

Interview with Gary Hansen

**Interviewed by Margaret Robertson
Minnesota Historical Society**

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MR: Did you grow up in this area?

GH: I was born in Albert Lea, Minnesota, which is thirteen miles south of Hartland, and I moved to Ellendale after the Second World War, graduated from high school in Ellendale, Minnesota. So, yes, I'd say I did grow up in this area, although when I applied for the job in Hartland, in May 1, 1959, I only lived from Hartland about eight miles away, and I had to get the map out to look and see where Hartland was. I'd never been here before.

MR: When did you develop an interest in the banking business?

GH: It wasn't as much by design as it was by accident. I attended Waldorf College and Wartburg College. At the end of my junior year at Wartburg, I was financially unable to continue school, so I went home and looked for work. There was an opening at the Northwestern Bank in Owatonna, and I applied for it and got the job. I guess I've been a banker ever since.

MR: How has banking changed since the fifties to today? I'm sure there has been quite a few changes.

GH: That's an awesome question. I think one of the biggest changes that I have seen happen in banking since the fifties to date is the change in the entire rural area. Sometime back I sat with a plat book of the township of Hartland, Minnesota. What I considered a family unit would mean a family or a farmer and his wife on a family farm, which, at that time in the fifties, might well have been 80, 120 or 160 acres. That small farm supported a family.

This is no longer the case. I'm sure we have less than half of the family units in the township then we had in the early and late fifties, consequently, the change in your small town because there is fewer people. The cozy little communities that we used to enjoy going to town one night a week, free shows, all the retail establishments we had, you could literally go to town and get almost anything you wanted, all of this has changed because of the way the rural area has changed.

Farming has gotten much bigger. The machinery is much bigger. Nobody has 12 cows, 30

pigs, 200 chickens, anymore. The livestock programs are all different. Everything is being done on a much larger scale. I guess the economy has more or less dictated the way the farmer had to change, also, because the smaller farm simply wouldn't sustain the unit anymore. Consequently, when you lose the children, the schools suffer. Hartland lost its school, I think it was six years ago. We fought it, but it was really to no avail. Anyone that could look at numbers and could understand anything had to realize that the school simply couldn't operate under those conditions. We had classroom averages of 15 students. That was special, though, because our children had --we had six grades in Hartland with four teachers. Consequently, our children got a lot of good one-on-one kind of teaching. I felt very good about that because I have two children that both went to the Hartland School. They still talk about that. But it was becoming unaffordable. You can't pay a teacher to teach fifteen students in a class.

I think back to when I came to Hartland. I was all full of vim and vigor. Hartland was a community of 300 plus. I've put 30 years of vim and vigor into Hartland and we're still a community of 300 plus. We haven't grown.

At the time I came, we had, and I'm sure I'll miss some, but Hartland had a creamery. We had two elevators. We had a depot. We had a dragline. We had a lumberyard. We had a bank. We had a furniture store. We had two implement dealers, a barber shop, a beauty shop, a dry goods store—I never understood dry goods as opposed to wet goods—but a dry goods store, two restaurants, a tavern, a liquor store, a post office and three gas stations.

Now we have one implement dealer, a liquor store, a beauty shop, a bank, two gasoline stations and an electrician. I neglected to mention the first time around, too, we also had two grocery stores. We no longer have either grocery store. So those are some of the changes I see.

As far as banking, when I started in Hartland, we had a loan limit in the bank of \$7,500. That was as much as we could lend to any one farmer for his operation—\$7,500 right now won't buy you a five-bottom plow. Our loan limit today is \$140,000, and it's surprising the number of farmers whose needs exceed that. So I guess things have gotten bigger. The little town on a retail basis has not been able to—maybe I shouldn't use names—compete with the Hy-Vees and the Wal-Marts and those kinds of places because we cannot retail for what they can.

I guess all of small town America has had to come to grips with that kind of situation. Sometimes you get down in the dumps and you think you're the only community that has these problems. That's not so. These communities try to involve groups of people within each community. Hartland has a lot of good things. I'm dealing with the negative, but we do have a lot of good things here, and I think we need to look at those positive things and a little less at the negative.

When I think of talking about the good things, for the most part, we're a clean little town. The City of Hartland is financially very well-off. So, consequently, we've been able to put in city sewer. We have a new city water plant, a filtration plant. We have an up-to-date, new community center. We have an excellent fire department, well-equipped. All the city streets are blacktopped. We don't have as many new homes. We haven't had a new home built in Hartland for almost eight years, but we do have two apartment houses that are new. They are ten years old. We have two churches, and we've got a lot of nice people that live in this town.

