

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"> 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
<i>Business & Industry Guaranteed Loan Program (B&I), USDA Rural Development</i>	<ul style="list-style-type: none"> 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
<i>Home Equity Loans</i>	<ul style="list-style-type: none"> If you own your home, you may use it to borrow money by leveraging your equity in the home as collateral with a bank. Work with your bank to determine loan rates and terms. 	Loan officers at a bank	http://files.consumerfinance.gov/f/201204_CFPB_HELOC-brochure.pdf
<i>Iowa Microloans, Iowa Foundation for Microenterprise and Community Vitality</i>	<ul style="list-style-type: none"> 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/
<i>Local Producer Loan Program, Whole Foods Market</i>	<ul style="list-style-type: none"> 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
<i>Microloan Program, United States Department of Agriculture (USDA) Farm Service Agency</i>	<ul style="list-style-type: none"> 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
<i>Targeted Small Business Assistance (TSB Assistance Program), Iowa Economic Development</i>	<ul style="list-style-type: none"> 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
<i>Plains Angels, private angel investor group, based in Des Moines, Iowa</i>	<ul style="list-style-type: none"> 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/

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"> 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/navigation-structure/loans-grants/small-business-loans/sba-loan-programs/7a-loan-program
<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"> 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
<i>Beginning Farmer Loan Program and Loan Participation Program, Iowa Agricultural Development Authority (IADA)</i>	<ul style="list-style-type: none"> 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/PC202LN48
<i>Certified Development Company (CDC/504) Loan Program, SBA</i>	<ul style="list-style-type: none"> 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
<i>Downpayment Program for Beginning Farmers by USDA, FSA</i>	<ul style="list-style-type: none"> 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
<i>Organic Farmland Access/Succession Program, New Spirit Farmland Partnerships</i>	<ul style="list-style-type: none"> 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@newspritfp.com	http://www.newspritfp.com/
<i>Working Farms Capital</i>	<ul style="list-style-type: none"> 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@workingfarmcapital.com	http://workingfarmcapital.com/
<i>Vilicus Capital Partners</i>	<ul style="list-style-type: none"> 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/
<i>Young and Beginning Farmer Program, Farm Credit Services</i>	<ul style="list-style-type: none"> 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)

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	www.us-banks.net

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

Name	Description	Contact	Website
<p><i>Farm Storage Facility Loan Program USDA, FSA</i></p>	<ul style="list-style-type: none"> • 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. 	<p>Your Local FSA Loan Officer</p>	<p>http://www.fsa.usda.gov/programs-and-services/price-support/facility-loans/farm-storage/index</p>
<p><i>Value-Added Producer Grant, USDA Rural Development</i></p>	<ul style="list-style-type: none"> • 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. 	<p>Bill Menner, (515) 284-4663 bill.menner@ia.usda.gov</p>	<p>http://www.rd.usda.gov/programs-and-services/value-added-producer-grants</p>

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

Name	Description	Contact	Website
<p><i>Conservation Reserve Program (CRP) USDA FSA NRCS</i></p>	<ul style="list-style-type: none"> • 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. 	<p>Your Local FSA Loan Officer</p>	<p>http://www.fsa.usda.gov/programs-and-services/conservation-programs/conservation-reserve-program/index</p>
<p><i>Environmental Quality Incentives Program (EQIP) USDA NRCS</i></p>	<ul style="list-style-type: none"> • 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. 	<p>Local USDA Service Center http</p>	<p>http://www.nrcs.usda.gov/wps/portal/nrcs/main/ia/programs/financial/eqip/</p>
<p><i>Rural Energy for America Program (REAP) USDA Rural Development</i></p>	<ul style="list-style-type: none"> • 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. 	<p>Local USDA Service Center http</p>	<p>http://www.rd.usda.gov/programs-and-services/rural-energy-america-program-energy-audit-renewable-energy-development-assistance</p>

Supporting Organizations (people who want to help you succeed)

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

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

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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.