



# Where to Find Money

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Farmers Market Boot Camp Workshops

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# What We'll Cover

- Identify some grower funding opportunities
- Consider how to improve chances of success in obtaining funds



# Funding Sources

- Loans
- Grants and Costshares

# Loans

# Loans

- Farm Service Agency
- Farm Credit

# Farm Service Agency (FSA)



## Farm Loan Information Chart

The following chart summarizes FSA farm loan information. Additional details are available at local FSA offices and on FSA's website: [www.fsa.usda.gov](http://www.fsa.usda.gov).

Program	Maximum Loan Amount	Rates and Terms	Use of Proceeds
Direct Farm Ownership (FO)	\$300,000	<ul style="list-style-type: none"> <li>• Rate based on agency borrowing costs</li> <li>• Term up to 40 years</li> </ul>	<ul style="list-style-type: none"> <li>• Purchase farm</li> <li>• Construct buildings or other capital improvements</li> <li>• Soil and water conservation</li> <li>• Pay closing costs</li> </ul>
Direct Farm Ownership (FO) Participation	\$300,000	<ul style="list-style-type: none"> <li>• Rate is direct FO rate less 2% with a floor of 2.5% if at least 50% of loan amount provided by other lender</li> <li>• Term up to 40 years</li> </ul>	Same as Direct FO
Direct Down Payment Farm Ownership Program	The lesser of: <ul style="list-style-type: none"> <li>• 45% of the purchase price,</li> <li>• 45% of the appraised value,</li> <li>• \$300,000</li> </ul>	<ul style="list-style-type: none"> <li>• Rate is direct FO rate less 4% with a floor of 1.5%</li> <li>• Term of 20 years</li> <li>• Down payment of at least 5%</li> </ul>	• Purchase of farm by a beginning or underserved farmer
Direct Operating (OL)	\$300,000	<ul style="list-style-type: none"> <li>• Rate based on agency borrowing cost</li> <li>• Term from 1 to 7 years</li> </ul>	<ul style="list-style-type: none"> <li>• Purchase livestock, poultry, equipment, feed, seed, farm chemicals and supplies</li> <li>• Soil and water conservation</li> <li>• Refinance debts with certain limitations</li> </ul>
Direct Operating Microloan (ML)	\$50,000	Same as Direct OL	Same as Direct OL



# Farm Service Agency (FSA)

- **Operating** microloans can be used for all FSA-approved operating expenses and for:
  - Initial start-up expenses
  - Annual expenses (seed, fertilizer, utilities, rent)
  - Marketing and distribution expenses
  - Family living expenses
  - Purchase of livestock, equipment, materials
  - Minor farm improvements (wells, coolers)
  - Hoop houses
  - Essential tools
  - Irrigation
  - Delivery vehicles



# Farm Service Agency (FSA)

- **Ownership** microloans can be used for all approved operating expenses authorized by the FSA Farm Ownership (FO) Loan Program, such as to:
  - purchase a farm or farm land
  - enlarge an existing farm
  - construct new farm buildings
  - improve existing farm buildings
  - pay loan closing costs
  - implement soil and water conservation and protection practices





