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is published quarterly for stockholders, directors and friends of Ag Credit, Agricultural Credit Association.

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PLANNING FOR 2015

What is **YOUR** game plan for 2015? Anyone who has coached an athletic team knows the importance of having a good strategy and game plan if you expect to perform at a high level. During the action and chaos of the game it can be easy to lose sight of your overall strategy or fail to adjust your game plan based on tactics of the competition. Teams who are disciplined, stick to their plan, and make adjustments fair better than those who panic or deviate from their plan. Our Ag Credit team just completed a three year business plan and it includes plans and strategies we will implement, execute, tweak and monitor throughout the year to help us perform at a high level. We know there will be some volatility and surprises during the year, but we understand the importance of staying disciplined.

What are some of **YOUR** goals and objectives for 2015? Effective strategic planning is needed now more than ever with the decline in our grain commodity prices over the past year. Dr. David Kohl has labeled the past decade “a commodity super cycle, bringing high levels of prosperity and paper wealth to the grain sector.” In a Leader article from June, Dr. Kohl mentioned several priorities grain producers must consider and mentioned those who plan, develop strategies, execute, monitor results and tweak their business have greater odds for success. The priorities he mentioned will be critical as we begin to navigate through tighter margins and more volatility in the grain sector. Below are some of Dr. Kohl’s priorities worth revisiting as we begin a new year.

Cost of Production

Our cost of fertilizer, seed, chemicals and other inputs have certainly increased in recent years. According to The Ohio State University enterprise budgets the cost of seed, fertilizer, and chemicals in 2004 was \$124/acre for corn. By 2014 the cost had escalated to \$330/acre, an increase of 166 percent and an annualized increase of 15.1 percent. Examining our land costs and rental costs will also be a critical variable for success. Understanding your cost of production not only includes variable expenses but also overhead associated with your business and the allocation of all capital and resources. Knowing your overall cost of production heading into a period of lower margins is essential in order to get your balance sheet structured appropriately.

Resource Assessment

Lower margins and the economics impacting the grain sector require us to evaluate our assets of land, machinery, livestock and human resources. It may be time to get back to the basics and a time to shed your business of some unproductive assets and resources. For some, marginal land susceptible to adverse weather events may become the resource deemed as unproductive and unprofitable. For others it may include holding off on some equipment purchases.





Liquidity, Liquidity, Liquidity

Evaluate the top half of your balance sheet and understand how it works. Know what current ratio and working capital mean, their importance, and the significance of retaining working capital in a period of thinning margins. With the current grain prices, many operations will “burn” some working capital over the next few years but try to preserve, conserve, and retain your working capital as long as possible.

Debt Coverage Ratio

Debt coverage is the cash available to service one’s debt obligations. It is important to note with the huge change in prices over the past 12 months it will no longer be acceptable to simply use an average of one’s past three years’ history. Projections will be needed to truly understand an operation’s debt coverage ratio. Along with those projections, monitor any variances between your projections and actual results to understand where you may be falling short. What does your balance sheet look like if your 2015 projection happens for the next three years?

Living Costs

Track and know your family living costs. It might be shocking to find out what we spend for family living and typically the more

we earn the more we spend. The average noncapital living expenses for 1,307 farm families enrolled in the Illinois Farm Business Farm Management Association was reported to be an average of \$80,716 per family. Another \$8,414 was used to buy capital items such as automobiles and household equipment for a grand total of \$89,130 in family living expenses. It can be difficult to cut back when less income is flowing into the operation. Dr. Kohl reported that good times can create bad habits in family living consumption and in nonfarm capital expenditures. Recent data shows the difference between the highest and lowest one third of family living expenses is approximately \$60,000. This is a fairly significant amount when one considers this could be used to pay down debt.

Good People

I have been told, (and reminded by many of our members) the importance of employing good people. Businesses that have good people tend to be successful. It is important to surround yourself with good people who know and understand agriculture and your business. This can include your employees, suppliers and, yes, your lender. Dr. Kohl mentions the importance of not getting sucked in with a Johnny-come-lately lender but instead selecting a lender who is not just a

“yes” or “no” lender but a “what if” lender who will confirm what you do well and suggest areas for improvement.

It can be easy to get down when we see our working capital or net worth eroding. We must realize agriculture does have volatility associated with it that is perhaps more unique than other industries. Though economics are uncertain, eventually things will come to balance and our cash grain margins will correct. From a global perspective there are many favorable trends for our Ohio agriculture including a worldwide growing middle-class happening in many developing countries. It is estimated by 2023 the middle-class will have doubled in these developing countries and from every additional dollar earned by these households, it is estimated they will spend between 30 and 50 cents on food and protein. When someone in the U.S. earns an additional dollar, only pennies of it are spent on additional food. In the meantime, it will be important to plan appropriately and ride out the storm. Knowing you have a good lender and people that will be there through the good and the bad will be critical to your success. ■

AUTUMN APPRECIATION DAYS

Norwalk Appreciation Day

On September 11, 2014, the Norwalk branch welcomed members to their office for their annual Fish Fry Member Appreciation Dinner. Perch fried by the Townsend Fire Department

was served along with pulled pork and tasty side dishes. It was a family event and kids enjoyed playing in the bounce house and making ice cream sundaes. Mama Jo pies

were served as dessert and were a big hit, as always! It was a wonderful evening of food and fellowship! (All images are from the Norwalk event.)





