

**Statement by  
Mark Wheeler, Director, Farm Credit of Southwest Florida, ACA  
Before Farm Credit Administration Public Meeting on Scope and Eligibility  
June 26, 2003  
McLean, Virginia**

Chairman Reyna and Board Members Flory and Pellet, my name is Mark Wheeler and I want to thank you for the opportunity to share my thoughts and input concerning possible changes to Part 613 -Eligibility and Scope of Financing and Rural Home financing. I am a director for Farm Credit of Southwest Florida, ACA located in Arcadia, Florida. I am also classified as a "Young and Beginning" farmer. I believe changes to the "scope and eligibility" section could be made that would benefit all farmers, however, today I would like to primarily visit about how the changes would benefit Young, Beginning and Small Farmer (YBS) candidates seeking financing. Some of the reasons are as follows:

1. There are individuals like myself, in Southwest Florida's territory, who are starting their own farming operations while at the same time working for another ag-entity. Based upon present definitions, these individuals are not considered a "full time bona fide farmer" even though 100% of their income is ag-related. The truth of the matter, they maybe more involved in agriculture than some owner/operators. Many of these individuals are YBS Farmers who are 100% involved in farming and production operations but must rely on W-2 income from the farming/ranching operation they are working for to meet daily living needs and assist in establishing or growing their operation. Start up costs and capital requirements for YBS Farmers are barriers to entry into agriculture without reliance on outside income or assistance from someone.

While some of us have the opportunity to work on a farm or ranch for a salary, others including their spouse, must seek outside employment in order to establish or build their operation. Without assistance from their families, generally they cannot begin an operation without reliance on outside income. As such, these individuals are designated "less than full-time farmer" thereby making credit more restrictive under present regulations, despite their primary vocation is farming or ranching.

There are also individuals in our territory that are employed full time for ag-entities but not personally engaged in agriculture production. These individuals are prohibited from receiving financing through the Farm Credit System, except for rural homes, even though 100% of their income is ag-related.

2. I personally know several people who operate or are employed by farm related service businesses. These individuals provide services such as irrigation, maintenance, contract harvesting and agricultural sales, but also farm on a part time basis or aspire to farm. Many agricultural commodities require significant amount of acreage to employ one or two individuals on a full time basis and acquiring that amount of land can be prohibitively expensive. Therefore, these potential borrowers need to maintain their agriculture related employment until their farming operation becomes large enough to financially sustain them. I strongly believe these agriculturalists should be within our scope and eligibility requirements even though they may not be considered a "full time bona fide farmer",

The face and market for ag-related loans has changed. Today, many individuals are looking for 30-50 acres on which to build a home and raise their family in a rural environment. Life style farming operations of this size that do not require outside incomes are an exception. This category is an important sector of rural America. Generally, the credit worthiness of the group is excellent and should be the primary criteria for determining the availability of System financing. Financing of non-ag purposes is restricted under present guidelines.

4. Funding of Rural Homes is restrictive under Section 613. In Southwest Florida's territory, the "moderately priced" definition restricts rural home lending. For example, there are many rural subdivisions and areas with 5-10 acre tracts. It is not unusual for the individuals to have horses or other animals on the property. We cannot finance these Life Style individuals because the values of the homes or acreage do not meet the "moderately priced" criteria. Also, there is a question of what constitutes agriculture production. Having to develop documented data to support a "localized" redefined moderately priced definition is costly and time consuming; but we have done this in the past.

Farm Credit of Southwest Florida is committed to the YBS Farmer Program. The Program's *Purpose* is to "Fulfill the ACA's mission of helping to improve the quality of life for Young, Beginning and Small Farmers in the ACA's territory". The ACA's Market Plan Reflects this commitment. The Plan has a specific section devoted to YBS Farmer prospects.

Some examples of the current YBS Farmer actions/involvements in the Plan are as follows:

Farm Bureau Meeting: Attend/Provide Supplies/Sponsor Awards.

FFA/4H: Program Participant on Financing, Sponsor Awards.

County/State Fairs/Sponsorships: Purchase Livestock, All Counties, Buyers Dinners.

Ag-In- The-Classroom: 3-4 Events.

Young Couples Conference: Sponsor 2-3 Couples.

Cosponsor Farm Credit Young/Outstanding Farmer Awards: Fl. Nursery Growers Assoc., Fl. Cattlemen, SE Milk, County Extension Service.

Participate in Young; Farmer Judging Events: Fl. Farm Bureau, American Farm Bureau, Fl. Cattlemen.

Youth Scholarships: Gulf Citrus Growers Assoc., Florida Nursery Growers Assoc., University of Fl.

"What A Lender Looks For" Presentation To YBS Farmers: Fl. Nursery Growers Assoc., Fl. Cattlemen.

Working with local commercial banks for participations.

Southwest Florida's territory is unique from a YBS Farmer standpoint. For example:

SWFL's territory contains .69% of the states Young Farmers, 4.4% of the Beginning Farmers and 14.73% of the Small Farmers.

Within SWFL's territory, 38.59% of the Young Farmers are being served, 12.33% of the Beginning Farmers and 5.11 % of the Small Farmers.

The ACA's YBS volume is sensitive to and significantly impacted by the transactions of agribusiness relationships.

Several counties have significant acreage ownerships concentrated in large agribusiness entities.

The acreage concentration under present ownership structures limits YBS potential.

There is a lack of agricultural interested succession in many present large acreage ownership structures.

The break up/transition of present acreage ownerships will offer opportunities for YBS, Life Style and Retail Financing.

YBS potential in Manatee and Sarasota counties is tied to nursery financing opportunities.

Thank you for the opportunity to share this information. On behalf Southwest Florida's board, its owner/borrowers and most importantly, our future owner/borrowers, we trust this information will assist in your decision process to eliminate regulatory restrictions on financing that will then allow the System to be on a level playing field in order to meet the financing needs of all types of farmers.