

## USDA Microloans Aim to Encourage New Crop of Farmers

By *Finance New Mexico*

The U.S. Department of Agriculture is making it easier for New Mexicans to take up — or continue — farming in a state that's famous for its chile and other commercial crops but also produces specialty items derived from agricultural products.

Direct Farm Ownership Microloans, which help agricultural entrepreneurs buy and improve farmland and farm buildings and finance other related capital-intensive activities, are especially helpful to beginning and underserved farmers, veterans and those just embarking on a farming career.



Photo courtesy [newfarmers.usda.gov](http://newfarmers.usda.gov)

In New Mexico, the loans are well suited to small-scale and nontraditional farms that sell their products at farmers markets and roadside stands or that serve a niche market by growing crops organically, hydroponically or in greenhouses. They can be an incentive for people to take their backyard gardening to the next level or even to repopulate rural areas where land is more plentiful and new businesses are needed.

This new microloan is a cousin to Direct Farm Operating Microloans, which USDA started offering in 2013 to help farmers obtain equipment and tools, fencing and essential materials, such as livestock, seed, fertilizer or irrigation — and to pay costs associated with marketing and promotion and securing basic certifications. Seventy percent of Direct Farm Operating Microloans have gone to new farmers.

### Loan Basics

Direct Farm Ownership Microloans simplify the process of securing capital to buy or improve farmland and buildings and to implement other high-cost projects, such as soil and water conservation.

The loan program is specifically designed for people who want to make a living off the land but don't have the business track record that might qualify them for a traditional, low-interest loan

from the Farm Service Agency — which administers numerous farm-conservation and assistance programs for USDA — or a loan from a traditional lender.

Direct Farm Ownership Microloans generally are secured by the property being purchased or modified. Loans top out at \$50,000, and qualifying applicants can borrow what they need; they're not subject to loan minimums. The maximum term is 25 years.

### Eligibility Requirements

Applicants for a Direct Farm Ownership Microloan must have an acceptable credit history, U.S. citizenship or legal resident status, an inability to obtain credit elsewhere and a good history of repaying debts to the FSA and other federal agencies and creditors.

They must have three years of experience managing a farm in the decade before applying for the loan, but the agency is flexible with this requirement in light of its goal to help those with sparse farming credentials. Sixteen credit hours of postsecondary schooling in an agriculture-related field or one year of direct experience in business management can substitute for one year running a farm, and a self-guided apprenticeship with an approved mentor can meet the rest of that requirement.

For more information about a Direct Farm Ownership Microloan, including current interest rates, visit [www.fsa.usda.gov/microloans](http://www.fsa.usda.gov/microloans) or contact any USDA Service Center or FSA field office (<http://offices.usda.gov>).

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