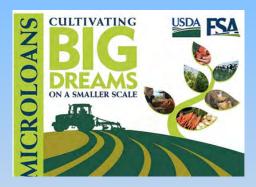


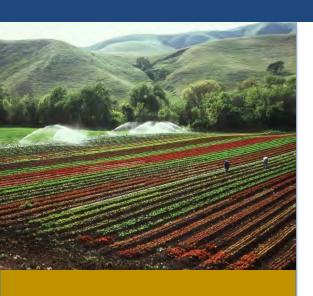
Farm Service Agency

Microloans



Cultivating Big Dreams on a Smaller Scale

What is FSA?



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The U.S. Department of Agriculture's (USDA), Farm Service Agency (FSA) provides services to farmers through loans, payment programs, commodity price support, conservation efforts and disaster recovery assistance.

FSA's Farm Loan Programs (FLP) provide credit to agricultural producers who are unable to obtain private, commercial credit.

FSA Farm Loans



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If you are a farmer or rancher who is unable to obtain credit from another lender to start, purchase, sustain or expand your family farm you may be able to get a loan through FSA's Farm Loan Programs.

FSA has different types of loans depending on your current situation and what you need the loan for. FSA loan officers are available to answer your questions and to help with the application process.

Types of Loans Available



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Guaranteed Loan Program

- Farm Ownership
- Operating
- Conservation

Direct Loan Program

- > Farm ownership
- Operating
 - Microloan
 - Youth Loan
- Emergency

Type of Loan	Maximum Loan Amount	Loan Terms
Direct Farm Ownership	\$600,000	Term: Up to 40 years
Direct Down Payment Farm Ownership	The lesser of: • 45% of purchase price • 45% of appraised value • \$300,000	Term: Up to 20 years
Direct Operating	\$400,000	Term: 1 to 7 years
Direct Operating Microloan	\$50,000	Same as Direct Operating Loan
Direct Emergency	The lowest of the following:100% actual or physical losses\$500,000	 Term: 1 to 7 years (possibly up to 20 years) for non-real estate purposes Up to 40 years for physical losses on real estate
Youth Loan	\$5,000	Term: 1 to 7 years

Type of Loan	Maximum Loan Amount	Loan Terms
Guaranteed Farm Ownership	\$1,392,000 The maximum loan amount is adjusted annually for inflation.	 Term: Up to 40 years The interest rate is negotiated by you and your lender.
Guaranteed Operating	\$1,392,000 The maximum loan amount is adjusted annually for inflation	 Term: 1 to 7 years The interest rate is negotiated by you and your lender.
Guaranteed Conservation	\$1,392,000 The maximum loan amount is adjusted annually for inflation	 Term: Up to 20 years The interest rate is negotiated by you and your lender.
Land Contract Guarantee	A maximum purchase price of \$500,000 on a new land contract.	Term: Contract payments must be amortized for a minimum of 20 years with equal payments during the term of the guarantee. The guarantee period is 10 years.

FSA Microloans



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The Farm Service Agency (FSA) developed microloans to better serve the unique financial operating needs of beginning, niche and small family farm operations such as, but not limited to:

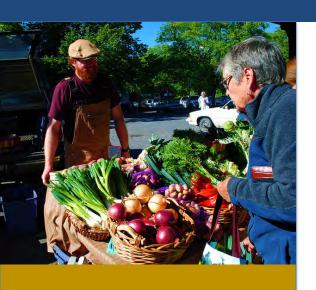
- Organic production
- Community Supported Agriculture (CSAs)
- Small scale livestock
- Shellfish operations such as clams or oysters
- Honey or cheese producers

What is a Microloan



- Direct farm operating loan;
- Does not exceed \$50,000;
- Simplified application process;
- Verification requirements are more proportional to smaller loans and operations.

Microloans Fulfill a Need



- ➤ Assists applicants with limited experience by providing an opportunity to gain farm management experience while working with a mentor;
- ➤ Eliminates use of high cost personal loans and high interest credit cards;
- ➤ Provides a bridge for youth loan borrowers to transition to larger-scale operations;
- ➤ Assists the agricultural community by creating opportunities to start new businesses.

