

Small Farm Start-Up: Financial Guide

WE MAKE BANKING ABOUT YOU



Financial Foundations for Small Farmers

Revised 5/13/25

Introduction

Starting a small farm is an exciting journey that requires careful planning, financial knowledge, and the right banking partner. Whether you're launching a new venture or expanding an existing idea, understanding the financial aspects of farm ownership is crucial to long-term success. This guide will walk you through essential steps to help you build a solid foundation for your farm.

What You'll Learn in This Guide:

- 1. Understanding your Credit Score** – Learn why your personal and business credit scores matter and how they impact loan approvals.
- 2. Finding the Right Bank** – Choosing the right financial institution can make a big difference in managing your farm's finances efficiently.
- 3. The 5 C's of Credit** – Banks use these five factors—Character, Capacity, Capital, Collateral, and Conditions—to assess farm loan applications.
- 4. 10 Steps to Starting a Farm** – A step-by-step roadmap to help you go from idea to reality.
- 5. Product and Service Sell Sheets** – Explore AbbyBank's financial products and services designed to support your farm at every stage, from startup to expansion.
- 6. Helpful Resources** – A curated list of websites, tools, and government programs to support your farm journey.

Whether you are securing financing, developing a farm plan, or preparing to launch, this guide will serve as a valuable resource. Let's get started!



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Understanding Credit History: A Guide for Small Farmers

Revised 5/14/25

As a small farmer, understanding credit history is vital to securing financing, managing risk, and growing your operation. Your credit history influences lenders' decisions and affects your ability to obtain farm loans, lines of credit, and favorable interest rates.

What is Credit History?

Credit history is a record of your past borrowing and repayment activities. It includes information about credit accounts, payment history, outstanding debts, and inquiries from potential lenders. Your credit history is summarized in a credit report, which is maintained by credit bureaus such as Experian, Equifax, and TransUnion.

Why is Credit History Important for Small Farmers?

- 1. Access to Financing:** Lenders use your personal and/or business credit history to determine your creditworthiness when applying for loans or lines of credit.
- 2. Better Interest Rates:** A strong credit history can help you qualify for lower interest rates, reducing borrowing costs.
- 3. Business Credibility:** Seed, feed, and equipment suppliers may check your credit before extending payment terms.
- 4. Risk Management:** Knowing your credit history can help you make informed financial decisions and avoid unmanageable debt.

How to Build and Maintain Strong Credit

- 1. Separate Personal and Business Credit:** Establish a farm-specific credit profile with a separate business account and Employer Identification Number (EIN).
- 2. Pay Bills on Time:** Consistent, on-time payments for farm loans, equipment leases, and supplier invoices help maintain good credit.



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- 3. Manage Credit Utilization:** Keep your credit utilization low by not maxing out your credit limits.
- 4. Monitor Your Credit Report:** Regularly check your credit report for errors and address any discrepancies.
- 5. Use Credit Wisely:** Borrow only what you need and can repay comfortably to maintain financial health.

How to Check Your Credit History

You can obtain a free credit report annually from each of the major credit bureaus—Experian, Equifax, and TransUnion—through **AnnualCreditReport.com**. If your farm is registered as a business entity, you may also consider checking your business credit report with agencies like Dun & Bradstreet, which track business credit history. For agricultural-specific loans, lenders may also reference programs like FSA or USDA for credit evaluation.

Conclusion

A strong credit history is crucial for accessing the financing needed to expand your farm and invest in equipment or land. By actively managing your credit, you can position your farm for long-term success.

Start today by reviewing your credit report and building a solid financial foundation for your farm!



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Choosing the Right Bank: A Guide for Small Farms

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Selecting the right bank is crucial to managing your farm's finances effectively. With many options available, it's important to choose a bank that understands your unique needs. Here are some key factors to consider:

1. Identify Your Farm Banking Needs

- Do you need a business checking or savings account to manage farm expenses and income?
- Will you require loans for land, equipment, or livestock?
- Are you looking for local, in-person banking, or convenient online and mobile options?

