

Farm Credit can solve its problems according to top federal regulator

MANHATTAN, KN — The Farm Credit System has the financial and human resources to handle its own problems without Federal assistance if it makes proper use of those resources, according to Donald E. Wilkinson, governor of the Farm Credit Administration. Of allegations that the system is on the verge of collapse and needs an immediate infusion of Government capital, Wilkinson said "it isn't and it doesn't."

Speaking at the National Institute of Cooperative Education here, Wilkinson freely admitted the system has credit problems resulting from low farm income, but said they are manageable if the agricultural economy does not deteriorate beyond present expectations. Even though there is stress in the credit area, he said, the system's capital and reserve position remains strong.

To back up his claim, Wilkinson cited year-end figures showing the system's 37 banks and \$5.1 billion in capital stock and its Production Credit Associations had \$1.9 billion. Earned net worth totaled \$4.1 billion for the banks and \$2.5 billion for Federal Land Bank Associations and PCAs. Overall reserves for possible loan losses totaled \$1.3 billion.

Wilkinson said the difficulty was that capital and capital management are disbursed among the system's 37 regional banks and nearly 800 local associations.

"To help correct that situation," he said, "capital should be consolidated in those districts where Production Credit Associations are having severe financial troubles and must be consolidated in those districts that face the prospect of requiring financial assistance from other parts of the system. Merging into a single PCA will permit individual districts to maximize earnings and capital management."

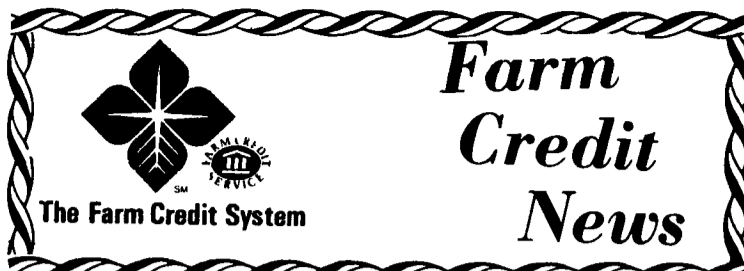
Commenting on the importance of approving national financial assistance programs, Wilkinson expressed concern about the risk of an adverse decision by a minority of the district boards of directors.

If these assistance plans aren't approved or the conditions of plans that are approved aren't accepted by the district involved, the options are liquidation of troubled associations or even the liquidation of financially stressed banks, he said.

Liquidations of associations could cause problems for borrowers, Wilkinson said, and the liquidation of a Farm Credit Bank would have serious repercussions in the bond markets.

And in the event that Federal financial assistance became necessary, it would be inappropriate to ask for it unless and until the system had done everything in its power to solve its own problems, he said.

Turning to credit conditions in



the system, Wilkinson stated that on Mar. 31, the 37 banks reported \$8.3 billion in nonperforming loans and the PCAs \$2.7 billion. Of these

totals, \$1.5 billion of the bank loans and \$663 million of the PCA loans were in nonaccrual status.

During the first quarter of 1985,

system institutions charged off \$61.1 million in loans, he said.

"Despite these problems, the 37 Farm Credit Banks reported net earnings of \$90.5 million for the quarter. Earnings are essential to maintain investor confidence and to avoid a 'risk penalty' on securities, which would undoubtedly cost borrower over the long run.

He suggested that differential interest rate programs would help alleviate the flight of good borrowers.

Tune-Up And Rebuilding

New & Used Parts For Detroit Diesels

GM Diesels 40-440 HP

DIESEL ENGINE SERVICE

RD 3, Pleasant Valley Rd.
Ephrata, PA 17522 (717) 733-3890

SANDBLASTING AND SPRAY PAINTING

Aerial Ladder Equipment
Farm Buildings
Feed Mills
Commercial-Industrial
Repainting
Interior/Exterior

HENRY K. FISHER INC.
667 Hartman Station Rd.
Lancaster, PA
393-6530

CALL US FOR FREE ESTIMATES
on TOP QUALITY BARN SPRAY & BRUSH PAINTING
Try Our New Concept In Penetration And Adhesion.
In 1985

To earn a dollar - give a dollars worth of service and work Pay only \$750 for the best kind of barn painting on an average barn - if you pay more you paid too much

Being self-employed, enables me to take the time to properly apply my barn paint & sealer at prices below suggested retail cost Proper application requires adjusting the viscosity of the paint to attain the best penetration and adhesion — thereby assuring you an excellent paint job

I will share helpful guidelines on roof maintenance of steel roofs by brushing on at prime time

The farmers in Lancaster Co. are lucky because of the amount of competition in barn painting.