I think the community is close. We are becoming involved. In fact, we're meeting this evening for in 1990 you can celebrate Minnesota and Hartland. We are planning a rather gigantic event for a small town, and we're getting on with it this year. The state Department of Economic Development are selling signs now that you can put along our trunk highways for "Celebrate Minnesota—1990." And we're are intending on doing that.

We've got some in the community that have a lot of movies taken of different events in the city within the past 50 years. We have a fellow in town that owns a video tape store in Faribault, and we've got a committee working now to synchronize and narrate a lot of these old movies and make some video tapes of them so they can be played in our VCRs and so forth. We've got a lot of interest in that. We feel it's a way, if it's narrated, that we can pass on a little bit of some of the things that happened here in the past 50 years to the next generation.

We are going to get into it to the point of parades and talent shows and probably a Miss Hartland, a lot of different kinds of foods. The senior citizens are putting together kind of a Hartland museum, as it were. We intend to involve as many people as possible.

We had a variety show last year that absolutely amazed me. I didn't realize we had as much talent in town as we did, but we really had a good time. We plan on having another one of those, and just all in all try and have a good time.

The last party we had here was the centennial, and that was about ten years ago. That went very well. We really had a good time with it. So we're a little excited about planning on that.

We're going to be planting, for example. We have people coming tomorrow from a nursery in Albert Lea. and we're going to be planting a lot of trees in various parts of the town, on some of our boulevards and parks and, maybe even around edges of town. We think that's something we need to do. It's easy to cut them down, but it's tough to grow them. So, more or less types of community things, and, as I say, we're excited about that.

MR: There seems to be a lot of community spirit in Hartland now, a sense of identity.

GH: Yes, I would agree with that. That was one of the things that made it tough being a banker especially since 1980. When you live in a little town like this, and you're more or less rolling along—I had an old timer tell me that the seventies was the drunk and the eighties is the hangover—that is a fact.

When inflation was with us and high interest rates and increasing land values it looked like "whoopie", you know. There was, "Let's go. Let's get on with it." Everything was great. Then all of a sudden, when Reagan took office, things got tightened up. We, as lenders, had convinced a lot of farmers simply by taking a balance sheet that they were millionaires, to the extent where some of them came to believe it, and they took little regard, or they didn't look very hard at the amount of debt they had or how they were going to pay it back. They simply looked at the net worth.

Well, when Federal Land Bank and Production Credit Association and some of the larger banks saw this whole thing starting to fall apart, there was panic. I blame them to a certain extent for the fact that land values got as high as they went, and also for the fact that land values got as low as they went. They panicked when the Minnesota state legislature passed the mediation law. The debtor could take the creditors into a mediation proceedings. They would write all of his debt down on the blackboard and the bottom line was how much of that debt are you going to forgive? If you don't, I'll file bankruptcy.

They kind of had the gun to our head. All of a sudden we found that almost all of the laws were in favor of the debtor. The creditor found a lot of things, a lot of leverages, he thought he had taken away from him. Consequently, a lot of lenders got excited and decided to take anything they could get.

One of the first mediation proceedings that I went to, there was a farmer that had a \$1,500 an acre debt against his land, and Land Bank offered to write that down to \$500 an acre without batting an eye. They were forgiving \$1,000 an acre of debt. Consequently, when they offered to do that, to write land down to \$500, immediately that's what all land became worth in Freeborn County. Then you saw a lot of financial statements fall apart. So that guy that had that real cozy net worth all of a sudden didn't have any.

Then the examiners came in and said, "Hey, this guy owes you as much he's worth. This is a bad loan." Three or four years prior to that it was a good loan.

In 1983 I had a week in the summer where I hated to look at the mail in the morning because there would be letters in there from the United States Bankruptcy Court. I can remember one day two of them laid on my desk until almost closing time because I didn't have the guts to open them up.

It was a real tough time to go through. I would never want to go through that again, and hopefully we've learned from it, although land values are starting back up again here.

The other day I saw some land sell west of us for \$1,500 an acre again. If you want to sit down and put a pencil to what you can get for a return on land, what you should have as opposed to putting that \$1,500 in the bank and drawing, what, \$80, \$40, \$120 interest in a year, land, if you're going to get that kind of return farming it, and you're going to pay the loan back, you shouldn't really pay any more than \$600-\$700 for land. I don't care what anybody says.

