

Enhancing Program Access and Delivery for Farm Loans Rule

August 2024



Overview

FSA is committed to helping America's farmers and ranchers thrive. In August 2024, FSA announced improvements to the Farm Loan Programs that increase opportunities for farmers and ranchers to access credit, meet their financial goals, overcome unexpected setbacks, and plan for their future more easily. These improvements, part of the Enhancing Program Access and Delivery for Farm Loans rule, provides producers the financial freedom and flexibility to improve their profitability and resiliency.

Notable Policy Changes

The three most notable changes in the rule provide applicants access to flexible repayment terms, reduce additional collateral requirements, and establish a new low-interest installment set-aside program for financially distressed borrowers.

- 1. Supporting Financial Savings with Flexible Repayment Terms**
All customers can work with FSA to create a business plan designed to help them save for emergencies, retirement, education, and capital investments. To ensure these savings needs are realized, FSA is offering applicants more flexible repayment terms, including smaller interest-only payments, and longer loan terms that provide more time to pay.

- 2. Lower Collateral Requirements**
Collateral requirements for direct loans are reduced from requiring available security equal to 150% of the loan amount down to 125%. This will allow borrowers the ability to access capital from other lenders to accelerate the growth of their farm or ranch. FSA is also removing the requirement that applicants pledge their primary residence as additional collateral for a new loan. Additionally, after establishing a history of on-time payments, FSA will release liens on collateral the borrower originally provided as additional security.

- 3. Establishing the Distressed Borrower Set-Aside Program**
Financially distressed borrowers can defer one annual loan installment per existing loan at a reduced interest rate, providing a simpler and expedited option to resolve financial distress outside of FSA's existing loan servicing options. This is similar to the Disaster Set-Aside Program, but a borrower does not have to be first affected by a declared natural disaster to qualify.



Other Updates

Other important updates are being made to Farm Loan Programs, including changes to broaden loan eligibility, streamline prior farm experience requirements, expand Emergency Loan access, and additional flexibilities on direct loan security.

All changes in the rule will be effective September 25, 2024 and are detailed in the Federal Register within the Enhancing Program Access and Delivery for Farm Loans rule.

To get help with loans for your specific situation, contact your **local Service Center** or go to **farmers.gov/loans** to use one of the farm loan tools.