

Fact Sheet #5 Financing Farm Operations



Residential Finance or Using Your Own Equity

Almost all banks offer home equity loans and/or other personal loans that you can use for your agricultural business. These may carry higher interest rates than business or farm loans available through the resources below. Be sure to check rates and terms.

Never finance a business using credit cards. Interest rates are extremely high, and if payments are not made, your finances can quickly spiral out of control and negatively affect your credit rating.



If purchasing equipment or supplies (from machinery dealers, feed dealers or grain mills, from supply stores, etc.) ask the vendor about their credit options and terms – they may be more flexible than a commercial bank. Again, be sure you know the interest rates and terms.

When applying for loans, buying land, or looking to expand your farm business, you will need to know your credit history. Massachusetts residents are entitled to one free credit report per year from each of the credit reporting agencies listed below:

Equifax: (800) 685-1111 www.equifax.com

Experian: (888) 397-3742 www.experian.com

TransUnion: (800) 888-4213 www.tuc.com

Resources for Acquiring Agricultural Loans

Farm Service Agency [Beginning Farmer and Rancher Program](#). The USDA Farm Service Agency (FSA) provides direct and guaranteed loans to beginning farmers and ranchers who are unable to obtain reasonable financing from commercial banks. FSA loans have the lowest interest rates that are fixed at the beginning of the loan period. Loans can cover real estate, operation costs, and investments in machinery and livestock. Eligibility rules apply; check the website or call FSA at (413) 253-4500 for more details. New Entry also offers a basic [guide to accessing FSA loans](#).

The Farm Credit System's [Farm Credit East](#) serves farmers in several states, including Massachusetts, Connecticut, and New Hampshire. Farm Credit East is affiliated with FarmStart, which provides up to \$50,000 in loans to young and beginning farmers. Farm Credit's Young, Beginning, and Small Farmer Incentive program (YBS) offers discounts on services such as tax prep, interest rate assistance, and farm accounting. Call (800) 562-2235, e-mail FarmStart@FarmCreditEast.com, or check the Farm Credit East [website](#) for more details.

The **USDA Rural Development Agency** provides loans to rural farmers via its Business and Industry Loans, usually for the purchase of processing equipment or buildings. Contact the [Massachusetts office](#) at (413) 253-4300, TDD (413) 253-4590.

Commercial Banks

Few banks have an agricultural lending department. Check with your bank to see if they write agricultural loans. Local banks can typically offer short-term, small loans with relatively low interest rates.

Micro-Enterprise Loan Funds or Revolving Loans Funds for Small Business

[The Carrot Project](#) helps small and mid-sized farms in the U.S. Northeast to get the capital they need to expand and enhance their business. E-mail them at info@thecarrotproject.org or call 617-674-2371.

The **Massachusetts Department of Agricultural Resources (MDAR)** has a [Farm Viability Enhancement Program](#) for existing farmers, which provide business planning and financial assistance. Grants may also be available. For more information, contact Craig Richov at (617) 626-1725 or Craig.Richov@state.ma.us.

The **Small Business Administration (SBA)** offers loans, assistance with bidding on government procurement contracts, and training and technical assistance to small and disadvantaged businesses throughout the United States. The SBA [Massachusetts Office](#) can be reached at (617) 565-5590. There are also various county offices available to assist you.

[ACCION USA](#) offers loan services to small business entrepreneurs. They have an office located in Boston that can be reached at (617) 625-7080 or (866) 245-0783.

The [International Institute of Boston](#) and [International Institute of New England](#) offer



assistance specific to immigrants and refugees in building their financial resources through savings programs and loans. The office can be reached at [617] 695-9990.

[Cooperative Fund of New England](#) provides loans to all types of cooperatives. Contact them at [910] 395-6008, [800] 818-7833, or cfne@cooperativefund.org.

Other Financing Options:

[Massachusetts Society for Promoting Agriculture](#) provides some financial assistance for sustainable agriculture that benefits the farming community, and preserves farmland and open spaces. Call [978] 468-6338 for more information or visit their website at www.promotingmassag.org.

[Individual Development Accounts](#) (IDAs) are savings accounts available based on your income that are matched by either a private or public source. In addition to getting access to the matched savings accounts, participants often also attend workshops on financial management. See MIDAS's website for more information on Massachusetts programs: <http://www.massassets.org/>.

Think creatively about alternative funding opportunities, such as seeking community-supported funding, using one of the several crowdsource funding platforms on the internet, promoting your venture on social media, or requesting loans from family members.

Additional Resources:

- Cornell University's [Small Farm Program](#) offers business management resources that can help you analyze your business, evaluate alternatives, and make informed decisions.
- [NOFA-VT](#) offers financial services and resources to farms.
- The [Resource Guide for Vermont's New and Aspiring Farmers - Accessing Capital for Your Farm Operation](#)