Microloans Can be Used For:



- Initial start-up expenses;
- > Seed, fuel, fertilizer, utilities, or labor;
- Farmland rents;
- Purchase of livestock, farm implements or essential tools;
- Irrigation equipment or delivery vehicles;
- Marketing and distribution;
- Minor farm improvements;
- Hoop houses or high tunnels;
- Family living expenses.

Eligibility Requirements



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Other FSA loans require applicants to meet certain farm management requirements.

The microloan allows alternatives to this requirement that include:

- Apprentice relationship;
- Past participation with organizations such as FFA, 4-H, beginning farmer programs, and community based organizations;
- Small business management experience combined with a self-directed apprenticeship.

Securing Microloans



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For an annual operating purposes, such as purchasing seed, fertilizer and other crop input costs, these loans are generally secured by the crop or products produced; however equipment or other security can be used.

Loans for other purposes such as purchasing equipment or foundation livestock are usually secured by the equipment or livestock being purchased but other types of security can be used.

All loans need basic security.

Applying for a Microloan



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Application forms can be obtained by visiting your local office or downloading them from the FSA website at http://forms.sc.egov.usda.gov/.

An FSA loan officer can help you complete the FSA forms or can identify other sources of assistance in your area.

Applications can be submitted by:

- 1. Calling for an appointment with an FSA loan officer;
- 2. Mailing, faxing, or delivering your application to your local FSA office;
- 3. Electronically submitting your application if you have registered through the e-gov system.



Balance Sheet

09/25/2012 Current BS- Consolid.

	Adj. Value		Adj. Value	
Current Assets		Current Liabilities		
Cash & Equivalents	100*	Cur. Portion Term Debt - FSA	5,322*	
Accounts Receivable	2,300			
Market Livestock & Poultry	2,900*			
Total Current Assets	5,300	Total Current Liabilities	5,322	
Intermediate Assets	***************************************	Intermediate Liabilities		
Machinery & Equipment	4,000*	Intermediate Term Debt - FSA	8,836	
Farm Vehicles	14,500*			
Raised Breeding Stock	13,600*			
Other Int. (Coop Stock)	3,000*			
Total Intermediate Assets	35,100	Total Intermediate Liabilities	8,836	
TOTAL ASSETS	40,400	TOTAL LIABILITIES	14,158	
* Scheduled Account		TOTAL EQUITY	26,242	

Personal

	<u>Adj. Value</u>	<u>Adj. Value</u>	
Current Assets Cash & Equivalents	57*	Current Liabilities	
Total Current Assets	57	Total Current Liabilities	0
Intermediate Assets	**************************************	Intermediate Liabilities	
Household Goods	2,500		
Total Intermediate Assets	2,500	Total Intermediate Liabilities	0
Long Term Assets		Long Term Liabilities	
Nonfarm Real Estate	106,300*	Personal Non-Current Liab.	244,898*



Projected Annual Cash Flow

01/01/2013 - 12/31/2013 Proj 2013- Consolid

Operating Income		
Livestock & Poultry Sales		6,015
Total Operating Income		6,015
GROSS MARGIN		6,015
Operating Expenses		
Supplies		1,500
Other Expenses		1,000
Total Oper. Expenses (Less Interest & Depr.)		2,500
NET OPER. INFLOWS		3,515
Non-Operating		
Owner Withdrawal		83,762
Income Taxes		246
Non-Farm Income		16,894
Financing		
Term Debt - Payments		5,995
Principal-	5,322	
Interest-	673	
Total Cash Inflows		22,909
Total Cash Outflows		92,503
(Before LOC P. & I.)		
Net Cash Available		-69,594
- LOC Ending Bal.		69,594
Peak LOC Balance		69,594

I agree to follow this plan, as outlined above and on attached schedules, and to discuss with the agency loan official any important changes that may become necessary. This is a projected plan and does not release the security interest of the government in any security referred to in this plan. "I recognize that making any false statements on this Farm Business Plan or any other loan document may constitute a violation of federal criminal law".

