

What you should know about

FARMERS HOME ADMINISTRATION LOANS

If you are a farmer and need additional funds at reasonable terms and rates to consolidate debts, for operating expenses, to improve your crop, stock, house, or buildings, or to buy a farm or equipment, Farmers Home Administration may be able to help you. You may have been turned down for an FHA loan in the past--or have been told that it is useless for you to apply. But if your farm experience makes you believe that with enough credit you can manage a farm successfully as either an owner or a tenant, you should apply again. Be sure to apply in writing, as only written applications can be considered.

Floyd F. Higbee, FHA Deputy Administrator, instructed all FHA offices:

"We must concentrate on helping farmers improve their conditions... rather than to use their problems and shortcomings as a basis for rejecting their applications for assistance....The best efforts of this agency are now directed specifically to assisting family farmers through loans and guidance to the end that no deserving family farmer will have to give up the struggle of remaining on the farm because of factors that have come about through reasons beyond his control."
(FHA Bulletin No. 691, February 15, 1961.)

Kinds of loans available

If you think any of the FHA loans listed here might help you, ask your FHA county office for the special leaflets that will tell you much more about them.

Operating loans: To help make your farm and home operations successful. Loans for livestock, feed, fertilizer, and farm equipment; for food, clothing, medical care, and other household expenses; to refinance debts; to produce trees, and to do other things to make your farm more productive. Terms: Loans up to seven years at 5% interest; 3% interest for forestry operations.

Farm Ownership loans: To buy, enlarge, and improve family farms. Loans for farm homes and buildings, to drill wells, to develop and improve forest or recreational enterprises. They are for larger, longer-range projects than operating loans. Terms: Loans up to 40 years at 5% interest; 3% interest for forestry.

Rural Housing loans: To build or improve farm homes or buildings, or non-farm homes in rural areas or communities of less than 2500. Loans to install heating or water, or to modernize; or to buy a house or homesite for persons over 62 years. Terms: Loans up to 33 years at 4% interest. Owners unable to repay a loan may be able to get a grant of up to \$1000 for minor safety or health improvements.

Water Development and Soil Conservation loans: To improve your water supply and your land; for wells, farmstead water, irrigation and drainage, grading, fertilizing and seeding; to develop permanent pastures and improve forestry practices; to join a water district; and to pay for engineering plans and legal fees. Terms: Loans up to 40 years at 5% interest; 3% for forestry.

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Emergency loans: To help farmers who need special credit to carry on their normal operations because of widespread losses caused by floods, droughts, and other natural disasters. They are usually made only in areas specially designated by Secretary of Agriculture but sometimes can be made when only one or a few farmers are affected. Terms: Loans up to 7 years for livestock and equipment, up to 20 years for buildings and land improvement, at 3% interest.

Loans to groups: These are available for watershed improvement, water systems irrigation, soil conservation, the development of grasslands, and forestry and recreation enterprises, and for the building of housing for older persons. Ask the FHA county office for information about these programs.

Who is eligible for FHA loans

The special requirements for the different types of loans are given in the FHA leaflets. All of the loans (except for rural housing) require the following:

1. that you are unable to get credit for the loan you need at reasonable rates and terms for private or cooperative lending agencies;
2. that you have a farm background and the farm experience or training necessary to be successful in carrying out the planned farm operation;
3. that you work out a plan with the FHA county supervisor that will make it possible to carry through the operation and pay off the loan;
4. that after the loan is made you actually will be managing or operating a farm either as owner, or tenant under a written lease, and that you be of legal age (and, in some cases, a U. S. citizen);
5. that you have the character, industry, and ability to carry out the farming operation for which you obtain the loan.

How to apply -- Who determines whether or not you are eligible

Consider your own farm operation very carefully. If you think that with a loan you can increase your cash income enough to both live better and pay off the loan, ask the FHA county supervisor to help you plan your operations and help you prepare your application. Your application will be reviewed by the FHA county committee which will decide whether or not you get the loan. The FHA committee is made up of three local farmers appointed by the FHA state director. The committee may ask you and your family to meet with it. Try to have other farmers who know you tell the committee about your background and ability. The local committee should decide in about two weeks. Appeals may be taken to the state director. Even if you don't qualify for an FHA loan at this time, the FHA office can help you plan for farm improvements.

What to do if you think you are not being treated fairly on an FHA loan

You have the right to have the FHA county office help you review your farm operations and plan your improvements. You are entitled to be treated with courtesy at the FHA county office and to receive help in preparing your loan application. If other debts are keeping you from qualifying, the FHA office may be able to help you try to work out new arrangements with your other creditors. The FHA county committee must consider your application fairly regardless of your color, the smallness of your farm, or any bad credit or operating experiences in the past.

Keep a careful written record of all your contacts with the FHA office and a copy of your applications. Keep every letter or notice that is sent to you, and keep the envelope it came in. If you think that you are not being treated fairly, write a letter telling everything that happened to: The Administrator, Farmers Home Administration, U. S. Department of Agriculture, Washington, D. C. 20250.

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