

## What We Learned: Five Ag Lending Takeaways from LendiCon

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I recently moderated a panel discussion on dairy-focused agricultural loan workout issues at Barley Snyder's 12th annual LendiCon lending conference, leading the discussion between our three knowledgeable panelists:

- Darin Miller, regional lending manager of MidAtlantic Farm Credit
- Jim Pesavento, vice president, special assets, at Fulton Financial Corp.
- Dwight D. Rohrer, senior vice president & senior lending officer at First Citizens Community Bank

If you missed it, here is a compilation of five key points the panelists discussed at the event: 1. Agriculture in the Mid-Atlantic area is experiencing a recession and dairy farmers are experiencing a depression. Prices for milk remain at a level below the peak of five years ago and an increasing number of dairy farmers cannot produce milk profitably, nor sustain further losses. Farm debt in general is rising.

2. Be aware of early signs of difficulty in farm credits, including a buildup of unpaid payables and use of alternative lending sources. Also be aware of the method of accounting (cash or accrual) and the effect on balance sheets.

3. Remember that farms are also family residences. Financial difficulties in agriculture generate enormous stress and personal and family challenges. A genuine willingness to be sensitive to those aspects can diffuse problems and facilitate a rational workout strategy in a financially distressed agricultural matter. Also, the presence of a residence on agriculture property raises foreclosure procedural issues.

4. It is important to set expectations and profitability benchmarks which, if not met, will lead to a discussion of alternatives. Early discussion about orderly liquidation may preserve more of a farmer's balance sheet and avoid substantial difficulty for the lender. Lenders should give careful consideration to the methods and sequence of a liquidation, in order to avoid becoming entwined in the farming operation and to achieve the best results.

5. When discussing profitability and expectations, there may be questions and requests for assistance or suggestions. Many farmers are looking at organic products or hemp as possible new ventures that might lift them out of the economic downturn. Lenders should be prepared to direct those customers to the appropriate resources for consultation and advice if they wish to avoid lender liability. That advice should not come from the financial institution.

If you have any questions about these points made by the panelists, or any aspects of agricultural lending, please [reach out to me](#) or any member of the [Barley Snyder Finance & Creditors' Rights Practice Group](#).

**WRITTEN BY:**

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