

Welcome to the Ag Biz Masters Year Two Webinar!

MARCH 13, 2025

12:00-1:30pm



FARM CREDIT

888.339.3334
HorizonFC.com

Agenda for Today

- 3 Steps to a Profitable Farm with Charlotte Smith
- Perspectives with a Lender with Danny Jordan
- Course Wrap-up

3 Steps to a Profitable Farm

Charlotte Smith



Break

Perspectives with a Lender

Danny Jordan, YBS Relationship Manager
Horizon Farm Credit



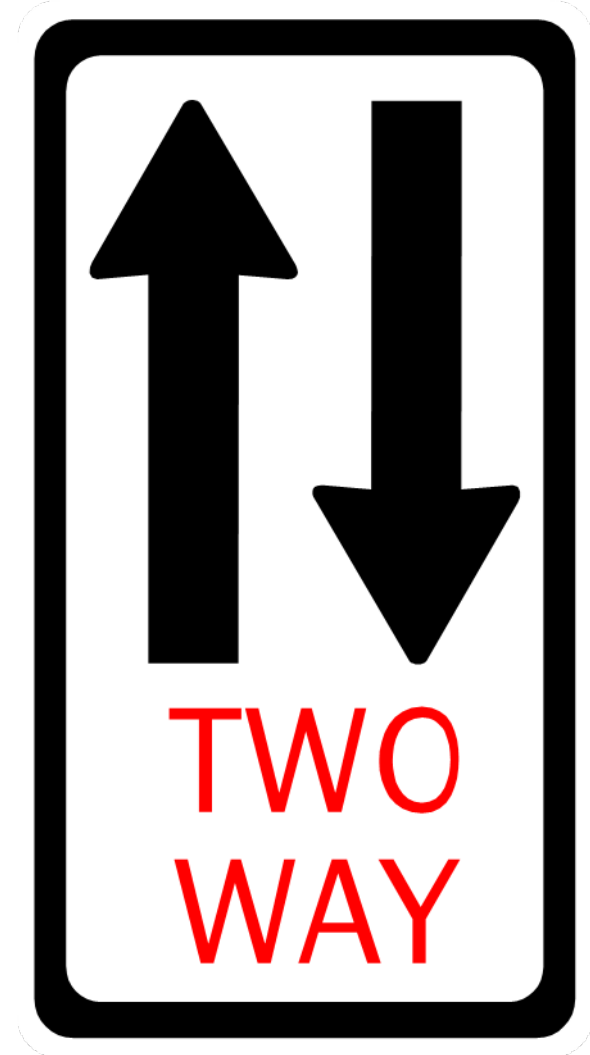
Getting a loan

- We'll help answer two questions:
- What does my lender want from me?
- What does Farm Credit look for in a loan application?



A two-lane road

- The borrower-lender relationship is a two-lane road, and both parties have the same goal. Both want to ensure the long-term viability of your business and have high expectations for one another



Purpose of your loan

WHY?

**HOW
MUCH?**

Information about you/your business

- Basic contact information (photo identification)
- Information about your financial position and income
 - Balance sheet
 - W-2 or paystub
- If you are a farm business, you will need to provide:
 - Business balance sheet (inventories, equipment values, etc.)
 - 3-5 years of income and expenses (tax returns) or projections if you are just starting

Other supporting information

- Common other information provided:
 - Business plan
 - Estimates or builder's contracts
 - Sales agreements
 - Etc.

How do lenders make decisions?

5 C'S OF CREDIT

CHARACTER

A lender will look at a borrower's reputation and standing in the local ag community.



CAPITAL

A borrower's personal investment in the ag operation.

CAPACITY

A borrower's ability to repay the loan based on current income and debt.



COLLATERAL

Lenders will evaluate the land being used to secure the loan.

