

# YOUR GUIDE TO POULTRY FINANCING



888.339.3334 | [mafc.com](http://mafc.com) |   

# CONGRATULATIONS



**Congratulations on your decision to learn more about operating a poultry farm! Whether you're brand new to poultry farming or already have your boots on the ground, Farm Credit can be a dependable resource for you and your operation. No one knows the poultry industry, or has closer ties to it, than your friends at Farm Credit.**

We understand the hard work you put into your poultry operation, which is why we offer **customized financing packages** just right for your unique business. Farm Credit offers flexible rates and terms, a funds held account to store money from your integrator payments, a patronage program to return our profits to our borrowers, and close ties with the poultry and agriculture industries.

Farm Credit is a financial cooperative, which means while traditional banks return their profits to their investors, we share our profits with our borrowing customers through our patronage program. We have returned millions of dollars in patronage to customers in your local area.

Taking advantage of this cooperative way of doing business, plus working with a local lender who understands the needs of the poultry industry, can be nothing less than a win-win situation. If you are interested in working with Farm Credit on your poultry project or any other needs, we encourage you to contact us to discuss our loan options and available resources. Please give us a call at 888.339.3334 to arrange an appointment at a time and location convenient for you. In the meantime, if you'd like to learn more about Farm Credit, please visit **mafc.com**.

# THE PERKS OF FARM CREDIT



## CUSTOMER SERVICE COMMITMENT

### PERSONAL SERVICE FROM YOUR LOAN OFFICER

- Face-to-face meetings at your convenience to discuss and review financial results and business needs
- A personal commitment to respond to phone calls within 24 hours
- Business conducted at a location convenient to you – whether it's our office or your kitchen table!

### EASY ACCESS TO YOUR ACCOUNT INFORMATION

- Toll free calls to 888.339.3334 to a customer service representative to pay your bill over the phone and receive full access to your account information from 8 a.m. to 4:30 p.m., Monday through Friday
- 24/7 access to your accounts from anywhere through AccountAccess, where you can:
  - Check loan balances and payment history
  - Draw funds from lines of credit
  - Make payments electronically
  - Take your account on the go with the MAFC Mobile App

## MEMBERSHIP BENEFITS

### AS A MEMBER OF FARM CREDIT YOU WILL RECEIVE:

- Our quarterly *Leader* magazine
- The Stockholders' Annual Report
- The right to vote for the board of directors and nominating committee each year
- The opportunity to be nominated and serve as a director of your cooperative association
- Patronage distribution (if declared)
- Use of our Member Assistance Program for counseling, financial and legal services
- A discount on the QuickBooks finance program

# PATRONAGE CAN LOWER YOUR COST OF BORROWING



## HOW PATRONAGE IS PAID

Currently, your patronage distribution is based upon interest earned by the Association on your loan, as a percentage of total Association "patronage sourced" interest earned. Based on 2019 actual patronage distribution, we returned 100 percent in cash and retained 0 percent as allocated surplus, payable in a later year(s).

**\$9,100**

After receipt of your distribution, patronage effectively lowers your total interest cost for the first year of your loan from:

**\$70,000 to \$60,900**

This effectively lowers your interest rate from:

**7.00% to 6.090%**

A savings of: **0.910%**

Borrower Name	John Smith
Borrower Loan Amount	\$1,000,000
Borrower Interest Accrued	\$70,000
Borrower Interest Rate	7.00%
Borrower's Patronage Distribution	\$9,100
Existing ACA Liability	\$0
Total ACA Loans	\$1,000,000
Stock Requirement	\$1,000

100% Cash Distribution	\$9,100
0% Qualified Allocated Surplus Revolvement	\$0
0% Non Qualified Allocated Surplus Revolvement	\$0
Total Refunds	\$9,100

% of Total Interest Distributed – 2020 Projected	13.00%
Billing Rate	7.00%
Effective Rate to Borrower	6.090%
<b>Savings from Patronage</b>	<b>0.910%</b>

**Important Notice:** The patronage factor of 13 percent (percent of interest distributed) used in this statement is a projection based on the current estimate of earned interest for 2020 and may be higher or lower than actual amounts paid in preceding years. This projection assumes this same patronage factor of 13 percent for all future years. Actual patronage for the year 2020 and all future years will be based on the performance and profitability of MidAtlantic Farm Credit in those years. Actual patronage factors may be higher or lower or there may be no patronage in some years. **No representations are being made to you regarding future interest rates, the amount of any future patronage distributions, or whether there will be any future patronage distributions.**

