

Emergency Farm Loans Available After USDA Disaster Designations

Low-interest loans can help Missouri farmers if used wisely, says MU Extension economist.

COLUMBIA, MO. Thirty-one Missouri counties are among almost 600 counties across the U.S. that have been designated by the USDA as primary natural disaster areas due to drought and heat. Farm operators in these counties are eligible for low-interest emergency loans from USDA.

Whether to take advantage of those loans is an important decision for many farmers in those counties, especially livestock producers, according to Ron Plain, a University of Missouri Extension agricultural economist.

Hot, dry conditions last year sharply reduced crop, pasture and hay production, leading to very high feed costs, Plain said. “For a lot of producers, this designation gives them the opportunity to get some low-interest financing so they can carry their herds through the winter.”

Currently, the interest rate on these emergency loans is 2.15 percent. Producers need to remember that it is a loan and put it into an investment that will generate revenue, Plain said.

“Low-interest-rate loans can be very appealing, but farmers need to have a plan on what

they will do with that money,” he said. “It needs to be something that will generate income so they can repay the loan. That loan needs to work for you to help cut costs or improve efficiency, otherwise borrowing that money is not going to make you better off.”

Plain says buying feed to maintain cattle herds would be a good decision, as cattle prices are likely to be at record highs again in 2013. For crop producers, putting in an irrigation system can be a very valuable long-term investment.

“One of the things to keep in mind is that debt is a risk,” Plain said. “The more debt you have, the greater risk your farm is in. So farmers who can keep their debt load low and can get by without borrowing, even in difficult times like this, are in stronger financial position for the future.”

To learn more about low-rate emergency loans, contact your local Farm Service Agency office or visit www.fsa.usda.gov.

For drought-related information from MU Extension, go to www.extension.missouri.edu/drought. Δ