Kenton Appreciation Day

More than 200 members and their families attended Kenton's annual Member Appreciation Day held Wednesday, September 3rd, 2014 at the Hardin County Fair Shelter House. Seven teams of four or more participants took part in our Scavenger Hunt, finding people, places and things around the Hardin County Fair to complete the challenge. Teams that got all of

the answers correct were put in a drawing for a door-prize. Randy and Ellen Hastings' team won a gift card of their choice.

Throughout the day, kids were allowed to spin the Ag Credit prize wheel and receive the prize it landed on! This was a big hit with the younger crowd. Attendees enjoyed popcorn, pop and ice cream compliments of Ag Credit.

At the end of the event, door prize drawings were held. Kenton's big prize was a pair of local Amish-crafted gliders, won by Dorcas and Dale Rapp.

It's always fun to visit with members and provide a place to rest and visit with others at our annual Membership Appreciation Day. The Kenton team is looking forward to next year. ■



THE BENEFITS OF A WRITTEN LEASE

BY KENT JORGENSEN, ATTORNEY AT LAW

Most farmers in Ohio, and around the country, rely heavily on rented ground to maintain their operations. But negotiating and maintaining a successful relationship between landlord and tenant can often be a difficult task. The landlord likely wants fair and reasonable compensation, and to make sure the tenant is exercising good stewardship over the land. The tenant likely wants a long-term commitment on the land that will allow him the right to farm the ground for years to come. To further complicate matters, often times these farm lease agreements are done without any written documentation as to the expectations and requirements of the parties. The question then becomes how does each party guarantee their expectations will be met?

There is a long standing tradition in agriculture of honor and integrity in one's business dealings. Terms such as "my word is as good as my bond" or "we'll settle it with a simple handshake" are commonly used when reaching these types of agreements. It is a privilege for me to associate with a community of such integrity, and I hope the notions of honor and integrity in agriculture will continue. However, there is a common misconception that if someone asks for a written agreement he has something to hide. I would argue the opposite. By asking for a written agreement he is not attempting to hide something, but is further reinforcing his commitment to stand by his word. Verbal agreements may be sufficient for many situations, but when it comes to something as complex as leasing land, it is in the best interest of all involved to enter into a written agreement. With a written agreement both

the farmer and the landlord can be sure the requirements of the lease are understood by all, and followed. The landlord can then include specific terms regarding the care of the land, perhaps including soil test and nutrient replacement requirements. The tenant likewise can negotiate a longer lease term and feel more comfortable improving and caring for the land knowing he will likely be the one to benefit from his efforts in the future.

I often hear the concern that a written contract will in some way restrict the actions of the parties involved. One tenant even told me once he wished he could do more for his landlords, but he couldn't because he was restricted by the terms of the agreement. It is important to remember a written contract is simply a natural extension of the verbal agreement reached by the parties. Just as with a verbal agreement, if one of the parties finds the terms of the agreement are not working, the two parties can revise the written contract by simply putting the new provisions in writing and signing it. Further, any contract, verbal or written is never intended to be a ceiling, but rather a floor. A contract establishes the baseline requirements of both parties. There is nothing preventing anyone from doing more than the contract calls for. For example, if a tenant wants to mend a fence or mow grass for the landlord, nothing is preventing the tenant from doing so as a gesture of good will. A written agreement simply spells out the terms of the agreement to prevent confusion and provide added protection to everyone involved.

Before entering into any lease agreement it is important to keep in mind a few specific legal requirements. First, it is important to understand a verbal lease agreement is generally unenforceable until the tenant begins some sort of work on the land, and is only enforceable for up to a one year term. Any lease for more than one year must be in writing to be enforceable. In Ohio, any lease for four years or more must be in writing and must be notarized to be valid and enforceable. It is also advisable that any lease for four years or more be recorded. This will



effectively notify any future buyers or leasers of the property that there is a current lease on the property. This can help protect the tenant from early termination of the lease, and the landlord from any potential lawsuits for non-disclosure of the lease. Finally, when entering into a written lease, the document must be signed by both parties. Often times there is confusion about how a document should be signed, particularly when the land is held in a trust, partnership, or LLC, or the tenant farmer is renting the land on behalf of a partnership or LLC. The general rule of thumb when executing any document is to sign on behalf of the entity that is part of the agreement. For example if the land being leased is in a trust, the landlord should sign the document as trustee of the trust, if the tenant is farming the land under the name of an LLC he should sign as a member of the LLC.

If executed properly, a written farm lease can provide added protection to both landlord and tenant, as well as enforcement power if the lease terms are not followed by either party. Such agreements can add needed clarity to farm leases as well as improve landlord and tenant relationships by clarifying the requirements of each party under the agreement. In the end, all parties involved benefit under a written lease agreement. As with any legal document, it is advisable to seek the advice of a competent attorney before entering into any lease agreement. ■

In Ohio, any lease for four years or more must be in writing and must be notarized to be valid and enforceable.



INQUIRING MINDS

BY DR. DAVID M. KOHL

Farm Credit University is an educational venue that combines the best of high technology with face-to-face high touch experiences. Recently our 26th class of lenders and analysts in the Lifestyle Lender program, representing nine associations across seven states, participated in a kickoff webcast. Let's examine some of the questions these newly-minted ag lenders had on their minds.