# MAFC PATRONAGE DISTRIBUTION HISTORY



Year Ended	Paid in Cash	Qualified Allocated Surplus	Nonqualified Allocated Surplus	Total Allocated Surplus	Total Patronage Distributed	Percent Distributed	Interest Income	% of Cash to Total Patronage Distribution
2000	\$3,597,569	\$8,394,326		\$8,394,326	\$11,991,895	27.73%	\$43,251,929	30%
2001	\$5,263,363	\$12,281,180		\$12,281,180	\$17,544,543	20.63 %	\$85,040,897	30%
2002	\$5,283,493	\$12,098,430	\$229,721	\$12,328,151	\$17,611,644	22.62 %	\$77,858,202	30%
2003	\$5,969,744	\$6,854,316	\$7,075,085	\$13,929,401	\$19,899,145	24.78 %	\$80,318,175	30%
2004	\$7,897,553	\$4,033,133	\$14,394,491	\$18,427,624	\$26,325,177	31.26 %	\$84,218,172	30%
2005	\$8,479,608	\$2,547,324	\$17,238,429	\$19,785,753	\$28,265,361	27.22 %	\$103,843,314	30%
2006	\$8,023,038	\$3,654,318	\$15,066,105	\$18,720,423	\$26,743,461	21.82 %	\$122,547,128	30%
2007	\$12,222,941		\$15,816,022	\$15,816,022	\$28,038,963	20.84 %	\$134,536,557	43%
2008	\$13,400,000		\$10,802,949	\$10,802,949	\$24,202,949	18.74 %	\$129,156,553	55%
2009	\$8,000,000	\$4,110,431	\$5,577,302	\$9,687,733	\$17,687,733	13.61 %	\$129,939,802	45%
2010	\$10,000,000	\$2,260,933	\$13,494,701	\$15,755,634	\$25,755,634	20.53 %	\$125,446,071	38%
2011	\$10,000,000		\$15,598,926	\$15,598,926	\$25,598,926	21.21 %	\$120,684,850	39%
2012	\$10,500,000	\$2,549,370	\$15,474,060	\$18,023,430	\$28,523,430	25.54 %	\$111,691,768	36%
2013	\$13,000,000		\$25,135,627	\$25,135,627	\$38,135,627	35.34 %	\$107,897,003	34%
2014	\$15,000,000		\$10,856,283	\$10,856,283	\$25,856,283	23.99 %	\$107,781,442	58%
2015	\$16,635,743				\$16,635,743	15.24%	\$109,151,874	100%
2016	\$12,595,273				\$12,595,273	10.79%	\$116,728,474	100%
2017	\$18,516,880				\$18,516,880	14.63%	\$126,527,436	100%
2018	\$20,000,000				\$20,000,000	14.60%	\$136,981,724	100%
2019	\$17,000,000				\$17,000,000	11.67%	\$145,626,214	100%
<b>Total</b>					<b>\$446,928,667</b>	<b>20.32%</b>	<b>\$2,199,227,585</b>	

The amounts displayed in each column for each year reflect the adjusted amounts subsequent to the determination of year-end financial results. Subsequent to the final year-end closing, certain adjustments may occur for items such as by-law related withholdings, minimum check amounts, etc. prior to actual distributions to the stockholders which would immediately impact the stated amounts.

# POULTRY FINANCING CHECKLIST



Thank you for choosing MidAtlantic Farm Credit for your poultry financing needs. As the experts in rural lending, we understand the special needs of poultry farmers – we’ve been helping them achieve their goals for over 100 years!

