



FARMER-LENDER MEDIATION

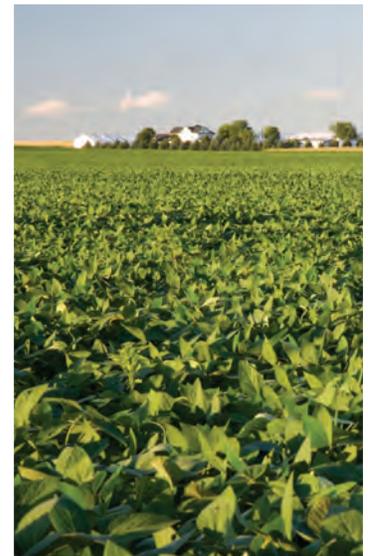
Seeking Solutions in Difficult Times

BECAUSE farming is a volatile business and even well-managed farms can experience trouble with debts. Farmers, their lenders, and local economies benefit by working together to renegotiate, restructure or resolve troubled farm debts.

RESPONSE Minnesota is one of 35 states that are part of the USDA's Certified State Agricultural Mediation Program. Minnesota law requires that creditors offer farmer-lender mediation before proceeding with foreclosure, repossession, cancellation of contract or collection of a judgment on an agricultural property. During the 90-day mediation period, farmers and their creditors meet with a team of mediators, financial analysts and University of Minnesota Extension professionals to find solutions.

IMPACT

- The number of Minnesota farmers and lenders using the program has increased for the last three fiscal years.
- During FY 2010, there were 545 cases in Minnesota where farm enterprises used mediation to reach agreement with lenders about debts. In 1,002 additional cases, the right to use mediation to resolve debt was waived by the farmers involved.
- The amount of debt addressed in mediation nearly doubled – from \$322 million in FY 2009 to \$624 million in FY 2010.
- The number of notices sent by lenders to farmers offering mediation increased by 9% during FY 2010.
- Farmer Lender Mediation provides farmers who have debt issues a way to stay in business until better times. Local businesses and communities that depend on agriculture benefit when farmers and lenders mediate debt.



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