But farmers are a strange breed. In '84 when we saw a lot of good people running away from the larger banks and the government agency lenders, we decided as a lender, that we were going to start making loans. We are a bank of only \$12,000,000 in assets and about 65 percent of assets are loans, which I'm told by the examiners is quite high in the state of Minnesota.

We became involved in about \$3,000,000 worth of real estate loans at a fixed rate for five years, and you wouldn't believe the applications we had for loans—people that we feel are very good customers. I don't have more than \$400-\$500 an acre in any loan, and it's just turning out to be real good business for us. So something good came out of it.

As I mentioned, that week of those three bankruptcies, I can remember coming down here one Sunday afternoon and taking out what I call my loan tray and going through it and honestly wondering if I had a good loan in the whole place. You just got to the point of where you thought it was all going to fall apart. But it's coming back. I still have a couple of situations that we're watching quite closely. But it has gotten better the past two years. Last year, for the most part, the farmers that had their debt under control had a very good year.

We can conjure up things to worry about. We were very, very fortunate last year in that the drought here bothered us some, but not like it did west of us. But I am told, and I do believe, that our subsoil moisture here is not where it should be. I've been told we need as much as seven or eight inches of spring rain to bring it back to where it was a year ago. So that's kind of critical. But, all in all, the good Lord blessed us. We had good crops. We got 40 bushels of beans, and we got 100 bushels of corn, and the quality of the crop was good.

That's kind of where we're at right now. I guess things are looking up. I'm feeling better about it.

MR: Was the rural crisis of the eighties part of the boom and bust cycle of agriculture, or was this an anomaly even in the traditional history?

GH: I really don't know how to answer that. These people that just like to bury themselves in statistics say these things happen every fiftieth year. So grandpa says, "Well, I remember how it was back in the olden day."

Well, I was born in the olden days, and I always had a warm, clean bed and a hug at night and a tummyful of food. I didn't know we didn't have anything. But I hear my folks talk now. It was a fact, they got along on little or nothing.

That in itself, too, has changed so much, the family life. We had time for each other then. It was a big thing to get together and visit with the neighbors or, "Gee, Grandma and Uncle Dick are coming." That was a big day. I had a nice family day yesterday. It was Easter. But we don't do that often enough anymore, I don't think.

Getting back to the question, people tell me, "Oh, this happens every 50 years. It's always the way it's been." I don't know if that's the way it's always been. I know it has been 50 years, but I don't know if it had to happen. Maybe it did have to happen because we had a runaway train. There's no question about it. Farmers had people tell them, "Boy, there isn't any more land. You get a chance to buy that, you better grab it." People coming out of some of the government agencies were saying, "Don't you let any land get away from you in that Hartland Township for less than \$2,000 an acre. That's just too good a deal."

Well, farmers were listening to these people. They taught the farmers how to buy it, and how to go about getting the money and do all these kinds of things. No one ever told them how they were ever going to pay for it. The tragedy in all of this was the farmers my age and older more or less had it in the bag, and they wanted the boys on the farm. "The boys have got to farm. This is our farm. My dad farmed it. My grandpa farmed, I farmed and the boys are going to farm it."

So the boys started farming right at the peak of the inflationary times. The boys are growing up in a period in the seventies when it was, "Hey, Dad, that was the John Deere man. Get him in here and we'll trade." Or "Dad, let's buy the farm next door." Or "Dad, let's build a blue tombstone." Or "Let's build the biggest hog house in Freeborn County." And "Dad, you can't do it like you used to do it. It's changed."

Well, dad got himself talked into these things. I had two classic examples of it. When I write my book I'm going to explain it in further detail, but this is exactly what happened. I had two 60-year-old fathers that used to get in the motorhome and head south in November. They were done picking. Everything was plowed. Everything was cleaned up and put away. "I'll come back in March and then we'll farm some more, and then I'll go south again." Just "Oh, boy, I got her made. It's never been so good." Well, three or four years later that poor 64- or 65-year old dad was out there trying to hang on to something. They'd lost the farm that they bought to Land Bank. The kids had gotten sick of making

no money. They went to work somewhere else, and dad was out there going through the humiliation of a mediation. I saw grown men sit down and just sob at these mediation meetings because they had to go ask people to forgive debts so that they could continue to bank with the certain bank or get money from this certain lender.