In order to provide you with prompt service and to begin processing your loan, please provide us with the following information:

- Current balance sheets (Individual, Partnership, Corporation and/or LLC)
  - List of assets – savings and/or checking account statements, real estate, marketable securities, etc.
  - List of debts – balances owed along with names and addresses of all creditors
  - Partnership – copy of partnership agreement
  - Limited Liability Corporation (LLC) – copy of operating agreement
  - Corporation – copy of bylaws and certificate of incorporation
- Federal income taxes and W-2's for the past three years
- Pay stubs from the last 30 days
- Copy of proposed construction contract with contractor's disbursement schedule, as well as quotes on:
  - Grade, fill, shell, stone, etc. – for roadways, culverts, pads for poultry houses, manure shed and/or composter/freezer shed
  - Outside wiring – including generator hook up, lighting protection, etc.
  - Outside electric service – if new services are needed or current service needs to be upgraded
  - Well and pump tank
  - Generator, generator building and automatic transfer switch
  - Manure shed and composter or mortality freezers
  - Tractor and/or Bobcat
  - Estimate for new dwelling, if necessary
  - Permits
  - Engineering/site work
- Letter of intent from the poultry integrator
- Letter stating any upgrades that would be needed in order to place birds
- Copy of sales contract if purchasing farm or property
- Current production records, existing farms only
- If current grower, last five flock settlement sheets

# POULTRY INDUSTRY RESOURCES



## INTEGRATORS

Allen Harim	<a href="http://allenharimllc.com">allenharimllc.com</a>	302.629.2608
Amick	<a href="http://amickfarms.com">amickfarms.com</a>	410.943.3989
Mountaire	<a href="http://mountaire.com">mountaire.com</a>	302.934.1100
Perdue	<a href="http://corporate.perdufarmers.com">corporate.perdufarmers.com</a>	410.543.3789
Tyson	<a href="http://farmwithtyson.com">farmwithtyson.com</a>	757.824.3471

## REGIONAL RESOURCES

*State Numbers*

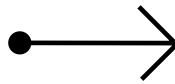
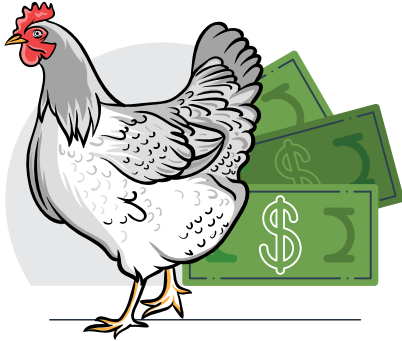
DE Department of Ag	<a href="http://agriculture.delaware.gov">agriculture.delaware.gov</a>	302.698.4500
Delaware FSA	<a href="http://fsa.usda.gov">fsa.usda.gov</a>	302.856.3990 ext. 2
Delmarva Poultry Industry	<a href="http://dpichicken.org">dpichicken.org</a>	302.856.9037
MARBIDCO	<a href="http://marbidco.org">marbidco.org</a>	410.267.6807
MD Department of Ag	<a href="http://mda.maryland.gov">mda.maryland.gov</a>	410.841.5700
Maryland FSA	<a href="http://fsa.usda.gov">fsa.usda.gov</a>	410.479.1202 ext. 2
NRCS	<a href="http://nrca.usda.gov">nrca.usda.gov</a>	
University of Delaware Extension	<a href="http://udel.edu/canr/cooperative-extension">udel.edu/canr/cooperative-extension</a>	302.856.7303
University of Maryland Extension	<a href="http://extension.umd.edu">extension.umd.edu</a>	301.405.2907
VA Department of Ag	<a href="http://vdacs.virginia.gov">vdacs.virginia.gov</a>	804.786.3501
Virginia FSA	<a href="http://fsa.usda.gov">fsa.usda.gov</a>	804.287.1500
Virginia Tech Extension	<a href="http://ext.vt.edu">ext.vt.edu</a>	540.231.9347

# WHAT IS A FUNDS HELD ACCOUNT?



It's an easy way to park excess funds that earn interest and can pay expenses as needed.

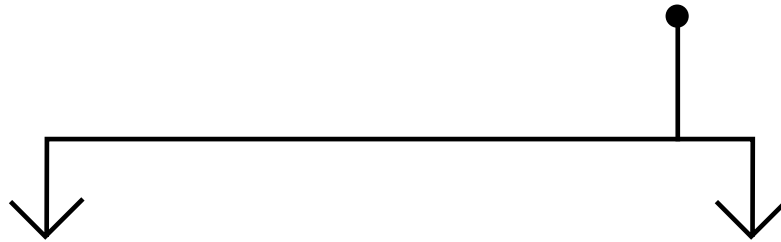
## Your Payment from the Integrator



## Funds Held Account



All payments received from your flocks go here to earn interest.



## Quarterly Payment to MAFC



Automatically comes from your Funds Held account quarterly to pay for your poultry loan.

