

Pennsylvania Livestock Auction

Waynesburg, Pa.

Thurs., May 27, 1993

Report Supplied by Auction

CATTLE: SL. COWS: UTILITY & COMMERCIAL 50.00-57.50; CUTTER & BONING UTILITY 47.00-53.00; CANNER & LOW CUTTER 42.00-51.00; SHELLS 42.00 & DOWN. BULLS: YIELD GRADE 1 1500#-1870# 58.50-74.25; YIELD GRADE 2 1000#-1400# 48.00-67.50.

FEEDER STEERS: M&L-1 300-500# 77.00-108.00; 250-280# 85.00-112.00, M 900-1000 60.00-76.00. HEIFERS M 1&L-1 300-500# 70.00-97.00; L-1

400-450# 55.00-92.00. BULLS M&L-1 300-420# 58.00-94.00.

CALVES: VREAL.. PRIME 95.00-120.00; CHOICE 74.00-100.00; GOOD 60.00-72.00.

FARM CALVES: #1 HOLSTEIN BULLS 90-120# FEW 80.00-125.00; #2 HOLSTEIN BULLS 80-100# FEW 75.00-95.00; BEEF X BULL&HFRS/HD. 85.00-175.00.

HOGS: BARROWS & GILTS #1-2 210-255# 45.00-48.50; #2-3 255-280# 37.50-45.00; SOWS #1-3 300-500# 39.00-41.50.

FEEDER PIGS: 1-3 25-35# 15.00-30.00/HD.

LAMBS: HIGH CHOICE 55-75 LBS. 65.00-82.00; CHOICE 90-105#

70.00-78.00. FEEDER LAMBS GOOD 55.00-70.00; EWES 15.00-34.00.

GOATS: LARGE 35.00-70.00/HD.; MEDIUM 25.00-45.00/HD.; SMALL 10.00-19.00/HD.

HORSES: 45.00-70.00, PONIES 20.00-48.00.

Shenandoah Valley Livestock

Harrisonburg, Va.

May 22, 1993

Report supplied by auction

STEERS: M&L-1 300-500 LBS. 95.00-114.00; 500-700LBS. 85.00-100.00; 700-1000 LBS. 75.00-84.50; HOLSTEIN

Lancaster Farming, Saturday, May 29, 1993 ADT

300-500 LBS. 70.00-83.50. FEEDER BULLS: 300-500 LBS. 90.00-110.00; 500-700 LBS. 80.00-95.00; 700-900 LBS. 72.00-82.00. HEIFERS: 300-500 LBS. 86.50-94.50; 500-700LBS. 77.00-90.00; 700-1000LBS. 68.00-76.00.

STOCK COWS: BEEF 975.00 AND DOWN; BABY CALVES, BY THE HEAD, 75.00-125.00-165.00.

SLAUGHTER COWS TREND: UTILITY AND COMMERCIAL 2-4 48.00-55.50; CANNER AND CUTTERS 1-3 40.00-47.75.

SLAUGHTER BULLS: 59.50-65.50. LAMBS: BLUE O HIGH CHOICE AND PRIME 71.00; RED O CHOICE 74.25; FEEDER LAMBS CHOICE 80.00; SLAUGHTER EWES 12.00-23.75. SOWS: 1-3 36.00-38.00.

New Holland Horses

New Holland Sales Stables

New Holland, PA

Monday, May 24, 1993

Report Supplied By Auction

338 HEAD. MARKET STRONGER. WORK HORSES 890.00-1550.00. DRIVING HORSES 615.00-1175.00. RIDING HORSES 575.00-925.00.

BETTER RIDING: 1010.00-1850.00. REGISTERED RIDING 950.00-2000.00.

KILLERS LIGHTWEIGHT 375.00-780.00; HEAVYWEIGHT 890.00-1090.00, FEW 1235.00-1350.00. PONIES: 145.00, 300.00, 375.00. LARGE PONIES 400.00-490.00. COLTS 265.00-485.00.

