

DIRT

A QUARTERLY NEWSLETTER BY DAKOTA MAC

October 2021

ARE THE DAYS OF COMPROMISE GONE?

Has anybody else noticed a lack of compromise in certain segments of our world today? Whether it's politics, medicine, or mandates, I've seen fewer and fewer examples of middle ground or compromise.

As the Swedish group ABBA sang:

The winner takes it all
The loser's standing small
Beside the victory
That's her destiny

That's all great unless you're the "loser." When I think of compromise, I think of a story from my first banking job, over 25 years ago, and at a different bank; a real-life situation and one that I'll never forget. It's not only a lesson of compromise but also integrity, ethics, and character.

Every Friday afternoon at about 4 o'clock, a middle-aged gentleman, who we will call Jim, would come through the doors, ask to speak with the President, hand him an envelope, and quietly walk out the door. Every Friday, every week, almost to the minute, here comes Jim. Again and again and again...

Keep in mind that I started my banking career in a small town; everybody knew everybody. I knew Jim, knew his family, knew he used to farm, knew he went to work off the farm, and knew he was a great man. I also knew it was none of my business, but I wanted to know what was going on.

I often asked myself how I would react if the President wasn't there and Jim came in? And then it happened, after many weeks and months, Jim came in, and the President was gone for the day. I offered to assist him, and to this day, I can still see the look on Jim's face before he put his head down and back up. He said, "Please give this to Rick when he returns on Monday. Thanks, Jeff." He handed me an envelope with two \$100 bills and then walked away.

BY JEFF WOLFGRAM
DAKOTA MAC MANAGER
& SENIOR VICE PRESIDENT



On Monday morning, I approached Rick, shared with him that Jim came in and gave me the \$200. After a deep sigh, followed by a pause, he led me to the vault and a book in the back. He opened the large leather-backed book, and he showed me where to find Jim's name. It was a ledger, and sure enough, there was the history of the \$200 coming in every week for a long time. Rick said to write down the date and the amount and then subtract that amount from the total.

So why the deep sigh and pause from Rick? To this day, I would say it was a pause to make sure I understood the privacy and sensitivity of the situation. Keep in mind this is also the same mentor that, on my first day in banking, talked about the high integrity it takes to be a banker - one built on confidence, trust, and privacy.

Over time, Jim came to me regularly, even if Rick was around. I would do the routine of going to the ledger and other appropriate measures. I took a tremendous amount of pride for Jim trusting me.

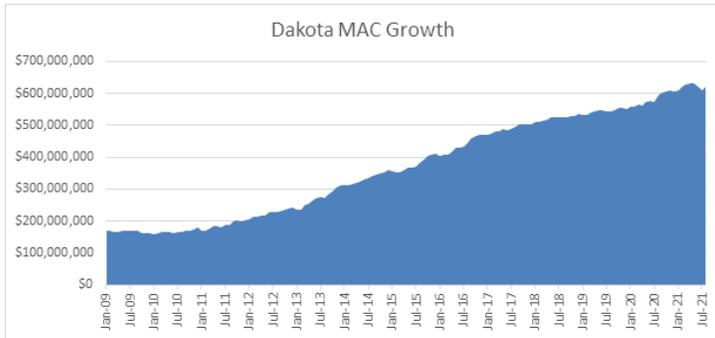
After doing this a few times, I couldn't resist asking Rick what the story was. Why the \$200? Why every Friday? Based upon the outstanding balance and normal interest, the \$200 would barely cover the interest. So, why was Jim coming in? Rick explained that "the '80s were tough on Jim, his family, and his farm operation." Rick ended by saying that it was a challenging situation for both parties, so we did our best to compromise and come up with a solution.

The following Friday, when Jim came in, I couldn't help but feel different. I couldn't help but look at him in a different light, with more appreciation, respect, and gratitude. I couldn't help but think of the stress he was under and the amount of courage it took to

Continued on next page

come into the bank every week. It also left a lasting impression on how important it is for us to work with each and every one of our clients.

Today's Ag environment and banking are much different from what happened in the late '70s and '80s: interest rates are one-half or maybe even one-fourth of what farmers experienced back then; delinquency rates are a fraction of what they were; and some banks are looking to grow their Ag portfolio, not shrink or eliminate it. Dakota MAC continues to be blessed with not only historical growth (see chart) but also low delinquency rates, and we are very motivated to grow our portfolio in the future.



