



Upper Midwest  
Management

# NORTH CENTRAL NEWS



NORTH CENTRAL®  
Realty

Volume 2, No. 1

*The Land Specialists*

Winter 2007

## Farm Policy-A Look Back!! What's next?

By: Dennis Schmidt, Accredited Farm Manager



Our present farm legislation, known as the 2002 farm bill, has been in existence for five years now and will expire in 2007. We have been hearing a lot about this legislation lately in the news and wonder what

will happen when our 2007 congress starts to debate it and begins to establish a brand new policy.

This article is intended to give you a little history from the past and will also look at the present to see if we can figure out what Congress might consider doing to create new legislation for our farming community beginning in 2008. I don't have a crystal ball to look into but many factors are quite different now than they were back in 2001. We won't know the final outcome for awhile yet, so stay tuned to our newsletter for future updates on what finally happens.

Back in 2001, we were struggling with extremely depressed commodity prices for corn and soybeans largely due to the fact that exports had declined for five straight years. As I look back on commodity charts, we saw four years of continuously low prices that began in 1998. I don't recall such a long down trend with commodity prices in all the years that I have worked in agriculture. Farmers were struggling with a debt-to-asset ratio exceeding 15%.

Subsidy payments for agriculture had reached a record \$32 billion in 2000, which was right before the new farm bill was written. Things had to change so Congress went to work on new legislation. At that time, Congress was controlled by the Republicans and we also had a Republican President. We saw dramatic changes with

that 2002 farm bill, that many farmers were pleased with. It was nicknamed the "Freedom to Farm" bill as it gave farmers the flexibility to raise the crops that they wanted rather than to be tied so closely to acreage bases. The bill included base payments, LDP's and Counter-cyclical payments if our commodity prices remained extremely low.

The amount of paperwork that was required for the program continued to be a challenge and was time consuming. The LDP payments were extremely time sensitive and had to be watched daily. Fortunately, the counter-cyclical payments came automatically based on a calculation of the average commodity prices for a marketing year.

In 2006, we see some dramatic changes in agriculture. Exports have again been rising every single year since 2001 to a record of \$68.7 billion. The farmer's debt-to-asset ratio has dropped to its lowest in recorded history of 11%. Subsidies this past year have decreased to \$20 billion. Farmers have generally been blessed with very good yields and our prices have gotten much stronger.

In meetings I attended this past fall, there was much discussion and speculation on new farm legislation. It has been a very common feeling that the 2002 farm bill was good legislation and that we should maybe stay the course with new legislation similar to the old. Things have changed and continue to change. Congress is now controlled by the Democrats with Representative Collin Peterson from Minnesota chairing the House Ag Committee, and Senator Tom Harkin from Iowa chairing the Senate Ag Committee.

Renewable energy production has grown dramatically in

*Farm Policy continued on page 7*

## Meet Greg Thomas

Greg Thomas joined the family business of Upper Midwest Management Corporation in 1996. His main responsibilities are real estate sales and appraisals. Greg's office is in New Ulm, but since the acquisition of NORTH CENTRAL® Ag. Service, Inc., Greg has been spending some of his time in the Olivia office.

Greg was licensed as a real estate salesperson in 1997. Since then he has received his real estate broker's license in North Dakota, South Dakota and Minnesota.

He is a life-long resident of New Ulm, graduating from New Ulm High School in 1987. After graduation, he attended Mankato State University for two years and then the National Outdoor Leadership School based out of Lander, Wyoming earning more college credits from the University of Utah in environmental studies. Greg then worked as a carpenter for five years before joining UMMC.

Greg is past board president of the New Ulm Area Chamber of Commerce. He is serving on the Brown County Economic Development Board and has for the past two years. He also is presently serving as Vice President of the Minnesota Chapter of the REALTORS® Land Institute.

Greg and Carrie have been married for five years. Carrie has a daycare center in their home and has been caring for children for the last 13 years. They have 4 children, Jake, Tori, Lucas, and Ethan. Jake and Tori are in 6th grade, Lucas is in 4th grade and Ethan is half-day pre-school. All of the children are involved in some activity and keep their parents very busy.

In his spare time, Greg enjoys being outdoors either hunting or fishing with his family and friends.



## HELLER RECEIVES REALTOR® AWARD

At their National Convention, the REALTORS® Land Institute recently honored Roger Heller of Olivia with the Robert C. Meeks, Distinguished Service Award for 2006. Mr. Heller received this award for his years of service to the REALTORS® Land Institute at the local, state, regional, and national levels of that REALTOR® organization. He has been a member of the REALTOR® Land Institute for over 43 years, having served as President of the Minnesota Chapter twice, including 2006. He has served on various regional and national positions including the National Presidency in 1998. Roger was named the "LAND REALTOR® of America" by that organization in 2001. Mr. Heller also has held the designation "Accredited Farm and Land Broker" with that organization since 1974.