I had one that I'm still involved with, and it's messy. He was such a very close friend of mine. We're still friends, but I'll tell you it's been tested to the max because I'm the lender, and he's the debtor, and it's my job to get as much as I can. He got an attorney. He's fighting me, and I'm fighting him, and we're still trying to stay friends. It's extremely difficult. That gets back to the question you asked earlier, too, about being so tight in a little town. When you sit with people in church, and you drink a beer with them, and you laugh with them and you cry with them, it is really, really hard to get tough with them.

What all that has to do with what caused the depression, I don't know. But I think it was a runaway train, as I said, and something had to be done. It had to happen. It couldn't keep going the direction it was going.

I know when Mr. Reagan was elected president, we all waved our old flags and Mr. Reagan said, "You know, we've got to tighten up. We've got to do this, we've got to do that." And yes, Ronnie, we've got to do all these things. Then he did them. Gosh, it hurt!

To a certain extent this has boiled over into what we call the larger towns. Albert Lea certainly isn't large, but Albert Lea is hurting a lot by this. Albert Lea is very dependent on agriculture.

Look what happened to our unions during this period of time. too. We have a lot of Hartland that works down for Farmstead Foods which used to be Wilson's. Those guys that were \$12.00, \$12.50 an hour labor, all of a sudden they took a 1/3 cut in pay. The bottom line was that they were now being paid the amount of money that they needed to have to make their payments, and there wasn't anything left for them. That really is what happened. So there went the motorcycles, the snowmobiles, and the vacations. But I think from the fact that people talked about it, whether or not it was a legitimate depression, it was. I don't think there's any question about that. I think time will tell us that. To a certain extent the farmer may have been the most fortunate one to go through the depression because there wasn't any farm programs for our grocer or our John Deere dealer or anybody else that makes money off of a farmer. They simply went broke if they couldn't survive it.

I had one fledgling implement repair business. He has struggled so hard to get through this thing, and I've always told him, "Larry, just hang in there. If we get by next year." He wrote paychecks to himself he never cashed. He just fought it. Last year he had a tremendous year, and this year he is off and running because he survived the competition. He happens to be involved with selling very complicated and involved types of spraying

equipment, and there's many, many different ways to apply all this poison we pour on every thing out there. But he's quite involved in that now and doing very well.

So I think there will be some rewards and hopefully one of the rewards will be that we've learned something from all of this.

I think that guy that used to watch the fellow that I talked to you about that went south with his motorhome in November and that guy across the road that had 20 cows and farmed 200 acres. He's running with a scoop shovel and a five gallon pail in the mud, doing chores. He's watching that guy leave to go south and he's wondering, "Now, what in the bleep am I doing wrong."

Well, as it turns out he wasn't doing anything wrong. He was paying his bills. He had his debt under control, and I think some of those guys now feel that, "Well, hey, I'm not a failure. I was doing it right all along.

No, easy credit and runaway inflation—boy, when that interest rate took off, that really nailed her down. They started paying 20-21 % interest on debt. Why, that just can't be done for any length of time.

MR: Do you think this past crisis will breed a period of fiscal restraint that even as things get better people will say, "Well, let's wait. Let's not expand. Let's not buy the farm next door quite yet"?

GH: Yes, very definitely. Yes. I see it every day. Some of these guys that are still out there got the living byjeavers scared out of them because of as tight as things got. They used to come in here, "Hey John, your financial statements due. Just sign here, I'll fill it out from last year. How much do you need? \$10,000? Okay. Sign here. We'll see you."

A year later they come in and they say, "Now John, sit down here. Here's [unclear] forms I want you to fill out. I want you to do a cash flow. I've got to come out to your farm, John, and count your cows and your chickens and be sure all that machinery's out there in that shed you're telling me about. And then I'm probably only going to make this note out for 90 days. Then it'll come due, and we'll take a look at how things are. Maybe I'll need two financial statements this year, and I'll need a copy of your income tax return or a profit and loss statement. I'll need copies of all your farm leases. John, you get all this stuff for me and then we'll meet and we'll spend a couple of hours looking at all of this, and then I'll take it to the board. Then we'll get the board to approve and move on whether or not we think we can handle your operating loan for this year."

And John's going, "What the hell's going on? What is all this?"

So I cop out. I say, "The examiners are making me do it." All of sudden we were getting

monitored so closely by the examiners. I didn't have FDIC examiners for five years. I didn't get them from 1981 until 1987 because, fortunately, the Farmers Bank of Hartland is a very strong little bank. Our capital position was very strong. I couldn't imagine going through those times running a weak bank. That would have been more than I think I could have taken. But the examiners would come in here. The reason they hadn't been here for five years was because they looked at our statement when it came in and they figured, "Well, that bank is strong."