2. Evaluate Cost-Effective Banking Solutions

- Look for accounts that fit your farm's transaction volume and seasonal cash flow.
- Choose a bank that offers flexible options without unnecessary fees.

3. Access to Agricultural Financing

- Explore farm-specific loan programs like FSA and Farmer Mac, as well as SBA loans.
- Check for options such as ag real estate loans, personal property loans, and ag lines of credit.
- Look for banks that understand agricultural lending and can provide personalized guidance.

4. Digital Tools and Convenience

- Evaluate online and mobile banking with features like remote deposit, bill pay, and integration with accounting software, etc.
- Consider access to local branches and ATMs for deposits and withdrawals.

5. Customer Service and Agricultural Expertise

- Choose a bank with specialists who understand the unique challenges and needs of farmers.
- Look for personalized service and resources to help your farm thrive.
- Research the bank's reputation for supporting local agriculture.

The right banking partner should provide the expertise, tools, and financial solutions to help your farm succeed. Take the time to compare your options and find a bank that aligns with your agricultural goals.

At AbbyBank, We Make Banking About You—let's grow your farm together!



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Understanding the 5 C's of Credit: A Guide for Borrowers

Revised 5/13/25

When applying for a loan, lenders evaluate several factors to determine your creditworthiness. Understanding the **5 C's of Credit** can help you prepare and increase your chances of approval.

Here's what you need to know:

1. Character – Your Credit History

Lenders assess your credit history to determine how responsible you are with borrowing and repaying debt. They review your credit report, payment history, and credit score. A strong history of on-time payments and responsible credit use demonstrates good character and builds trust with lenders.

Tip: Check your credit report regularly and ensure you make all payments on time to maintain a strong credit profile.

2. Capacity – Your Ability to Repay

Capacity refers to your financial ability to repay the loan. Lenders analyze your income, employment history, and debt-to-income (DTI) ratio to see if you can afford new debt without financial strain.

Tip: Reduce existing debt and maintain a stable income source to improve your capacity.

3. Capital – Your Financial Cushion

Capital includes savings, investments, and other financial resources that show lenders you have assets to fall back on. The more capital you have, the less risky you appear as a borrower.

Tip: Build your savings and keep some liquid assets available to strengthen your financial profile.

4. Collateral – Your Secured Assets

Collateral is any asset you offer to secure a loan, such as a house, car, or investment account. It provides assurance to lenders that they can recover their money if you default on the loan.

Tip: If you're applying for a secured loan, ensure the collateral has sufficient value to support the loan amount.



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5. Conditions – The Loan & Economic Factors

Lenders also consider external conditions, such as the purpose of the loan, interest rates, and economic trends. These factors help determine whether lending to you is a sound decision.

Tip: Be clear about your loan purpose and stay informed about market conditions that may affect loan terms.

By understanding the **5 C's of Credit**, you can take proactive steps to improve your financial standing and increase your chances of loan approval. Responsible borrowing and good financial habits can set you up for long-term financial success.

If you have any questions about loan eligibility or credit improvement, reach out to your financial institution for guidance.



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Laying the Groundwork: 10 Steps to Start Your Farm

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Starting a farm requires careful planning, research, and resource management. At AbbyBank, we're here to support you every step of the way because ***we make banking about you***. This step-by-step guide will help you lay a strong foundation so you can start with confidence and grow for the future.

1. Research and Plan

- **Define Your Goals:** Decide what kind of farm you want to operate (e.g., crop farming, livestock, mixed-use, organic).
- **Market Research:** Identify your target market. Determine the demand for your products and potential competitors.
- **Farm Type:** Decide whether you want to focus on large-scale commercial farming or small-scale niche farming.

2. Select Land

- **Location Matters:** Choose land with suitable soil, climate, and access to water for your intended crops or livestock.
- **Zoning Laws:** Check local zoning and agricultural regulations.
- **Accessibility:** Ensure easy access for transporting goods and farm supplies.