## Additional Expenses



Earns interest and serves as a backup when needed.

## Why are Funds Held accounts beneficial for poultry growers?

The average poultry grower has five flocks per year. MidAtlantic Farm Credit collects quarterly payments from our poultry growers. The income from the extra flock (or more) each year sits in the Funds Held Account to earn interest and serve as a backup when needed for taxes, insurance, repairs and other expenses.



# FIVE WAYS TO FINANCIALLY MANAGE LONG POULTRY LAYOUTS



There's certainly not a black and white answer, but here are a few quick tips that can help keep you on the right track:

- 1. Talk to your lender.** Your lender is a partner in your business; we're on your side and want you to succeed. Don't fear letting us know you are facing difficult times – the sooner we can get ahead of the situation, the better we can serve your account. Lenders can help you evaluate current and future debt, provide additional financing, or even consider restructuring options. Providing accurate and up to date financial statements, tax returns, profit and loss statements, and flock settlement sheets will be important to your lender in order to evaluate your entire financial situation and determine how they can help.
- 2. Prioritize needs versus wants.** As income becomes tighter, there comes a time when it may be necessary to reevaluate your lifestyle. Creating a monthly budget will help you visualize how much money is coming in and where it is going. With this, you'll be able to prioritize things that you need, versus what could be cut back on. Budgeting allows you to evaluate your spending and find ways to save on necessities such as groceries and gas, but also luxuries like recreational vehicles or equipment that could be sold to reduce monthly payments.
- 3. Be proactive in your houses.** With long layouts, unfortunately there is downtime between flocks, but you can capitalize on this as an opportunity to be proactive in your poultry houses. Utilize this time to make repairs and replacements, as well as clean fans, reflector shields on radiant heaters, or other areas to improve efficiency. Ask your flock supervisor about things you could do in the downtime to make sure your houses are ready to go when birds are available to be placed.
- 4. Evaluate your business plan.** Every operation should have a business plan full of past results, current statistics, market opportunities, and long and short term goals. If you don't have a business plan, we have a template we can provide to get you started. Consider your options: Can you diversify your operation or increase profits/production in other areas? Is there anyone involved in your operation who could pick up part-time or full-time employment off the farm that doesn't take away from the success of the operation? Are there any areas of your operation where your expenses are outweighing your profits and you should cut back? The list could go on and on, but it's crucial to have these difficult conversations with your family or business partners.
- 5. Take care of yourself.** Financial struggles can be the cause of many arguments, stress, and even depression. Do you ever find yourself so focused on taking care of others and your operation, that you don't make taking care of yourself a priority? It's important to step back and take time for yourself. You could relax and de-stress by taking a walk, reading a book, enjoying a hobby, or anything else that can help clear your mind for a bit. If you are feeling stressed or need someone to talk to, there are many free resources that your lender can help direct you to.

In a time of uncertainty and change, it can be difficult to remain positive and keep stress levels low. These five steps aren't the full solution, but they will help guide you in the right direction.

# MORTALITY MANAGEMENT IS EVERY DAY



## STILL COMPOSTING? Try Thinking *Inside* the Box

Farm Credit and Greener Solutions are dedicated to providing you with innovative products and services that improve farming operations, such as on-farm freezer units for storing routine mortality.

This new best management practice (BMP) is now eligible for cost-share programs in Maryland, Delaware and Virginia—and Farm Credit will customize a financing package for you so you'll have no upfront out-of-pocket expenses while waiting for your money.

Once the cost-shared funds are received that portion of the loan is repaid—and the balance can be amortized at a term matched to your individual needs.

For more than 20 years growers in other regions of the country have been enjoying on-farm storage and collection services. Thanks to Farm Credit and Greener Solutions, now growers in Delaware, Maryland and Virginia can too.



