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SOUTHDAKOTACHAPTER 11/08
AMERICANSOCIETYFARM MANAGERS&RURALAPPRAISERS



*Empowering Our Members' Ability to Succeed
in Their Rural & Agriculturally Related Professions!*

DATESTOREMEMBER!

2008

December11-WestRiverBreakfastMeeting(9A.M.)
RapidCityMarlin's RoadhouseGrill

December19-EastRiverBreakfastMeeting(9A.M.)
SiouxFallsRoll'N PinRestaurant

2009

January21-23-WinterEducation&JointMeetingW/ PAASD-Mitchell
May13-14 (**Tentative**) - ChapterBoardMeeting--Brookings

May14 (**Tentative**)-SDSUBreakfastMeeting--Brookings

June15-19-2009NationalSummerEducationWeek-- DesMoines,IA

July18-25-InternationalFarmManagementConferenc einBloomington,
IllinoishostedbyIllinoisASFMRAwiththeendorse mentoftheASFMRA
Findoutdetailsat www.ifma17.org.

October2009-SouthDakota-WyomingEducationalOff ering-BlackHills
October25-31-ASFMRANationalMeeting-Denver

PRESIDENT'SMESSAGE

EducationofferingsforourJanuarymeetinghavebe enfinalized.Referto
separatearticleinthisnewsletterfordetails.

TheannualmeetinginTexasfoundmembers, TomJass ,NormEdwards,
JohnWiddoss,MarkElder,RonEnsz,ShawnWeishaar andIattending.See
followingarticlefordetails.

WhenthisnewslettergoesoutwewillbeintheChr istmasShoppingseason.
IhopeallwillhaveaBlessedChristmasandbepre paredfortheNewYearas
itseemswewillbeseeingmorechangeinourprofe ssions.

“Gratitudeunlocksthefullnessoflife.Itturnsw hatwehaveintoenough,and
more.Itturnsdenialintoacceptance,chaostoord er,confusiontoclarity.It
canturnamealintoafeast,ahouseintoahome, astrangerintoafriend.
Gritudemakessenseofourpast,bringspiecefor today,andcreatesavision
fortomorrow.

-MelodyBeattie

SAN ANTONIO NATIONAL MEETING EXPERIENCES – by Ron Rucker and Tom Jass

The meeting started with a Tuesday night barbecue in San Antonio. The meal was barbecued goat, lamb and veal.

Hosted by the Texas chapter at Aggie Park in San Antonio for the meats.

On Wednesday morning, Pioneer provided a tour of the Record Buck. Basically the area of fands surrounding the Edwards Aquifer and the hunting ranch in San Antonio TX has water issues.

San Antonio TX has water issues.



In 2007 and 2008 it has been very dry and the aquifer has not been recharged as much as they would like. In 2009 continues dry, they may face water shortages. In addition to water usage, the aquifer is not sealed so it loses some water naturally.

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soloses

South Texas is in this drought even with annual rainfall of 34 inches. Our visit found the countryside bro wn. The problem, as one stated, is we get 34 inches of rain a year, but it comes in two rains and the rest of the time we rely on irrigation for production.

nfall
wn.
rain
hetime

Freshwater is a protected resource. They have laws on the use of water, who can, who can't and how much.

laws, rules and rights that are very specific about the use

The Edwards Aquifer recharge area that covers over 8,800 square miles. It is the primary source of water for over 1.7 million people. The Edwards Aquifer authority covers 180 miles.

f

Underlying the Edwards Aquifer is a huge bed of limestone that has shifts and faults that have created a space where water can be stored. A large watershed occurs naturally and has been enhanced over time to direct more water into the aquifer.

ted



The tour took us to the sinkhole. They dug a canal so that stormwater runs directly into the ground and there are recharge holes where the channel flows water to the aquifer.

from the drainage creeks where the drainage from the system goes to the sinkhole. This is a natural "sink hole" where the channel flows water to the aquifer. This sinkhole is 60 ft in diameter and 160 ft deep.

k
eep.