3. Create a Business Plan

- **Farm Objectives:** Outline your vision and mission.
- **Budget:** Determine start-up and operating costs, including land, equipment, seeds, and livestock.
- **Revenue Streams:** Identify how you'll earn money (e.g., direct sales, farmers' markets, wholesalers).
- **Financing:** Explore loans, grants, or partnerships if needed.



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- 4. Secure Necessary Permits**
 - **Licensing:** Obtain any required licenses for farming, selling, and transporting goods.
 - **Water Rights:** Ensure proper permissions for irrigation and water usage.
 - **Environmental Regulations:** Comply with local environmental and conservation policies.

- 5. Build Infrastructure**
 - **Irrigation Systems:** Plan and install efficient water management systems.
 - **Fencing:** Secure boundaries to protect crops and livestock.
 - **Storage:** Build storage facilities for crops, feed, and equipment.
 - **Housing:** If you plan to live on the farm, consider housing options.

- 6. Acquire Equipment and Supplies**
 - Purchase or lease necessary machinery (e.g., tractors, plows, harvesters).
 - Stock up on seeds, fertilizers, and pest control supplies.
 - Invest in proper tools for livestock handling if applicable.

- 7. Start Farming**
 - **Prepare the Land:** Clear and till the soil to make it ready for planting or grazing.
 - **Plant or Raise Livestock:** Begin planting crops or raising animals according to your plan.
 - **Monitor Growth:** Regularly check the health of crops and livestock, applying best practices for care.

- 8. Develop Marketing and Sales Channels**
 - **Branding:** Create a brand for your farm and products.
 - **Sales Outlets:** Sell through local farmers' markets, cooperatives, grocery stores, or online platforms.
 - **Customer Relationships:** Build a loyal customer base through excellent service and quality products.

- 9. Continuously Learn and Adapt**
 - Stay updated on best practices in agriculture and farming technologies.
 - Attend farming workshops, conferences, or join farming associations.
 - Adjust your strategies based on market trends and farm performance.

- 10. Monitor Finances and Performance**
 - Purchase or lease necessary machinery (e.g., tractors, plows, harvesters).
 - Stock up on seeds, fertilizers, and pest control supplies.
 - Invest in proper tools for livestock handling if applicable.



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A Product Lineup to Meet All Your Business and Agricultural Banking Needs!

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Deposits¹

- Business/Ag Checking
- Business/Ag Savings
- Business/Ag Money Market
- Business CDs & IRAs
- Nonprofit Funds
- Public Funds

**Talk to a Business Banker about
Multi-Million Dollar FDIC coverage!**

Loans¹

- Business & Ag Real Estate Loans
- Business & Ag Lines of Credit
- SBA Loans & FSA Guaranteed Loans
- Farmer Mac Loans
- Economic Development Loans
- Nonprofit & Public Entity Term Loans
- Nonprofit & Municipal Bridge Loans
- Nonprofit Real Estate Loans

Card Solutions

- Debit Card

Credit Card¹ Options

- Cash Back Credit Card
- Rewards Credit Card
- Intro Rate Credit Card
- Business Specialty Credit Card
- Nonprofit/Municipality Specialty Credit Card

Prepaid Card Options

- Gift Cards
- Travel Card
- Reloadable Debit Card

Digital Solutions

Online & Mobile Services

- Business eBanking
- Online Bill Pay
- Mobile Banking

Cash Management² Tools

- Sweeps & Overdraft Protection
- Remote Deposit
- Fraud Protection
- ACH Services
- Positive Pay
- Merchant Card Services
- Autobooks

¹All loans and accounts are subject to credit approval.

²Subject to approval.