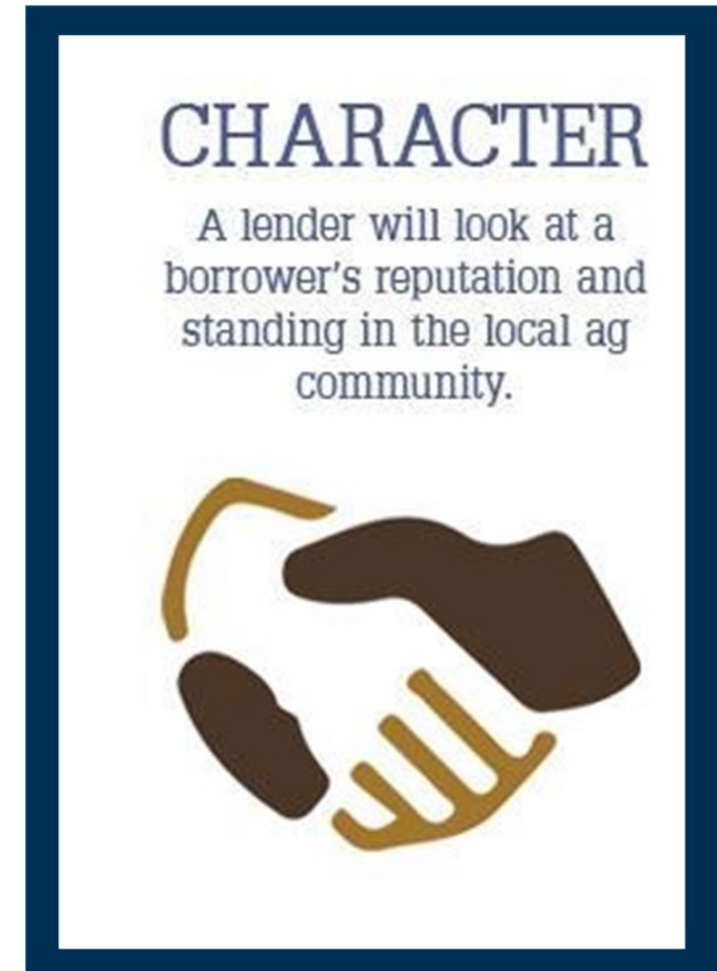
CONDITIONS

The state of the overall economic environment, including interest rates and purpose of the loan.

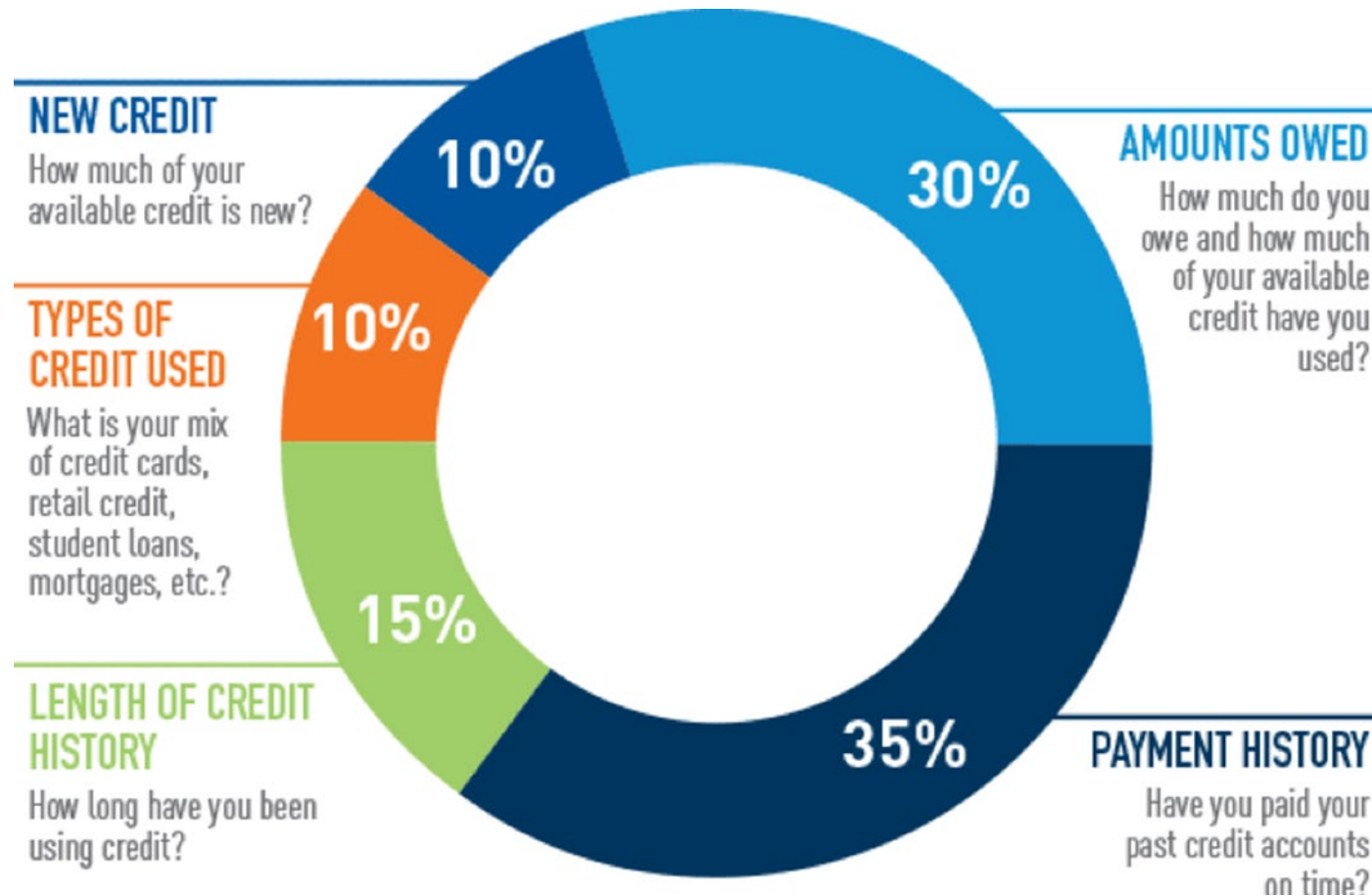


Character

- Honesty and ethics
- Open and regular communication
- Business plan for their operation
- A person's credit score can indicate their character