Continued

SAN ANTONIO CONTINUED

In the back of the channel bed you can see a grate which they have constructed. The protection to the sinkhole is to keep animals and larger items from getting into the hole and creating a blockage.



The grate is tricky to build as it can also create and block water flow to the aquifer.

adam

An irrigation well in the area was 800ft deep with artesian to create a pump lift of 50ft.

Irrigation land sells for \$3,000 an acre. Hunting sold in 2008 that was described as little crop and \$2,350. Pasture that is less desirable for hunting from the area. The land is overgrown with brush and are relocated.

land mostly hunting acres. The 2,800 acres sold for will sell around \$2,000. However cattle are vanishing and trees, which is typical where the hunting ranches



The hunting and recreation has provided over \$650 million to the State economically. Record Buck is a 35,000 acre commercial deer hunting business. They breed for huge racks with their best deer being valued at \$25-\$35,000 each. Many of the animals are artificial bred to produce the size of antler grown by the bucks.

Hunting land is fenced with high fence at a cost of \$5,000 an acre. They want to control the breeding of the deer and to keep other deer out. Since they are focused on record deer, they don't want any inferior breeding occurring.

They will also add exotic animals to increase the hog to add to your trophy case.

unting experience. Plus you may even find a wild

The Texas Deer Association magazine shows pictures of Stickers, a buck sold for breeding at \$1 million dollars. The hunt will generally cost around \$3,000 with premiums for the Boone & Crockett score of the antlers.



A chart provided shows price range for 131 score at \$2,600 scaled to a score of 200 at \$24,850. Each inch above the 200 is \$500 and a droptine adds \$500 an inch. This is for whatever sized deer you may take the cost of the hunt.

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plus

A lunch was provided after the tour offering an op

portunity for relaxing and networking.

Continued

SAN ANTONIO CONTINUED

The annual meeting and board meeting were on the session on Thursday offered Ag Innovations, Advice Farm program, and Food, Fuel, and Fertilizers—Mix

ate for Wednesday afternoon. The General for Appraisers from Appraisers, a Review of the ed Fortunes for Ag Producers.

Friday, the presentations were presented by Carroll Congress that will be in Bloomington and Normal Ill Agriculture and Rural Landscape presented by Dr. Da facing the Appraisal profession, Managing Volatilit Drivers of change for agriculture.

Merry on the 2009 International Farm Management ino is July 19-24, 2009 and the Changing Face of vid Kohl. General Sessions were Current Issues y in the Commodities and a panel discussion on

Audio and power points of these presentations can b found on the national website.

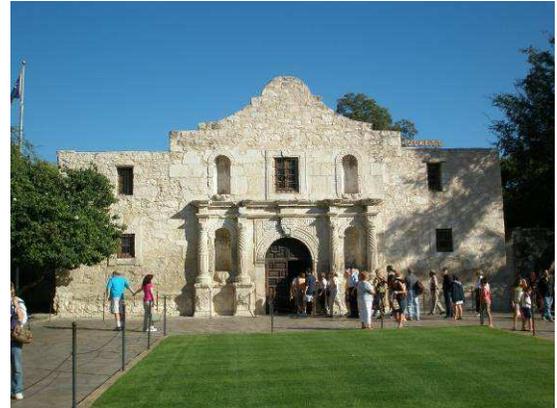
e

The Spouse tour was Missions and Margaritas. The went to some of the Missions, which are built along San Antonio River.

tour the

The tour highlighted the influence of Religion on building of Texas and the part the Spanish played i settling of South Texas. Cooking demonstration and margaritas were enjoyed by all.

the n



ARA ACCREDITATION CEREMONY HIGHLIGHT FOR SD CHAPTER MEMBERS

The highlight of the San Antonio meeting for SD cha Shawn Weishaar receiving the ARA certificate. Loy attendance. There were 63 newly Accredited Rural A for the work needed to complete and get the designa

pt members in attendance was Ron Enz and Matthes also was recognized but not in ppraisers. Our congratulations to our members tion.