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Agricultural Loans & Credit Cards



Business Credit Cards

Choose from our popular business credit card¹ options such as low rate, cash back or flexible rewards to find the one that works best for your business. No matter which card you choose, your business will benefit from important features like:

- Free online expense reporting tools.
- No fee for additional employee cards.
- Mobile payment capability for added convenience.
- Zero fraud liability*. You won't be liable for fraudulent purchases when your card is lost or stolen.
- Cardmember Service available 24 hours a day/365 days per year.

To learn more, visit our website or ask a Business Banker.

The creditor and issuer of these cards is Elan Financial Services, pursuant to separate licenses from Visa U.S.A. Inc., and Mastercard International Incorporated. Mastercard is a registered trademark, and the circles design is a trademark of Mastercard International Incorporated.

*Elan Financial Services provides zero fraud liability for unauthorized transactions. Cardholder must notify Elan Financial Services promptly of any unauthorized use. Certain conditions and limitations may apply.

Financing tailored for farmers, by farmers.

Agricultural Loan Options¹

- **Agricultural Real Estate Loans:** Finance land purchases, facility improvements, or refinance existing agricultural property to support your long-term goals.
- **Agricultural Personal Property Loans:** Purchase the equipment, machinery, or livestock you need to keep your operation running strong.
- **Agricultural Lines of Credit:** Get flexible access to funds for crop inputs, equipment repairs, working capital, or unexpected expenses.

Additional Agricultural Loan Options¹

- **Farm Service Agency (FSA) Guaranteed Loans:** Federally backed loans for starting, expanding, or improving family farm operations.
- **Small Business Administration (SBA) Loans:** Government-backed financing for ag startups, acquisitions, equipment, working capital, or refinancing.
- **Farmer Mac Loans:** Flexible, low-cost financing options tailored to fund farms and agribusinesses.

¹All loans and credit cards are subject to credit approval.



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Business/Ag Checking, Savings, & Money Market Accounts



Business/Ag Checking with you in mind!

We know managing a business or farm takes dedication—and your banking should make it easier, not harder. That's why our **Business/Ag Checking**¹ is designed with you in mind:

- No monthly service fees²
- No minimum balance required
- No check-writing fees
- No paper statement fee
- Unlimited monthly transactions
- Free eBanking, Bill Pay, and Mobile Banking
- Free business debit card

Specialized Accounts Available:

- **IOLTA (Interest on Lawyer Trust Account)** – Ideal for attorneys managing client funds.
- **IBRETA (Interest Bearing Real Estate Trust Account)** – Perfect for real estate professionals holding client funds.

¹All accounts are subject to credit approval.

²Account analysis and fees may apply to large volume/low balance accounts.

Save confidently. Grow your funds with flexibility!

Business/Ag Savings Account¹

Ideal for those seeking to build reserves while maintaining easy access to funds:

- No monthly service fees
- No minimum balance required
- Earns competitive interest on balances of \$100 or more³
- Free Business eBanking and Mobile Banking

Business/Ag Money Market Account¹

Perfect for organizations looking to earn higher interest while keeping funds accessible:

- No monthly service fees
- No minimum balance required
- Earns competitive interest on balances of \$10,000 or more⁴
- Free Business eBanking and Mobile Banking

Need more coverage?

Additional FDIC protection is available for larger deposits beyond FDIC limits through the **ICS Network**.

³Interest is compounded daily and credited to your account quarterly.

⁴Interest is compounded daily and credited to your account monthly.



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Business Checking That Fits—You Choose the Extras!



Business Checking that works for you.

AbbyBank's **Business/Ag Checking**¹ is designed with you in mind with:

- No minimum to open.
- No monthly service fees²
- No minimum balance required.
- No check writing fees.
- No paper statement fee.
- Unlimited monthly transactions.
- Free online and mobile banking³.
- Free online and mobile alerts.
- Free business debit card.
- Free front and back images.

¹May be subject to credit approval.

²Account analysis and fees may apply to large volume/low balance accounts.

³Subject to approval and account handling review.

Customize your options!

