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More Information

For more information, visit fsa.usda.gov/farmloans or farmers.gov.

Find your local USDA Service Center at farmers.gov/service-locator.

Santa Barbara/Ventura County Farm Service Agency

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Extension 2



Youth Loans

MEET Cody

An Elementary School student who was part of a local Grange Club.



Overview

The U.S. Department of Agriculture's Farm Service Agency (FSA) makes operating loans of up to \$10,000 to eligible individual youths ages 10 to 20 to finance income-producing, agriculture-related projects. The project must be of modest size, educational, and initiated, developed, and carried out by youths participating in 4-H clubs, FFA, tribal youth organizations, or similar agricultural-affiliated groups.

The project must be an organized and supervised program of work. It must be planned and operated with the assistance of the organization advisor, produce sufficient income to repay the loan, and provide the youth with practical business and educational experience in agriculture-related skills.

Who May Borrow

To qualify for a loan, the applicant must:

- Comply with FSA's general eligibility requirements; and
- Conduct a modest income-producing project in a supervised program of work.

How Loan Funds May Be Used

These loans can finance many kinds of income-producing agricultural projects. The loan funds may be used to:

- Buy livestock, seed, equipment, and supplies;
- Buy, rent, or repair needed tools and equipment; and
- Pay operating expenses for the project

How It Works

To apply, the applicant must submit completed plans and budgets signed by the project advisor and parent or guardian along with the FSA application for loan assistance.

These loans:

- Have a maximum loan amount of \$10,000 (total principal balance owed at any one time cannot exceed this amount);
- Have an interest rate that is determined based on the cost of money to the federal government (after the loan is made, the interest rate for that loan will not change);
- Will be secured, in addition to promissory notes, by liens on the products produced for sale and on chattel property, including livestock, equipment, and fixtures purchased with loan funds; and
- Have a repayment schedule that varies depending on the type of project for which the loan is made. For example, if it involves raising livestock or crops, the loan is paid when the animals or produce are normally sold.

Repayment Terms

Repayment periods vary from 1 to 7 years. The length of the loan depends upon the amount of the loan, the loan purpose, and the project.

Interest Rate

Youth loans accrue at the same interest rate as the Direct Operating loan rate. Loan applicants receive the advantage of always being charged the lower rate in effect at the time of loan approval or loan closing. Interest rates are calculated and posted the 1st of each month.



MEET Dulce

This High School Student received a loan from FSA for her lamb back in 2015 and now her passion for Agriculture has led her to a career with the Farm Service Agency

Applicant Eligibility Requirements

In addition to the items listed for project requirements, Youth loan applicants also must:

- be a United States citizen, non-citizen national, or qualified legal alien;
- have no controlled substance convictions;
- have no past due debt problems;
- have not caused the Government a financial loss on previous loan assistance;
- have not received debt forgiveness from FSA.