Do you expect another recession?

The U.S. economy is in its 63rd month of business expansion since the Great Recession. To put this expansion into context, the average expansion since the Great Depression has been 58 months, with recessions lasting 11 months on average. In the 1980s, Federal Reserve Chairman Volker presided over an 86-month expansion, only to be exceeded by Chairman Greenspan with a record 120-month expansion.

Three variables are generally responsible for recession: rapid increase and sustained high level of oil prices; spike in interest rate; geopolitical risk; or a combination of these factors. With that being said, you be the judge!

When will interest rates increase?

A question I repeatedly receive when I am on the road these days is, "When will interest rates increase?" Watch three major factors. If unemployment rate declines into the five percent range; the U.S. economy's growth in GDP picks up to the three percent to four percent range; and inflation rises to two and a half percent, there is a good likelihood for an increase in interest rates. Remember, rates have remained flat for nearly six years. An increase would be a shock to both households and businesses with variable rate operating money and mortgages.

Why is U.S. housing still stagnant?

Housing is a major contributor to U.S. economic growth. While housing starts peaked out at 2.3 million annually back in 2006, the rate declined to 478,000 in the Great

Recession. Approximately 1.5 million starts are desired. Currently annual housing starts, which contribute to one in seven jobs in America, stand at approximately 1.1 million annually.

Sluggish growth can be attributed to a convergence of a number of factors.

- Increased regulation through the Dodd-Frank Act
- Job number increases that are part-time with little or no wage growth
- Baby boomers scaling down their housing needs
- Younger people moving to urban areas
- A high level of U.S. college and university debt, currently at \$1.1 trillion collectively

What is your forecast for the duration of the livestock cycle and the grain cycle?

The livestock industry's economy is hotter than a pepper sprout! Contrast that to the grain industry, which is economically moderating. Unless an unusual event occurs in the livestock industry, two to three years of profits may be in store. The grain industry's plight will be centered on the growth of the economies of emerging nations, ethanol, value of the dollar, and Mother Nature. In either case, two philosophies apply:

- The worst decisions are often made during the best of economic times.
- Good managers generally know how to generate a profit even in the toughest of cycles.

Management is the differentiating edge regardless of where an industry is in the economic cycle.

What is your take on local foods, GMOs, and international trade?

Now that is a loaded question, but a great one. The local, natural, and organic food sectors will continue to grow. Those producers who are successful will be very good at development and execution of business plans,

connecting with the customer base, and being observant of consumer trends.

There will continue to be a place for GMOs (genetically modified organisms) in agriculture production; however, there will be an increase in food labeling requirements, and consumers in the U.S. and abroad will continue to be interested in the way their food is grown, processed, marketed, and distributed. International trade will be critical as 94 percent of world consumers reside outside of the U.S. Expect agriculture trade to become more intertwined with political and military disputes and discontent. That being said, markets can be given or taken away quickly, and agriculture is often the first industry to feel the impact.

This is just a sampling of the insightful questions that the lifelong learners who serve you have on their minds in a world that is dynamic with many challenges and opportunities. ■

About the Author

David Kohl received his master of science and Ph.D. degrees in agricultural economics from Cornell University. For 25 years, Kohl was professor of agricultural finance and small business management and entrepreneurship in the Department of Agricultural and Applied Economics at Virginia Tech, Blacksburg, Virginia. He was on special leave with the Royal Bank of Canada working on advanced initiatives for two years, and also assisted in the launch of the successful entrepreneurship program at Cornell University. Kohl is professor emeritus in the AAEC Department at Virginia Tech.

Kohl has traveled more than seven million miles throughout his professional career! He has conducted more than 5,000 workshops and seminars for agricultural groups such as bankers, Farm Credit, FSA and regulators, as well as producer and agribusiness groups. He has published four books and more than 1,000 articles on financial and business-related topics in journals, extension, and other popular publications. Kohl regularly writes for *Ag Lender* and *Corn and Soybean Digest*.

A Rural Perspective: More than I Know

By JAMES McCONNELL

JAMES McCONNELL IS A MEMBER OF AG CREDIT WHO FARMS 2,500 ACRES IN SOUTHERN LORAIN COUNTY WITH HIS TWO BROTHERS.



A number of years ago my wife and I were having a very enjoyable dinner with friends at a nice restaurant near the Expo Center in Louisville, Kentucky, during the North American

Dairy Show. The food was excellent and the conversation was light and interesting. Our friend, Art Riggensbach, was telling about a fellow dairyman he knew. Art told us about some of the innovations his friend had made to his dairy operation. Not all of these innovations had a readily apparent purpose but Art was convincingly filling in the unknowns with what he surmised to be logical explanations. When asked about a specific comment he had just made, Art responded, "I'm not sure. I've already told you more than I know."

Everyone at the table spontaneously erupted in laughter. None of us had ever heard a comment like that and not only was it unexpected, it was refreshing and enlightening. Here was a man who was well respected by his peers and known for his honesty and subtle wit, admitting he had gotten a bit carried away with his story and it was time to call a halt. He didn't hesitate and try to come up with a bogus reply in an attempt to appear more knowledgeable than he was. He just admitted he'd already gone beyond his knowledge of the subject in question.