United States Department of Agriculture

SCHEDULE F (Form 1040)

Profit or Loss From Farming

OMB No. 1545-0074

► Attach to Form 1040, Form 1040NR, Form 1041, Form 1065, or Form 1065-B.

nternal F	ent of the Treasury Revenue Service (99) Information	about Sci	hedule F and its	separate	instruction	s is at www.irs.gov/so	hedulef.	Sequence No. 14
lame o	f proprietor						Social secu	rity number (SSN)
Data	all and a section to		3 Enter code f	nom Dout IV		Accounting method:	D Forming our	ID marker (TIM forester
Pru	ncipal crop or activity	l'	►			Cash Accrual	Denployer	ID number (EIN), (see ins
Did.	you "materially participate" in the op	oration of th		ng 20142 lf			oneive lenge	Yes No
	you make any payments in 2014 tha							
	es," did you or will you file required	-	-			•		
art								
1a	Sales of livestock and other resale						T	a r are i, iii o o.,
ь	Cost or other basis of livestock or						-1 1	
С	Subtract line 1b from line 1a		-				. 1c	
2	Sales of livestock, produce, grains							
За	Cooperative distributions (Form(s)	1099-PAT	R) . 3a			3b Taxable amou	nt 3b	
4a	Agricultural program payments (se	e instructions	s) . 4a			4b Taxable amou	nt 4b	
5a	Commodity Credit Corporation (C	CC) loans r	eported under e	lection .		- ,	. 5a	
b	CCC loans forfeited		5b	_		5c Taxable amou	nt 5c	
6	Crop insurance proceeds and fed	eral crop di	saster payments	s (see instru	ctions)		\$ 7.55	
а	Amount received in 2014		. 6a			6b Taxable amou	nt 6b	
c	If election to defer to 2015 is attac	hed, check	chere ► 🗆]	6d Amo	unt deferred from 2013	6d	
7	Custom hire (machine work) incom	ne					. 7	
8	Other income, including federal ar	nd state gas	soline or fuel tax	credit or re	fund (see in	structions)	. 8	
9	Gross income. Add amounts in t							
_	accrual method, enter the amount							
art	 	nd Accru	al Method. Do				`	ctions).
10	Car and truck expenses (see			23		and profit-sharing plan		
	instructions). Also attach Form 4562	10		24		ease (see instructions):	1 1	
11 12	Chemicals	11 12		a		machinery, equipment		
13	Conservation expenses (see instructions) Custom hire (machine work) .	13		25	•	nd, animals, etc.) . and maintenance .		
14	· · · · · · · · · · · · · · · · · · ·	13		26	•	nd plants		
14	Depreciation and section 179 expense (see instructions)	14		27		and warehousing .		
15	Employee benefit programs			28	_			
13	other than on line 23	15		29				
16	Feed	16		30				
17	Fertilizers and lime	17		31		, breeding, and medicin		
18	Freight and trucking	18		32		penses (specify):	-5-445	
19	Gasoline, fuel, and oil	19		а			32a	
20	Insurance (other than health)	20		b				
21	Interest:	ander e		c				
а	Mortgage (paid to banks, etc.)	21a		d			100-1	
b	Other	21b		e			32e	
22	Labor hired (less employment credits)	22		f			32f	
33	Total expenses. Add lines 10 thr	ough 32f. I	f line 32f is nega	tive, see ins	structions .		33	
34	Net farm profit or (loss). Subtract	t line 33 fro	m line 9				. 34	
	If a profit, stop here and see instru		•					
35	Did you receive an applicable sub							. Yes No
36	Check the box that describes you					r where to report your	loss.	
а	All investment is at risk.	ь [Some investr	ment is not	at risk.			

Microloan Summary



- Direct operating loan with a maximum loan amount of \$50,000.
- Shortened application process and reduced paperwork.
- Allows flexibility with managerial requirements.
- >Provide some flexibility in loan security.
- Assist the agricultural community by creating opportunities to start new businesses;
- Fulfill financial operating needs of beginning, niche and the smallest of family farm operations.



Farm Service Agency



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Learn more by visiting www.fsa.usda.gov/microloans