

A publication of  
**Growing New Farmers**

**A northeast service providers consortium**  
GNF Professional Development Series #219



**Program:** First Pioneer Farm Credit Beginning Farmer

Program

**Organization:** First Pioneer Farm Credit, ACA

**Dates:** Ongoing at all First Pioneer Farm Credit offices

**Targeted to:** Beginning Farmers, Start-ups, Re-strategizers and Establishers  
(A beginning farmer is a farmer, rancher, or producer or harvester of aquatic products with 10 years or less farming experience as of the loan transaction date.)

**Need**

The First Pioneer Farm Credit Board recognizes that the long-range strength and soundness of the association and the agricultural community it serves depends on the individuals entering the industry. It further recognizes that the need for capital and farm and financial management skills make it difficult for a beginning farmer to become established in the business.

**Response**

It is in First Pioneer Farm Credit's best interest to assist individuals who have a high potential for success to become established in farming by providing loans and credit-related services. The lender also sees the importance of providing and encouraging participation in activities that improve farm and financial management skills.

First Pioneer is a full financial services provider for agricultural businesses. It offers a broad range of loans, such as mortgages, seasonal loans and lines of credit. It can meet the beginning farmer's other business needs, including equipment leases, record-keeping, tax planning and preparation, appraisals, business consulting, multi-peril crop insurance and more.

First Pioneer Farm Credit offers financial services to assist in the development of farm and financial management skills. It provides, according to the resources available, educational opportunities.

It may also offer incentives to new borrowers meeting the definition of a

beginning farmer. Sound lending practices are followed in making and servicing these loans in keeping with the policies and procedures that apply to all loans. If First Pioneer Farm Credit is unable to meet the credit needs of a beginning farmer applicant, it should assess whether a coordinated credit package together with another lender or guarantee from a public or private party would make the applicant creditworthy. If so, the Association shall encourage the beginning farmer applicant to make such arrangements and assist in developing an acceptable credit package.

### **Description**

Special incentives may be offered to beginning farmers for a period of no more than five years. They may include:

- Farm Accounting and Management Software Fee. The fee associated with first-year enrollment on AgCHEK may be discounted by 75%; second year enrollment may be discounted by 50%.

- Tax Preparation Fee. The fee associated with first-year tax preparation may be discounted by 50%.

- Consulting Fee. All fees associated with one limited consulting visit during the year after loan closing, including a standard written report, may be waived.

- Appraisal Fee. All fees associated with one appraisal completed for credit purposes or one fee appraisal completed during the year after loan closing may be waived.

- FSA Guaranteed Loan Fee. Initial-year fees incurred in conjunction with a Farm Service Agency (FSA) loan guarantee may be paid by the Association.

- Interest Rate Assistance. The rate charged on variable rate or fixed rate loans may be discounted one tier from that otherwise called for in a Board's policy relating to interest rates. Interest Rate Assistance for an individual borrower shall be limited to a period of five years. Loans for which the interest rate is discounted shall be limited to \$250,000 in aggregate for an individual borrower, and the balance outstanding on all such loans for the Association combined shall not exceed \$30 million.

### **Funding**

First Pioneer Farm Credit

### **Partners**

Farm Service Agency

### **Outreach**

If applicants for loans are beginning farmers, they are offered the various incentives.

### **Analysis**

**SUCSESSES:** The reduced cost of consultation and business planning has helped beginning farmers to be more successful, thus enabling them to repay their loans promptly.

**CHALLENGES:** Ensuring that sound lending practices are followed in making and servicing these loans and that they are in keeping with the policies and procedures which apply to all loans.

## **Additional Resources**

First Pioneer Farm Credit, ACA  
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