



ELAINE SHEIN

Financing For Young Farmers

Personal stories highlight how some got their start.

Introduction to farming is different for every young person. There are nuances to each opportunity, variables that change career trajectories and challenges that either make or break young producers.

Johnstown, Ohio, farmer Luke Garrabrant, 29, started cash renting 20 acres from his grandmother's land when he was 13 while paying a custom rate to his dad for use of his equipment to grow crops. A Craigslist ad to rent 200 acres of farmland caught Garrabrant's attention while he was finishing high school; with some savings in hand, Garrabrant went to the bank to get an operating loan with his father as the cosigner.

"Without equity or owning any equipment myself, I wouldn't have gotten that loan without my dad. It was a 'Here's your chance, don't blow it' kind of thing," he says.

Along with his father's signature, Garrabrant also had a good financial relationship with the local bank and his ag lender—people in his community who essentially watched him grow up in agriculture. At 17, he secured his first operating note.

> BUILDING EQUITY

Garrabrant started to work for himself in his early 20s. Around then, he began a farm services business to sell and custom-apply chicken litter from a local poultry facility.



□ Luke Garrabrant, 29, cash rented 20 acres from his grandmother's land when was 13.

COURTESY OF LUKE GARRABRANT

"That's what gave me my start. It wasn't the farming, it was having that secondary income to help support the farm and complement it," he says. Saving money earned from the manure business, Garrabrant started to buy equipment to build equity for future opportunities.

"It's no secret that equipment depreciates over time, but it's a good way to start building your assets," Garrabrant says. "Especially if you buy them secondhand at a lower cost."

Having high-value assets catapulted his eligibility for loans without a cosigner. Through Farm Credit Services of America's Guaranteed Loans Program, coupled with his local bank, Garrabrant was able to buy his first farm.

Garrabrant now grows corn, soybeans, wheat and hay on 1,300 acres of mostly rented land, while continuing to operate his poultry litter spreading business. The farm employs four full-time employees and a few part-time workers.

> RETURN TO FARM

Tanner Hento was in graduate school, and his brother Scott had an off-farm job, when their parents both died within four months of each other. This led the brothers to return to their fifth-generation farm at

Avon, South Dakota, in late 2012. Now, the brothers farm 2,200 acres of soybeans, corn and alfalfa, an operation that has more than doubled since its beginning.

Hento, now 35, says low commodity prices might be an opportunity for young and beginning farmers to get started rather than pushing them away from agriculture. “Don’t look at corn being \$3 as a negative, and it being the final blow; look at it like an opportunity. This is the time where I can talk to my neighbor across the road or a few miles away in their 70s and say, ‘Hey, I would love a chance,’ and that might be the push.”



Tanner Hento

SUSAN PAYNE

> CREATE OWN PATH

Third-generation young farmer Lillie Beringer, 29, raises cattle on her family farm at Cascade, Iowa. After Beringer moved home from college, her parents didn’t have a full-time position for her on the farm, but that

didn’t deter her from a return to her roots. Instead, she brought something to the table.

“I started a beef program with the hope of, if I bring in this realm of income for myself, this will be able to get me farming full time. I had to create my own path,” Beringer says.

Along the way, she had an opportunity to buy her grandfather’s legacy land, but she faced loan rejection three times. “I thought we were going to lose everything we’ve always had our whole life,” she says.

Beringer tried applying for Farm Service Agency loans to secure the land but was rejected. However, she couldn’t accept no for an answer: She went back to the drawing board.

“I couldn’t buy the farm, put the fence in, put the water in and buy the extra cows all at once. So, we did a custom-lease with a farmer who owned the cows, and we did a cash share, which, in the end, is how I got loans approved, we had the cash-flow,”

Beringer says. ///



Lillie Beringer

SUSAN PAYNE

Strategies for a Strong Start

Applying for loans and financing may be a challenge for young or beginning farmers, on top of having multiple streams of income to stay afloat.

Ohio farmer Luke Garrabrant, 29, has faced hurdles along the way since he started farming at 13, but his strategies and sound financial decisions set him up for success.

Here are some of the strategies he says he used for a strong start:

- **Cosign the loan.** Saving income from growing crops on cash-rented 20 acres of land gave him an upper hand when applying for an operating loan at 17. Having a cosigner helped seal the deal. “I’m not sure I would have gotten (the loan) without my dad as a cosigner, especially being that young and having no credit history.”
- **Make sound financial decisions.** To provide financing, lenders look at the sound financial decisions that young farmers have made or will make once the loan is secured. “Prove that you’re in control of what you are doing. Show that

you have a plan, how you want to pay for something or why you think this is going to work.”

- **Books done right.** An important part of farming is making sure business records are accurate. “Make sure your books are kept up and kept well. Make sure your records are detailed and accurate.”
- **Save on machinery, work.** Garrabrant purchased equipment to build equity. He strongly recommends young or beginning farmers buy maintainable equipment rather than renting or custom-hiring. “Even if you can’t have the newest, nicest thing, having your own equipment and doing the work on your ground saves money. Over time, those expenses add up, and keeping as much money in-house is a huge thing.”
- **Listen, learn and observe.** Taking the time to listen, learn and observe from other successful operations is a key strategy to create and maintain a successful operation. “Observe what they’re doing and how they’re doing it. There’s so much you can learn from that.”