BRUNING

Check with us for the best deal!
PHARES S. HURST Years of experience plus self
RD 1, Box 503, Narvon, PA 17555 employment gives you quality
215-445-6186 work for less expense.

The New Action Look

4-Wheel Drive - 20 H.P. Light Utility Tractor

by **STEINER**

- Single Shift Hydrostatic Drive
- High Flotation Tires of Equal Size
- Low Center of Gravity for High Stability
- Center Pivot Frame with Power Steering
- Front Mounted Accessories for Greater Control & Visibility

ATTACHMENTS

- 48" & 60" Mower Deck
- 48" Snowblower
- 48" Tiller
- 3-Point Lift
- 48" & 60" Dozer Blade
- Lawn Vacuum
- Rotary Broom
- Utility Trailer

DISTRICT MANAGER George Heath
717-737-0002

TOLL FREE: 1-800-437-5200
Ask For Operator 104

IN MD: 1-800-8890
Ask For Operator 104

STEINER CORP.
12657 Church Rd. Orrville, Ohio 44667
(216) 683-0055

AUTHORIZED DEALERS

KROCK'S SALES & SERVICE, INC.
4375 Newburg Rd.
Nazareth, PA 18064
215-759-5112

WES STAUFFER
RD #3 Pleasant Valley Road
Ephrata, PA 17522
717-738-4215

P & S EQUIPMENT
Street, MD 21154
301-452-8521

JIM BRANDT'S ROHRERSTOWN LAWN SERVICE
2208 Wood St.
Rohrerstown, PA 17571
717-394-7617

HENRY H. HARTMAN
Black Rock Rd
RD 2, Box 591B
Hanover, PA 17331
717-637-3741

TRI-STATE FARM AUTOMATION
RD #9 Whitehall Road
Hagerstown, MD 21740
301-790-3698

R.B. MILLER, INC.
North Seneca Street
Shippensburg, PA 17257
717-532-4178

MORE MOBILITY, INC.
333 West Blaine Street
McAdoo, PA 18237
717-929-1456

KATOLIGHT!

THE PIONEER IN BRUSHLESS P.T.O. ALTERNATORS!! YEARS OF EXPERIENCE HAVE GONE INTO THE ADVANCED DESIGN OF THESE POWERFUL BRUSHLESS ALTERNATORS. THE RESULT IS THE UNIQUE COMBINATION OF...

- ★ 300% Surge Capacity: For Superior motor starting capabilities
- ★ Totally Brushless Design: For greater reliability and more positive voltage build-up after long periods of idleness

24 HR. EMERGENCY SERVICE BY RADIO DISPATCHED SERVICE PERSONNEL

Model Selection Chart

Model No	Watts	Momentary Surge Watts	Minimum Required HP	Volts	C B Amps	Phase	Wire	Approximate Wt Net Lbs	Ship Lbs
15LR1	15,000	45,000	25	120/240	60	1	3	425	490
25LR1	25,000	75,000	40	120/240	100	1	3	475	50X
35LR1	35,000	105,000	55	120/240	150	1	3	580	600
45LR1	45,000	135,000	70	120/240	175	1	3	670	730
55LR1	55,000	165,000	86	120/240	225	1	3	730	750
85LR1	85,000	255,000	130	120/240	350	1	3	795	860

Distributor for DE, MD, NJ & PA

MARTIN MACHINERY
P.O. Box 35, Martindale, Pa. 17549
215-445-4585