They commented it was a great help from our mentori occasional push to get them through the demo and to

ng committee who provide assistance and an the final steps.

SHAWNWEISHARROFFERSNATIONALMEETINGTHOUGHTS

I would like to thank the SD Chapter of the ASFMRA for covering my registration costs for the 2008 ASFMRA Ag Pro Outlook meeting as part of earning my ARA accreditation. The ARA accreditation process has been challenging, but a very positive experience for me. I appreciate all the support from the chapter. The appraisal reviews from the accreditation committee have been extremely helpful and very much appreciated.

My wife Sarah and I attended the national meeting in San Antonio. It was Sarah's first opportunity to meet many of my appraisal colleagues and their spouses. We both had a great time interacting with the membership and meeting new friends.

The tours and sessions were both interesting and informative. I was able to attend many of the appraisal sessions, as well as some of the management sessions. Economic volatility and change were common themes in many of the presentations.



The accreditation ceremony was a special event. I would like to congratulate Ron Ensz and Loy Matthes for earning their ARA designation. Considering the size of our state chapter, it was a strong showing to have three chapter members receive the ARA designation. I think it speaks highly of our chapter's commitment to professional advancement for the membership.

If any member is seeking advancement, I would be willing to assist them in any way possible. If you haven't done so, take the opportunity to attend the national meeting. You won't be disappointed!

AGENDA SET FOR MITCHELL MEETING IN JANUARY

A full schedule with variety is set for the joint meeting of SDASFMRA and PAASD (Professional Appraiser's Association of South Dakota) January 21 thru 23 at the Holiday Inn in Mitchell.

Wednesday January 21st:

- **PAASD Education Seminar: Introduction to FHA Appraising: What Appraisers Need to Know About HUD Policies, Procedures, and 2008 Roster Eligibility – Mark Smeltzer Instructor** - Both the experienced and those new to FHA appraising will gain a high level of understanding and knowledge regarding FHA appraisal policy without having to read through myriad documents from the U.S. Department of Housing and Urban Development (HUD).

Thursday January 22nd:

- **PAASD Education Seminar: REO Appraisal- Appraisal of Residential Property for Foreclosure and Preforeclosure – Mark Smeltzer Instructor** - This timely new seminar will provide participants with the information needed to assist clients in making well-supported decisions about the final disposition of real estate acquired through foreclosure.
- **ASFMRA Education Seminar: Appraising Rural Residential and Part-Time Farm Properties - W. David Snook Instructor** - This course is designed to aid appraisers in all areas of appraisal practice who are seeking updated competency in this area. This course will:
 - Instruct appraisers how to handle property appraisal assignments for Farmer Mac.
 - Become aware of the secondary mortgage market need for appraisers in this field.
 - Understand how to help your clients with the 6 and 10 acre plus type properties.

SDASFMRA Chapter Membership Meeting: The SD Chapter will hold its annual membership meeting on Thursday evening. **The starting time will be 5:30 P.M.** This will give those attending the Thursday education offering time to take a breath and energize themselves for the meeting. The agenda will include financial report, update on committee activities/plans, and elections.

Social: Following the meeting, the SD Chapter will host a pizza social from 7:00 to 9:30 p.m. The social will be open to members of the ASFMRA and PAASD, as well as others attending the education offering on Friday.

Friday Morning January 23rd:

- **PAASD/ASFMRA Education Seminar: Supervisor Program Course- Craig Steinley Instructor**- This is a state approved Supervisor Course which must be taken to supervise a state-registered appraiser. This class is also required for all state-registered appraisers- there is no "grandfather" clause. This class is mandatory for all state-licensed, state-certified residential, or state-certified general appraisers who wish to supervise after January 1, 2009.