When you open an AbbyBank Business/Ag Checking account, you can **choose up to two optional services**⁴ that best fit your business needs.

Complimentary Services (Select up to two)

- Free three months of Remote Deposit¹
- Free first set of AbbyBank checks (up to \$75 value)
- Free three months Fraud Protection Services (each option is separate)⁴
 - ACH Positive Pay⁵
 - Check Positive Pay⁵
- Free three months Sweep Services (each option is separate)⁴
 - Savings/Money Market⁶ Sweep
 - Commercial Line of Credit¹ Sweep
 - Zero Balance Account

Talk with an AbbyBank Business Banker today to get started!

⁴After three months, products and/or services are subject to a monthly fee.

⁵Business eBanking is required.

⁶Certain account types may have transaction limitations.



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Small Farm Resources in Wisconsin

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Starting a small farm in Wisconsin is an exciting endeavor, and there are numerous resources available to assist you throughout the process. Here are some key organizations and programs that can provide valuable support:

1. UW–Madison Division of Extension Agriculture Institute

The UW-Madison Division of Extension Agriculture Institute provides educational resources and expert support for farmers statewide. Access agriculture podcasts, videos, forms, and practical guides designed to help improve your farm's productivity and sustainability.

UW Extension Agriculture Institute: Scan the QR code or visit:

<https://extension.wisc.edu/agriculture>



2. Wisconsin Farm Center

Operated by the Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP), the Farm Center offers consulting services on farm viability, debt structure, cost of production, and cash flow. They also provide mediation and arbitration services to help resolve farm-related disputes.

DATCP: Scan the QR code or visit:

<https://datcp.wi.gov/Pages/AgDevelopment/FarmCenterOverview.aspx>



3. Farm Service Agency (FSA)

The FSA provides assistance with federal farm programs, loans, and disaster relief. Local offices serve many of AbbyBank's communities, including Medford, Wausau, Neillsville, Shawano, and Appleton. To find the office serving your county and their contact information, visit the USDA Service Center Locator.

FSA: Scan the QR code or visit:

<https://offices.sc.egov.usda.gov/locator/app?agency=fsa&state=wi>



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4. Wisconsin Beginning Farmers Resource Guide

This guide, developed jointly by UW-Madison Extension, USDA agencies, and DATCP, is a comprehensive roadmap organized into key phases, connecting new farmers with important resources across Wisconsin. It provides valuable tools and information for each phase of starting a farm, including planning, funding, and operating.



Resource Guide: Scan the QR code or visit:

<https://farms.extension.wisc.edu/articles/wisconsin-beginning-farmers-resource-guide/>

5. Farmland Preservation Programs

Wisconsin offers farmland preservation initiatives that provide tax credits and support for sustainable farming practices. These programs aim to protect agricultural land and promote conservation efforts. Several counties where AbbyBank operates participate in this program including Clark, Taylor, Marathon, and Outagamie Counties.

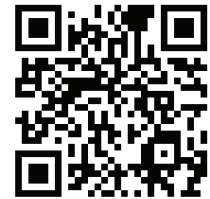


DATCP Farmland Preservation: Scan the QR code or visit:

https://datcp.wi.gov/Pages/Programs_Services/FarmlandPreservation.aspx

6. County Farm Bureaus

County Farm Bureaus are vital resources for farmers, offering programs, policy advocacy, and educational opportunities tailored to local agricultural communities. They provide support and representation for farmers of all types across Wisconsin.



Wisconsin Farm Bureau County Directory: Scan the QR code or visit:

<https://wfbf.com/about/counties/>

7. Natural Resources Conservation Service (NRCS) Wisconsin

NRCS offers technical and financial assistance to farmers implementing conservation practices. They can help with soil health, water management, and other environmental considerations.



NRCS: Scan the QR code or visit:

<https://www.nrcs.usda.gov/state-offices/wisconsin>

8. Wisconsin Department of Natural Resources (DNR) Ag Resources

The DNR provides information on environmental regulations and guidance for farming operations, helping ensure compliance with state laws and promoting sustainable practices.



