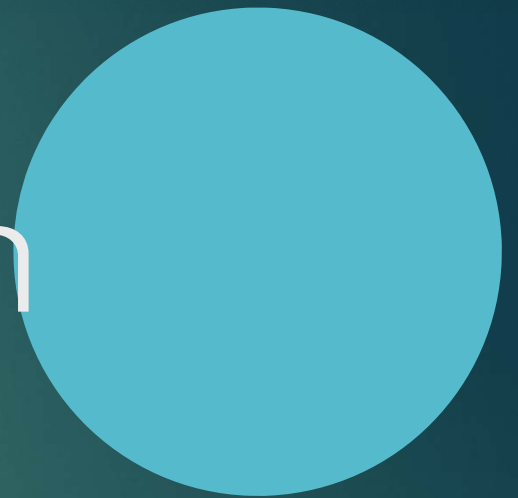



Farm Service  
Agency  
Emergency Loan  
Program



# Overview



- ▶ Emergency loans help producers recover from production and physical losses due to natural disasters.
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# Uses of EM Loan Funds

- ▶ Restore or replace essential property damaged or destroyed as a result of a disaster;
- ▶ Purchase replacement trees and expenses necessary to complete the plan to rehabilitate and reestablish income producing trees;
- ▶ Pay all or part of production costs associated with the disaster year;
- ▶ Pay essential family living expenses;
- ▶ Reorganize the farming operation; and
- ▶ Refinance certain debts.

# Types of Losses

- ▶ Physical Losses
  - ▶ Real estate physical loss
  - ▶ Chattel physical loss
    - ▶ Equipment, livestock and stored crops
    - ▶ Fruit and nut bearing trees
- ▶ Production Losses
  - ▶ Commodity Losses
    - ▶ Growing Crops




# Eligibility



Emergency loans may be made to farmers and ranchers who:

- Own or operate land located in a county declared by the President or designated by the Secretary of Agriculture as a primary disaster area or quarantine area. All counties contiguous to the declared, designated or quarantined primary counties also are eligible for emergency loans. A disaster designation by the FSA Administrator authorizes emergency loan assistance for physical losses only in the designated and contiguous counties;



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- Are established family farm operators and have sufficient farming or ranching experience;
  - Are citizens or permanent residents of the United States;
  - Have suffered at least a 30 percent loss in crop production or a physical loss to livestock, livestock products, real estate or chattel property;

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- Have an acceptable credit history;
  - Are unable to receive credit from commercial sources;
  - Can provide collateral to secure the loan; and
  - Have repayment ability.



▶ COLLATERAL IS REQUIRED



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- ▶ All emergency loans must be fully collateralized. The specific type of collateral may vary depending on the loan purpose, repayment ability and the individual circumstances of the applicant. If applicants cannot provide adequate collateral, their repayment ability may be considered as collateral to secure the loan. A first lien is required on property or products acquired, produced or refinanced with loan funds.

# Loan Limits



- Producers can borrow up to 100 percent of actual production or physical losses to a maximum amount of \$500,000.

# Rates, Terms and Repayment



- ▶ The current emergency loan interest rate is **3.75%**
- ▶ Repayment schedules are based on useful life of security, repayment ability and type of loss.
  - ▶ Loans for crop, livestock and non-real estate losses are normally repaid within one to seven years, depending on the loan purpose, repayment ability and collateral available as loan security. In special circumstances, terms of up to 20 years may be authorized. Loans for physical losses to real estate are normally repaid within 30 years. In certain circumstances, repayment may be made over a maximum of 40 years.
- ▶ At a minimum, all accrued interest must be paid each year


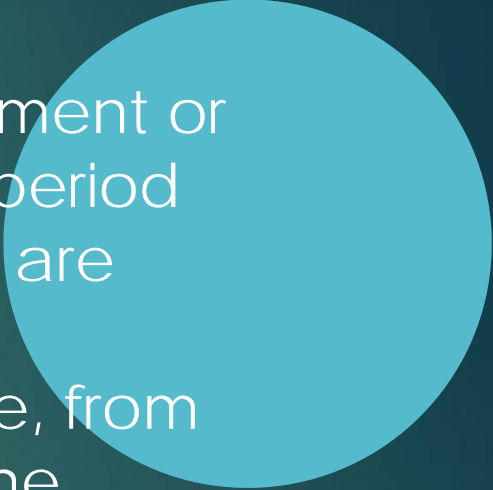
# Application Deadline



- Applications for emergency loans must be received within eight months of the county's disaster or quarantine designation date.

# Rehabilitation or Reestablishment of Fruit, Nut Bearing & Income Producing Trees & Plants

- ▶ EM loans may be made for rehabilitation and/or reestablishment of fruit, nut bearing, and income producing trees and plants subject to eligibility and general loan requirements. The purpose of EM loans is to enable the applicant to restore damaged orchards, groves, and income producing trees and plants to their normal production.