Friday Afternoon January 23rd:

- **ASFMRA Education Seminar:**
 - Review 2008 Farm Bill – FSAS State Director Steve Culler
 - Demonstration of NRCS Web Soil Survey Website – Allan Husby

Additional details including registration fees can be found at www.paasd.com. Late fees will be charged after Sunday January 11, 2009. You can register on the PAASD website under education. **Make your plan to attend this meeting of education and networking!**

2009 CHAPTER PRIORITY TO RAISE SDSU A CORN SCHOLARSHIP FUND TO \$20,000

The November board meeting included discussion on planning/strategies to raise the SDSU A corn Scholarship fund to \$20,000 by the first half of 2010. When the first \$10,000 was raised in 2004/early 2005, the long range goal was to raise the fund to \$20,000 by July 1, 2010.

SD FARM MANAGERS AND RURAL APPRAISERS SCHOLARSHIP AT SDSU

Account Balance Information:

Endowment principal balance as of 09/30/08	\$ 16,801.47
Endowment market value as of 09/30/08	\$ 13,607.62
2007 Distribution amount	\$ 866.40
Total account value as of 9/30/08	\$ 14,484.16
Cash available as of 09/30/08	\$ 876.54

Scholarship Recipient Info:

School Year	Recipient	Amount	Hometown	Major
2005-2006	Seth Zilverberg	\$500.00	Holabird, SD	Animal Science
2006-2007	Becky Lambert	\$600.00	Frankfort, SD	Pre-Economics
2007-2008	Emily Hansen	\$700.00	Marshall, MN	Agricultural Business
2008-2009	Jim Jansen	\$1,000.00	Fordyce, NE	Economics

The account balance information brings home the realization that today's adverse economic realities have impacted the account value relative to the principal balance of the funds we have contributed. The above information was prior to the chapter budget payment of \$500 recently made to the fund.

2009 Chapter Fundraising Plans:

- Super Bowl Raffle at Mitchell winter meeting – details in next newsletter.
- Print Raffle of USFW/Harvey Dunn print of the wagon on the prairie at Mitchell winter meeting – details in next newsletter.
- Print Raffle of USFW/Harvey Dunn print of the wagon on the prairie at the Wyoming/South Dakota meeting, with 50/50 split between Kjerstad Chapter Member/SDSU Scholarships.
- Continue \$500 chapter donation in chapter budget.

In addition to the above, chapter members are encouraged to consider a scholarship donation in one of the following ways:

- a one-time donation – **Now is the time for 2008 tax deductions!**
- annual contributions pledging so many dollars per year
- a state planning tool for scholarship programs.

Make checks payable to SDSU Foundation. **Please write "SDASFMRA Scholarship" in the memorandum section of the check . Mail check to:**

SDSU Foundation
 815 Medary Ave, Box 525
 Brookings, SD 57007

KJERSTAD MEMORIAL PHEASANT HUNT HELD

The South Dakota Chapter of ASFMRA held a memorial pheasant hunt and social on Saturday, November 22nd and Sunday, November 23rd at the Bill Huber farm near Norris, SD.

Chapter members in attendance were Ron Ensz and John Widdoss. Bill Huber and his sons hosted and participated in the hunt. Fred Littau was hunting guide for the group. Farm Credits Services of America staff, the Widdoss family and a couple of ranchers from Harding County supported the event with their attendance.

As shown, we found plenty of birds despite the recent snow storm plus sunflowers and corn fields remain unharvested.

Ensz stated "A great time was had by all with sunshine and blue skies both days". Widdoss remarked "More chapter members need to take the opportunity to enjoy a weekend of hunting and building relationships with fellow appraisers".



We thank chapter members Ron Ensz and John Widdoss for organizing this hunt and the Huber family for hosting the hunt. Thank to all who attended and supported this fundraising and social event.

The amount raised will follow in the next newsletter as several chapter members have expressed interest in contributing to the Kjerstad Memorial Chapter Member Scholarship Fund.

The scholarship focus:

- A lasting memorial of Jerry's contribution to our chapter.
- A means to generate funds that can allow expansion of chapter support for members in accordance with the chapter mission of *Enhancing Our Members' Ability to Succeed in Their Rural & Agriculturally Related Professions!*

If you wish to support the Scholarship Fund, send check payable to SD ASFMRA (memoline-Kjerstad Memorial Chapter Member Scholarship Fund) to Allan Husby 51217th NE, Watertown, SD 57201.