When we have clients who are challenged with servicing their debt, I am proud of the way our bankers approach the situation with as much or more care, patience, and empathy than if they are working on a new loan. It's one of the many reasons I pride myself in working at a company like First Dakota/ Dakota MAC. A local company, a company that will pick up the phone when you call, a company that will come out to your place, and a company that will take the time to understand your operation. I believe companies with "boots on the ground" do a better job of not only originating your loan but also servicing it.

Servicing? You may ask, "Who needs service?" I get my loan, and I make the payments, right? That is true to some degree, but who is going to work with you if



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you need a partial release of 5 acres, or if you have hail damage and need a check endorsed, or if interest rates drop and a rate conversion is best for you?

So back to compromise. How much compromise is there in Agriculture and Ag banking today? As I mentioned before, I feel this has been lost or discounted in certain parts of our society. I don't feel that way about Agriculture, and I don't feel that way about Ag Banking, specifically at Dakota MAC and First Dakota. I see more unity than division in Agriculture, which is one of the many reasons I am thankful to work with Ag producers and investors.

Have a safe harvest, and thank you for your partnership. Hard to believe it is already the fourth quarter of 2021.

Keep Digging... Until the next DIRT.

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6-year fixed	3.50%	6-year fixed	4.25%
7-year fixed	3.50%	7-year fixed	4.25%

Rates good through October 31, 2021. Subject to change.

RUSTLING UP A GREAT CLOSING



BY ERICA FOXHOVEN
DAKOTA MAC CLOSING MANAGER

Not many things can rival the excitement of hearing pheasants rustling in the end rows as you're blocking the hunting strip, waiting for the walkers to give a final push,

and not only seeing but also hearing and feeling the flush of birds fly up in front of you. In some of the areas we hunt, it's not always easy walking. Tangles of CRP, stumbling across patches of mud, or thickly planted cane can present challenges for those walking, but they grit their teeth and always have a smile on their faces when they get to the end.

Closing real estate loans can feel like a pheasant hunt. Sometimes the closing is like an easy walk through a cornfield. The appraisal comes in perfect, the title is clean, and payoffs come in time. Other times there are CRP tangles that might hold things up a bit. We might

need to have an access easement drawn up or correct a chain of a title defect. We'll get to the closing - it's just going to take a little extra work. Communication is critical during these "tangles."

Then, once in a while, we run into a wild surprise that opens everyone's eyes, "Hey, did you see that HUGE whitetail that just ran by?" We might not run into that type of excitement in Dakota MAC, but whenever I think I've seen every possible scenario for a loan closing, something new comes up. We've had documents signed in a hospital (babies can't wait), to parties accidentally forgetting about their closing, and almost anything in between.

Regardless of the process, it's always a great feeling on closing day when we can get your closing packet to you and know that we helped you with your operation's goals. I hope this harvest season blesses you and if your autumn travels end up taking you to a food plot this year, keep your pockets full of shells!



HARVEST TIME AND YEAR ONE IN REVIEW



BY NICK RENNAU
LOAN PRODUCTION OFFICER

The old adage "time flies when you're having fun" has never been more true than in 2021. I remember meeting with Jeff Wolfgram in September of 2020 to discuss pursuing a new challenge as a

Dakota MAC Loan Production Officer. I was looking to be a differentiator in the real estate lending marketplace, and I met that goal by joining the Dakota MAC team.

The COVID pandemic challenged the way all of us conduct business transactions. We had to find new ways to make loan origination and loan closings happen. Technology helped us do this efficiently and effectively. I am proud of our loan service department's dedication to handling customer needs.

In 2020 there was unprecedented availability of cash for producers through the paycheck protection

program, which reduced borrowing needs and provided banks with excess liquidity. In turn, this increased competition for loans, and some community banks considered offering 5 to 10-year fixed-rate loans. Some banks went to longer terms, in some cases. Excess availability to cash for borrowers and increased competition, one would think that Dakota MAC's loan growth would have slowed down this year, correct? Not the case. Low long-term fixed rates are appealing as you look to continue to improve cash flow or poise your operation for additional capital acquisitions.

Harvest season is a great time for our department to reflect on our fiscal year and to measure our growth. Traditionally, the bulk of our loan growth occurs during the growing season. Harvest season is also a time for us, just as it is for you, to think about how we can be successful in the future. One critical area that we are focusing on is streamlining our partnership with the FSA guaranty loan program. In March of 2022, First Dakota will celebrate 22 years of being the nation's first preferred lending partner with FSA. This partnership has been a vital tool to our product portfolio. Our three-tier loan pricing program can balance a great long-term real estate interest rate and help mitigate or reduce closing costs creating a "win-win" for all. Give one of our Loan Production Officers a call today to learn more.

Ask today how you can use the equity in your farmland for important purchases.



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