# Farm Service Agency (FSA)

Direct Emergency	100% actual or physical losses \$500,000 maximum program indebtedness	<ul style="list-style-type: none"> <li>• Rate is based on the OL rate plus 1%</li> <li>• Term from 1 to 7 years for non-real estate purposes</li> <li>• Term up to 40 years for physical losses on real estate</li> </ul>	<ul style="list-style-type: none"> <li>• Restore or replace essential property</li> <li>• Pay all or part of production costs associated with the disaster year</li> <li>• Pay essential family living expenses</li> <li>• Reorganize the farming operation</li> <li>• Refinance debts with certain limitations</li> </ul>
Guaranteed Operating	\$1,399,000 (Amount adjusted annually for inflation)	<ul style="list-style-type: none"> <li>• Rate determined by the lender</li> <li>• Term from 1 to 7 years</li> <li>• Loan guarantee fee is 1.5%</li> </ul>	<ul style="list-style-type: none"> <li>• Same as direct OL</li> </ul>
Guaranteed Farm Ownership	\$1,399,000 (Amount adjusted annually for inflation)	<ul style="list-style-type: none"> <li>• Rate determined by the lender</li> <li>• Term up to 40 years</li> <li>• Loan guarantee fee is 1.5%</li> </ul>	<ul style="list-style-type: none"> <li>• Same as direct FO except loan may be used to refinance debts</li> </ul>
Guaranteed Conservation Loan (CL)	\$1,399,000 (Amount adjusted annually for inflation)	<ul style="list-style-type: none"> <li>• Rate determined by the lender</li> <li>• Term not to exceed 30 years, or shorter period, based on the life of the security</li> <li>• Loan guarantee fee is 1.5%</li> <li>• Eligibility requirements expanded to include large and financially strong operations</li> </ul>	<ul style="list-style-type: none"> <li>• Implement any conservation practice in an NRCS approved conservation plan</li> <li>• May be used to refinance debts related to implementing an NRCS approved conservation plan</li> </ul>
Land Contract (LC) Guarantee	The purchase price of the farm cannot exceed the lesser of: <ul style="list-style-type: none"> <li>• \$500,000</li> <li>• The current market value of property</li> </ul>	<ul style="list-style-type: none"> <li>• Rate cannot exceed the direct FO interest rate plus 3%</li> <li>• Amortized over a minimum of 20 years with no balloon payments during the first 10 years of loan</li> <li>• Down payment of at least 5%</li> </ul>	<ul style="list-style-type: none"> <li>• Sell real estate through a land contract to a beginning or underserved farmer</li> <li>• Guarantee is with the seller of the real estate</li> </ul>



# Farm Service Agency (FSA)

Effective as of January 1, 2016

Program	Interest Rates
Farm Operating-Direct	2.625%
Farm Ownership- Direct	3.875%
Farm Ownership- Direct, Joint Financing	2.500%
Farm Ownership- Down Payment	1.500%
Emergency Loan- Amount of Actual Loss	3.625%
Conservation Loan	3.875%



# Farm Service Agency (FSA)

- Additional information may be obtained by contacting your local FSA offices at <http://offices.usda.gov> or through the FSA website at [www.fsa.usda.gov/farmloans](http://www.fsa.usda.gov/farmloans).



# Farm Credit



- Loans for:
  - Land ownership
  - Equipment and other capital purchases
  - Operating
- New Growing Forward Program
- For more information about Farm Credit loans, go to: <https://e-farmcredit.com/farm-loans>.

# Suggestions for Successful Loan Applications

- Prepare a strong business plan.
- Do your research. Know your target market and how you will reach them.
- Have a contingency plan to repay the loan if things don't work out.
- Provide all information requested up front.
- Be transparent.
- Have a clear direction of what you want to do and why.

# Grants and Costshares

# Grants and Costshares

- Tennessee Ag Enhancement Program
- Southern SARE
- Farmers Market Local Food Promotion Program
- Natural Resource Conservation Service
- USDA Rural Development

# Tennessee Agricultural Enhancement Program (TAEP)

## – Application A

- Livestock equipment
- Livestock feed storage
- Genetics
- Livestock working facility cover
- Hay storage
- Grain storage





# Tennessee Agricultural Enhancement Program (TAEP)

- Application B (Producer Diversification)
  - Agritourism
  - Fruits & Vegetables
  - Honey Bee
  - Horticulture
  - Organic
  - Value-Added Products
- Reimbursement maximums are \$10,000 (Standard Producer) & \$15,000 (Master Producer)



# Tennessee Agricultural Enhancement Program (TAEP)

- Standard Producer (35%)
- Master Producer (50%)
- Application Period Fall 2016
- More information available at:

<http://www.tn.gov/agriculture/topic/ag-farms-enhancement>



# Southern SARE (Sustainable Ag Research & Education) Producer Grant

- Producer grants are for research, education and outreach purposes only.
- Goal of the grant program is for farmers to solve challenges and problems they face and develop information on what works and doesn't work so other farmers can benefit.