The REALTORS® Land Institute (RLI) is an affiliate of the National Association of REALTORS®.

RLI offers "Land University" educational programs in all disciplines of land including the brokerage, auction, development, and planning of various land uses, as well as marketing opportunities for members and member clients.



*Roger and Randy*

# What is Professional Farm Management?

by Dennis Schmidt, Accredited Farm Manager

In these rapidly changing times for U.S. agriculture, you may want to consider the services of our professional farm management company. Professional managers are hired by landowners to oversee their investments in agricultural property.

Agriculture has truly become an industry affected by global factors. Export markets continue to be a huge factor for many of our agricultural products. However, the increased need for feed to meet the needs of a rapidly growing livestock industry and the explosion in the production of ethanol are probably the primary factors that are influencing our industry right now.

Technology and Biotechnology are having a huge impact on crop yields due to better genetics, insect and weed resistance. The inclusion of computer based technology is seen in almost every phase of agriculture right now. Examples would be Global Positioning System (GPS) of our farm equipment as this pinpoints the equipment to a specific location within the field, variable rate technology (VRT) that allows us to apply fertilizer and chemicals with differing rates, and yield monitors in combines that allow us to map our yields for an entire field to look at the variability.

Our professional managers will help review your individual goals for your property. Determining the proper lease

terms is an essential factor and once that is done, we will assist you in putting your specific plan together. This includes drafting the appropriate lease, selecting a farm operator and then managing the activities associated with the day to day operation of your farm.

Here is a list of activities our management company can do for you.

- Lease preparation and negotiation
- Computerized record keeping
  - Budgeting
  - Cash flow analysis
- Purchasing supplies (seed, fertilizer, and chemicals)
- Recommending necessary capital improvements
- Continuing on site farm inspections
- Assistance in filing for government programs
- Soil conservation
- Purchasing additional land/selling the land
- Transition/Estate planning

We at Upper Midwest Management, have three farm managers on staff with two having attained the title of Accredited Farm Manager (AFM) from our professional organization, the American Society of Farm Managers and Rural Appraisers (ASFMRA). We are ready to sit down and discuss your needs for professional farm management.

## How do you buy a \$4,000.00 per acre land?

By: Terry Dean, REALTOR®

With the recent run-up in land prices, how does a young farmer buy \$4,000.00 per acre land?.

What options does he have?

1. Contract for deed – Although once quite common, the contract for deed is now somewhat rare. The advantage to the seller is the additional interest payments can offer a nice return. The major advantage to the buyer is perhaps a lower interest rate and not having to meet stricter standards of a bank lender.
2. Beginning Farmer Programs - The Minnesota Department of Agriculture offers several loan programs that are quite attractive to young/beginning farmers. They offer lower interest rates or seller incentives that are attractive to both parties. There are additional criteria for the borrower to meet that might not fit everyone and it may take 60 days for approval.



3. Traditional mortgage - Several new players in the ag lending game have made it a more competitive loan environment. Interest rates are still historically low, 7 – 8%, and many are willing to offer fixed rates for 10 years with 30 – 40 year amortization. Check for current quotes.
4. Secure through contract - Find an investor to purchase and leaseback. With the high cost of crop inputs and machinery, maybe it's better to lease rather than own. If your rich uncle in the city is unwilling to help you, give us a call and we'll find an investor for you.

As land values have risen, the costs of entry have made it very difficult on young farmers to buy land.

The purchase will need to subsidize through profits on additional acres or off-farm income. Another possibility may be securing the land and then perform a long term sale-lease back to an investor. This will allow you to maintain the land base with less risk. A visit with one of our agents might be a good first step to assess the situation and determine the best outcome.

# Real Estate Offerings



NORTH CENTRAL® Realty, A Division of Upper Midwest Management Corporation  
Farmland Offerings. Contact either the New Ulm, Olivia, or Hutchinson office

## Public Auctions



150 acres more or less in Sec. 22, Kingman Township

### *Benefits/Features*

All tillable except for road

Level to gently rolling

topography

Dark clay loam soils – very productive.

Well tilled

**TO BE SOLD AT AUCTION**

March 9, 2007-10:30 a.m. at

Max's Grill in Olivia, MN

## BLUE EARTH COUNTY, MN

### *Property:*

200 acres. more or less, Butternut Twp.

