



Brockett's Ag Advice

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FINANCIAL PROBLEMS - POSSIBLE SOLUTIONS?

There can be solutions to problems if they have not gone on too far. Let's look at some of these.

Work with Lender

Most farmers would like to go to the lender and say "here is your money." I am now paid off." Goodbye! A second choice would be "I need \$." A third choice would be "I need \$ to do this." Unfortunately it does not work that way. How would you react if a farmer who you only see once or twice a year came to you and said, "I need your new combine" or even "I need your new combine to harvest corn." Wouldn't you want to know more about it such as acres, where he is going to use it, when he will return it, what guarantees he will place on it if he damages it, and how he expects to pay for its use. That money you are borrowing is someone else's money. They have hired the banker as a caretaker.

Do you want the best possible credit program? Are you interested in refinancing, borrowing more money, or just changing lenders? If you want to get the most from your borrowing efforts you must treat the banker the same way you would treat a mere acquaintance who wanted to "borrow" your new \$100,000 combine.

1. Be able to show records on what you have done to make money in the past.

2. Be able to show how well you have used your income to pay expenses, debt payments, make capital purchases.

3. Tell him how much you want, why you want it, how you will make the payments, and when you will make payments. Then show him how you figured all of this.

4. The key word is records.

Go Back to Lender

If you are having problems due to drouth, unusually high input prices, a disease, loss of market, or any other reason. Take your records to your lender and ask:

1. Could I refinance to reduce payments?

2. Could I go on an interest only program for a period of time?

3. Do you want me to declare bankruptcy? (as a last resort of course).

Last Recourse

Some farm families have put themselves through a wringer in the past few years. The stress of dealing with financial problems is bad enough for someone who understands finances. For many farm families this lack of financial knowledge can cause even more of a stress. For some a partial solution might be to go to someone such as an experienced lender, a successful farmer, or a farm management professional and discuss your problem.

Too often farmers have such a pride in themselves, as they should, that they continue to beat their head against a blank wall until the bitter end. Sometimes admitting to someone, who understands the financial side of your business, that you have a problem can be the first step towards solving that problem.

As a last recourse, you might even consider discontinuing farming. A tough decision but one that might save your marriage or even your life. Very few farmers or ex-farmers are unemployed for long. Most of you have learned at least one very valuable lesson and that is you know how to work and can work at a rather wide variety of jobs.

Should I sell or store grain?

NEWARK, Del. As harvest gets under way, many farmers are trying to decide whether to sell or store grain not contracted for immediate delivery. That's not an easy decision to make.

Cash delivered corn worth \$2.85 at harvest will cost 35 cents a bushel to store until March, making the breakeven price at that time \$3.20. Based on current market prices, farmers could stand to lose 20 cents a bushel by storing their grain until then, according to University of Delaware extension marketing specialist Carl German. However, he says the U.S. Department of Agriculture's October 12 crop production estimates hint that the situation could change, making storage a more attractive option for growers who'd like to hold some of their grain for future sale.

That report is bullish news for corn and soybean prices, the specialist says. In it the USDA revised its previous corn production estimate downward by 54 million bushels; it also lowered the soybean estimate by 56 million bushels. Total U.S. corn harvest at a projected yield of 105.5 bushels an acre will amount to 7.498 billion bushels. At a projected 29.5 bushels an acre, the total 1984 U.S. soybean crop could come to 1.972 billion bushels.

Delaware's October 1 corn production estimate remains unchanged from September's at 110 bushels an acre. The most recent Delaware soybean production estimate was made on August 1 and won't be revised until

December. However, Maryland's soybean yield was revised downward October 1 from 32 to 28 bushels an acre.

As the grain market shifts from extremely tight old-crop supplies to a more plentiful new-crop situation, German says prices are responding by shifting downward from previous offerings this summer and early fall.

With this in mind, he advises farmers to consider carefully whether to store their grain for future sale or sell it now on the cash market. "Right now," he says, "we're experiencing a very strong basis in the market. The strength is coming from strong demand from the Soviet Union. The basis, which we'd have ex-

pected to subside by now, got a boost from the recent downward revision in the USDA's crop production report."

At current prices, farmers would lose nearly 20 cents a bushel by storing corn for March sale, but the picture could change as the harvest season progresses. So German encourages growers to keep an eye on the market in case a profitable opportunity emerges. "The Basis is likely to weaken later and this could result in a lower harvest cast price, making storage a more attractive alternative," he says.

Local soybeans presently worth \$5.98 per bushel will cost about 47 cents to store until March. This translates into a breakeven price at that time of \$6.45 a bushel.

Red Rose Alliance to meet

GOODVILLE — On Monday, Nov. 5, the Red Rose Alliance will hold a general meeting and spaghetti supper at the Goodville Fire Hall, Route 23, Goodville.

The supper will be served at 6:30 p.m. The cost for members is \$2.00 for adults and \$1.00 for children 12 years old and under. For non-members, the cost is \$4.00 for adults and \$2.00 for children 12 years old and under.

Hugh Kaufman, Assistant to the Director of the Hazardous Site Control Division, Environmental

Protection Agency, Washington, D.C., will be the guest speaker during the general meeting, which is expected to begin at 7:30 p.m. Kaufman will address the impending legislation on environmental issues and the political impact of these issues.

The Red Rose Alliance formed in June of 1981 to oppose the proposed hazardous waste disposal site at the Narvon Mine in Lancaster County, and to educate the public of the alternatives to landfilling hazardous waste.

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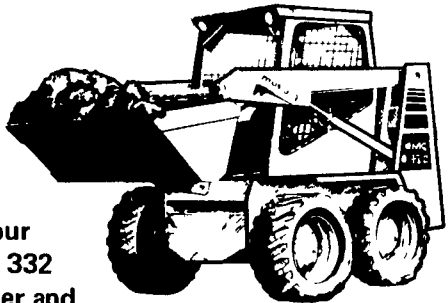
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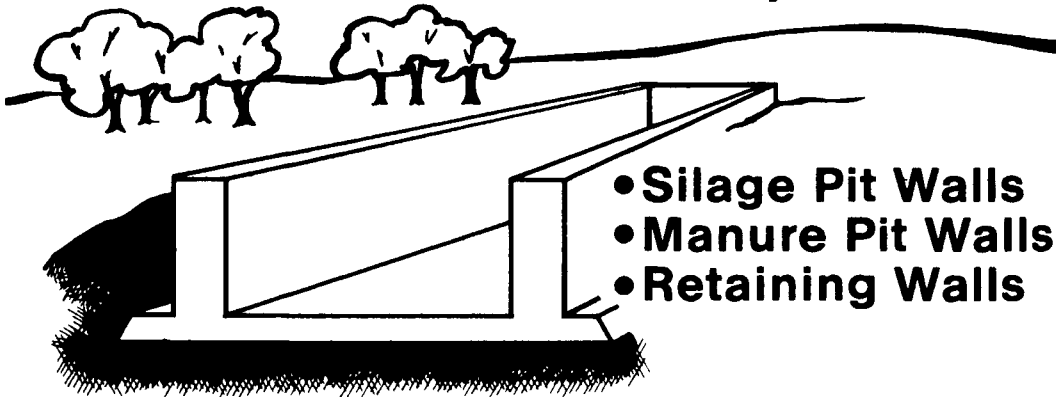
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