy-development-assistance</a></p> |

**Supporting Organizations (people who want to help you succeed)**

| <b>Name</b>   | <b>Description</b>  | <b>Contact</b>   | <b>Website</b>   |
|---|---|--|--|
| <p><i>Ag Ventures Alliance</i></p>  | <ul style="list-style-type: none"> <li>• Helps promote business development and investment in rural value-added agricultural enterprises.</li> <li>• Offers opportunities of investment in viable agricultural value-added businesses.</li> </ul>             | <p>Ron Orth, (515) 733-5229<br/>rondarilyorth@gmail.com</p>      | <p><a href="http://www.agventuresalliance.com">www.agventuresalliance.com</a></p>                |
| <p><i>Beginning Farmer Center, Iowa State University Extension</i></p>                    | <ul style="list-style-type: none"> <li>• Extension specialists are very knowledgeable and helpful to answering your questions on financing.</li> </ul>  | <p>Dave Baker, (515) 252-7801<br/>baker@iastate.edu</p>          | <p><a href="http://www.extension.iastate.edu/bfc/">http://www.extension.iastate.edu/bfc/</a></p> |
| <p><i>Dream Big Grow Here</i></p>   | <ul style="list-style-type: none"> <li>• Annual business plan contest awards \$5,000 prize to start-up business.</li> <li>• Finalists compete at the statewide level for a \$10,000 grant.</li> </ul>   | <p>Rob Williams, (319) 273-4333<br/>rob.williams@myentre.net</p> | <p><a href="http://www.dreambiggrowhere.com">http://www.dreambiggrowhere.com</a></p>             |
| <p><i>Farmer Rancher Grant, Sustainable Agriculture Research and Education (SARE)</i></p> | <ul style="list-style-type: none"> <li>• 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.</li> </ul> | <p>Joan Benjamin, (573) 681-5545<br/>BenjaminJ@lincolnu.edu</p>  | <p><a href="http://www.sare.org">www.sare.org</a></p>  |

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| <p><i>Fund-A-Farmer Project, Food Animal Concerns Trust (FACT)</i></p>          | <ul style="list-style-type: none"> <li>• 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.</li> <li>• Applications must be submitted online or postmarked by May 1, 2013 for awards made in August 2013.</li> </ul>   | <p>Lisa Isenhardt, (773) 525-4952<br/>grants@foodanimalconcerns.org</p>                                      | <p><a href="http://www.fundafarmer.org">www.fundafarmer.org</a></p>  |
| <p><i>Myentre.net</i></p>   | <ul style="list-style-type: none"> <li>• Great resources here for entrepreneurs/small business start-ups.</li> <li>• Site contains a useful "money map" that lists financing opportunities across the state and can be searched for industry and geography specific criteria.</li> </ul>  | <p>Maureen Collins-Williams,<br/>(319) 273-4333<br/>maureen.collins-williams@uni.edu</p>                     | <p><a href="http://www.myentre.net/">www.myentre.net/</a></p>  |
| <p><i>Practical Farmers of Iowa</i></p>   | <ul style="list-style-type: none"> <li>• <i>Savings Incentive Program</i> matches up to \$2,400 after two years of regular savings. Applications accepted August through mid-October.</li> <li>• Labor4Learning Program connects beginning and experienced farmers for paid, on the job training.</li> <li>• In-person workshops and online seminars on farm business planning.</li> <li>• Events and programming led by farmers.</li> </ul>                            | <p>Julie Wheelock, (515) 232-5661<br/>julie@practicalfarmers.org</p>   | <p><a href="http://practicalfarmers.org/members-priorities/beginning-farmers/savings-incentive-program/">http://practicalfarmers.org/members-priorities/beginning-farmers/savings-incentive-program/</a></p> |
| <p><i>Program-Related Investing Loans, (PRI Lending) RSF Social Finance</i></p> | <ul style="list-style-type: none"> <li>• Serves both nonprofit and profit enterprises that meet a combination of financial, operational and impact criteria.</li> <li>• Enterprises need to meet one of three focus areas – Food &amp; Agriculture, Education &amp; the Arts, Ecological Stewardship or furthers field of social finance.</li> <li>• RSF core lending program offers mortgage loans, construction loans and working capital lines of credit.</li> </ul> | <p><a href="http://rfsocialfinance.org/connect/contact/">http://rfsocialfinance.org/connect/contact/</a></p> | <p><a href="http://www.rfsocialfinance.org">www.rfsocialfinance.org</a></p>  |

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.