# Southern SARE Producer Grant

- Projects must be developed, coordinated and conducted by farmers and/or ranchers, or a producer organization. Producer organizations should be comprised primarily of farmers/ranchers and must have majority farmer representation on their governing board.
- Calls usually released September



# Southern SARE Producer Grant

- Funds may be used for:
  - Costs of sampling and sample analysis
  - Materials and supplies needed for the project
  - Outreach expenses such as holding a field day
  - Travel needed for the project
  - Hired labor for things you can't do yourself
  - Your labor, for project activities above and beyond your normal farming duties
  - Refreshments at field days



# Southern SARE Producer Grant

- Project maximums are \$10,000 for an individual farmer or rancher and \$15,000 for a farmer organization for up to two years of research. Southern SARE funds about 8 Producer Grant proposals each year.

- More info available at:

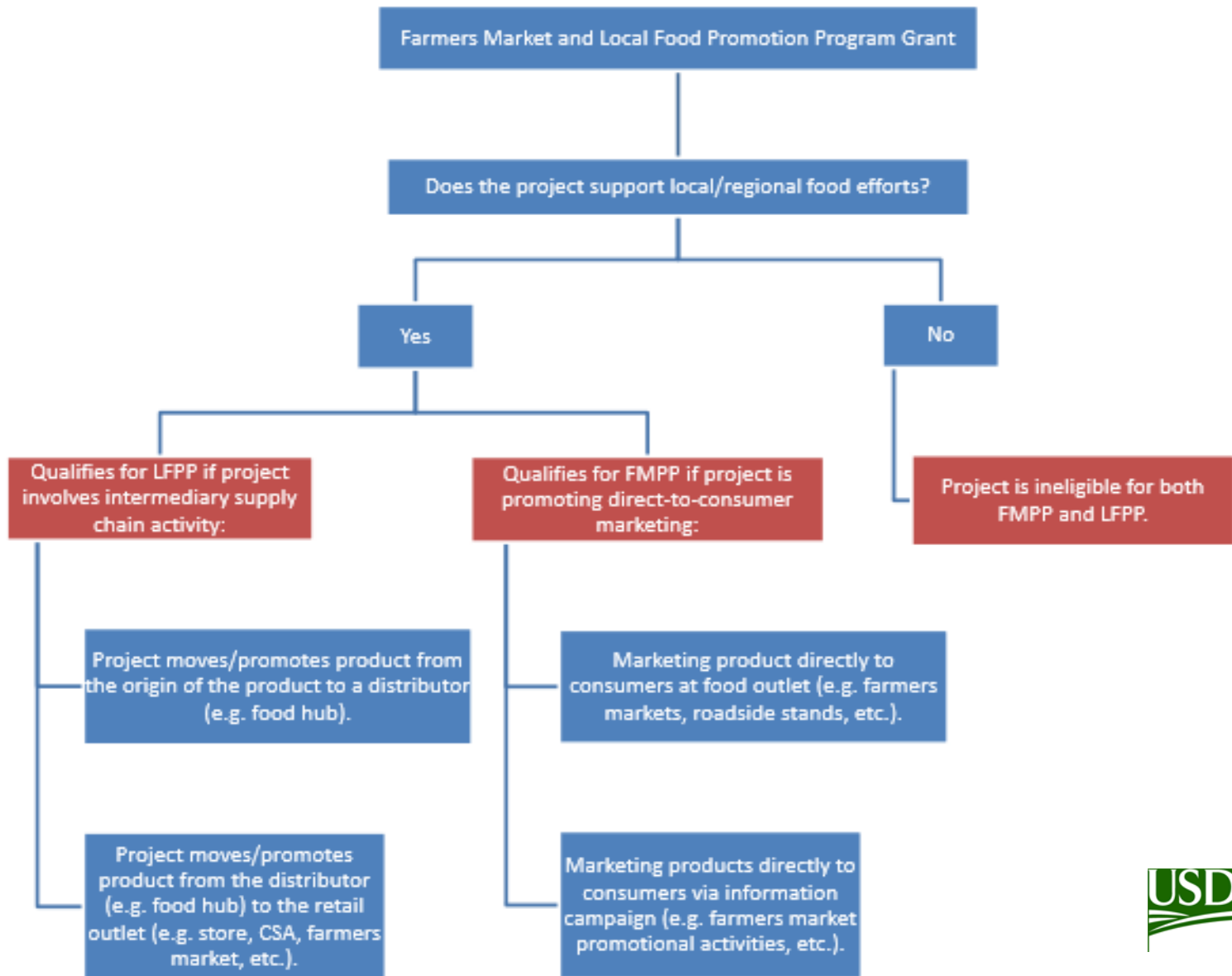
<http://www.southernsare.org/Grants/Types-of-Grants/Producer-Grants>