### Farm Freezer Benefits:

#### Operational Savings

Time and labor drastically less than with composting

#### Better Biosecurity

Sealed containers lock pathogens in and lock scavengers out

#### Simplicity

Much easier to manage, greatly reducing your regulatory risk

#### Improved Quality of Life

Eliminate the smells, flies and scavengers that come with composting



**GREENER  
SOLUTIONS**

On-Farm Freezer Units  
For Routine Mortality

844.754.2742 | [farmfreezers.com](http://farmfreezers.com)



**FARM CREDIT**

888.339.3334 | [mafc.com](http://mafc.com) |

# ADDITIONAL MATERIALS PROVIDED BY OUTSIDE RESOURCES



888.339.3334 | [mafc.com](http://mafc.com) |   

# Please join DPI today.

Where would **your** chicken industry be without

## Delmarva Poultry Industry, Inc.?

A forceful voice for chicken growers in Annapolis, Dover and Richmond:  
**Silenced.** When anti-chicken legislation is introduced, no one would be there to fight back

Action alerts when regulatory or legislative changes could affect your bottom line: **Not sent**

An organization promoting positive information about farm families and the chicken industry to the press and through social media: **Vanished**

Work on environmental issues unique to the industry: **Not done**

Free help for farmers designing and installing vegetative environmental buffers around chicken houses: **Gone**

A DPI college scholarship program that's given out more than \$108,000: **Gone**

Electric buying groups that have saved members nearly \$2 million:  
**Not happening**

Contact us to join DPI today.

[dpi@dpichicken.com](mailto:dpi@dpichicken.com)

[www.dpichicken.org](http://www.dpichicken.org)

302-856-9037

*"All growers benefit from our work. As times change, so do the things we need to do to make DPI and our industry stronger. Get involved. It will make a difference."*

Dean Walston  
2017 DPI President



## Member Benefits

- Subscriptions to our quarterly newsletters, *DPI in Action* and *Timely Topics*
- Opportunity to participate in our electric buying group, reducing utility costs; in the current group, members saved an average of \$1,700 a year on Delmarva Power bills
- Timely notices of educational opportunities and regulatory actions
- Opportunity to attend our spring Booster Banquet, where you can network with other growers, legislators and industry members
- Consideration for "outstanding grower" honor
- Free technical assistance in installing vegetative environmental buffers



## About DPI

Since its founding in 1948, Delmarva Poultry Industry, Inc. has focused on the common good of the broiler industry. With nearly 1,800 members, **DPI is the only organization working exclusively for Delmarva's chicken industry.**

Who belongs to DPI?

- More than 1,000 farm families who grow the chickens
- 350 businesses supplying products or services to the chicken industry
- Hundreds of individuals who work in the chicken industry
- The five chicken companies operating on Delmarva

**Any person, group, or company** interested in helping the Delmarva chicken industry remain strong is welcomed as a member.



## Communications



DPI is a trusted source of information about the chicken industry. We proactively market positive stories about the industry and pitch story ideas to

reporters around the region. When crises like avian influenza occur, we work with state and federal agricultural officials to make sure facts, not exaggerations, are in front of the public. We post daily social media updates and produce original videos highlighting success stories in the chicken industry.

*If we in the chicken industry don't tell our own story — others will tell it for us.*



## Industry Promotion

DPI works to create increased awareness of the chicken industry and its importance to the region. That involves outreach to community groups, events like the Delaware State Fair, the Wicomico County Fair, and Accomack County's Day on the Farm event for schools.

DPI also collaborates with other groups — including soybean checkoff boards, state farm bureaus and the National Chicken Council — to **bolster the public image of chicken growers and the chicken industry**. With so few Americans now involved directly in agriculture, those efforts are essential.

## Government Relations



DPI aggressively represents our members' interests on legislative and regulatory issues. We offer year-round legislative

representation and influence in Delaware, Maryland, and Virginia and at the federal level. **The whole goal is to protect and enhance the chicken industry.** Just in the last year, we:

- **Convinced** legislators to reject a bill that would have created a costly, unreliable system of monitoring air quality on chicken farms
- **Protected** a tax credit encouraging the use of chicken litter as a renewable energy source when some lawmakers wanted to eliminate it
- **Redesigned** a bill regulating the use of antibiotics in agriculture to eliminate sections that would have harmed our industry
- Worked in Delmarva counties to limit negative impacts of new zoning regulations

## Environmental Initiatives

DPI is a leader in environmental programs, and **the work we do directly benefits growers** — helping them comply with existing regulations while preventing onerous new ones from taking hold. Our one-of-a-kind program to help growers plan and install vegetative environmental buffers has taken on added importance as more counties and chicken companies increasingly require them.



Contact us to join DPI today.	<a href="mailto:dpi@dpichicken.com">dpi@dpichicken.com</a>
<a href="http://www.dpichicken.org">www.dpichicken.org</a>	302-856-9037