

New Farmers

My father wasn't a farmer, but my family has been in Wall for 30 years now. Over these years, I've developed a healthy respect for my farming neighbors. As a young girl, I just thought it was "extreme gardening." But I've learned that there is so much more to it.

Farmers now have to view their occupation much more as a business than their fathers and grandfathers ever did. Farming has gotten more technical and certainly more expensive over the last 50 years.

One of my neighbors who has seen many changes over his 50+ years of farming says, "Nowadays, you have to keep up with everything. Otherwise, your expenses will eat you up." He says his first tractor and associated equipment totaled less than \$3000 in 1951 (\$25,000 in today's dollars). Today, the tractor alone costs over \$100,000.

Because of these rising expenses, two loan programs were developed for new farmers and ranchers. I'll first discuss a federal loan program and then a Texas loan program.

Through the USDA, the Farm Service Agency has a loan program directed toward farmers and ranchers who have not operated a farm or ranch for more than ten years. This program also provides a means for retiring farmers and ranchers to transfer their land to a future generation

An applicant must make a cash down payment of at least 10 percent of the purchase price. FSA may provide a maximum amount equal to 40 percent of the purchase price or appraised value, whichever is less. The term of the loan is 15 years at a fixed interest rate of 4 percent. The remaining balance may be obtained from a commercial lender or private party. FSA can provide up to a 95 percent guarantee if financing is obtained from a commercial lender. Participating lenders do not have to pay a guarantee fee. The purchase price or appraised value, whichever is lower, may not exceed \$250,000.

The Young Farmer Loan Guarantee Program is offered through the Texas Department of Agriculture through an agency called Texas Agricultural Finance Authority (TAFAs). This program provides up to a 90-percent guarantee, not to exceed \$250,000, to a lender for an eligible applicant.

TAFAs provides loan guarantees to eligible applicants, ages 18 to 39, who wish to establish or enhance their farm or ranch operation, or to establish an agricultural-related business.

I am reminded of a story I read many years ago in this very newspaper. It seems that a farmer from nearby had gone to Las Vegas and won some good money. The reporter asked him if, since the farmer was Baptist and didn't believe in gambling, he had any compunction about gambling in Vegas. The farmer replied, "Son, I'm a farmer; I gamble every time I put a crop in the field."

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