

Frustrating time

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In an informal area survey, it was found that just about every agricultural real estate representative has at least one tale of frustration to relate on behalf of a client.

Here are a couple of them: Mark and Joan are in their late-20's. They've been renting a farm for several years.

They've built up a sizable dairy herd and have the machinery necessary for their operation.

Reviewing their situation, they decided it was time to buy a farm of their own.

Six months ago, they found the right farm. It suited their present needs and provided opportunity for future expansion. Financing was approved through the Farmers Home Administration.

But the owner had multiple sales agreements and decided to sell to another

buyer, who purchased the complete package of farm, livestock and machinery.

Recently, Mark and Joan found another suitable farm. But in the intervening few months, FHA money has disappeared. It's not expected to be available for at least a year, and possibly even longer.

They're caught in the quandry of waiting out the FHA fiscal crunch or seeking other financing at higher interest rates. And there are no guarantees, it will be available.

For the time being, the Central Pennsylvania couple will continue to rent, waiting and wondering when they can begin farming on land they can call their own.

Another farm real estate representative has a customer in southeastern Pennsylvania with a slightly different predicament, but the same end result.

John has a home ap-

praised at \$95,000 and owes \$25,000 on it. Additionally, he owns two cars, 1978 and 1979 models, free of debt and is able to make a sizable cash downpayment on a small farm he'd like to buy.

But bank financing has been refused, citing the lack of improvements made on the farming property.

According to many in the farm real estate business, lending institutions have adopted a very selective policy regarding financing mortgages.

They've become not only selective concerning who they will deal with, but also concerning what properties they are willing to finance.

One of the keys to successful purchases of agricultural property in recent months is the willingness of the owner to assist the buyer with financing.

Installment sales, not only help the buyer obtain financing, but can be of tax benefit to the seller.

Most real estate

representatives agree that the current tight money situation is expected to be temporary, but no one has any clear crystal ball to look into to see when an easing may begin.

Later this year is the most frequently quoted forecast currently.

"Take another look in October," one spokesman said, "right before the election."

High demand for farms is expected to continue, particularly in dairying.

"Those black and whites have paid off more farms than anything else," one real estate representative, who has been in the business all of his life, said.

Also, at least one unqualified bright spot was found in the current agricultural real estate market.

It's in a specialty segment of the overall market, outside the strict realm of production agriculture. But it gives a definite indication of the continuing basic

soundness in land investment.

"Business is better than ever and has just been booming since the first of the year," one member of the real estate community said.

He specializes in finding agricultural properties, primarily horse farms, for urban professional customers solely interested in buying for investment purposes

"When money is tight, these properties become even more attractive investments," he said. He pointed to the time-honored, often-quoted investment adage.

When the savers are saving, that's the time to buy.

When the savers are buying, that's the time to wait.

Milk support price increased to \$12.06

WASHINGTON, D.C. — The support price for milk was raised from \$11.22 to an estimated \$12.06 per hundredweight on April 1, Secretary of Agriculture Bob Bergland said.

The action, announced following a meeting of the commodity Credit Corporation board of directors, is required by the Food and Agriculture Act of 1977. That

law specifies that in the milk support price by adjusted to reflect any change in the parity index (index of prices paid by farmers, interest, taxes and wage rates) in the first six months of the marketing year.

The support price was last set on Oct. 1, 1979, at \$11.22 per hundredweight for milk of 3.5 percent milkfat.

In the first five months of the marketing year the index increased 6.5 percent and a further increase in the index is expected in March, enough to result in the increase of approximately 85 cents in the support price for milk.

The \$12.06 price announced is an estimate and is expected to be about 79 percent of parity on April 1. The exact support price and CCC purchase prices for butter, cheese and nonfat dry milk will be announced later.

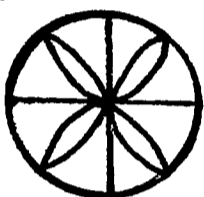
The support price increase is equivalent to about eight cents per gallon of fluid milk and although market prices of the dairy products have already started to rise toward the expected new prices, the full effect of the increase will be to raise wholesale and retail prices by about nine cents per pound for butter and cheese and 4.5 cents per pound for nonfat dry milk.

The price at which CCC will offer dairy products for sale for unrestricted use will continue to be 105 percent of the purchase price for these commodities. However, for September 1980 the sell-back prices will be increased to approximately the projected purchase prices to be in effect after the new support price is announced for 1980-81 marketing year beginning October 1.

There will be no change in the manufacturing margins used in calculating the purchase price for butter, cheese and nonfat dry milk.

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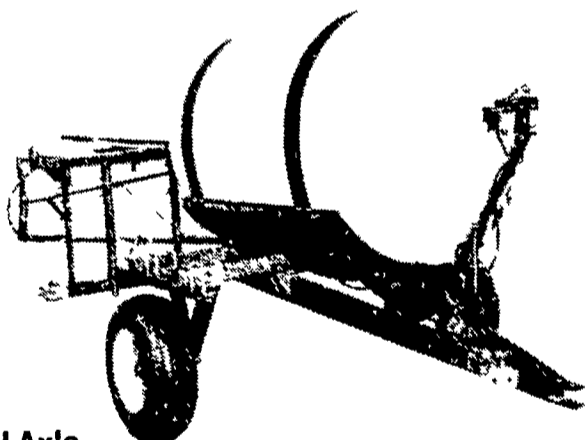


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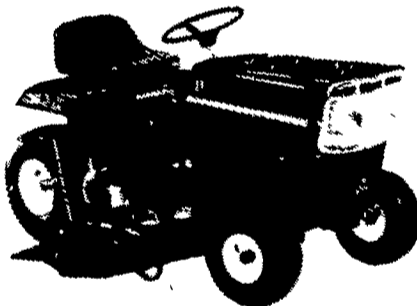


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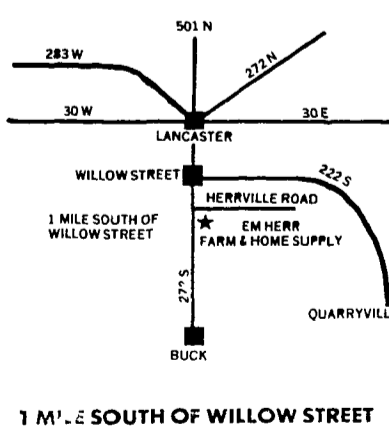
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