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- Loans will be approved only if reestablishment or rehabilitation can be completed over a period not to exceed 5 years. If additional funds are needed and a longer recovery period is required, the applicant must demonstrate, from the outset, that they are able to obtain the additional financing or resources from either their own cash flow or from another lender.

# Eligible Enterprises

- Trees planted and cultivated for commercial production purposes, which have income producing potential for more than 5 years. This includes but is not limited to, citrus fruits such as oranges, grapefruit, lemons, and limes; fruits such as apples, pears, peaches, and cherries; nuts such as walnuts, pistachios, and pecans; and income producing trees such as Christmas trees, sap producing trees, and trees specifically planted, cultivated, and harvested.

# Noneligible Enterprises



- Trees and plants grown for commercial purposes which will be harvested and sold within 5 years from the date of establishment, or whose total production potential is less than 5 years. Examples of these include, but are not limited to, nursery stock, ornamental plants, bananas, plantains, raspberries, strawberries, etc.
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# Disaster Set-Aside Program

# Overview



- ▶ When Farm Service Agency (FSA) borrowers located in designated disaster areas or contiguous (adjoining) counties are unable to make their scheduled payment on any FSA debt, FSA is authorized to consider set-aside of one payment to allow the operation to continue. This program is authorized under Section 331A of the Consolidated Farm and Rural Development Act.

# Application Deadline


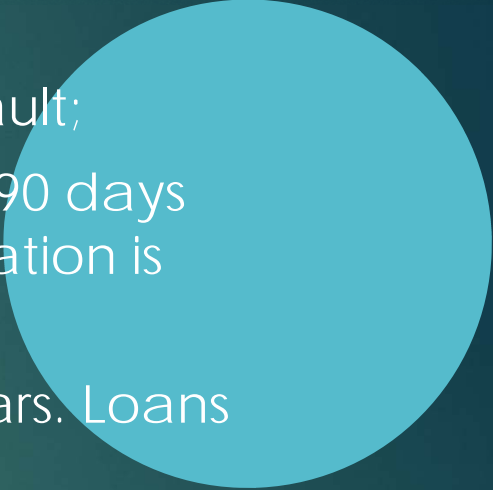
Borrowers have eight months from the date of designation to apply. A complete application for DSA consists of the following items:


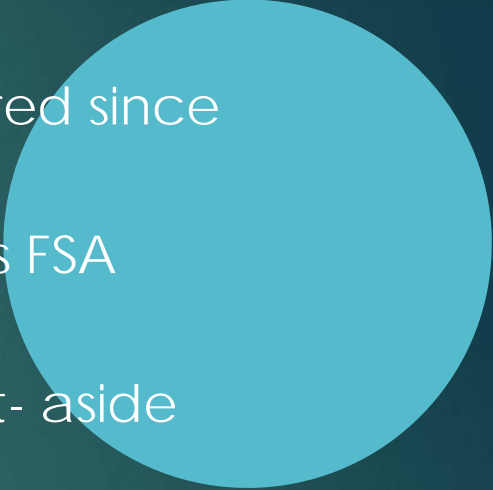
- ▶ A written request for DSA signed by all parties liable for the debt;
- ▶ Actual production, income and expense records for the production and marketing period in which the disaster occurred (unless the agency already has this information); and
- ▶ Other items as required based on the individual application.

# Eligibility & Limitations



- ▶ Eligibility to receive the DSA will primarily be determined based on the following criteria:
  - ▶ As a direct result of the disaster, the borrower is unable to pay all family living and farm operating expenses, payments to other creditors, and payments to FSA;
  - ▶ The borrower must have operated a farm or ranch in a county designated as a disaster area or in a contiguous county. Each loan considered for DSA must have been outstanding at the time of the disaster;
  - ▶ The borrower must have acted in good faith and complied with written agreements with FSA;

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- ▶ The borrower must not be in non-monetary default;
  - ▶ The borrower must be current or not more than 90 days past due on any FSA loan when the DSA application is completed. No loan to be set aside
  - ▶ may have a remaining term of less than two years. Loans must not be accelerated;
  - ▶ After the DSA is completed, the borrower will be current on all FSA loans;

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- ▶ The borrower's FSA debt has not been restructured since the disaster;
  - ▶ The amount set aside will not exceed one year's FSA payment;
  - ▶ No loan may receive more than one disaster set-aside unless it is later restructured; and
  - ▶ The borrower must be able to develop a positive cash-flow projection for the coming year.

# Payment



- Each payment set-aside must be repaid prior to the final maturity of the note. Any principal set-aside will continue to accrue interest until it is repaid.

# Act NOW!

- ▶ There may be servicing options available to existing FSA borrowers affected by Hurricane Michael. There is no need to wait until your payment is due or becomes delinquent! We urge everyone to be proactive in contacting the local FSA office to find out what options are available and how to apply.