

Podcast Summary: Main Street Banking - January 7, 2026

Episode: "Understanding The New Government Programs for Ag Lenders"

Happy New Year, Ag Lenders! We're kicking off 2026 with a deep dive into the massive shifts hitting the agricultural landscape. This episode is a must-listen for everyone from the seasoned veterans to the newest members of your ag team. We've brought in experts to break down the "One Big Beautiful Bill" and what it means for your farm clients' cash flow.

The Big Picture: \$12 Billion in Relief

The headline news for 2026 is the **\$12 Billion Farmer Bridge Assistance (FBA) Program**. Designed as a "bridge" to support farmers until traditional disaster payments (like ARC and PLC) kick in this fall, this is a game-changer for working capital.

- **The Breakdown:** \$11 billion is earmarked for major row crops, with the remaining \$1 billion reserved for specialty crops and sugar.
- **The Timeline:** Funds are expected to hit bank accounts by **February 28, 2026**.
- **Payment Limits:** Expect a cap of **\$155,000 per person/entity**, though this can vary based on your client's operation structure.

Why Lenders Should Care: The "Small Print" Matters

For community bankers, this isn't just about extra liquidity; it's about underwriting accuracy and avoiding costly audits.

- **The "Actively Engaged" Rule:** To qualify for these payments, farmers must provide a "left-hand" contribution (capital, equipment, or land) and a "right-hand" contribution (labor or management).
- **The Cash Rent Tenant Rule:** This is a common trap. If a farmer cash-rents ground, they must meet specific labor or management/equipment thresholds to be eligible for payments on those acres.
- **Structure Shifts:** The "One Big Beautiful Bill" has changed how LLCs and S-Corps are treated. For the first time, these are being viewed as **pass-through entities** by the FSA, similar to general partnerships. This could allow for multiple payment limits within a single operation—a huge opportunity for your clients to restructure for better liability protection without losing program benefits.

Pro-Tips for Ag Lenders

- **Review the CCC-902:** Encourage your farmers to review their Farm Operating Plan (Form CCC-902) with the FSA. Make sure what they're telling the government matches the data you have in your loan file.
- **Watch the AGI:** The \$900,000 Adjusted Gross Income (AGI) limit is still in play, based on a three-year average. If a client is nearing that mark, get their ag accountant involved early.
- **Leverage New Tools:** 2026 is seeing a surge in digital applications and satellite-data verification for loan validation. Staying ahead of these trends will make your approval process faster and more accurate.

"The timing on this \$12 billion injection is perfect for 2026 operating notes. It provides the floor many of our producers need to stay viable during this transition year."

Ready to sharpen your ag lending edge?

If you want to learn more about our ag lending resources and upcoming classes, check us out at <https://barretbanking.org/>.

