Legislative panel concerned about proposal for farmland sale

BATON ROUGE, La. (AP) - A legislative panel said Wednesday it's concerned that a corporation's proposal to buy 75,000 acres of foreclosed Louisiana farmland could devalue all farm acreage in the state.

Federated Farm Services Inc, of Shreveport has offered to buy the land for $650 per acre from the Federal Land Bank, which foreclosed on the land after farmers were unable to repay crop loans from the agency.

"A lot of that land is being carried on the books as worth $900 an acre or even $1,200 an acre," said Rep. Francis Thompson, D-Delhi, a member of the Joint Agriculture Committee.

Ivy said the land bank has acquired the land over the past two years and the non-income producing acreage has become a burden to all farmers involved with the agency.

Our asset to the farmers. If we lose, they lose. We are a stockholder company, not a federal agency. There is no government money involved," Ivy said that his organization has outstanding loans in Louisiana in a belt from Opelousas in south Louisiana to East Carroll Parish in the northeast corner of the state.

The land bank has had 150 foreclosures in Louisiana in the past year, he added.

"If the farmer doesn't make it, we don't," he said. "We recognize if the sale goes through, there could be some effect on land values. We hope everyone keeps in mind that this is not a price for good land or sorry land, but a price for a lot of land, " Thompson said committee members were concerned by reports that the land bank is preparing to get tough on farmers and foreclose on more farms.

Ivy said his agency had indeed planned to do that, but had reconsidered and would give farmers every consideration pending the expected passage by Congress of a farm "bail-out bill.”

Ivy said the land bank has a four-point policy. "Is the borrower doing his best; is he taking care of the land, is he applying proceeds above living expenses to the note; can he work out of his existing debt load?"

"The critical item is can he work out of his debt. If the answer is no, what can we do? Can we carry him for another year, we do it at the expense of other farmers who are just getting by."

Of all of the loans outstanding at the bank, about $200 million worth are delinquent or in foreclosure, he said. "Another $200 million worth are involved in land where the collateral is valued at less than the debt. They are paying...but they're risky."

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Thompson told reporters later that the Legislature has no control over the proposed sale.

"We could call for a moratorium but that would take a law and we don't have a law on the books at this time," he said.