

FARM SERVICE AGENCY YOUTH LOANS

FSA makes loans to individual rural youths to establish and operate income-producing projects of modest size in connection with their participation in 4-H clubs, Future Farmers of America, and similar organizations.

Each project must be a part of an organized and supervised program of work. The project must be planned and operated with the help of the organization advisor, produce sufficient income to repay the loan, and provide the youth with practical business and educational experience.

Each year, many young entrepreneurs take advantage of these loans and gain valuable business experience in the process.

Who may borrow?

To qualify for a loan an applicant must:

- Be a citizen of the United States (or a permanent resident), which includes Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands;
- Be between 10 and 20 years old;
- Live in a town of less than 50,000 people;
- Be unable to obtain a loan from other sources and;
- Conduct a modest income-producing project in a supervised program of work, as outlined above.

Applicants must also be capable of planning, managing and operating the project under guidance and assistance from a project advisor. The project advisor must recommend the project and the loan, and agree to provide adequate supervision.

What are some of the possible projects?

These loans may be used to finance nearly any kind of income-producing project. Some common projects include livestock and crop production, lawn and garden services, repair shop, and roadside stands.

What may loans be used for?

Loan recipients may use the money to buy livestock, equipment, and supplies; buy, rent, or repair needed tools and equipment and pay operating expenses for running the project.

What size project can be financed?

Only projects of modest size can be financed. A modest project is limited in physical size, capital requirements, and overall objectives.

What security is required?

Applicants must sign a promissory note and be responsible for repaying the loan. In some cases, a cosigner may be required. Loan collateral normally consists of crops produced for sale, livestock, equipment, and other items purchased with loan funds.

What are the repayment terms?

The repayment schedule will be worked out with FSA. Payments will be tailored to the type of project for which the loan was made. For example, if the loan is to raise livestock or crops, it would normally be paid when the produce or livestock is sold. If the project is a repair shop or some other service operation, the loan can be paid from the weekly or monthly earnings.

Where to go for more information

Further information and applications for the loan programs described are available at the local FSA county offices. These are usually listed in phone directories in the section set aside for governmental/public organizations under the U.S. Department of Agriculture, Farm Service Agency. Your local FSA Office is located at 2 Sutter Street, Suite C, Red Bluff, CA 96080 or call 530.527.3013 ext. 108.