

## Fact Sheet

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### **Fact Sheet on Farm Credit System Young, Beginning, and Small (YBS) Farmer Lending Results for 2013**

The number of loans that the Farm Credit System made to young and beginning farmers rose in 2013 from 2012, while the number to small farmers fell slightly. The number of loans to young and beginning farmers increased by 2.3 percent and 5.0 percent, but fell by 0.5 percent to small farmers. Only for beginning farmers did the increases exceed the 3.5 percent increase in the System's overall new lending in 2013.

The dollar volume of new loans to all three YBS categories fell in 2013 from 2012 along with the decline in the System's overall volume of new farm loans made. Loan volume to small farmers decreased the most, representing a 13.3 percent drop from 2012. One of the main reasons for this decline is the growth in farm incomes since the mid-2000s. As a result of rising prices and gross incomes, more farmers now have gross farm sales in excess of \$250,000 and therefore no longer qualify as small farmers. The dollar volume of loans to young and beginning farmers declined more modestly. Dollar volume to young farmers fell by 6.0 percent, and dollar volume to beginning farmers fell by 4.2 percent from 2012 to 2013.

Because of a decline in repayments, the number and dollar volume of loans *outstanding* increased in all three YBS categories in 2013 from 2012. The number of loans outstanding increased by 4.1 percent to beginning farmers, 2.8 percent to young farmers, and 1.6 percent to small farmers. The dollar volume increased by 3.5 percent to beginning farmers, 3.0 percent to young farmers, and 1.8 percent to small farmers.

The following information summarizes the System's 2013 lending activity to YBS farmers and ranchers.

**Young**—In 2013, the System made 57,854 loans to young farmers—that is, to those who are 35 years old or younger. The volume of total new loans to young farmers amounted to \$8.3 billion. During 2012,<sup>1</sup> the System made 56,658 loans to young borrowers, totaling \$8.8 billion. The loans made to young borrowers in 2013 represented 16.3 percent of all farm loans the System made during the year and 11.0 percent of the dollar volume of loans made. At the end of 2013, the System had \$23.8 billion in loans outstanding to young farmers, compared with \$23.1 billion at the end of 2012.

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<sup>1</sup> The loan number and dollar volume data for 2012 were revised slightly after FCA's 2012 Annual Report on the Farm Credit System was issued last year.

**Beginning**—The System made 72,662 loans to beginning farmers—that is, to those who have been farming for 10 years or less. The volume of total new loans to beginning farmers amounted to \$11.0 billion in 2013. During 2012, the System made 69,213 loans, totaling \$11.5 billion, to beginning borrowers. The loans made to beginning farmers in 2013 represented 20.5 percent of all farm loans made during the year and 14.6 percent of the dollar volume of loans made. At the end of 2013, the System had \$37.0 billion in outstanding loans to beginning farmers, compared with \$35.7 billion at the end of 2012.

**Small**—FCS institutions made 142,357 loans, totaling \$11.4 billion, to small farmers (those with gross annual sales of less than \$250,000) in 2013. By comparison, the System made 143,039 loans, totaling \$13.2 billion, to small farmers in 2012. The loans made in 2013 to farmers in this category represented 40.1 percent of all farm loans made during the year and 15.2 percent of the dollar volume of all farm loans made. At the end of 2013, the System had \$44.9 billion in loans outstanding to small farmers, compared with \$44.1 billion at the end of 2012.

The YBS information is reported separately for each of the three YBS borrower categories because the YBS mission is focused on each borrower group separately. Also, loans cannot be added across categories because some loans belong in more than one category. If, for example, a borrower is less than 35 years old, sells less than \$250,000 in farm products per year, and has farmed for less than 10 years, the borrower's loan would be included in every category. Therefore, adding the categories together would produce a misleading measurement of the System's YBS lending involvement.

<b>YBS Loans Outstanding as of December 31, 2013</b>					
	<b>Number of loans</b>	<b>Percentage of total number of System farm loans</b>	<b>Dollar volume of loans in millions</b>	<b>Percentage of total volume of System farm loans</b>	<b>Average loan size</b>
<b>Young farmers/ranchers</b>	175,583	17.8	\$23,788	11.2	\$135,478
<b>Beginning farmers/ranchers</b>	253,272	25.7	\$36,968	17.3	\$145,960
<b>Small farmers/ranchers</b>	484,745	49.3	\$44,894	21.1	\$92,613

<b>YBS Loans Made During 2013</b>					
	<b>Number of loans</b>	<b>Percentage of total number of System farm loans</b>	<b>Dollar volume of loans in millions</b>	<b>Percentage of total volume of System farm loans</b>	<b>Average loan size</b>
<b>Young farmers/ranchers</b>	57,854	16.3	\$8,294	11.0	\$143,360
<b>Beginning farmers/ranchers</b>	72,662	20.5	\$10,989	14.6	\$151,228
<b>Small farmers/ranchers</b>	142,357	40.1	\$11,433	15.2	\$80,310