So when I finally got them, I didn't know what they were looking for. I was still doing things the way we'd always done. Then all of a sudden they just were ripping these files apart. "Where's this? Where's that?"

I just finished state examiners here a month ago, and I had a good examination. But when the FDIC left, that was the pits. I felt like I wasn't qualified to sweep the floors. But it got me on my toes, too. Last year I worked hard on these files, and I thought, "Okay, you guys want all this stuff, you're going to get it." I got them all in shape, and in fact, I was complimented when they left this past time. Sure, I'm not running a perfect bank, but it's—

[Tape interruption]

GH: . . . "I haven't bought anything for five years but, by golly, I've gotta buy something."

The implement dealer told me a few of them would sneak in a few more lawn mowers. But they had to have something new.

I don't think there's a banker in the state who won't agree with me that they didn't sell any new machinery for five or six years. So you go out and you try to find a good used combine. There aren't any. Same way with a good used tractor.

Last Tuesday I was at an auction. A close friend of mine who died after Thanksgiving was a farmer. It's interesting, too, in that he contracted some kind of ailment. They are trying to trace it to insecticides. He worked part time at Farmstead, and he was a janitor there. He worked with a lot of chemicals. But for some reason his immune system quit working. He couldn't fight off infection. He was only 49 years old.

Anyway, he had an auction. He farmed 700 acres in the Ellendale area and worked off the farm. Incidentally, he told me that working off the farm was absolutely critical to keeping the farming going those years. He took immaculate care of his machinery and equipment, and he had a huge auction. His equipment, his tractors, were ten years old. They sold very well because they're still out there. They've got the money to buy a good used one, but the new ones, no. Too expensive.

In the heydays, we had farmers that ran 300-400 acres of land, and they owned self-propelled combines. We had way more machinery in Hartland Township than we needed because realistically that \$70,000-\$80,000 combine was out there mainly for his own convenience because he could go out and pick corn when he wanted to. But the bottom line was it would have been so much cheaper for him to hire to have it done as opposed to buying that machine himself, especially if he had to go into debt to do it.

Another thing that surfaced at that time as far as the farmers becoming involved in more debt, and they're much more cautious about that now, is that salesman would come out there and, "Hey, John. You owe any income tax?"

"Oh, golly. I pay some income tax."

"Well, hey, you buy this new tractor, you get investment tax credit, you get an accelerated depreciation on it, interest free till September, I'll take your old tractor as a trade in. It won't cost you anything. You don't have to pay any income tax. You're a damn fool if you pay income tax, John."

"Yeah, by golly, you're right."

Well, then in '81 and '82, it got down to I would ask them now, "Let me ask you this, would you rather be paying interest or income tax?"

"Oh God, I wish I could pay some income tax."

"Well yeah, it's because you played all the little games to not pay tax, and now you got yourself in debt. And that stuff isn't worth what it was when you bought it. Now you're not paying the IRS, but the banker wants to be paid."

I had a young fellow this year that came in in December. Three years ago he owned me \$110,000. It was a loan I was watching really close. But he's a good kid, he's a good farmer and, boy, last year he went to work on that thing, and he came in in November of this year. He sealed his corn and he paid me off. He said, "I have never had such a good feeling in my life."

And I said, "Mike, that's great. Have you talked to your tax man?"

"No, I haven't been down to see him yet."

I said, "Mike, I think you better go down and talk to your tax man." Well, he came staggering back in here about two hours later and he says, "God, I've got to borrow \$35,000 to pay income tax." And I said "Yeah." But he said, "You know, I almost feel

good about that."

As it turned out, he could have done a little bit better job of managing his taxes because he could have taken some of the income in '89 and gotten around some of that.

There were some strides forward last year. I do see in our community, people getting by driving their cars longer. It was almost shameful in the eighties to drive a new car and park it out here in front of the restaurant because people were doing without. I saw a lot of that, saw a lot of humble pie.

It was interesting, too, that the high rollers, as I call them, the big operations with very little equity, they were the first ones to go down. Everyone just sat in awe of three new John Deere combines going through a corn field picking corn. "Boy, those people are really making it.

Well, they were so heavily in debt that when things started dropping, they had no equity, and they went down right away. The guys I felt bad for were the ones that had a lot of sweat equity in their farms, but still had a significant amount of debt, and they were struggling with that debt.