Sharon and I have adopted Art's comment from that evening as a graceful and often humorous way to extricate ourselves from personal conversations that have wandered too far. These are conversations that have gone beyond our knowledge of the subject at hand and into the realm of pure speculation. Perhaps

I'm much more inclined to support someone who will admit their lack of knowledge than someone who clearly demonstrates their ignorance by trying to tell us more than they know.

it is a news item one of us is curious about and the other may have some familiarity with, but realize the knowledge is soon exhausted. Before long, it is time for one (or perhaps both) of us to admit, "I've already told you more than I know."

I wish more people, especially public officials, would learn to embrace this way of admitting all too often they really don't know what they are talking about. Too frequently, this happens when the subject relates to

agriculture. I'm much more inclined to support someone who will admit their lack of knowledge than someone who clearly demonstrates their ignorance by trying to tell us more than they know.

The same can be said for some sales people I've encountered, whether it be farm machinery, automobiles or insurance. (Hmmm...come to think of it, politicians are in sales too, aren't they?). I'm not likely to do much business with or support someone who always thinks they have an answer to every question. In some cases, I've had the feeling they should have prefaced their sales pitch with the statement, "Everything I tell you is more than I know."

I enjoy telling a good story as much as anyone, but I thank Art Riggensbach for providing me with a self-check to keep me from getting carried away and straying too far into the realm of conjecture and, well, just plain BS.

I realize this article is briefer than usual but I must stop now because... I've already told you more than I know. ■



THIRD QUARTER CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets

	September 30,		December 31,	
	2014		2013	
	(unaudited)		(audited)	
Assets				
Cash	\$	1,918	\$	4,573
Investment securities:				
Held to maturity (fair value of \$16,289 and \$12,656, respectively)		15,905		13,363
Loans		1,478,936		1,473,459
Allowance for loan losses		(15,413)		(15,434)
Net loans		1,463,523		1,458,025
Accrued interest receivable		27,677		19,031
Investments in other Farm Credit institutions		15,902		15,901
Premises and equipment, net		5,563		5,440
Other property owned		18		763
Accounts receivable		7,312		24,952
Other assets		1,927		2,694
Total assets	\$	1,539,745	\$	1,544,742
Liabilities				
Notes payable to AgFirst Farm Credit Bank	\$	1,277,519	\$	1,293,962
Accrued interest payable		2,458		2,522
Patronage refunds payable		125		13,764
Accounts payable		1,428		2,023
Advanced conditional payments		2,614		1,417
Other liabilities		15,469		9,762
Total liabilities		1,299,613		1,323,450
Commitments and contingencies				
Members' Equity				
Capital stock and participation certificates		19,206		18,956
Retained earnings				
Allocated		130,436		137,127
Unallocated		90,490		65,209
Total members' equity		240,132		221,292
Total liabilities and members' equity	\$	1,539,745	\$	1,544,742

Consolidated Statements of Comprehensive Income

	For the three months ended September 30,		For the nine months ended September 30,	
	2014	2013	2014	2013
(dollars in thousands)				
	(unaudited)			
Interest Income				
Loans	\$ 17,586	\$ 16,155	\$ 51,308	\$ 46,938
Investments	222	197	668	493
Total interest income	17,808	16,352	51,976	47,430
Interest Expense				
Notes payable to AgFirst Farm Credit Bank	7,925	6,928	21,901	19,914
Net interest income	9,883	9,424	30,075	27,516
Provision for loan losses	—	431	—	431
Net interest income after provision for loan losses	9,883	8,993	30,075	27,085
Noninterest Income				
Loan fees	100	55	280	242
Fees for financially related services	115	105	143	145
Patronage refunds from other Farm Credit institutions	2,496	2,297	7,302	7,503
Gains (losses) on sales of premises and equipment, net	(3)	(3)	81	5
Other noninterest income	3	2	64	66
Total noninterest income	2,711	2,456	7,870	7,961
Noninterest Expense				
Salaries and employee benefits	2,594	2,437	7,984	7,217
Occupancy and equipment	217	179	674	620
Insurance Fund premiums	255	203	744	587
Guarantee fees	253	68	1,121	684
(Gains) losses on other property owned, net	—	(4)	(275)	7
Other operating expenses	855	707	2,107	1,952
Total noninterest expense	4,174	3,590	12,355	11,067
Income before income taxes	8,420	7,859	25,590	23,979
Provision (benefit) for income taxes	—	47	(155)	126
Net income	8,420	7,812	25,745	23,853
Other comprehensive income	—	—	—	—
Comprehensive income	\$ 8,420	\$ 7,812	\$ 25,745	\$ 23,853



Calendar

December 24–26	Christmas holidays – Offices closed
December 25	Final date to report claims for spring-seeded crops
December 31	“2014 business” will close at 3:00 p.m.
January 1	New Year’s Day – Offices closed
January 6	Farm Management Workshop – Tiffin
January 8	OSU Ag Outlook Meeting – Upper Sandusky
January 13	Farm Management Workshop – Kenton
January 14–16	Ft. Wayne Farm Show
January 19	Martin Luther King, Jr. Day – Offices closed
January 20	Farm Management Workshop – Ottawa
January 27	Farm Management Workshop – Bowling Green
February 16	Presidents’ Day – Offices closed



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2015 Farm Management Workshops

Mark your Calendars! In January, Ag Credit is holding four workshops to address estate planning, eldercare, asset protection and crop insurance. All meetings are at 7 p.m.