Buffalo Valley Produce

Mifflinburg 23

May 27, 1993

Report Supplied by Auction

ASPARAGUS: 1.10 LB. BEDDING PLANTS: 5.00-9.00 FLAT. GERANIUMS: 4-INCH 1.10-1.45; 7-INCH 3.50-4.00. HANGING BASKETS: 8-INCH 3.00-5.00; 10-INCH 6.00-8.50. POTATOES: RED 2.00 50 LB.; WHITE 1.50 50 LB. RHUBARB: .70 LB. STRAWBERRIES: 2.90 QT. TOMATOES: #1 LARGE 26.00 25 LBS. WATERMELONS: 5.50 EACH. NEXT WEEK'S AUCTION TUES. AND THURS, 10 A.M.

Financial Analysis From A Lender's Perspective

Editor's Note: This is the last of a seven part series to explain how Farm Credit analyzes farm and ranch businesses.. A different aspect of financial analysis is addressed in each issue.

Off-farm income — stability for producers and lenders

As agricultural earning opportunities fluctuate, farm program payments decrease, and costs of living increase, many farmers and ranchers and their spouses are looking at the benefits of off-farm income to help them maintain a consistent life-style. Off-farm income can provide not only additional income and peace of mind but also important medical, insurance and retirement benefits.

Lenders also see the advantages of off-farm income to a customer's loan, as it generally improves the ability to repay proposed financing.

What constitutes off-farm income

Off-farm income consists of any income not received from the producer's farm operation, including:

- salary received working for another farmer/rancher;
- salary from a part- or full-time job in a related or separate industry by either spouse;
- salary or profits from a closely held business; and
- investment income.

How a lender evaluates off-farm income

Lenders will consider many factors when reviewing off-farm income, such as:

- **Employment verification** — Lenders will verify the source and amount of off-farm income. If the income comes from another job, an employment verification form will be sent to that employer. Questions pertaining to salary, length of tenure, and prospects for continued employment will be asked and evaluated. Lenders are interested in the stability of the income source.
- **Income amount** — Income is viewed in relative terms. For example, off-farm income of \$20,000 generally has a greater impact on a part-time operation grossing \$50,000 than on an operation grossing over \$500,000.
- **Commission or fluctuating income** — Since this income tends to be less reliable and more volatile (also possibly more lucrative) than salaried positions, lenders will rely on an average amount over a three- to five-year period. Normally, neither the highest nor the lowest income year will be considered representative of expected income.
- **Part-time farm income** — Part-time farmers may choose to live in a rural setting for a variety of reasons. Lenders are

able to loan funds even though off-farm income may be the primary source of income. In addition, off-farm income may be considered less volatile than certain farming enterprises.

- **Improved repayment margin** — Off-farm income may provide the primary repayment source for residence, vehicle or education loans, or other consumer purchases. This may provide comfort to the lender as the margin for repayment is improved. For example, if a farmer has off-farm income of \$20,000, and his farm has projected earnings of \$5,000, the total amount available for loan repayment is \$25,000 versus \$5,000 — a more comfortable margin.
- **Reduced borrowing need** — Because off-farm income would provide additional funds, the farmer may have less need for financing. For example, for a customer who has \$100,000 available collateral, a lender might typically loan \$70,000, leaving a \$30,000 "buffer." Off-farm income of \$20,000 may result in a need to borrow less, leaving a larger "buffer."
- **More favorable interest rates** — Improved repayment or collateral margins likely will allow lenders to provide more favorable interest rates, because lower risk to the lender generally equates to a lower interest rate for the customer.

Considerations prior to seeking off-farm income

Before the decision is made that off-farm income is necessary or desirable, several questions must be answered:

- Is time available for either spouse to pursue such a commitment? Will the time commitment detract from the farm program?
- Will there be additional costs that must be incurred, i.e., vehicle, child care, etc.?
- If it's an owned, off-farm business, will there be an increase in capital requirements in the future?
- Will there be potential family stress by being away from the farm, possibly even at night?
- Does the off-farm income strengthen your ability to repay debt?