What's in a credit score



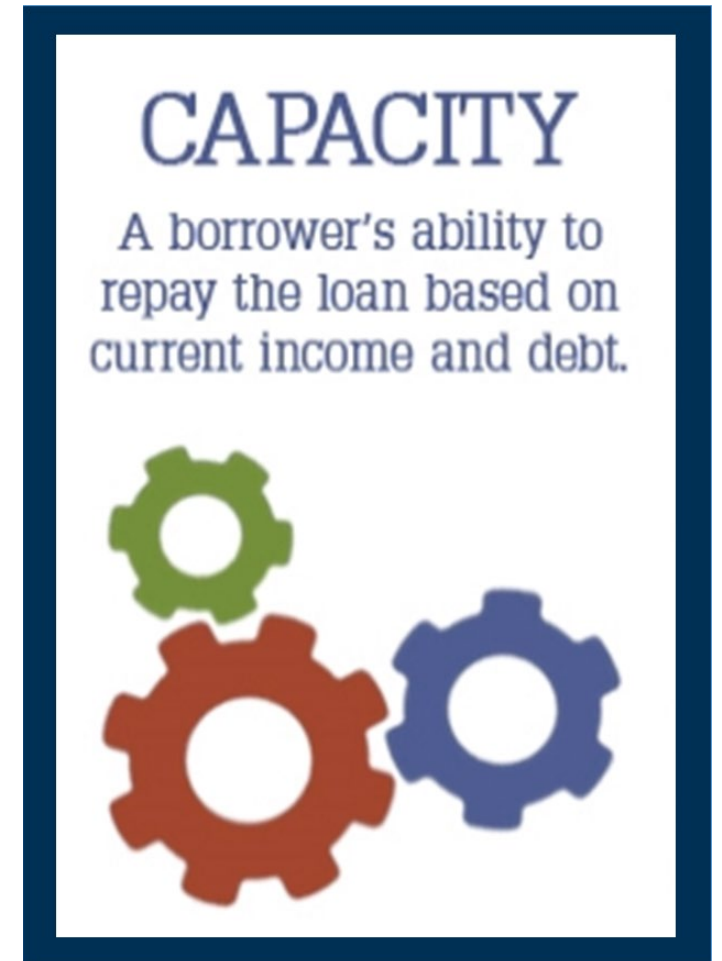
Capital

- A balance sheet
- The financial position of a business/person at a particular point in time
- How does net worth grow?
- Earned, gifted, appreciated in value?



Capacity: Repayment Ability

- The business' profitability and its ability to meet all obligations
 - As shown on the income statement and cash flow projections



Collateral: Security for the Loan

- Secondary source of repayment
- Down payment
 - Your equity in the loan
 - Cash down or other collateral pledged
 - Requirements based on asset financed and loan term



Conditions: Terms

- Loan amount
- Amortization (repayment) period
- Purpose of the loan
- Loan covenants:
 - Financial reporting in the future
 - Maintain insurance
 - Other depending on situation



Qualities to look for in a lender

- Skills, knowledge and experience in your industry
- Loan products and other services that meet your needs
- People

Four tips for beginning farmers



- Learn: gain skills to help you in your future
 - Look for opportunities to build your business and financial management skills
- Build your balance sheet
 - And strengthen it!

Four tips for beginning farmers



- Create your business plan and budget
- Keep good records so you know how your business performs

Any questions?

JumpStart Grant Introduction



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What is the JumpStart grant?

- JumpStart is a competitive grant program for farmers in the start-up phase of business (less than two years of farming experience or planning to start farming within the next two years).
 - If you are a beginning farmer returning to a family operation, you must be starting a new venture or enterprise to be considered a startup farmer.

Eligibility

- 18 years of age or older, as of March 28, 2025
- Two years or less of farming experience **OR** be planning to start farming within the next two years
- Reside in Horizon Farm Credit's territory
- Open to both full and part-time farmers
- Current Farm Credit customers and non-customers alike are eligible to apply, as long as the other eligibility criteria are met

The Application Process

- Submitting a complete application found at horizonfc.com/jumpstart.
- Completing a business plan. You can locate a template to use at horizonfc.com/jumpstart.
- Taking the online Ag Biz Basics course. A link and a coupon code are provided on horizonfc.com/jumpstart.
- There is no fee to apply.

Deadline to Apply

- The application period runs January 13, 2025 through March 28, 2025.
- Online applications are preferred.
 - Those needing to have hard copies mailed can request them by calling 888.339.3334 and asking for Johanna Rohrer.

**Applications are available at
horizonfc.com/jumpstart**



Course Wrap-up

- Complete all five of your eLearning modules and the course evaluation in FCU
- All class assignments and modules need to be completed by **April 15, 2025** to be eligible for the course fee scholarship reimbursement.
- Look for reimbursement checks to be mailed via check in early June and your course graduation ceremony invite to your choice of four regional Beginning Farmer Networking events coming to a location near you!

<https://www.surveymonkey.com/r/LDD98R2>

Questions

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