Workshops will be held:

January 6	Tiffin Ag Credit Office 2500 W. Market St. Tiffin, OH 44883	<i>Reservations:</i> John Orians 419-447-0787
January 13	Hardin County Fairgrounds 14134 Fairground Rd. 140 Kenton, OH 43326	<i>Reservations:</i> Ranae Sherman 419-675-2303
January 20	Putnam County Skilled Learning Center 124 Putnam Parkway Ottawa, OH 45875	<i>Reservations:</i> Heather Brickner 419-523-6677
January 27	Wood County Fairgrounds Jr. Fair Bldg. 13800 Poe Rd. Bowling Green, OH 43402	<i>Reservations:</i> Steve Wehl 419-352-5178

Agenda:

Welcome

Milligan Insurance - Thomas Milligan
Crop Insurance Updates

Wright & Moore Law - Attorney Robert Moore and company
Estate and Farm Succession Planning for Farm Families

- Wills and Trust
- Using LLC's for farming operations
- Nursing Home and Medicaid planning for farmers
- Dealing with on-farm and off-farm heirs

Question and Answer Session on Farm Law with Wright Law Co. will follow for anyone wanting to stay. Refreshments will be served. Ag Credit members will receive a postcard invitation with a request for reservations. If you do not receive card but would like to attend, call for reservations.

Wilson Nature Center Donation

Ag Credit made a donation to help fund the building of the Wilson Nature Center at Creek Bend Farm in Sandusky County. The center will help increase opportunities for nature based programming to connect visitors of all ages to the natural world around them. It is complete with a classroom, outdoor deck with a view of Muddy Creek, library and more. The center was dedicated on November 9, 2014 and is now open to the public. For more information including hours of operation, visit www.lovemyparks.com.



Director, Deborah Johlin-Bach and Fremont Branch Manager, Karl Orians attend the dedication

Jerry Layman Elected

Congratulations to Ag Credit's Board Chairman, Jerry Layman. He was recently elected to the AgFirst Farm Credit Bank board. Layman will serve a 4-year term beginning January 1, 2015. Directors from 19 AgFirst associations vote for representatives on the district board.



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The mobileRoots™ app for AccountAccess is now available in the Google Play Store for download on Android smartphones and the Apple App store for iPhones.

Cover Crop Sign Sponsorship



(From the left) Hardin County farmer, Jerry McBride, Ag Credit CEO, Brian Ricker, and NRCS State Conservationist, Terry Cosby placed the first sign on Jerry's field on November 4.

Ag Credit partnered with the Natural Resources Conservation Service (NRCS) to provide metal signs to be placed on fields being funded by NRCS's Environmental Quality Incentives Program (EQIP). The purpose of the signs is to raise awareness about conservation tied to Lake Erie water quality. Many people don't know what cover crops look like so these signs will help spark conversation about cover crops and what farmers are doing to help improve water quality. These signs can be found in 19 Ohio counties. Farmers applied for funds for this special EQIP program in August.



Taking a closer look

Leader Magazine Advertising Available

Contact the Norwalk Ag Credit office if you are interested in advertising in the *Leader* magazine, which goes to more than 7,000 households in 18 Ohio counties. Call Connie Ruth at 1-800-686-0756 for more information.

Youth Support Attica Fair Building Fund

The Ag Credit Board of Directors approved donating \$17,092.50 to match funds already raised by the Attica Jr. Fair exhibitors to help replace the small animal barn destroyed in a July 2013 windstorm.

During the storm, the small animal barn was torn from its foundation and it was later condemned by the insurance company. A temporary tent was erected to house the animals at fair time after the barn was torn down.

Three exhibitors—Amy Martin, Phillip Martin and Nathan Snavelly—came up with the idea to donate money back to the fair from their livestock sales. They went into the sale ring together and more kids joined the cause raising approximately \$15,000 that day. After the fair a "Raise the Roof" committee was formed to continue fund-raising efforts.

"In all, twenty two kids have donated all, or part of, their fair money back to the fund in a ripple effect. They are also selling tumblers, t-shirts, and coffee mugs with all of the proceeds going to the campaign," said Tanya Nagel, Attica Independent Jr. Fair Coordinator. "We hope it is completed by fair time next year."

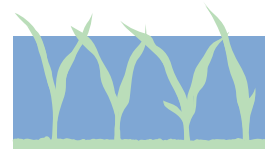
The new building will be built by J&F Construction (Bucyrus) and Clouse Construction (Tiffin) as a joint venture. The 100' by 150' insulated steel building will have a concrete foundation, overhead doors and fans for ventilation. It will house hogs, goats and sheep and will also have a show arena. It will be used year-round as a multi-purpose community building. The total cost is estimated to be \$475,000.

"The kids stepped up and made the commitment and that showed how dedicated the kids and their community are," said Ag Credit director, Gary Baldosser. "The new building will be extremely functional and improve the safety issues they experienced with the old structure."

Ag Credit is a proud supporter of youth. For more information about the "Raise the Roof" campaign contact Tanya Nagel, (419) 934-3543.



(From the left) Gary Baldosser, Amy Martin, Nathan Snavelly, Phillip Martin, Tanya Nagel, and John Orians



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New Employees



The Van Wert team welcomed new customer service representative, **Darlene Myers** on September 1.



