

North Dakota FSA – Farm Loans Summary

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Program Overview

- **Direct Loan Program**
 - Funded and serviced by FSA
 - Loan maximums (loan limits)
 - Limits number of years for assistance (term limits)
- **Guaranteed Loan Program**
 - Funded and serviced by lender participating in Guaranteed Loan Program
 - Loan maximums
 - No limit of years for program participation

Program Overview

- Targeted Funding
 - 1) Beginning Farmers and Ranchers

General Rule to be a Beginning Farmer and Rancher:

- Has not operated a farm for more than 10 years
- For farm ownership loans, the applicant cannot own a farm greater than 30 percent of the average size farm in the county, at time of application.
- Substantially participates in the operation



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Direct Loan Programs



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Direct Loan Program Overview



Farm Ownership Loan Purposes:

- Purchase of land
- Capital improvements
- Expansion of operation

Note: Cannot be used to refinance debt

Maximum Amount: **\$600,000**

Direct Loan Program Overview



Farm Ownership Micoloan Purposes:

- Purchase of land
- Capital improvements
- Expansion of operation

simplified loan application

Maximum Amount: \$50,000

Program	Maximum Loan Amount	Rates and Terms	Common Use of Loan Funds
Direct Farm Ownership (FO)	\$600,000	• Rate based on agency borrowing costs • Term up to 40 years	• Purchase farm • Construct buildings or other capital improvements • Soil and water conservation • Pay closing costs
Direct Farm Ownership (FO) Participation	\$600,000	• Rate is direct FO rate less 2% with a floor of 2.5% if at least 50% of loan amount is provided by other lender • Term up to 40 years	• Same as direct FO
Direct Farm Ownership Microloan (FO ML)	\$50,000	• Rate based on agency borrowing costs • Term up to 40 years	• Purchase farm • Construct buildings or other capital improvements • Soil and water conservation • Pay closing costs
Direct Down Payment Farm Ownership Program	The lesser of 45% of: • the purchase price; • the appraised value; or • \$667,000 (\$300,150 maximum)	• Rate is direct FO rate less 4% with a floor of 1.5% • Term of 20 years • Down payment of at least 5%	• Purchase of farm by a beginning or underserved farmer

Direct Loan Program Overview

- Operating Loan Purposes:
- Equipment
- Seed
- Livestock
- Necessities to maintain farm operation (Annual Operating)



Maximum Amount: **\$400,000**

Direct Loan Program Overview

- Operating Microloans Fund Purposes:
- Equipment
- Seed
- Livestock
- Necessities to maintain farm operation (Annual Operating)



simplified loan application

Maximum Amount: **\$50,000**

Direct Loan Program Overview

Youth Loans:



- Available to aspiring farmers ages of 10-20
- In connection with the 4-H, FFA, Tribal Youth Group or other agricultural youth organization

Maximum Amount: \$10,000

Current Direct Loan Interest Rates

As of October 1st, 2026 (Adjusted Monthly)

Emergency – 3.75%

Farm Ownership – 6.25%

Farm Ownership Down-Payment – 2.25%

Farm Ownership Joint Financing – 4.25%

Operating – 5.375%

Youth Loan – 5.375%

FSA does “Fixed” Interest Rates not “Variable”

Application Fast Track (AFT)

- AFT expedites the FSA Direct underwriting process for direct loan applicants who are least likely to default on their loans based on financial benchmarks and historical repayment data.
- AFT pilot this program starting in 2023, an average of 23% of direct loan customers qualified for the streamlined process, which decreased the application processing time by approximately 8 calendar days.
- AFT Becomes Now Permanent on 10/1/26

Farm Bill



Where We Are Going

- Farm Bill
 - House passed in late April
 - Senate committee markup stalled in August, Passed Senate Committee last week
 - Differences between House and Senate versions must be resolved prior to final passage

Farm Bill-Details

- **Initially Proposes the following changes to loan limits:**
 - DFO-\$850,000
 - GFO-\$3,500,000
 - DOL-\$750,000
 - GOL-\$3,000,000
- **Changes inflation index for Guaranteed Farm Ownership annual loan limit increase**
- **Increases Direct Down Payment loan limit to match Direct FO**
- **Increases Direct Microloan limit to \$100,000**

FSA Changes (Effective 10/1/26)



