

# Bennington Banner

## Vt. farmers offered loans to reduce debt

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Thursday, May 01, 2003 - BENNINGTON -- A bill signed by Gov. James Douglas will help farmers by providing debt relief, but the root of the problem still remains, some locals say.

The plan, which was passed by the House, consists of two components. One is the Agricultural Loan Guarantee Program to help farmers defer principal and interest on existing debt. The program is through the Vermont Economic Development Authority and will guarantee losses equal to a maximum of nine months of deferred principal and interest payments granted to farmers on their outstanding debt with other financial institutions, said VEDA Manager Jo Bradley.

"This is an insurance plan that will put cash in farmer's pockets on a monthly basis, allowing them to use the money for other expenses," Bradley said. Agriculture is an essential part of the state's economy, and VEDA is happy to support the industry, she said.

"The Vermont economy is a three-legged stool consisting of manufacturing, tourism, and agriculture," said Bradley. "Agriculture plays a crucial role in impacted the working landscape that promotes tourism."

The other component is the Farm Operating Loan Program that would make available \$20 million for loans of up to \$100,000 per farm and \$50,000 for non-dairy eligible borrowers. The goal of the program is to help farmers to get their crops in the ground and cover other operating expenses. The loans also carry a low 4-percent interest rate, she said.

The funds can also be utilized to restructure existing debt. The program will be administered through a partnership among VEDA, Farm Service Agency and the Vermont Department of Agriculture. Loans will be processed by the Vermont Agricultural Credit Corporation and FSA personnel, using a streamlined underwriting and credit review process. The goal is to process loan requests within two weeks from receipt of a completed application.

Rep. Bill Botzow, D-Pownal/Woodford, supported the bill, but knows it will not solve all the problems that are facing farmers during slumping milk prices, he said.

"This does not address the whole picture of what farmers are going through, but it does provide a window of time for them to help with the spring planting. But it's not perfect, because farmers end up taking on more loans," said Botzow. However, the program will reach over to other facets of the agriculture industry, he said.

"This will help the seed dealers as well, which helps to keep the infrastructure alive," Botzow said.

One local seed dealer has concerns about the upcoming planting season. With farmers struggling with falling milk prices for more than a year, there is worry about a serious decline in sales, said Art Whitman, owner of Whitman's Feed.

"It certainly is a help. We were really concerned going into the spring how sales would be," he said. Whitman's sells diesel fuel, parts, seeds, fertilizer and other farming supplies to area farmers.

"This should be a big help, but it's only a band aid. The true problem is the price of milk," said Whitman, who is also a part of the Bennington County Agricultural Development Association.

Since late 2001, milk prices that farmers receive have been on a steady decline. Prices have fallen so severely that members of the industry are collectively looking into ways to bring up the milk prices for

farmers, Whitman said.

"Farmers should not view either of these programs as a handout," said Bradley, "but just as temporary assistance until the economy rebounds. We have been an agricultural lender for a long time now and one of the things we have learned is that farmers are a great risk from a lending standpoint, and more importantly, a good investment for Vermont."

The Agricultural Department also acknowledged that the programs are only a temporary fix to a problem that has been on going for some time, a press release states.

"I don't think anyone is under the impression that this is an answer to all of the problems our dairy farmers are facing and it may not be the right answer for every farm, but it will give our farmers some options and help them get to the other side of this downturn in the dairy economy," said Agriculture Commissioner Steve Kerr, in a press release.

Legislation to elevate Kerr's post to a cabinet-level position made its way through the House on Wednesday, and is now on its way to the Senate.

Bradley strongly urged farmers to move quickly to access these new funds. With a streamlined process that can turn around loan applications within a total of two weeks, they will be handled on a first-come, first-served basis so it is to a farmer's advantage to apply as soon as possible, she said.

Those interested can find additional program details and application forms on the Vermont Economic Development Authority Web site at [www.veda.org](http://www.veda.org), at local FSA offices or by calling toll-free 1-866-828-FARM (1-866-828-3276).