

Ohio News Watch

Farm Credit door still open

VOLATILITY is the word of the day," says Bill Medley, vice president of marketing for Farm Credit Services of Mid-America. Still, the lender has not changed its underwriting standards or tightened its lending requirements during this time of upheaval. "We have practiced safe, sound lending, and we will continue to do so," Medley says.

He notes that the pipeline of loans seems to be drying up as farmers begin to entrench to protect themselves.

"In the early fall, we saw a lot of anticipation as farmers bought ahead because of concern that price and availability of goods would not be there. Now a lot of those profits have wilted with lower crop prices, and we are hearing about

farmers canceling their orders."

The co-op has suffered some unintended consequences from the bailout of larger banks. "Now Fannie Mae and some of the others can issue debt at a lower cost than we can. It's kind of a slap in the face of those of us who operated safely."

The result is a slight run-up in the fixed rate of longer-term debt. In late October, a 25-year fixed mortgage was running 8.75%. A month earlier it had been 7.55%.

"We see some softening ahead, even in the ag sector," Medley says. "Fortunately we locked a lot of our customers into long-term rates back when they were very attractive. They should be pretty insulated from all this."

brought an ag value of \$4,200. The land had considerable road frontage and the sellers were hoping for more, so they rejected the offer and put the property back on the market.

Spencer relayed a similar story of a "no sale" auction where the sellers contacted the highest bidder and negotiated a price that was not what they hoped for, but higher than the top bid. "If a farm comes up that is one the neighbors re-

alize they are only going to get one shot at, they will still step up to the plate. If it is a property that no one particularly cares about, the bids are under expectations."

He says quality land is still the key. "If it is real good dirt, people ante up." However, Spencer compares the situation with the 1980s when crop prices were cut in half and interest rates doubled. "This is mild in comparison," he says.

Guard way of life

By GAIL C. KECK

OHIO agriculture's future depends on profitability. But profitability alone won't be enough to sustain farmers and attract future generations to the farm, according to David Kline, keynote speaker at the Ohio Farmland Preservation Summit.

Kline challenged farmers and farmland preservation advocates at the summit to help build a sustainable future for agriculture that offers both an honest living and an enjoyable way of life.

"Can we romance our young people into farming?" he asked. Profitability is part of the answer, he said. "You can farm only so long for the fun of it." However, he added, the lifestyle must also be enjoyable. "You cannot be overwhelmed by work all the time."

Kline, a Holmes County farmer, writer and Amish minister, has helped promote small-scale, organic dairy farming in his community. Profitable family farms like these help preserve farmland, he noted.

Farmers will have to constantly adjust to changing eco-

nomical forces, he added. For instance, he foresees the need to reduce dependence on anhydrous ammonia for fertilizing corn as prices and availability make it impractical. Having manure available as fertilizer will be more important, he said.

Overall, Kline expects the economy to push a trend toward lower-input farming. "This burst of high living is like an EKG; it will come down

again," he said. "We might as well prepare for it."

Another change Kline expects to see in farming is a move away from Western states because of water shortages. "Eventually agriculture has to move east again where it rains," he explained. That change will increase demand for farmland here. "I hope to live to see the day we tear out parking lots."

Keck writes from Marysville.

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