170 acres more or less tillable.

### *Benefits/Features:*

80+ CER'S

Highly productive

Good access to drainage

## HUNTING LAND

## WATONWAN COUNTY, MN

### *Property:*

146.42 acres

Sec. 35 of Riverdale Twp.

### *Benefits/Features:*

4 ponds for waterfowl

Good upland game hunting

## HUNTING LAND

## SWIFT COUNTY, MN

### *Property:*

280 acres, more or less. Sec. 16 of Shible Twp.

229.1 acres of CRP

### *Benefits/Features:*

Productive cropland all in CRP at the present time. Excellent deer and pheasant hunting. CRP income

## HUNTING LAND

## STEVENS COUNTY, MN

### *Property:*

141.19 acres, more or less, Sec. 21, Twp.125,

Rge 43 (Pepperton Twp) 115.2 ac. CRP

### *Benefits/Features:*

Good hunting property with hundreds of acres of State land nearby. 4 wetlands. CRP income

## DEVELOPMENT PROPERTIES

## LESUEUR COUNTY, MN

### *Property:*

55 acres, more or less.

### *Benefits/Features:*

Ready to be annexed into the City of Montgomery 7 miles south of New Prague. Utilities extend to east property line.

## RENVILLE COUNTY, MN

### *Property:*

37.1 acres, more or less, 25.9 acres more or less tillable

### *Benefits/Features:*

Land within the city limits of Morton. Could be used for residential development or small acreages.

## RICE COUNTY, MN

### *Property:*

38.7 acres, more or less

### *Benefits/Features:*

2 building eligibilities. Nice size acreage for hobby farm or land banking. Very scenic with mature trees, creek and hill.

*Everyone  
can afford to  
give away  
a smile*

*-Unknown*

You can now read NORTH CENTRAL® News on our website  
[www.ummccorp.com](http://www.ummccorp.com) or  
[www.landspecialists.com](http://www.landspecialists.com)

We have detailed information sheets and brochures on all offerings. Let us mail you information for the property(ies) you are interested in. Call us at 800-545-6227, 320-523-1951, 507-359-2004 or visit our website at [www.landspecialists.com](http://www.landspecialists.com) or [www.ummccorp.com](http://www.ummccorp.com). This information is from sources deemed reliable, but is not guaranteed by agent. Package is subject to prior sale, price change, correction or withdrawal.

Please e-mail us if you would like to visit with us about any of our services. Our e-mail address for NORTH CENTRAL® News is: [ummcolivia@ummccorp.com](mailto:ummcolivia@ummccorp.com)

Call NORTH CENTRAL® Realty, a division of Upper Midwest Management Corp., at 1-800-545-6227.

# 2006 Farm and Land Sales

Sold by: NORTH CENTRAL® Realty/Upper Midwest Management Corp.

January 1, 2006 – December 31, 2006

Total Acres	County	P.A. Sale Date	Price	Buyer & Comments
60	Renville	Nov	\$155,400.00	Farmer
104	Faribault	Feb	\$342,000.00	Investor-1031exchange
77	Watonwan	Feb	\$246,400.00	Investor
80	Brown	Feb	\$150,000.00	Farmer
94	Redwood	March	\$313,490.00	Farmer
109	Meeker	March	\$341,000.00	Farmer
76	Renville	April	\$242,400.00	Farmer
66	Meeker	April	\$135,960.00	Farmer
80	Renville	June	\$240,000.00	Investor
80	Renville	June	\$240,000.00	Investor
146	Renville	June	\$489,343.00	Investor
87	Meeker	July	\$162,300.00	Farmer
90	Rice	April	\$620,000.00	Investor
640	Lac qui Parle	May	\$915,200.00	MN DNR
78	Chippewa	July	\$181,272.00	Investor
400	LaMoure, ND	August	\$422,000.00	Area Farmer
76	Yellow Medicine	August	\$184,624.00	Farmer
160	Brookings	August	\$360,000.00	Investor
313	Mower	Sept	\$1,017,250.00	AUCTION - Investor
151	Renville	Sept	\$436,590.00	AUCTION Neighboring Farmer
35	Renville	Sept	\$120,054.00	AUCTION Neighboring Farmer
77	Renville	Sept	\$265,471.50	AUCTION Farmer
160	Redwood	Sept	\$487,200.00	AUCTION Investor
80	Renville	Sept	\$268,000.00	Farmer
10	Freeborn	October	\$40,000.00	Investor
150	Freeborn	Dec	\$435,000.00	Farmer
201	Renville	Nov	\$779,080.00	Auction Farmer
320	Nicollet	Nov	\$1,152,000.00	Farmer
31.85	Brown	Dec	\$54,145.00	Neighbor - CRP
123	Nobles	Dec	\$364,721.40	Farmer
160	Pipestone	Dec	\$175,000.00	Farmer
47	McLeod	Dec	\$94,038.00	Farmer <i>Waiting to close</i>

