Possibilities in Every Opportunity

Young rancher explains how creativity works for the ranch.

*by **Kasey Brown,** associate editor*

Young producers hoping to enter the cattle business face significant challenges, namely the large amount of capital required. However, through creativity, entrepreneurship, hard work and time, entering and being successful in the cattle business is possible. Take it from Zach Thode, Livermore, Colo., who explained how he makes the opportunities given to him work to attendees of the 2015 Range Beef Cow Symposium in Loveland, Colo., Nov. 17-19.

Thode shared that he came from an unconventional background, having "hippy parents." He grew up near ranches near Fort Collins and worked with "another hippy" when he was younger, but one on a ranch. Citing the desire to learn something different and wanting to learn about animals in the pastures rather than class, he decided to study agricultural engineering at Colorado State University (CSU).

He worked in a few positions in engineering and construction, but now works for Roberts Cattle Co., a large, privately owned ranch with about 500 cows near Livermore.

Making opportunities work

Thode suggested young producers make opportunities work by looking at all the possibilities in each situation. Being trained as an engineer, he was taught to look at cost/benefit analysis. How much will things cost, and what are the benefits?

"We've got to look at all those possibilities. Every situation leaves us with a choice. We've got to make sure we analyze that choice so it doesn't back us up. We've got to keep moving forward. We need to know our dreams, and we need to make sure those choices are getting us to that dream," Thode noted.

For example, he shared some out-of-the-

Farm Service Agency loan options

While creativity and entrepreneurship are essential to thriving on a ranch, young producers still have to deal with the capital necessary to get started. Scott Miller with the Farm Service Agency (FSA) explained some loan options for beginning farmers and ranchers, the definition for which is experience-based, not age-based.

The FSA targets a portion of its loan funds to small-scale and beginning farmers and ranchers. A beginning farmer or rancher is defined as one who has not operated the farm or ranch for more than 10 years; not owned a farm greater than 30% of the average size of farm in their county by the most current Census for Agriculture; meets loan eligibility requirements; and substantially participates in the operation.

►Scott Miller with the Farm Service Agency (FSA) explained some loan options for beginning farmers and ranchers. Listen to his presentation at *http://bit.ly/1mwdMJW.*

Miller highlighted five types of loans available through FSA.

1. Farm Ownership — $300,000, up to a 40-year term;
2. Farm Operating — $300,000 annual, one- to seven-year term;
3. Emergency Loans — $500,000, terms vary;
4. Youth Loans — $5,000, one- to seven-year term; and
5. Guaranteed Loans — $1,399,000, terms depend on bank terms.

Two options, the farm operating term loan and farm operating annual loan, help young producers get started. The term loan can be applied to the purchase of breeding stock and/or equipment. The operating annual loan can go toward paying annual operation expenses like feed, repairs, etc., he explained.

Miller noted three loan options for buying a farm or ranch — farm ownership loan, participation loans, and beginning farmer down payment. The participation loan is a joint loan with another lender or seller, where at least 50% of the loan is from another lender. The interest rate is 2.5% for a 40-year term. The beginning-farmer down payment option requires at least a 5% down payment. FSA provides 45% up to $300,000 maximum. The interest rate is currently 1.5% for a 20-year term.

To be eligible for a Beginning Farmer or Rancher loan, Miller said applicants must be unable to obtain other financing, operate a farm or ranch for three years (for direct farm ownership loans only), a citizen of the United States or a qualified alien, 18 years of age or older (except for the youth loan), not be delinquent on federal debt, have acceptable credit history, have acceptable managerial ability, and must be an operator of a family-size farm.

Miller illustrated some points to figure out ahead of time to help the application process go more smoothly and quickly. Determine the kind of operation you'll have, what you need to operate the operation and how much money you need to borrow, he said. Determine how you will market your products. Come in with a written proposed operating plan or business plan and goals for the operation. Have financial records (tax returns, income statements, financial records and/or production records) available and check your credit report. Have a copy of your leases or legal description of the property you're trying to buy.

For more information about FSA funding options, he suggested meeting with a local FSA agent or by visiting *www.fsa.usda.gov/FSA/webapp?area=home&subject=prod&topic=bfl.*