Direct Loan Subordinations

- Cash flow analysis by FSA no longer required
 - **Cash flow projection no longer required with FSA Subordination application**
 - **FSA will no longer review cash flow projections or verify income**
 - **All other subordination requirements remain the same (FSA Will Still Verify Debts for Example)**

Direct Loan Subordinations-Rationale for Change

- **Lender extending the new credit (subordination) has already evaluated the borrower's repayment capacity**
- **Since FSA is not extending new credit, any cash flow analysis by FSA is redundant**
- **Data indicates very few FSA subordination denials because of feasibility**
- **Risk mitigated by:**
 - **FSA still being adequately secured post-subordination**

Note: A cash flow analysis by FSA may be necessary if an FSA operational file review or graduation review must be completed prior to approval of the subordination (Typically required once every 3 years)



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Guaranteed Loan Programs



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Guaranteed Loan Program Overview

Type of Loan	Maximum Loan Amount	Rates and Terms
Guaranteed Farm Ownership	The maximum loan amount is adjusted annually for inflation*	• Term: Up to 40 years • The interest rate is negotiated by you and your lender
EZ Guarantee Farm Ownership***	\$100,000	• Term: Up to 40 years • The interest rate is negotiated by you and your lender

Maximum Amount: \$2,558,000 for FY 27

Guaranteed Loan Program Overview

Type of Loan	Maximum Loan Amount	Rates and Terms
Guaranteed Operating	The maximum loan amount is adjusted annually for inflation*	• Term: 1 to 7 years • The interest rate is negotiated by you and your lender
EZ Guarantee Operating***	\$100,000	• Term: 1 to 7 years • The interest rate is negotiated by you and your lender
Guaranteed Conservation Loan (CL)	The maximum loan amount is adjusted annually for inflation*	• Term: Not to exceed 30 years, or shorter period, based on the life of the security • 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. • Interest rate must be fixed and cannot exceed the direct farm ownership interest rate plus 3%. • Down payment of at least 5%

Maximum Amount: \$2,558,000 for FY 27

Guaranteed Loan Modernization

USDA is modernizing outdated technology systems with the goal of expediting loan delivery.

The new modernized system will allow guaranteed loan applications, lender notifications and supporting documents to be electronically submitted, replacing the agency's largely paper-based process.

ProsperUS

- A connected workspace system between Lenders and FSA for loan-program work that incorporates all aspects of the Guaranteed Loan Program from application submission, processing, approval, closing and servicing.
- System will be ready for testing and piloting mid to late November
- Dec. 7 “Go Live” for all Lenders to test, familiarize and enter Lender information and assign roles to users. **Login.gov is required for all users.** Please contact Holly Heimark, Farm Loan Specialist in the North Dakota State Office holly.heimark@usda.gov if you need assistance getting registered.
- January 11 – Begin accepting applications for Guaranteed Loans through ProsperUS
- Paper/emailed applications are highly discouraged. The system is designed to assist with processing timeframes. Applications not submitted through the new system will require additional time for FSA staff to input and upload all information prior to processing.

Streamlining for Preferred Lenders – 10/1/26

FSA is further streamlining the process for lenders in the Preferred Lender Program (PLP)

PLP lenders will have delegated authority to certify that applicants meet FSA lending requirements for creditworthiness, financial feasibility, and adequacy of collateral in place of a more detailed agency review.

- Streamlined Process – Reduces Documentation Requirements

Allows PLP Lenders to self certify in the lender's loan narrative that the application meets the following:

- Test for credit
- Credit history
- Financial Feasibility (Capacity & Capital)
- Collateral

Other Guaranteed Policy Changes

- PLP Lender Reviews will revert back to every 3 years and include a new criteria to review 10% of all loans written under delegated authority each year (Max 4, Min 1 per year).
- Documentation and Concurrence Requirements for Annual Analysis for SEL and CLP has been revised.
- Additional Loans Flexibility for SEL and CLP (no longer requires concurrence, still requires documentation in file)
- Threshold for using a RE Evaluation (rather than an appraisal) increased from \$250,000 to \$500,000
- Waivers for crop insurance are no longer allowed. Lenders may still document if not cost effective.

Other Guaranteed Policy Changes

- FSA Handbook 2-FLP is being revised.
- Several FSA Handbook 2-FLP Exhibit and form changes!
- If you did not attend the TEAMS National Office Lender Training on September 29 or 30th, please watch for the recording link coming out or contact Holly.Heimark@usda.gov.

Questions

