



Agriculture Credit Analysis

A good agriculture credit analysis will include on site investigation of the overall resources, land, buildings, improvements, livestock and machinery, and personal living habits. These formal inspections are a key element in agriculture credit analysis and can be used to monitor inventory and possibly to conduct appraisals of real estate, livestock and machinery, as well as a check of security and collateral.

The quantity and quality of land, including explanation of leases and land contracts and other pending situations, should be examined in your agriculture credit analysis. The farm visits should include a general observation of the amount and condition of livestock, machinery and buildings. Available storage and state of repair of machinery often can be a clue to future credit needs. Also, an environmental inspection may be required in the agriculture credit analysis.

It is important to critically evaluate the effects that economic and market trends have on the farm business in your agriculture credit analysis. Forecasts, outlook, and other projections on costs and expenses associated with various agricultural enterprises can be helpful in determining overall health of the farm business and the customer's needs, desires, and strategies for success. The maturity and trends of the agriculture industry the producer is involved in is also critical to the overall success of your agriculture credit analysis. The number and locations of support services, suppliers, and markets frequently has a correlation to costs and prices in the agriculture credit analysis.

Evaluating the financial situation and management of an agricultural business frequently involves more than agriculture credit analysis of the basic financial statements. You as a lender should look at the health and age of the individual requesting credit as well as that of the entire family when conducting your agriculture credit analysis. The stability of family relationships, evidence of estate planning or transfer of farm assets, and short/long term goal setting should be prime considerations in your agriculture credit analysis.

Do they have their goals written down? What is the mission of the business? Is there a balance between the business and lifestyle? Education and practical experience should be observed, as well as how management techniques are applied to the farm operation. Examination of both personal and business philosophies on the use of credit and investing for the education of children and retirement is an important part of the agriculture credit analysis.

The fastest most cost-effective way to maintain the quality of your agriculture credit analysis staff (loan officers, credit analysts, data entry staff) is to get them trained up and ready for the road ahead by running them through FCU eLearning curriculums.

[View FCU Lending Degree Programs Here...](#)

[Return to FCU Home Page...](#)

[Online Training](#) | [Agricultural Lenders](#) | [Dr. David Kohl](#) | [Farm Credit University](#) | [Agriculture Credit Analysis](#) | [Financial Statement Analysis](#) | [eLearning](#) | [Degrees & Curriculums](#) | [Training Calendar](#) | [Contact Us & Enroll](#) | [Graduates](#) | [FCU Newsroom](#) |

© www.fcuniversity.com | All Rights Reserved.