DNR: Scan the QR code or visit: <https://dnr.wisconsin.gov>

Engaging with these organizations can provide valuable support as you establish your farm in Wisconsin. They offer a range of services, from financial assistance and educational programs to conservation guidance and community networking opportunities.



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Loan Programs to Help Your Business or Farm Grow

Revised 5/13/25

At AbbyBank, we are committed to helping businesses and farms access the financing they need to grow. We partner with a variety of loan programs to provide flexible funding solutions, from startup support to expansion and working capital. Below are the key loan programs we work with to assist our customers in meeting their financial goals.

1. MCDEVCO

They support entrepreneurs and small businesses in Marathon County access gap financing, business education, and mentorship to support their growth and success.

MCDEVCO: Scan the QR code or visit: <https://mcdevco.org>



2. WBD

We partner with WBD to assist businesses in securing SBA 504 loans, which provide long-term, fixed-rate financing for purchasing real estate, equipment, and other major assets. These loans help businesses expand while preserving working capital.

WBD: Scan the QR code or visit: <https://www.wbd.org/>



3. Small Business Administration (SBA)

AbbyBank partners with the SBA to offer financing solutions that help businesses grow and succeed. We work with two key SBA loan programs:

- **7(a) Loan Program** – Flexible funding for real estate, refinancing, and working capital.
- **504 Loan Program** – Long-term, fixed-rate financing for major assets like real estate and equipment.

SBA: Scan the QR code or visit: <https://www.sba.gov/>



4. Medford Area Economic Development

They offer startup loans through the Economic Development Foundation to support new businesses in the Medford area.

Medford Area Economic Development: Scan the QR code or visit: <https://medfordwi.gov/economic-development/>



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5. Central Wisconsin Economic Development Fund (CWED)

This regional loan program provides financing to help businesses in Central WI start, expand, or modernize. It offers funding opportunities that support economic growth, job creation, and business development in the region.

CWED: Scan the QR code or visit: <https://cwedfund.com/>



7. Northwest Regional Planning Commission (NWRPC)

Their loan programs provide low-cost financing for businesses seeking to start or expand their operations in Northwest WI. Counties included are Ashland, Bayfield, Burnett, Douglas, Iron, Price, Rusk, Sawyer, Taylor, and Washburn.

NWRPC: Scan the QR code or visit:
<https://www.nwrpc.com/985/BUSINESS-FINANCING>



8. Regional Business Fund (RBF)

RBF provides low-interest loan funds to businesses in West Central Wisconsin for expansion, economic growth, and downtown revitalization.

RBF: Scan the QR code or visit: <https://www.rbfinc.org/>



9. Shawano County Economic Progress (SCEPI)

SCEPI supports business growth in Shawano County by offering financing options and economic support to help new and expanding businesses succeed.

SCEPI: Scan the QR code or visit: <https://shawanoecondev.org/>



10. Greater Oshkosh Economic Development Corporation

They offer access to capital programs that help businesses secure funding for growth, innovation, and expansion. These programs bridge financial gaps, stimulate investment, and support economic development in the Oshkosh area.

Greater Oshkosh EDC: Scan the QR code or visit:
<https://greateroshkosh.com/funding-and-capital/>



11. Farm Service Agency (FSA)

The FSA's Guaranteed Loan Programs help farmers secure financing by providing a government guarantee on a portion of the loan, making it easier to access credit for land, equipment, and operating expenses.

FSA Guaranteed Farm Loans: Scan the QR code or visit:
<https://www.fsa.usda.gov/resources/programs/guaranteed-farm-loans>



12. Farmer Mac

They provide accessible financing and liquidity solutions to support American farmers, agribusinesses, and rural infrastructure, helping them grow and thrive.

Farmer Mac: Scan the QR code or visit: <https://www.farmermac.com/>



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