Florida Small Farms and Alternative Enterprises Conference

Beginning Farmer and Rancher

11:00-12:00 Building a Business and Marketing Plan
1:30-3:00 Healthy Soils Healthy Farms
4:30-5:30 Selecting Crops to Fit a Cash Flow Plan
The 2012 Educational Program Committee is pleased to share conference educational materials with you under the condition that they are used without alteration for educational and non-commercial use only. All materials are protected by copyright law. The authors kindly request their work is properly cited, including the date of publication.

For more information on Small Farms, visit our website at: http://smallfarms.ifas.ufl.edu or contact your local County Extension Agent.

For inquiries about this topic, please contact: Danielle Treadwell, Educational Program Chair. Phone: (352)-273-4775 E-mail: ddtreadw@ufl.edu

**Suggested Citation:** Author Full Name. Title of Presentation or Handout. 2012 University of Florida-IFAS and Florida Agricultural and Mechanical University-CAFS Florida Small Farms and Alternative Enterprises Conference. July 27-29, Kissimmee, FL.
Small Farm Financing

Jonathan Borghi
Farm Credit of Florida
Provide sound and dependable credit source to agriculture and rural America.

Founded in 1916

Cooperative Structure

Real Estate Financing, Operating Financing, Leasing, Crop Insurance, Equipment Financing, Home Loans, Vacant Land, Home Construction and more...
Sources of Credit
Types of Credit

- Credit Cards
- Lines of Credit
- Term Loans
- Installment Loans
- Leases
Approach your lender as a diligent, well informed, experienced businessperson.
Commonly Asked Questions

Borrower
- Down Payment
- Closing Costs
- Additional Fees
- Approval Process
- Interest Rate
- Repayment Terms

Lender
- Amount
- Purpose
- About You
- Collateral
- Decision Makers
- Structure
Five C’s of Credit
Character

- Personal/Professional References
- Business Experience/Work History
- Management Ability
- Credit History
- Risk Taker
- Entrepreneur
Credit Report

- Three Major Credit Bureaus
- Scores range from 300 to 850
Capacity

- How will you repay?
Capital

- Liquidity
- Solvency
- Working Capital
Conditions

- Purpose of Loan
- Use of Funds
- Loan Terms
- Loan Pricing
Interest Rates

**Determined By:**
- Financial Strength
- Loan Structure
- Associated Risk
- Market Competition

**Common Products:**
- Fixed Rate
- Variable Rate
  - Prime
  - Libor
- Adjustable Rate
- *Lowest?*
Collateral

Lender Protection
- Type
- Location
- Value

“I’m sorry we need a little more collateral than, ‘cross my heart and hope to die.’”
Documentation guidelines

- Business Marketing Plan
- Balance Sheet
- Bank Statements
  - Verification of down payment
- Historical Income Verification
  - Federal Tax Returns, Profit & Loss Statement, etc.
- Projected Cash Flow Budget
- Production Information
- Collateral Information
  - Legal description, survey, appraisal, deed, etc.
- Sales Contract
- Entity Documentation
  - Articles of Incorporated, Operating Agreements, By-Laws, etc.
Other “Stuff”

- Appraisals
- Title Insurance
- Attorney
- Accountant
- Legal Business Decisions
Don’t Qualify?
Helpful Online Tools

- Farm Service Agency: [www.fsa.usda.gov](http://www.fsa.usda.gov)
- Small Business Administration: [www.SBA.gov](http://www.SBA.gov)
- Service Corps of Retired Execs: [www.score.org](http://www.score.org)
- Credit Report: [www.annualcreditreport.com](http://www.annualcreditreport.com)
- Florida Trend: [www.floridatrend.com](http://www.floridatrend.com)
Additional Information

Farm Credit of Florida

- Booth #610
- 1.800.432.4156
- FarmCreditFL.com
Q&A