



EXECUTIVE SUMMARY FEDERAL FISCAL YEAR 2012

Farmer-Lender Mediation

PROGRAM STATISTICS

Creditors sent 2,919 mediation notices to agricultural debtors. Debtor(s) requested mediation for 1,294 (44%) of the notices. A total of 1,055 notices completed mediation in 2012, of these 81% reached a settlement. Debtor(s) for 1,482 of the notices waived mediation. Results for waived notices may have been the debtor(s) and creditor worked out a resolution, including making the debt current, re-structuring the debt, filing bankruptcy or abandoning the collateral.

Based on the Minnesota Agricultural Statistics Districts, the debtor(s) receiving notices of mediation were geographically distributed as follows, in descending order: Central 31%; East Central 18%; South East 11%; South Central 11%; Northwest 8%; West Central 8%; Southwest 5%; Northeast 5% and North Central 3%.

The type of creditor sending the initial notice of mediation was, in descending order: Banks 45%; Farm Credit Services, United FCS, AgStar, AgCountry and AgriBank 38%; Implement Dealers and Manufacturers 8%; United States Department of Agriculture and Farm Service Agency 6%; others 2% (Judgments, small business accounts and etc.) and Contracts for Deed 1%.

The total amount of debt reported and addressed in mediation sessions was approximately \$171.8M. The approximate breakdown was as follows: Banks \$112.1M; Farm Credit Services, United FCS, AgStar, AgCountry and AgriBank \$37.8M; Main Street Suppliers and Small Businesses \$7M; U.S.D.A. Farm Service Agency \$5.4M; Contracts \$4.4M; Implement Companies \$3.3M; and taxes \$1M; and other personal debt \$726,155.

The primary commodity enterprise of the debtor(s) was, in descending order: crop 55%; cattle 18%; dairy 16%; hogs 5%; horses 4%; poultry 1% and other 1%. And the type of ownership structure of the farming entity involved included 53% sole proprietors; 27% partnerships; 19% corporations and trusts 1%.

An estimated 28,082 individuals, consisting of participants in mediation or others interested in the program, received the services of 5 part-time mediators, 2 part-time financial analysts, 3 part-time Community Program Specialists, a Principal Investigator for the USDA grant, administrative, grant, financial and legal support from various University staff and offices.

AVERAGE FARM DEBTOR

The average farm debtor recorded in mediation was: a 55 year-old sole proprietor (ranging in age from 23 to 84 years old); who had owned the land for 25 years; owning 265 acres; renting 235 acres; with an average net worth of \$1,394,526; average agricultural debt of approximately \$140,833; median non-farm income of \$54,018 and median family living expenses of \$39,317 per year.

QUESTIONS OR COMMENTS?

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