Andrew "Andy" Witker became part of the Bowling Green team as an account officer on September 11.

Transferring



Stuart Wyatt, formerly a home loan originator, transferred to an account officer position on November 1. He remains in the Van Wert branch.



Thanks to **Mary Groweg**, in Fremont for her 6 years of service as a part-time office assistant.

Retirements

Two employees will be retiring as of January 1, 2015. We thank Karen and Richard for their many years of contributions to the members of Ag Credit. Enjoy your retirement...you've earned it!



Karen Martin began her career with Ag Credit in May of 1994 in the Van Wert branch. She has served the members of Van Wert County for 20 years as well as helping out other branch offices.



Richard Schweinfurth started his career with the Farm Credit System in 1982 with the former Miami Valley Production Credit Association. In January 1984, he began working for the former Marion Production Credit Association which later became part of Ag Credit. Thank you for your 32 years of service to farm families!

2015 CALENDAR CONTEST



*May (& Cover): Kids Walking Fair Calves at Sunset
Chris Miller - Norwalk, Ohio*



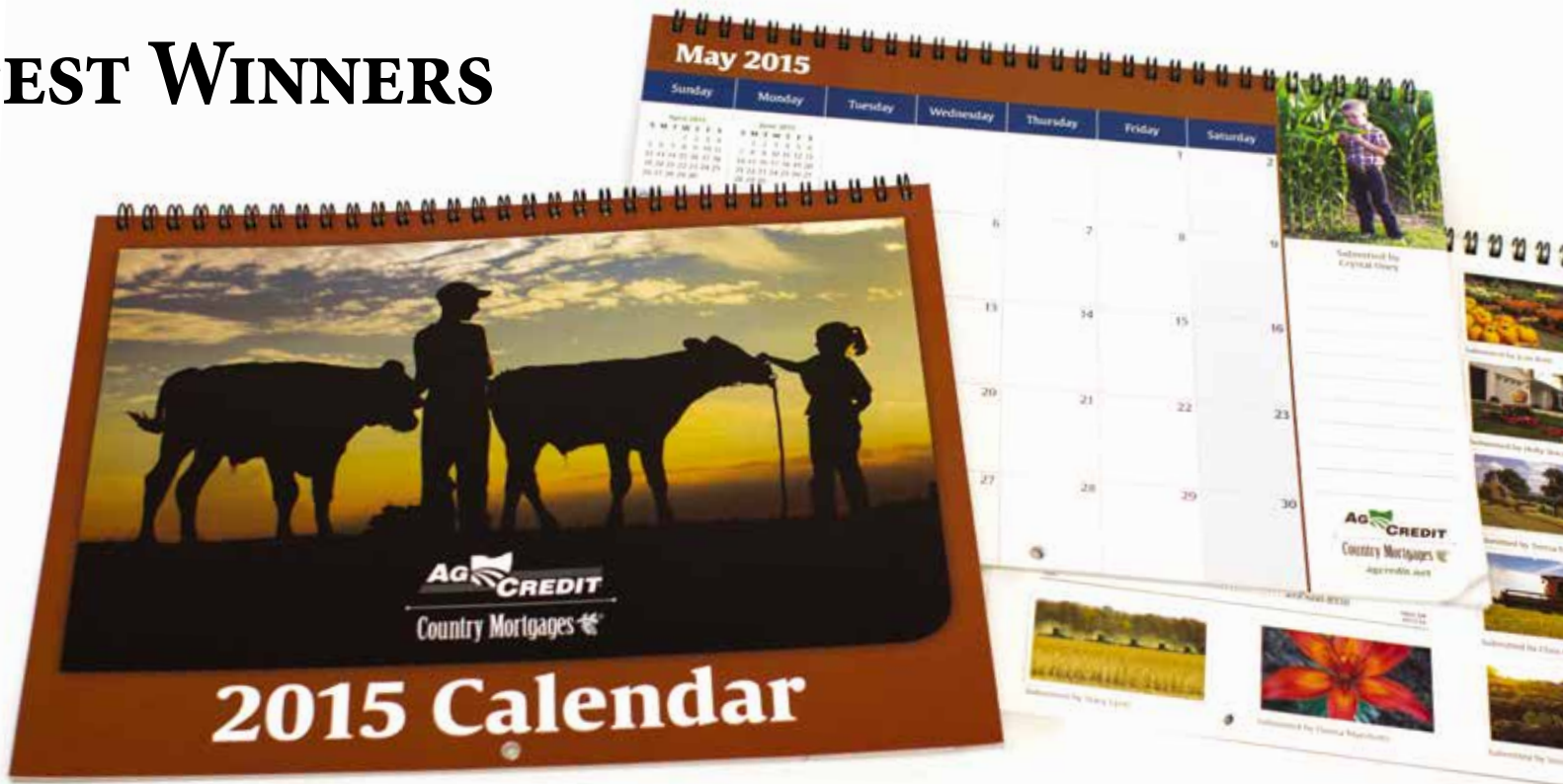
*August: His Favorite Tractor
Ashley Errett - Wayne, Ohio*



*September: Farmer's Hands
Valerie Wallis - Scott, Ohio*

*The winners were chosen by AgFirst's design team to insure impartiality. Contest Guidelines: Check our website in January 2015 for details about our 2016 calendar photo contest.

