

Financial Records Expedite Farm Loan Approval

NEWARK, Del. — Farmers who plan to apply for credit later this winter should take steps now to develop a financial prospectus they can use when contacting a lender. Preparing the prospectus will help them become better business managers and also speed the loan application process.

"Whether you're applying for a new loan or renewal of an existing one, it's best to present the potential lender with a properly prepared financial prospectus," says University of Delaware extension economist Gerald F. Vaughn.

For many years, agricultural loans were handled through arrangements that continued indefinitely without serious examination of the basis for credit. Today's financial conditions have brought that practice to an end.

In most cases now, when a farmer applies for credit the lender wants to know the recent history of the farming operation, its current financial condition, the nature of the operation, the farmer's management goals and future plans, plus the type and amount of credit needed. This information is used to evaluate the applicant's needs and capabilities,

including the ability to repay the loan.

Meeting these requirements means the application process takes much longer than before. "Well-kept farm financial records can ease the task," Vaughn says. "Without such records you may have to put in many hours of concentrated effort to complete an accurate balance sheet and cash flow projection. Assembling poorly kept information can take considerable time just when spring work needs to be done."

The economist suggests that, to avoid future delays when applying for credit, farm operators use household days this winter to prepare a financial prospectus.

"Start by assembling and analyzing the basic information on your farm business and put it in good written form," says Vaughn. "Then, when the time comes to ask for your loan, plug in current financial information, make copies and you'll be ready to talk to a lender."

The economist says to include the following basic information in your prospectus:

- A brief description of the farming unit (the people, crop and pasture acreages, livestock

numbers);

- Land tenure information, including acres of owned and rented land, rental rates and the nature of rental agreements, ASCS crop base and yield data, and information about any significant changes in land tenure during the past several years;

- Goals and plans for farming operations and family life during the next few years;

- Copies of balance sheets, income tax returns and inventory records for at least the past three years. If you don't have inventory records, be sure to include information from your records that indicates the extent to which you have held over inventory each year.

Shortly before contacting prospective lenders, update your prospectus by adding the following information to it:

- A current balance sheet;
- A crop plan and (if appropriate) a livestock plan for the coming year;
- A cash flow projection based on these plans;
- A current income tax return;

- Any other items known to be of interest to the lender.

"Whether you're applying for a new loan or seeking to renew an

existing one," concludes Vaughn, "a well-prepared financial prospectus can show potential lenders that you understand your farm business."

Fluorescent Lights Reduce Costs

NEW BEDFORD, Mass. — In tests conducted at a North Carolina layer facility, American Light's Litex poultry light reduced annual lighting costs and proved to be resistant to corrosion. New developments have also corrected light distribution problems, according to the company. The tests were conducted by North Carolina State University.

Two identical curtain-sided, double-decked cages, for a total of 32,000 bird houses, were used for the test. Both time clocks were set at 17 hour photoperiods. All bulbs were 9.5 feet from the floor and spaced at 10 feet between bulbs. Separate power meters were wired into the lighting circuits of each house. Light intensity was essentially equal.

The fluorescent lighting system consisted of 105 nine-watt

fluorescent fixtures and a photocell circuit to turn the lights on. The incandescent lighting system was made up of 105 sixty-watt incandescent bulbs controlled by a solid state light intensity controller which restricted the light intensity and power usage of the system in periods when less than full wattage was required.

Twenty-week-old birds were placed in the houses for a test period of 46 weeks. Conclusions show that the performance of the two houses was essentially identical which means the light source had no influence on the performance of the hens.

The test did show that the fluorescent system required less electricity. The cost of the bulb and ballast fixtures pay for themselves in 3 to ten months, depending on the length of daily usage and the wattage of the units replaced.

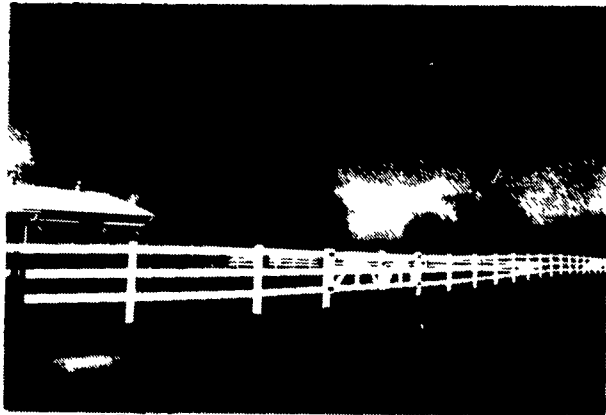
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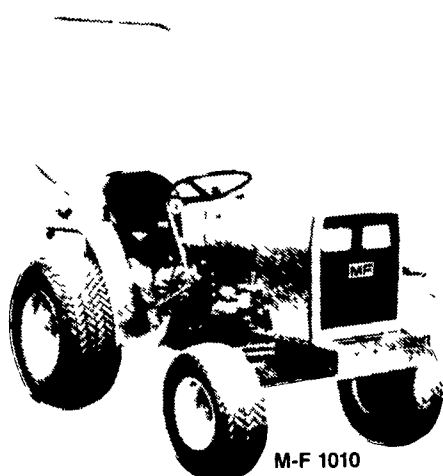
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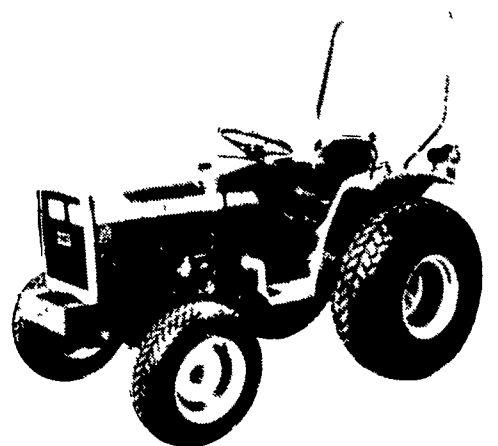
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