

13 - BORROWING FINANCES

By far, the most appropriate source of money for your new farm is your own cash – no loans, no home equity, no family loans, and no credit cards. Relying on loans substantially (or entirely) puts your farm dreams at too great a risk. It is worth the patience to build up your own farm start-up account.

*Important: Set aside the personal cash you have available for your farm in a separate bank account called your “farm account.” Use this money judiciously for your start-up expenses. When you earn income from the sale of farm goods, replenish this farm account and continue buying what you can afford for your farm. ([Cornell Small Farms Program](#))

If you reach the stage where you’re ready for a loan, you will need to present potential investors or lenders with a solid business plan that exhibits a realistic strategy for paying it off.

The list below are some of the most common capital lenders for NH new and beginning farmers. (Please note: the list below does not imply endorsement of any of the businesses).

Lenders	Website
Farm Credit East	https://www.farmcrediteast.com/
Farm Financing Options - The Carrot Project	http://thecarrotproject.org/farmer_resources/farm_financing_options
FarmStart - Farm Credit East	https://www.farmcrediteast.com/Products-and-Services/FarmStart-and-Other-New-Farmer-Information.aspx
Kiva Zip	https://zip.kiva.org/
Local Commercial Banks	
NH Community Loan Fund	https://www.communityloanfund.org/
Slow Money	https://slowmoney.org/
USDA Farm Service Agency (FSA)	www.fsa.usda.gov/nh
Yankee Farm Credit	https://www.yankeeaca.com/

There are several documents that you should be prepared to provide when applying for a loan:

- Resume
- Income Tax Returns
- Financial Statements
- Balance sheet
- Profit and Loss Statement
- Cash Flow
- Titles to Real Estate and Personal Property
- Serial Numbers and Identification of New Equipment Purchases

- Terms and Conditions of Outstanding Loans
- Collectible Notes and Accounts Receivable
- Third Party Option on Crop Yields
- Map of Fields and Cropping Plans & Lease Agreements
- Insurance Policies
- Sales Contracts
- Business Plan

Credit

In order to borrow money, such as to buy a farm or farmland, you need to have a credit score established. Some of the easiest ways to get credit are by opening a credit card and paying it off monthly or by borrowing a small amount of money through your local lender. By the time you want to make a larger purchase, you will hopefully have a good credit score and lenders will be willing to work with you. Most lenders will run a search for your credit report to gauge your repayment ability.

A **credit score** is a number that is used to predict how likely you are to pay back a loan on time.

A **credit report** contains information about your credit - and some bill repayment history - and the status of your credit accounts.

➤ Tips on keeping a good credit score:

<http://www.consumerfinance.gov/askcfpb/318/how-do-i-get-and-keep-a-good-credit-score.html>

The Five C's of Credit:

1. **Character** – Your credit history and business reputation.
2. **Capacity** – Your sources and ability to repay the loan out of business cash flow.
3. **Capital** – Your financial commitment is the business' starting net worth.
4. **Collateral** – Most lenders will require collateral to cover the loan in the event you do not or cannot repay the loan in full. The lender in lieu of payment can take your collateral such as a home or piece of equipment. ([CT Ag. Business Mgt. Guide](#))
5. **Conditions** – Lenders may want to know how you plan to use the money and will consider the loan's purpose, such as whether the loan will be used to purchase a vehicle or other property.

For more information on grants and program funding, see sheet “19 – Program Funding & Grants.”

14 - INFRASTRUCTURE CONSIDERATIONS & LARGE PURCHASES FOR YOUR FARM

Evaluating Your Farm's Infrastructure

Different farm enterprises will require different types of infrastructure, equipment, and resources. It is important to have a good idea of what supporting infrastructure your operation will require and to inventory what exists.

- Buildings
 - Fencing
 - Pasture for Horses or Livestock
 - Water Supply
 - Power Source
- Cornell Small Farms Program - Infrastructure Considerations:
<http://smallfarms.cornell.edu/2017/05/01/3-infrastructure-considerations/>
- NY State Integrated Pest Mgt. – What's Bugging You?
<https://nysipm.cornell.edu/whats-bugging-you>

Other Large/Costly Farm Purchases

- Livestock
- Property/ Farmland – see sheet “15 – Finding Farmland”
- Equipment
- Seed
- Fertilizer
- Chemicals
- (There are many local dealers of farm products in NH as well as national companies).

We can't stress enough: talk with other farmers and network with others in agricultural organizations; these people will undoubtedly be able to help you figure out where you need to get started and answer some of your burning questions. See and sheets in “Part 5: Resources & General Information” to find agricultural organizations that you can speak to about your questions.

15 - FINDING FARMLAND

There are a few ways to go about finding farmland:

- Talk to a neighbor with tillable land and lease/buy.
- Find a local farmer that is retiring or downsizing and lease/buy.
- Talk to some of the NH agricultural organizations (see Part 5) to see if they know of any farmland available.
- View the list below of real estate brokers and land listings. (Please note: the list below does not imply endorsement of any of the businesses).

Real Estate Company	Website
Country Folks - Classified Ads	http://countryfolks.com/
Farm Credit East	www.farmcrediteast.com
Farm Service Agency Real Estate for Sale	www.resales.usda.gov/
Farms & Barns Real Estate	http://www.farmsandbarns.com/
Land and Farm	http://www.landandfarm.com/
Land For Good	http://landforgood.org
LandLink Programs in US - CFRA	http://www.cfra.org/resources/beginning_farmer/linking_programs
MLS Residential Search	http://realtor.com/
NE Small Farm Institute – NE LandLink	http://www.smallfarm.org/main/for_new_farmers/new_england_landlink/
New England Farmland Finder	http://newenglandfarmlandfinder.org/
NH Conservation Real Estate	http://www.nhconservationrealestate.com/

Site Selection

Important things to consider when choosing a site for your farm:

- Location, Location, Location...
- Soil – type, texture, nutrients, pH, drainage, perform soil tests
- Climate – hardiness zone, rainfall, frost-free days, growing degree days
- Infrastructure, buildings, fencing, etc.
- Zoning regulations – check with town hall; is land in current use?
- Size & acreage appropriate to your operation
- Accessibility to the land
- Water available/access
- History of the land and its previous uses
- Sensitive areas (environmentally sensitive, wetlands, water bodies, schools, etc.)
- Wildlife, deer, and pest pressure
- Community

- Evaluating Land Tutorial:
<http://smallfarms.cornell.edu/plan-your-farm/accessing-evaluating-land/evaluating-land-tutorial/>
- Land For Good – Toolbox For Farm Seekers:
<http://landforgood.org/resources/toolbox/toolbox-farm-seekers/>

Leasing Land for Farming

Finding good farmland to lease may be as challenging as finding good farmland to purchase. You may find that people will respond to ads placed in small community papers, farm papers or in county Extension newsletters. Contacting owners of a desirable property by personal letter and/or phone call can be effective too. Also, check with area realtors and farmers. Once you find some possible properties to lease, consider what it will take to bring the land into production. It is important to find a site that matches the production requirements of the enterprise you want to develop.

Get Contracts in Writing: A written lease or agreement is a good idea whether you are paying rent, working on shares or permitted to use the land free of charge. A lease will specify the terms under which the renter and the owner will operate. The main goal of a lease is to develop a fair agreement understood by both parties. Landowner and tenant needs and goals should be identified. ([Cornell Small Farms Program](#))

Examples of Agricultural Lease Agreements:

- Ag Lease 101:
<http://aglease101.org/default.aspx>
- Columbia Land Conservancy:
<https://clctrust.org/farm-program/resources/do-you-have-sample-farm-leases/>