THE CALLING

A woman was trying hard to get the cats up to come out of the jar. During her struggle the phoner rang so she asked her four-year-old daughter to answer the phone. "It's the minister, Mommy," the child said to her mother. Then she added, "Mommy can't go hitting the bottle." meto the phoner to talk to your right now. She's

WHAT'S YOUR FARM WORTH?—an interview by O.S. Grainger and Henry Morgenthau, Jr., Governor of the Farm Credit Administration

(from the November 1933 edition of the Farm Journal courtesy of Russell Wyatt)

In Washington, with offices in the old Southern Building where Mr. Hoover's Farm Board once dispensed another brand of farm relief, a gigantic new government agency has sprung into being since March 4—the Farm Credit Administration.

Here, under the direction of one man, the government activities. One of the biggest banking jobs in the world will be done by the Farm Credit Administration—hundreds of millions of dollars every year.

At the head of this new government agency, which will borrow money from the public and lend it to farmers, is tall, rather austere-appearing Henry Morgenthau, Jr., one of President Roosevelt's closest friends, who has been a farm paper publisher for years, and who had the difficult job of being chief agricultural advisor for Mr. Roosevelt when the President was Governor of New York.

Governor Morgenthau is without question the directing head of the agency under his command. He works hard at this job.

In rewriting the farm loan laws Congress gave the Governor of the Farm Credit Administration practically dictatorial powers over its operations. This is somewhat unusual in our political scheme of things. It is infrequent that the successor of a big government undertaking can be credited or debited to one man. But this is the case with the Farm Credit Administration and Governor Morgenthau. He will be canonized or crucified politically on the basis of the successor failure of the next couple of years of operation of the Farm Credit Administration.

Under such circumstances, Mr. Morgenthau is expected to have the right answer to a question which is perplexing many farmers these days: "What is my farm worth? Is it worth anything? If so, how much? What can I borrow on it?"

This is not an academic question to the thousands of farmers who are applying to the Farm Credit Administration through Federal Land Banks for loans on their farms, and to the thousands more who will apply for loans tomorrow and next year. It is an exceedingly practical question, the answer to which may mean success or failure to the farmer who wants a loan.

In the last revision of the law, Congress said that the Farm Credit Administration, through the Federal Land Banks, can lend only as much as 20% of the value of the insured permanent improvements on the farm, plus 50% of the appraised normal value of the land itself.

When is Value "Normal"?

That sounds good, you say, but what in thunder is "normal value"? And that is the question we put to smiling Mr. Morgenthau.

Well, sir, he says, we have spent four months training two thousand appraisers to answer that question. I don't wonder that you are stumped by that word "normal". As a matter of fact, we were, too, until after we had spent weeks digging into all of the factors which affect the value or earning power of the land, and had developed a formula for determining the value of a particular farm. Continued

WHAT'S YOUR FARM WORTH? CONTINUED

We have the formula now, and the most important part is the application; the amount of common ordinary horse-sense with which the formula is applied.

Too frequently there has been a tendency to "average" appraisals on farmlands, to lend too much on poor farms and not enough on good farms. That's obviously unfair, both to the owner of poor land who couldn't make his land earn enough to repay the loan, and to the owner of good land who probably needed more money for profitable operation. And, in the case of Federal Land Bank loans, it's obviously unfair to a third party, the man who lends the money (through his purchase of Federal Land Bank bonds) to lend to farmers.

We believe we have developed a formula for determining "normal value" which will be fair to farmer borrowers, and to the banks and their bondholders. This is how it will work: You apply for a loan on your farm. After a certain amount of routine, which incidentally we are attempting to cut to the bone, your farm will probably be appraised. The appraiser s, with a table of 1909-1914 prices of farm commodities, before them (because Congress has indicated this five-year period as the basis for determining "normal value") apply these average prices to the average production of your farm over a period of years.

