# Combined Loan Limits, Participating Loans and Joint Financing

FSA has loan limits in place that put a maximum cap on certain types of loans, as was discussed in the Direct, Guaranteed and Emergency Loan sections. For example, the maximum amount that FSA can give as a Direct loan is $300,000. That maximum applies to the limit for any single Direct Loan, but it is **also the maximum amount that a farmer can owe FSA for Direct Loans at any point in time**. For example: assume that you take out a loan in 2017 for $300,00, and start to pay it off. By 2019 you have paid off $100,000 of the loan, and still owe FSA $200,000. If you were to apply for a new Direct Loan through FSA in 2019, you could only apply for a Direct loan up to $100,000 – because you cannot owe FSA more than $300,000 for Direct Loans at any point in time.[24]

If your operation requires a loan larger than this, you may pursue what is referred to as a **joint financing arrangement**. You may be able to get an FSA Direct Loan for $300,000 plus an FSA guaranteed loan through your private lender to make up the difference.

This approach may reduce the total amount you are asking from your private bank, making the loan package easier to approve. It may also have benefits because of lower interest rates for the FSA direct loan, which helps bring down the total interest you pay overall.

**FSA Loan Limits – Maximum debt to FSA for a single loan, or total at any point in time:**

Maximum loan limits are subject to change. The limits listed below were current as of the publication of this document in XX, 2017.

| Type of Loan | Maximum Limit |
|---|---|
| Guaranteed Operating Loan | $1,399,000 |
| Direct Operating Loan | $300,000 |
| Guaranteed Farm Ownership Loan | $1,399,000 |
| Direct Farm Ownership Loan | $300,000 |
| Direct Emergency Loan | $500,000 |
| Operating Loans: Maximum for any combination of Direct and Guaranteed | $1,399,000 |
| Farm Ownership: Maximum for any combination of Direct and Guaranteed | $1,399,000 |

[24] 764.253 & 764.102 Eligibility, General Limitations - 3FLP

| Type of Loan | Maximum Limit |
|---|---|
| Operating Loan PLUS Farm Ownership Loan: Maximum possible (EX: $300,000 Direct OL + $1,399,000 Guaranteed FO) | $1,699,000 |
| Operating Loan PLUS Farm Ownership PLUS Emergency Loan: Maximum possible in any FSA Loan Combination. (EX: $300,000 Direct OL + $1,399,000 Guaranteed FO + $500,000 EM) | $2,199,000 |

# The FSA loan application: Step by Step

If you have already tried to get a loan through your bank and have been refused, and you have already reviewed the eligibility criteria and know that you are eligible for an FSA Direct or Guaranteed loan, you are ready to apply. Keep in mind that the FSA loan options are tools to lower the risk of your bank, to make it more favorable for them to offer you the loan and thus open up your access to credit. FSA Guarantees do not lower *your* risk, if your business is struggling or if you are late on payments. In fact, FSA loans may open up an additional liability for you in the event of a default if your collateral doesn't cover the full amount of debt you owe.

### *Getting Help with your loan application*

FSA loan officers are available and required by USDA to provide technical assistance to farmers if needed to help them complete application forms, and identifying sources of information required for the FSA application.[25] In addition to FSA loan officers, Cooperative Extension Agents and other farmer advocacy organizations and non-profits, such as RAFI-USA, are available to assist farmers in this process. Your local FSA loan officers may be able to direct you to additional resources for support in your area.

Once you are ready to apply, the process will look like this:

[25] 3FLP.P41