

Farm Credit East Financing
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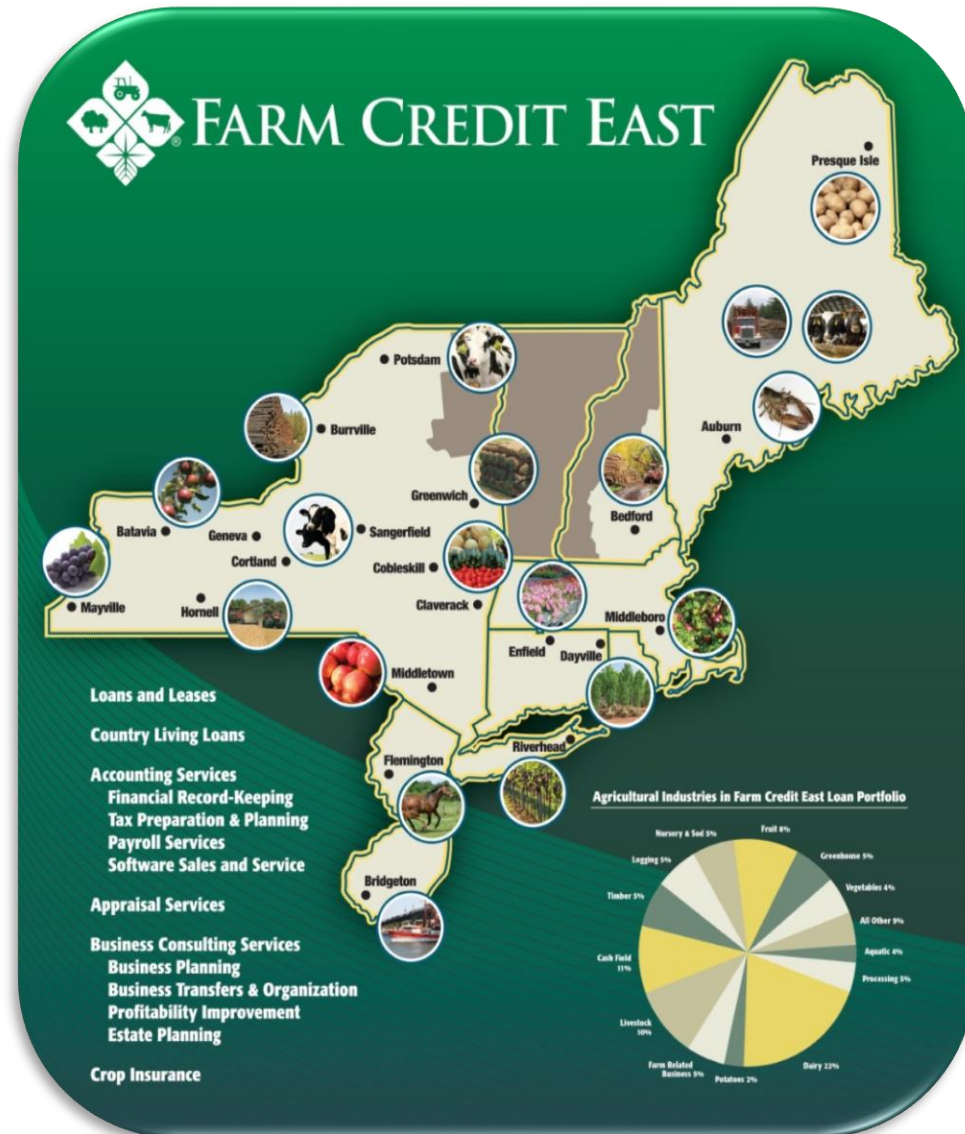
FARM CREDIT EAST

Topic Areas

- **Financing Options**
 - Farm Credit East
 - Additional Options
- **What is needed to apply for a loan**

Farm Credit East

- Federally-chartered borrower owned agricultural cooperative
- Mission: provide a stable source of funding to agriculture and Rural America.
- Lender during good times and bad



Diverse Mix of Products

Real estate,
capital and
operating loans

Leasing

Accounting
services

Appraisal
services

Business
consulting

USDA B&I &
FSA guarantees

FarmStart, LLP

Crop Growers
insurance

Benchmarking

Knowledge
Exchange

FarmStart, LLP

- **“Investment” up to \$75,000 for working capital or similar purposes**
- **Term of no more than 5 years**
- **Wall Street Journal Prime Plus 2%**
- **Generally unable to obtain working capital through conventional lenders/programs**

Farm Credit Traditional Financing Terms

- **Real Estate Loans:**
 - 20 years (typically)
 - 20% down payment
 - Flexible payment options depending on the industry (monthly, quarterly, semi-annual or annual)
- **Capital Loans (Equipment, cattle etc.)**
 - 7 year maximum term
 - 70-85% financing depending on the assets
 - Flexible payment options (see above)
- **Operating Loans (Seed, Fertilizer etc.)**
 - 12 month maximum term

***Terms can vary depending on the details of each loan

Guarantee Programs

- **FSA 90% Guarantee**

- **FSA 50/45/5 Program**
 - Farm Credit or traditional bank finances 50% of the Real Estate purchase with a 95% guarantee from FSA.
 - FSA direct finances 45% of the Real Estate purchase
 - Farmer is required to have 5% down

YBSV Programs

- **Young, Beginning, Small, Veteran Program**
- **Eligible customers may be able to receive reduced fees on some services for a period of up to five years:**
 - **Farm accounting & management software**
 - **Tax preparation**
 - **Consulting**
 - **Appraisal**
 - **Assistance with Farm Service Agency guaranteed loan fees**

Documentation Needed For Financing

- **Business Plan**
- **Balance Sheet**
- **Historical Earnings**
- **Projected Income and Expenses**
- **Required Capital**
- **Passion!!!**

Business Plan

- **Road map for the business**
- **Business Overview**
- **Mission**
- **Marketing Plan**
- **Operation and Management Plan**
- **Does not have to be a novel**

Balance Sheet

- **Current Assets-**

Cash, Accounts Receivable, Feed Inventories, Supplies, Prepaid Expenses

- **Intermediate Assets-**

Machinery, Livestock, Vehicles, Investments/Retirement Accounts

- **Long Term Assets-**

Land, Real Estate

- **Current Liabilities-**

Accounts Payable, Operating Loans, Credit Cards

- **Intermediate Liabilities-**

Capital Loans

- **Long Term Liabilities-**

- Real Estate or Building Loans

Total Assets-Total Liabilities= Net Worth

Projections

Revenue

- **Expenses**

= **Net Profit**

+ **Off Farm Income**

= **Total Income**

- **Family Living**

- **Debt Payments**

= **Excess or Deficit**

Potential Pitfalls

- **High existing debt**
- **No formal plan**
- **Insufficient earnings**
- **Insufficient capital to invest**
- **No backup plan**

- **Questions?**