# Farmers Market Local Food Promotion Program

- Farmers Market Promotion Program
- Local Foods Promotion Program
  
- Last year the call was released February and proposals were due May 14







# Farmers Market Local Food Promotion Program

	Farmers Market Promotion Program (FMPP)	Local Food Promotion Program (LFPP)
Grants Offered	All direct-marketing related (minimum \$15,000; maximum \$100,000)	Planning Grants (minimum \$5,000; maximum \$25,000)  Implementation Grants from \$25,000 to \$100,000
Matching Funds	Not required	25% required



# Farmers Market Local Food Promotion Program

- Timeframe is 12 months
- Grant funds cannot be used to purchase land or buildings. Donated land, buildings or labor can be used as in-kind matches as long as budget justification includes proof of value.



# Farmers Market Local Food Promotion Program

- Individuals may be recipients of Farmers Market and Local Food Promotion grants, but the project must benefit more than one individual.



# Farmers Market Local Food Promotion Program

- Eligible entities may include:
  - Agricultural businesses and cooperatives
  - Producer networks and associations
  - Community supported agriculture networks and associations
  - Other agricultural business entities (for-profit groups)
  - Nonprofit and public benefit corporations
  - Economic development corporations
  - Regional farmers market authorities
  - Local and tribal governments



# Local Food Promotion Program (LFPP)



## – LFPP Planning Grants

- Used in planning stages of establishing or expanding a local and regional food business enterprise
- Activities can include but are not limited to market research, feasibility studies and business planning

## – LFPP Implementation Grants

- Used to establish a new local and regional food business enterprise, or to improve or expand an existing local or regional food business enterprise

# Farmers Market Promotion Program (FMPP)



## – FMPP grants

- Used to increase domestic consumption of, and access to, locally and regionally produced agricultural products, and to develop new market opportunities for farm and ranch operations serving local markets by developing, improving, expanding and providing:
  - Outreach, training and technical assistance to, or assisting in the development, improvement and expansion of, domestic farmers markets, roadside stands, community-supported agriculture programs, agritourism activities and other direct producer-to-consumer market opportunities.

- For more information about Local Food Promotion Program go to:  
<http://www.ams.usda.gov/services/grants/lfpp>
- For more information about Farmers Market Promotion Program go to:  
<http://www.ams.usda.gov/services/grants/fmpp>



# Natural Resources Conservation Service (NRCS)



- Conservation Stewardship Program
- Funds for Organic Transition and Practices (EQIP)
- High Tunnel System Initiative

For more information about NRCS programs go to:

<http://www.nrcs.usda.gov/wps/portal/nrcs/site/national/home/>



# NRCS Conservation Stewardship Program



- Helps ag producers maintain and improve existing conservation systems and adopt additional conservation activities
- Two types of payments through 5-year contracts:
  - Annual payments for installing new conservation activities & maintaining existing practices; and
  - Supplemental payments for adopting a resource-conserving crop rotation