TEST WINNERS



*January: Snow Day
David Myerholtz - Gibsonburg, Ohio*



*February: Cattle Show
Ashley Buhrow - Oak Harbor, Ohio*



*March: 1948 Ford 8N
Rich Ruess - Norwalk, Ohio*



*April: Bambi
Carol Polter - Fremont, Ohio*



*June: Hydrangeas
Kimberly Williams - South Amherst, Ohio*



*July: Watching Field Work
Crystal Oney - Willard, Ohio*



*October: Sunset on a Pumpkin Field
Ashley Errett - Wayne, Ohio*



*November: Autumn Splendor
Kelli Jagger - Mt. Gilead, Ohio*



*December: Doe in a Snow Covered Field
Dawn Mizen - Tiffin, Ohio*

BY GREG SIEBENALLER, JULIE REINHART AND LOGAN KREIS

As the holiday season approaches, we are reminded year-end is just around the corner. With each year-end comes the task of finishing up your business plan for the current year and readying a plan for the new one. The following are a few items to keep in mind and to assist you in planning for the end of the year when making principal or interest payments and preparing for the upcoming income tax season.

Loan Payments

- The branches will close 2014 business at 3:00 p.m. on Wednesday, December 31, 2014.
 - Payments received after this time will be credited effective Friday, January 2, 2015.
 - If possible, make your loan payments prior to December 31, 2014, to help ensure the proper application of the payment to your account for 2014.
 - Please take into account mail time if you mail the payment to your local branch or the payment lockbox processor. Credit is given based on when the payment is received, not the date of the check or the payment post mark date.
- Can I prepay my 2014 loan interest and get credit for it in 2014?
 - Yes. You can prepay all or a portion of your accrued interest before the end of the year.
 - If you go to your local Ag Credit office to make the payment, make sure you tell the Customer Service Representative (CSR) you want your payment applied to interest for 2014.
 - The total interest paid on all of your loans for 2014 will appear on the IRS Form 1098 Mortgage Interest Statement you receive from Ag Credit in January 2015. Consult with a tax preparer concerning if or how to correctly report an interest deduction.

- Can I prepay my January 2015 real estate mortgage loan payment in 2014 and get credit for the interest in 2014?
 - Yes. You can prepay the entire payment before 3:00 p.m. on Wednesday, December 31, 2014, to ensure you receive credit for the payment in 2014.
 - You cannot use escrow (funds held) interest credit to pay a portion of the payment and get credit in 2014.
 - It is very important for you to clearly indicate to the branch team whether you want to receive credit for your payment in 2015 or 2014.



Review 2014 Payments through AccountAccess

You can help ensure the accuracy of your loan transactions for 2014, especially your interest payments.

- Use AccountAccess to review your loans to make sure payments were applied in 2014 as you intended.
- Doing this before December 31 gives you time to notify the office of any changes you think are needed and allow time for your branch's CSRs to make the changes in 2014.
- This helps make sure your tax and other annual statements are correct.

IRS Informational Returns

- We report informational returns under the taxpayer identification number (social security number or employer identification number) for the person or entity listed as the primary borrower for the borrowing entity.
- Statements are available on Account Access in mid-January 2015. Paper forms, along with your Member Summary Statement, will be mailed out in late January.

1098 – Mortgage Interest Statements – This form shows interest paid to Ag Credit in 2014. Any interest refinanced by another loan is not reported. Only interest paid by you is reported on this statement.

1099-INT – Interest Income – This form shows interest of \$10 or more earned on funds in escrow (funds held) or the Reserve Account during the year.

1099-DIV – Dividends and Distributions –
This form shows dividends of \$10 or more earned during 2014 on Class A Preferred stock you have with Ag Credit.

1099-PATR – Taxable Distributions Received from Cooperatives – This form shows the amount of taxable patronage you received, either by check or notice, during the 2014 tax year. Any patronage refund and revolvment of allocated equities is at the discretion of the board of directors. The taxable patronage for 2014 includes the following:

- 2013 Cash Patronage distributed in late March or early April 2014.
 - 2008 Nonqualified Allocated Surplus distributed in September 2014.
- Nonqualified allocated equity is taxable in the year it is distributed to you in cash.

Once you receive your tax statements through AccountAccess or by mail, please review them carefully for accuracy. If you find an error, please notify your local branch team right away. If you notify us in time, we can make corrections and have new notices issued through our normal, automated process.

Member Summary Statements

Statements are produced and mailed to each borrowing entity at the end of January 2015. The statement will be available on-line via AccountAccess in mid-January 2015. This is an informational statement. It is not sent to the IRS.

Your member summary statement will show beginning and ending loan balances, interest paid, fees or late charges paid, stock and allocated equity balances.

AccountAccess

AccountAccess provides you with 24/7 on-line, internet access to your Ag Credit loans. AccountAccess provides you with the following benefits:

- Quicker access to your 2014 IRS informational tax forms and member summary statement.
- The ability to request draws on your line of credit and make loan payments, day or night, from your home or business at your convenience.
- See loan balances, loan activity, YTD interest paid, billing statements, upcoming payments and more.

If you're not signed up for AccountAccess or have forgotten your password, contact your local branch team for assistance.