In the proper context, off-farm income can greatly improve a farmer's bottom line, especially for operations grossing under \$250,000 per year. While off-farm income will not completely offset the need for borrowed funds, given the capital requirements of many farming operations, it can reduce the risk of financing for both producers and lenders.

Public Auction Register

Closing Date Monday 5:00 P.M.
of each week's publication

MAY

SAT. MAY 29 - 9AM, Antiques, Glassware, Furniture, Tools, Air Compressor, Farm Collectibles, Carriage, Market Wagon And Cart. Located At 2956 Church Road Bird-In-Hand, Pa. Route 340 East Of Lancaster Past Bird-In-Hand To N. Weaverstown Road. Turn Left 1/4 Miles To Church Road. Follow Auction Signs. Terms By, Melinda F. Petersheim. Ron Funk & Gordon Reesler, Aucts.

SAT. MAY 29 - 10AM, Real Estate, Household, Antiques. Located In West Chillisqueague Township, Northumberland Co. In The Village Of Montandon, PA. From Route 147 Go West On Route 45 To Blinker Light And Turn Left To Auction Or From Lewisburg Go East On 45 To Blinker Light And Turn Right. Watch For Auction Signs. Spurgeon W. Reichenbaugh, Estate. James C. Young & Terry R. Ranck, Aucts.

JUNE

THURS. JUN. 3 - 5:30PM, Antiques, Collectibles & Furniture. Located At Little Haps Action Auction, In The Rt. 22, Marketplace (Ollies East), App. 8 Mi. East Of Harrisburg. John & Tom Golden, Aucts.

SAT. JUN. 5 - 10:45AM Approx. 250 bank vehicles. Keystone Public Auto Exchange, Rt. 22/322 Between Dauphin & Clarks Ferry Bridge. Kerry Pae, auct.

PUBLIC AUCTION THURSDAY, JUNE 3

5:30 P.M.

Little Haps Action Auction, in the Rt. 22, Marketplace (Ollies East), App. 8 mi. East of Harrisburg.

Selling a nice selection of Antiques, Collectibles and Furniture, including two Armand Marsailles Bisque Head Dolls, Barbies, China Heads and others, a nice selection of Early paper Items, Prints, Engravings and Oils, Brass Hanging Lights, Mantle Lights, Slag Glass Shade, Early Comics, Linens, Certified Gem Stones, an assortment of Early Kitchen Collectibles, Tins, Nice Glassware, Ship Models, Tinware, Primitives and more. **FURNITURE:** Fancy Oak Fireplace Mantle, Gov. Winthrop Sec. Bookcase, Mahog. Breakfront w/Desk, Nice Early 98 Drawer Revolving Store Cabinet, Mahog. Highchest w/Bev. Mirror, 4 Pc. Birds Eye Br Suit, nice Hall Seat w/Rack, Larkin Oak Sec. Desk, Empire Chests, 10 Pc. Walnut Dr Suit, Fancy Carved Camelback Sofa, 5 Pc. Victorian Parlour Suit, Oak Victrola, Oak and Mahog. Dressers, Chairs, Oak Sideboard, Early Brass Bed, 4 Pc. Walnut Br Suit, other Beds, Victorian Walnut Dr Table, Rockers, Cherry Case Steeple Clock, Decoys, 8 Large Ned Smith Prints (Gamebirds), Etc.

TERMS AND CONDITIONS: Cash or Approved Check. Preview Sale Day.

Auctioneers:

John and Tom Golden (717) 540-0339
AU-2851/2584 (717) 652-3525
Harrisburg, PA.

Campbelltown Volunteer Fire Company Carnival

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Saturday, June 5



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"Let Your Love Flow"
"Kids of the Baby Boom"

With

The McKabes

Rain or Shine - Bring Your Own Lawn Chair

Donation \$5.00 Under 16 Free

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Feature Star - 8:00 P.M. & 10:30 P.M.