Disaster Set-Aside Program

Overview

When Farm Service Agency (FSA) borrowers located in designated disaster areas or contiguous (adjoining) counties are unable to make their scheduled payment on any FSA debt, FSA is authorized to consider set-aside of one payment to allow the operation to continue. This program is authorized under Section 331A of the Consolidated Farm and Rural Development Act.

Designation and Notification

The first time in a calendar year that a county in which a borrower farms, or a contiguous county, is designated as a disaster area by the President or Secretary of Agriculture, farmers indebted to FSA will be notified of the availability of the Disaster Set-Aside Program (DSA) or they may inquire about eligibility at their local FSA office.

How to Apply

Borrowers have eight months from the date of designation to apply. A complete application for DSA consists of the following items:

- A written request for DSA signed by all parties liable for the debt;
- Actual production, income, and expense records for the production and marketing period in which the disaster occurred (unless the agency already has this information); and
- Other items as required based on the individual application.

Eligibility and Limitations

Eligibility to receive the DSA will primarily be determined based on the following criteria:

- As a direct result of the disaster, the borrower is unable to pay all family living and farm operating expenses, payments to other creditors, and payments to FSA;
- The borrower must have operated a farm or ranch in a county designated as a disaster area or in a contiguous county. Each loan considered for DSA must have been outstanding at the time of the disaster;
- The borrower must have acted in good faith and complied with written agreements with FSA;
- The borrower must not be in non-monetary default;
- The borrower must be current or not more than 90 days past due on any FSA loan when the DSA application is completed;
- No loan to be set aside may have a remaining term of less than two years. Loans must not be accelerated;
- After the DSA is completed, the borrower will be current on all FSA loans;
- The borrower's FSA debt has not been restructured since the disaster;
- The amount set aside will not exceed one year's FSA payment;
- No loan may have more than one active set-aside at a time; and
- The borrower must be able to develop a positive cash-flow projection for the coming year.

Payment

Each payment set-aside must be repaid prior to the final maturity of the note. Any principal set-aside will continue to accrue interest until it is repaid.

More Information

For more information, visit fsa.usda.gov/farmloans or farmers.gov. Find your local USDA Service Center at https://www.farmers.gov/working-with-us/USDA-service-centers#find-service.

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