



FOUR STEPS TO FINANCIAL HEALTH

STEP 1: Pick the right lawyer

By KRISTINE THOMAS
For the Capital Press

Believing in the future of agriculture, Lauren Lucht assumed the responsibilities of Northwest Transplants from her parents. As the operating CEO, Lucht said the Molalla-based company grows a total of about 90 million vegetable, herb and flower seedlings on contract for growers throughout the Northwest.

Because farmers already wear multiple hats throughout the day, Lucht said it's important they enlist strong partners to help them in areas such as legal assistance.

"Don't only come to them with problems, many times they can help you identify and avoid challenges," she said.

Lucht looks for professionals with whom she can have difficult and honest conversations. She advises farmers to make sure the attorney they hire values their time as much as you do their time.

"If they aren't willing to visit the farm to see the operation in action, I find that concerning," Lucht said. "It's important to build strong relationships because you never know when they will be bailing you out."

Joe Hobson, a shareholder and business attorney with Schwabe Williamson



Brenna Wiegand/For the Capital Press

Neal, Pamela and Lauren Lucht of Northwest Transplants in Molalla, Ore., in a greenhouse full of young vegetable plants. Lauren is the CEO of the operation.

& Wyatt, has been practicing business and organizational law, helping design and develop small business and public and private institutions and associations for 40 years. He concentrates his practice in business and property law with a special emphasis on private, nonprofit and quasi-public entities.

"Managing a modern family-owned farm or ranch is a team sport," Hobson said. "Farmers and ranchers should take the time and spend the money to develop a relationship with your own team of professionals so that when the time comes and

you need a quick response to a difficult question you are well down the road toward getting what you need when you need it."

The majority of his clients are individual farmers or forest owners, or entities that represent their interests. Hobson helped develop the structure and function of the Oregon Farm Bureau over the years, including development of a nationally recognized legal advocacy program. He also helped create the Oregon Agricultural Education Foundation and the Oregon Agricultural Legal Foundation.

"Life is not getting any easier," Hobson shared. "When you encounter a bump along the road you need good professional advice. Many rules and regulations are not intuitive anymore and before you respond to something you need to talk to someone about the issue who knows what to say and what not to say."

Over the years, Hobson said lawyers have become more specialized. What owners of agricultural businesses need to start with is a good business lawyer.

"Like the primary care physician, you want a business lawyer who can handle your general business and real estate needs and who can then refer you out for more specialized services," he said.

Along with expertise, a lawyer can provide a cli-

ent with objectivity. "That is something you cannot bring to a situation that you are involved in," Hobson said. "You need a professional who can give insight and objectivity in a tough situation."

Every farmer knows some crops grow better in some regions of their state than other regions. The same can be said about people. Some people can work together to grow a business while others cannot. Hobson said assuming a common level of competence, the biggest issue when selecting a lawyer is whether you can work together.

"More than anything else, choosing a lawyer is a question of style," Hobson said. "There are so many lawyers available you should be able to find one that you are comfortable working with."

Hobson said most farmers want to be able to pass their farm on to the next generation. For that reason, he said the lawyer needs to be well-versed in succession planning techniques for farmers and ranchers.

"An aspect of succession planning is estate planning," Hobson said. "Therefore, the lawyer should be able to handle estate planning at the level required for the operation or have someone with estate planning expertise who can be added to the legal team to make sure the succession plan and the estate plan work together well."

STEP 2: Choosing a banker

By KRISTINE THOMAS
For the Capital Press

Doug W. Schuster of St. John, Wash., said he didn't pick his banker out of the yellow pages.

Instead, his banker, as well as his lawyer and accountant, are people with whom he has cultivated longstanding professional and personal relationships.

A graduate of Washington State University, Schuster said it's important for him to have a relationship with his banker, lawyer and accountant that goes beyond business. During the year, he plays golf with them and attends football and basketball games.

"I do these things at least once during the year with my bankers, accountant and my field manager. I think it helps to keep the relationship real," he said. "These people have big titles, but they are all just real people with real lives and wives and kids and the whole nine yards. Spending time with them outside of the work relationship is very helpful to keep them as friends as well as advisors."

Schuster, 55, has about 1,100 acres in production and grows wheat, barley, peas, canola, alfalfa and grass hay. He also has a herd of about 80 cows. He said banking and crop consulting are the two services that are most essential to his operation.

His agronomy advisor keeps an eye on his fields throughout the year, making sure he doesn't have any problems with pests or weeds or any other issue that may arise.

His banker keeps an eye on his finances and makes sure he has what he needs when he needs it.

"The ability to access money for an operating line or a quick loan for a piece of equipment is critical," Schuster said. "Both of my banks are just a phone call away and now I can even just send a text to move money around to cover big bills and other unexpected needs."

Recently, Dave Specter of Bells Up Winery

in Newberg, Ore., evaluated several banks before deciding where to switch his accounts.

A former corporate tax attorney, Specter said when agricultural businesses are looking for a professional service provider, they should find one that specializes in the issues involving their business. He talked to other winery/vineyard owners who were similar in size to his winery operation about their experiences — both good and bad — with bankers and financial partners. Before deciding on whom to hire, he identified three potential providers and arranged meetings to introduce himself and his operation, discussed the issues he is facing and what his needs and expectations are of the provider.

"You'll probably get a good feel for who is listening and thinking proactively on your behalf and hopefully anticipating some potential issues you'll have in the long term," Specter said.

On the financial side, Specter said it's important to find a banking/financial partner that understands and is interested in working with the needs of your business, whether it's large or small.

"We recently expanded our small winery operation to add some production equipment, which required financing. Although our needs weren't particularly extensive and the financial fundamentals of the business are solid, we found that every large national financial institution we approached — including ones where we had established banking relationships — had no interest in working with an operation of our size," Specter said. "Conversely, every local and regional institution welcomed us with open arms and worked hard to get us the money we needed at a reasonable rate. Those institutions ended up getting all our business, including our personal business, as a result of that experience."

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