

Farm Credit System is responsible for farm loans and farmland valuations

The type of loans they fund:

Long term- mortgage

Short term- operating

Intermediate term- equipment

5 C's of Credit- how bankers determine loans

Character- past history

Capital- assets and liabilities 1:1 or better

Capacity- ability to repay loan (profit and loss statement)

Collateral- most loans are for 70% of collateral value

Conditions or control- crop inspection and financial analysis

Commodities and land value:

Almond- stable to increasing

Walnuts- stable

Prunes- stable and limited

Rice- stable and limited

Almond lending:

2000 meat lbs per acre

\$2.50 per meat pound

Income \$5000

Expenses \$3000

Net Income \$2,000

Loan would be up to \$15,000 since the overall value of almonds is \$20,000 to \$30,000

California has some of the most high valued land since land is being lost to other industries, like construction, and the high value of commodities that are grown here.

3 factors that make CA a great state to grow in :

Mediterranean climate: not too hot not too cold

Water: there is a lot of water in northern California

Good soil and land where you can grow

This leads to land values going up as people see land in northern California as a good investment.

We can grow high valued commodities on less land

Majority of income comes from larger farms

Additional trends:

CA number one export is almonds

Farmers want better and more trade deals to increase exports

Farmers would like some sort of immigration reform in order to have more people work for them

Some crops are hard to mechanize like, olives.

Nitrogen use in CA has decreased and dairy has been knocked down as one of the state's top commodities due to regulation on methane gas emissions

Dairymen are moving to less restrictive states

Dairy ranches are being turned into tree crop orchards