As you reflect on and close out 2014 and welcome 2015, remember to jot down your inventories and other information necessary to complete a balance sheet in preparation for the completion of the financial analysis of your business. If you need assistance with this process contact your Ag Credit account officer.

Finally, the Operation's team members at the administrative office in Fostoria say, "Thank you," for choosing to do business with Ag Credit. We wish you a blessed holiday season and New Year. ■

CROP INSURANCE CORNER

BY THOMAS MILLIGAN

Another year has gone by—seems like they go faster each and every year. Many changes have occurred during 2014. There are several revised crop insurance programs. For example, ARPI replaced GRIP, AYP replaced GRP, and a new supplemental coverage (SCO) was made available for wheat. It will also be available for corn and soybeans in 2015. Basically, the SCO is a county coverage that can be stacked on top of an individual crop insurance policy.

The 2014 Farm Bill included a number of new elements that are prompting many questions. The FSA has announced the key dates for farm owners and producers regarding these elements:

- September 29, 2014 to February 27, 2015: Producers may update yield history and/or reallocate base acres. This is the first step to help choose which new program best serves the farmer's needs.
- November 17, 2014 to March 31, 2015: Producers make a one-time election of either PLC (Price Loss Coverage) or ARC (Agricultural Risk Coverage) for crop years 2014-2018.
- Mid-April 2015 through summer 2015: Producers sign contracts for 2014 and 2015 crop years.
- October 2015: Payments made, if any, for 2014 crop year.

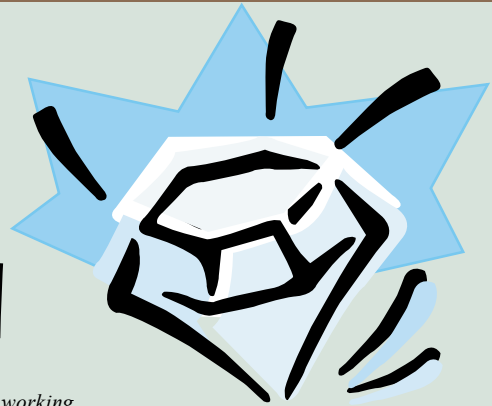
There are new tools available to assist producers in this process. They are available at www.fsa.usda.gov/arc-plc. You may contact your local FSA County office for answers to your questions regarding your specific operation or county. ■


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is an equal opportunity provider.*

AGATES FROM AGATHA SEMI-PRECIOUS TIDBITS OF INFORMATION



COMPILED BY CONNIE RUTH, AKA AGATHA CREDIT

Note: Agatha Credit is the nickname my late husband, Dan, bestowed upon me when I first started working at Ag Credit. He enjoyed the enthusiasm I had for my new job.

We are Ag

In November, I had the opportunity to visit with several Ag Credit members who generously took time from their busy harvesting activities to talk about why they like Ag Credit and film some new testimonials for our website. I traveled to Seneca, Lucas, Ottawa, Sandusky, and Wood counties with a videographer and photographer to record videos for our website. It was such a heart-warming experience, I decided to forgo my usual column and instead share some pictures with you. To see finished testimonials—go to our website agcredit.net



Agatha

We are Ag

The experts in rural lending



Father and daughter, Denny and Linley Kirian in Tiffin



Father and son, Gene and Kevin Cook



Account Officer, Ashley Burger, at Diamond S Farms



Feeding time at the Baldosser Farm



In Grand Rapids, Shane Vetter, talks with Dave and Dylan Baer about their operation



Denny Kirian, from DK Trenchers, shows Craig Buskirk progress laying tile in a field



Dan Polter and Karl Orians walk one of Dan's purple cabbage fields in Fremont



John Orians, (right) and Gary Baldosser discuss the recent harvest



Steve Wehl (right) visits Lonnie Perry in Waterville



Lauren Martikan and Gene Cook look over the corn just before harvest



The Diamond S crew with restored tractor



Tom Hertzfeld with Tom Moser (right) gives our team a tour of Hertzfeld Poultry



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"Where's the Barn?" Contest Winner

Congratulations to Roseann Hall, Ag Credit member and winner of the "Where's the Barn?" contest from our September issue.

Hall from Tiffin, Ohio, successfully located the mystery barn shown in the photo. Her correct entry was drawn so she won a jacket from Ag Credit. The second chance winner is Paula Siebeneck, a member of the Ottawa branch from Leipsec, Ohio.

The mystery barn is located at 4512 East SR 18 in Tiffin (Wade Estep's Farm in Seneca County). Thanks to all who participated!



Country Mortgages

www.agcredit.net

Ag Credit, ACA Member Referral Card

Referrals are important to the growth of your association and we want to thank you for telling your neighbors and friends why you do business with Ag Credit.

Refer someone who is not a member to Ag Credit and if that referral results in a new loan or lease, you will receive a jacket. Be sure to let us know you referred them to us prior to their loan application. Just fill out the form and give it to your branch office team.

This Card Introduces:

Name: _____ Phone: _____

Address: _____

Please give this prospective customer every consideration and courtesy for available products and services that may be of value to them.

Date: _____ Your Name: _____

Branch Office: _____ Your Phone: _____

Jacket size: _____ (Men's or Women's - Small to 4XL)

*The promotion does not apply to home loans or home equity lines due to restrictions under the Real Estate Settlement Procedures Act (RESPA).