



FARM CREDIT

How Farm Credit Serves Young, Beginning and Small Farmers and Ranchers

An historic mission and mandate

As rural America's customer-owned partner, Farm Credit has an historic mission to serve U.S. agriculture. What's more, the Farm Credit Act requires Farm Credit System lenders to develop locally tailored programs specifically focused on meeting the needs of young, beginning and small (YBS) farmers and ranchers. Farm Credit lenders annually report their YBS lending activity to the Farm Credit Administration, the independent federal regulatory agency that oversees the System's activities.

A record of success

- **Young farmers:** Farm Credit's extension of credit to young farmers (age 35 or younger) consisted of 153,380 loans totaling \$19.5 billion at year-end 2008, up 12.9 percent from 2007. During 2008, Farm Credit made 52,856 loans (up 4.6 percent from 2007) totaling \$7.7 billion (up 22.1 percent from 2007) to young farmers. Loans made to young farmers represented 16.7 percent of all loans to farmers made by Farm Credit in 2008, and 11.1 percent of all loan dollar volume.
- **Beginning farmers:** Farm Credit's loans to beginning farmers (10 or fewer years of experience) consisted of 216,674 loans totaling \$33 billion at year-end 2008, up 12.4 percent from 2007. During 2008, Farm Credit made 66,559 loans (up 3.7 percent from 2007) totaling \$12 billion (up 15.1 percent from 2007) to beginning farmers. Loans to beginning farmers represented 21.1 percent of all loans to farmers made by Farm Credit in 2008, and 17.3 percent of all loan dollar volume.
- **Small farmers:** Farm Credit had 475,278 loans outstanding, totaling \$42.7 billion, to small farmers (gross annual sales of less than \$250,000) at year-end 2008, up 7.6 percent from 2007. During 2008, Farm Credit made 150,789 loans (down 2.8 percent from 2007) totaling \$14.2 billion (up 9.5 percent). Loans to small farmers represented 47.7 percent of all loans to farmers made by Farm Credit in 2008, and 20.6 percent of all loan dollar volume.

As a demographic, the farming population is aging, limiting the potential base of customers for YBS loans. Despite this, the Farm Credit System continues to make progress in providing financing to young, beginning, small and minority producers, with more institutions offering credit enhancements, more flexible underwriting standards, and lower costs.

Supporting the future of U.S. agriculture

Because System institutions are guided by boards of directors comprised of agricultural producers, many of whom have sons and daughters involved in agriculture, they are highly sensitive and responsive to the needs of young and beginning farmers. And as a cooperative, System earnings are either retained to help capitalize additional lending to agriculture or they are paid out in the form of patronage dividends to the farmers and cooperatives that own the System. In addition to direct lending activities, System institutions serve young, beginning and small farmers by spending millions of dollars and hundreds of hours in support of organizations such as FFA and 4-H, by conducting training programs, management seminars and educational retreats for young farmers, and by supporting scholarship programs for farm youth entering college.

Mission-Focused. Reliable. Farmer-Owned.