# NRCS Funds for Organic Transition and Practices (EQIP)



- The Organic Initiative provides financial assistance to implement a broad set of conservation practices to assist organic producers in addressing resource concerns including, but not limited to assistance with:
  - Developing a conservation plan
  - Establishing buffer zones
  - Planning and installing pollinator habitat
  - Improving soil quality and organic matter while minimizing erosion
  - Developing a grazing plan and supportive livestock practices
  - Improving irrigation efficiency
  - Enhancing cropping rotations and nutrient management

# NRCS High Tunnel System Initiative



- The High Tunnel System is a conservation practice available through the Environmental Quality Incentives Program (EQIP). This practice helps producers:
  - Extend the growing season
  - Improve plant quality and soil quality
  - Reduce nutrient and pesticide transportation
  - Improve air quality through reduced transportation inputs
  - Reduce energy use by providing consumers with a local source of fresh produce

# USDA Rural Development

- Rural Energy for America Program
- Value Added Producer Grants



# USDA Rural Development Rural Energy for America Program

- Provides guaranteed loan financing and grant funding to agricultural producers and rural small businesses to purchase or install renewable energy systems or make energy efficiency improvements
- Ag producers with at least 50% of gross income from agricultural operations and small businesses in eligible rural areas may apply.



# USDA Rural Development Rural Energy for America Program

- Funds may be used for purchase, installation and construction of renewable energy systems and energy efficiency improvements.
- Loan guarantees on loans up to 75% of total eligible project costs
- Grants for up to 25% of total eligible project costs
- Combined grant and loan guarantee funding up to 75% of total eligible project costs



# USDA Rural Development Rural Energy for America Program

- Renewable Energy System Grants:
  - \$2,500 minimum
  - \$500,000 maximum
- Energy Efficiency Grants:
  - \$1,500 minimum
  - \$250,000 maximum

Applications for this program are accepted year round.



# USDA Rural Development Rural Energy for America Program

- Additional requirements:
  - Applicants must provide at least 75% of the project cost if applying for a grant only.
  - Applicants must provide at least 25% of the project cost if applying for loan, or loan and grant combination.
  - Projects greater than \$200,000 require a technical report.
- For more information go to:  
<http://www.energy.gov/savings/usda-rural-energy-america-program-reap-grants>





# USDA Rural Development Value Added Producer Grants (VAPG)

- VAPG program helps ag producers enter into value-added activities related to the processing and/or marketing of bio-based, value-added products.
- Goals: generate new products, create and expand marketing opportunities and increase producer income
- Grants are awarded through a national competition.



# USDA Rural Development Value Added Producer Grants (VAPG)

- Maximum Grant Amount:
  - \$75,000 for Planning Grants
  - \$250,000 for Working Capital Grants
- Matching Funds Requirement:
  - 50% of total project costs



# USDA Rural Development Value Added Producer Grants (VAPG)

- Who may apply?
  - Independent producers, agricultural producer groups, farmer- or rancher-cooperatives and majority-controlled producer-based business ventures



# USDA Rural Development Value Added Producer Grants (VAPG)

- How may funds be used?
  - Grant and matching funds can be used for planning activities or for working capital expenses related to producing and marketing a value-added agricultural product. Examples of planning activities include conducting feasibility studies and developing business plans for processing and marketing the proposed value-added product. Examples of working capital expenses include:
    - Processing costs
    - Marketing and advertising expenses
    - Some inventory and salary expenses



# USDA Rural Development Value Added Producer Grants (VAPG)

- Application deadline: Last year the application deadline was July 2 for electronic and July 7 for paper applications.
- For more information go to:  
<http://www.rd.usda.gov/programs-services/value-added-producer-grants>



# Suggestions for Successful Grant Applications

- Read the grant guidelines and requirements carefully. Make sure your grant request will meet the granting agency's objectives and criteria.
- Plan ahead and allow time to complete all parts of the grant application by the deadline.
- In some cases you may want to consider hiring a grant writer to help you.

# Where to Find Money

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CENTER FOR  
PROFITABLE AGRICULTURE  
**UTEXTENSION**  
INSTITUTE OF AGRICULTURE  
A UNIVERSITY OF TENNESSEE - FARM BUREAU PARTNERSHIP