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# Farmer-Lender Mediation Act

Minimum Eligible Debt Recommendation Report

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## **Introduction: Farmer-Lender Mediation Act**

The Farmer-Lender Mediation Act (MINN. STAT. 583.24) was signed into law in 1986 to help address the financial crisis that Minnesota farmers were facing. The Farmer-Lender Mediation Act gives farmers the opportunity to renegotiate, restructure, or resolve farm debt through mediation. Mandatory mediation means that creditors cannot proceed collecting debt against a property until the offer of mediation has been extended and, if the farmer so chooses, completed. Mediation is executed by a trained neutral facilitator to assist in the negotiations of parties in a dispute. The Farmer-Lender Mediation program is administered by the University of Minnesota Extension.

The goals of the mediation process are to achieve open communication between parties in order to resolve differences, define the rights of the debtor and creditor, and to produce agreements that are acceptable to all parties. Farming is a volatile business and is often dependent on global market forces outside of a farmer's control. Mediation can provide a way for farms to stay in business during difficult economic times by working together with lenders to renegotiate, restructure, or resolve farm debts.

### **Minimum Eligible Debt Amount**

In 2017, subdivision 5 of the Farmer-Lender Mediation Act was amended to:

Subd. 5. Minimum eligible debt amount. The minimum eligible debt amount is \$15,000. In 2022 and every five years thereafter, the commissioner of agriculture, in consultation with the director, must report to the legislative committees with jurisdiction over agriculture policy what the minimum eligible debt amount under this subdivision would be if adjusted using the United States Department of Agriculture's Index of the Cost of Production.

### **Recommendation**

In consultation with Farmer-Lender Mediation Director Mary Nell Preisler, the Minnesota Farm Advocates, and banking interests, it is our recommendation that the minimum eligible debt amount be kept at \$15,000. The minimum debt threshold of \$15,000 is still a reasonable amount in regard to the current farm economy in Minnesota.