Farm Policy continued from page 1

2006. Six years ago, we had 54 ethanol plants that produced 2 billion gallons of ethanol per year. According to Keith Collins, USDA's chief economist, in 2006 we have grown from 7.6 billion gallons to 11.4 billion gallons. How far will this number go in the near future? Nationwide, we will have a lot of corn acres going to produce ethanol.

Does this mean the new farm legislation will be one with less financial support from the government? How about more ties to conservation? Stay tuned to the 2007 National Legislative session.



This newsletter is intended as general information to our clients and friends on agricultural subjects. It is not intended to render advice; such advice can only be given when related to actual situations. If you have any questions, please contact Jim Thomas, Owner, President of UMMC/NORTH CENTRAL® Realty at 507-359-2004.

# Is Now the Right Time To Sell?

By: Greg Thomas, Broker

**H**ave you recently had thoughts of selling your land? If you answered yes, now may be the right time for you.

Current market conditions are favoring sellers. We have seen very strong sales over the past six months and anticipate this trend to continue.

In general, we saw good yields from the 2006 crop and commodity prices are the highest that we have seen in a long time. Farmers are in a good position to make additions to their current farming operations.

At the present time, sellers have another good advantage and that is the capital gains rate is the lowest we have seen in 30 years. We don't know what the capital gains

rate will do in the future, so now may be the time!

In order to take advantage of this great opportunity, give us a call for a free consultation to see how we can help you achieve your goals.



---

## NORTH CENTRAL® Realty & UPPER MIDWEST MANAGEMENT CORP

*Invite you and a guest to*

One of our

### ANNUAL SPRING SEMINARS

2 dates & 2 locations in Minnesota

And

An Arizona location

### Changing Opportunities in Midwest Agriculture

Monday, February 26, 2007

#### **Holiday Inn, Mesa, AZ**

1600 South Country Club Drive  
U.S. #60 & Country Club Drive

#### TOPICS:

- Land Value Update
  - What's Driving the Market?
- Professional Farm Management
- Analyzing Lease Arrangements

1:00 p.m. registration

1:30 p.m. meeting

\$25.00/individual or \$40.00/couple

**Please make reservation by February 20, 2007**

## Changing Opportunities in Real Estate

Saturday, March 17, 2007

### Minnesota Arboretum in Chanhassen, MN

3675 Arboretum Drive – off Highway 5

#### TOPICS:

- Land Value Update
  - What's Driving the Market?
- Professional Farm Management
- Analyzing Lease Arrangements

*Featuring: Mark Schultz, Senior Vice President of  
Northstar Commodity Investment Company*

8:00 a.m. Registration & Continental Breakfast

9:00 a.m. meeting

\$25.00/individual or \$40.00/couple

**Please make reservation by March 9, 2007**

## Changing Opportunities in Real Estate

Saturday March 31, 2007

### Best Western Inn in North Mankato, MN

1111 Range Street – off of 169 North

#### TOPICS:

- Land Value Update
  - What's Driving the Market?
- Professional Farm Management
- Analyzing Lease Arrangements

*Featuring: Mark Schultz, Senior Vice President of  
Northstar Commodity Investment Company*

8:00 a.m. Registration & Continental Breakfast

9:00 a.m. meeting

\$25.00/individual or \$40.00/couple

**Please make reservation by March 23, 2007**

**SPACE IS LIMITED – Please sign up now!** Call us at 1-800-545-6227, e-mail us at [info@ummccorp.com](mailto:info@ummccorp.com) or mail to: P. O. Box 834, New Ulm, MN 56073-0834,

*NORTH CENTRAL® & UMMC have the right to cancel or postpone due to weather conditions or lack of sufficient pre-registrations.*

# May We Be of Service to You?

Upper Midwest Management Corporation/NORTH CENTRAL® Realty  
*offers you complete farm real estate services, since 1963.*