This gives a rough idea of the earning capacity of your farm, the most important single factor in setting the amount you can borrow. After all, it is *earning* capacity of your land which is the basis of its value, and which determines whether you can farm at a profit and pay your debts as you go.

But the appraisers must study the situation even more closely. Perhaps they find that you devote most of your farm to the production of crops for which prices are lower than in 1909-1914; hay or oats, for example. This would tend to make your farm less valuable.

It is possible, on the other hand, that your land is so fortunately situated, that because of your location, or the peculiar condition of your soil, the crops you grow are more valuable than the average. For example, let us say that you can grow corn in the Carolinas, where corn commands a high price because of its scarcity. This would add to the value of your farm.

Soils, Markets, Taxes

Then there is the question of the land itself. If you have farmed it carefully, kept the soil built up, and kept erosion from wearing its fertility away, its value is that much greater. The general condition of the land in your community is another important factor. If the land all around you is in good condition, if French weeds or sow thistle or quack grass are a king's possession of land near yours, if the farmers in your locality are not so good at farming and caring for their land as you, your land loses something in value - not a great deal, to be sure, but enough so that a probable loss in future value must be reckoned with.

Here is another point which our appraisers must keep in mind. Henry Jones lives hundreds of miles from his market; Henry Smith, growing exactly the same crops, lives but 15 miles from the same market. Obviously, Jones will have to take less for his crops. This difference, the freight differential, would tend to make Smith's farm more valuable than Jones; everything else being equal.

Continued

WHAT'S YOUR FARM WORTH? CONTINUED

The tax trend in your state and in your community understand that more of the income from your farm will simplify the job of appraising a farm to recall that means that the community is improving itself. The increase in taxes.

is a factor. If taxes are increasing, it is easy to be required to pay the taxes. It does not in some cases where the tax trend is upward, it is an increase in desirability of your location might offset

The increase in taxes might, for example, mean that you could truck your crop to market in a couple of mean an increase in your total income, in the earnings high taxes are kind of an asset.

your road to market would be improved so that hours instead of in a day. This probably would increase the power of your farm, over a period of time. Here

You Figure Too

Our appraisers must also study you, your ability as a farmer, and if you have the reputation of paying your value.

as a farmer, and your character. If you are able to pay bills promptly, your farm naturally gains in

Finally, there is the question of the future to study - and it is at this point that all of our appraisers' horse-sense is called into play. All of their experience and training must be applied to the problem of determining whether your farm will earn enough in 10 to 20 years from now to make it possible for you to continue repaying your loan. Farming is being handled more and more on a cash basis, and on much shorter credit, and this trend seems likely to continue. The farmer is increasing his standard of living, and all of us want this trend to continue.

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Thus the appraiser must estimate your probable cash income and your probable cash outgo so he can determine whether the difference will enable you to pay your debts, keep up your equipment, pay your taxes, and improve your standard of living, next year, the following year, and all the years thereafter during which you will be indebted to the Federal Land Bank.

Thus the appraiser must estimate your probable cash income and your probable cash outgo so he can determine whether the difference will enable you to pay your debts, keep up your equipment, pay your taxes, and improve your standard of living, next year, the following year, and all the years thereafter during which you will be indebted to the Federal Land Bank.

Let us have this perfectly clear. We want to be fairly legally can, if you need it. But we don't want to lend you more than you and your farm, your business, can repay. We would be doing you no favor if we did more than this. Nor would we be doing a favor to other farmers, who will borrow from us in the future, if we did more than this.

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We must not lend you more than you can repay, because we must borrow more money from the public to lend to you in the future. And we must not lend you too little, because we would not be helping you enough.

We must not lend you more than you can repay, because we must borrow more money from the public to lend to you in the future. And we must not lend you too little, because we would not be helping you enough.

Before you leave, let me add this thought. In spite of the fact that it will be operated strictly as a banking business, the Farm Credit Administration will always give you access to money to carry on your operations, on terms and at interest rates determined by the particular needs of your operations. Whether these are light or heavy must be determined by yourself and your circumstances.

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