## Real Estate Brokerage

- Sales
- Buyer Brokerage
- Exchanges
- Auctions - RealAuction® & Conventional

Licensed in: Minnesota, South Dakota,  
North Dakota, Iowa, and Ohio

## Farm Property Management

- Full Service
- Accredited Farm Managers

Licensed in: Minnesota, South Dakota,  
North Dakota, Iowa, and Ohio

## Farm Appraising

- Licensed
- Certified

Licensed in: Minnesota and Iowa

## Commercial Property

- Office Buildings
- Multi-Family Housing
- Retail
- Leasing

## Commercial Management

## Real Estate Acquisition and Sales



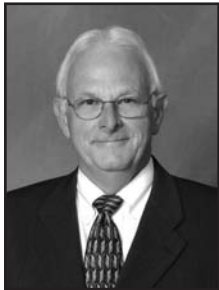
Don't forget to visit our website at  
[www.ummccorp.com](http://www.ummccorp.com)

To ask us any questions  
or just to write us a  
note, please contact  
us by email at our  
Olivia office at  
[ummcolivia@ummccorp.com](mailto:ummcolivia@ummccorp.com)  
or at our New Ulm office at  
[info@ummccorp.com](mailto:info@ummccorp.com)



# Our Professional Department

## New Ulm Office



**Jim Thomas**  
OWNER/PRESIDENT  
jthomas@ummccorp.com



**Denny Schmidt**  
A.F.M., ACCREDITED  
FARM MANAGER  
dschmidt@ummccorp.com



**Greg Thomas**  
BROKER, APPRAISER &  
PROPERTY MANAGER  
gthomas@ummccorp.com



**Scott Nelson**  
FARM MANAGER  
snelson@ummccorp.com



**Dave Gehrke**  
A.R.A., ACCREDITED  
RURAL APPRAISER  
dgehrke@ummccorp.com

www.ummccorp.com  
507-359-2004 • Fax # 507-354-1638  
1314 Westridge Road, P.O. Box 834  
New Ulm, MN 56073-0834

## New Hope Area



**Chad Thomas**  
cthomas@ummccorp.com  
763-535-4914 • Fax 763-535-3958



**Gregg Larson**  
glarson@ummccorp.com

4900 Hwy. 169N, Suite 100  
New Hope, MN 55428

## Ag Services

agservices@voyager.net  
937-675-7511 • FAX 937-675-3100  
7165 US Route 35E, Jamestown, OH 45335

## Olivia Office



**Roger Heller**  
BROKER  
A.F.L.B., A.F.M.  
rheller@mchsi.com



**Ted Vavricka**  
SALESPERSON  
tlvav@mchsi.com



**Leon Carlson**  
A.F.M., ACCREDITED  
FARM MANAGER  
lcarlson@ummccorp.com

ummcolivia@ummccorp.com  
320-523-1951

815 East DePue Avenue, P.O. Box 26  
Olivia, MN 56277-0026

## Southern Minnesota Area



**Susan Holland**  
REALTOR®  
holland@ummccorp.com  
320-260-7784  
67640 - 300th Street  
Litchfield, MN 55355



**Ron Sander**  
REALTOR®  
rsander@cvtel.net  
507-383-3032  
504 North Main  
Bricelyn, MN 56014

## Southeastern Minnesota Area



**Bob Savre**  
REALTOR®  
rsavre@iowatelecom.net  
641-364-4500  
1258 Ivanhoe Avenue  
New Hampton, IA 50659

## Mankato Area



**Don Kvasnicka**  
REALTOR®  
dkvasnicka@aol.com  
507-388-5192  
1540 Pleasantview Dr. #402  
North Mankato, MN 56003

## Hutchinson Area



**Gary Hotovec**  
AUCTIONEER/  
SALESPERSON  
hhotovec@hutchtel.net  
320-587-3347  
20404 N. Hwy 15  
Hutchinson, MN 55350



**Terry Dean**  
REALTOR®  
mtdean@hutchtel.net  
320-582-0563  
905 Cleveland Ave. SW  
Hutchinson, MN 55350

UMMC/NORTH CENTRAL® Realty  
P.O. Box 26  
Olivia, MN 56277-0026

*Address Service Requested*

PRSRT STD  
U.S. Postage  
**PAID**  
Mankato, MN  
Permit No. 47

**“The Land Specialists”**

*Since we have merged our two companies if you received duplicate mailings, please let us know so we can update our lists.*

**“The Land Specialists”**



**Upper Midwest  
Management**

*Upper Midwest Management Corp.*

*P.O. Box 834  
New Ulm, MN 56073-0834  
507-359-2004  
www.ummc Corp.com*

*NORTH CENTRAL® Realty*

*P.O. Box 26  
Olivia, MN 56277-0026  
320-523-1951 or 1-800-545-6227  
www.landspecialists.com*



**NORTH CENTRAL®  
Realty**