I remember a year ago, I had a young dairy farmer that was as honest with me as he could be. We struggled for three years. He would bring in his milk checks, and then he'd bring in what he needed. I'd take the milk check, and I'd pay on the loan and then I turned around and give him back his monthly allowance, you know, the guy was a slave. And this went on for three years. Finally, one day I was looking at the loan and he came in. It was in the spring, and we weren't going anywhere. He was in the same shape he had been in three years before only that he wasn't three years older, he was ten years older and his machinery was three older. I was starting to sense discouragement. He was only forty years old with three children, and you work and work and work and you're going nowhere, just spinning your wheels.

So one Saturday afternoon after work I called he and his wife in and I said, "Do we want to do this anymore?"

"My dad is going to feel so bad."

And I said, "You don't have to lose your farm. Let's liquidate the animals and everything, and have a friendly liquidation and see if we can't pay off the debt. You keep the farm and rent the farm out. The farm rent will pay for the farm, but you're going to have to find something to do."

Well, he and his wife are going to school right now. They are really liking it. I came out about \$35,000 short on the sale, which is a loss that I had to agree to, otherwise, they'd

file bankruptcy on me anyway. So it wasn't a good thing for the bank but, maybe, it was. Who knows? Maybe next year it would have been a \$50,000 debt, or if we've got a crop failure or something, even more than that. Sometimes you do have to bite the bullet.

I've never had an unfriendly liquidation. I'm thankful for that. More or less we've been able to sit down and agree to it. I think a lot of my customers think a lot of me. They don't want to stick you. It isn't by design. The worse thing that can happen, you go see an attorney and they tell them, "Well, you can play this game and that game. And pretty soon they'll get talked into it. Then, of course, if you file bankruptcy, the husband and wife are each entitled to a \$10,000 exclusion, as it were. And then if they agree to have the sale on the farm, then you have to pay them so many dollars an hour to clean up the stuff and repair it and feed the animals, or they can tell the banker, "Come on out here and get your cows and get your chickens and get your hay and get it off my place."

So the bottom line is, you concede about \$25,000 you can't touch anyway. But that's not his fault, that's the law.

That made a lot of lenders bitter, too, because, as I said before, most of the laws passed were in favor of the debtor because of the pressure our congressmen were getting to save the family farm. I'm not so sure "family farm" is a proper phrase to be using anymore because a lot of them aren't family farms. They're not family farms when they're owned by corporations or like some of those land vultures that came in here.

In 1981 we had a farmer in Hartland that was well thought of in the community. He was sick, and he had serious financial problems. We had the loan on the farm personal property. Federal Land Bank had a first mortgage and FMHA had a second mortgage. He had some equity in the farmland, but we were terribly over-borrowed on the machinery. The machinery wasn't worth one-third of what we had loaned against it. So I got this brain storm. I went to my employer and I said, "Look, this man owns 260 acres of land. Why doesn't the bank buy 180 acres of the land, carry it on our books as other assets, and pay off FMHA and Federal Land Bank and simply invest \$1,500 an acre in this land. Certainly it can't go any lower than that, and this would leave the farmer 80 acres and his home, free and clear."

Well, when I first mentioned it to the farmer, he was a little bitter about it. But they thanked us many, many times afterwards. I guess as well they should, because after we paid \$1,500 an acre for it, I watched it go down to \$500, and they made us write it down to \$500. We're going to sell it this summer at auction, and we think we will get our money back, finally.

But when we had written that land down to \$500 an acre, that's what we were carrying it for on our books, but we actually had \$1,500 invested in it, and we rented it for \$75 an acre. The only expense we had was the real estate taxes because it's bare land. When I

took the net proceeds from what we had invested to what we got as a return, we made 4% on our investment. At that time government bonds were paying 7%-8%, so why should you own some 7%-8% dirty old government bond when you can make 4% on your money owning farm land? So it has really been a story.

You saw a lot of things done like that. For the most part if we can come out down the road on it, why, I'll never regret doing it, I guess, because we didn't have to foreclose on him and go through that whole mess.

I had a really tough family situation; the only foreclosure I've ever made in my life was on my own brother. And there's a long story to all of that, but he'd gotten himself hopelessly in debt. In an attempt to kind of bail him out about ten years we sold some farm land, and I got involved in the loan. It simply was poor management, and it was his inability to repay. Finally, he had some emotional problems himself, and he kind of withdrew. I had made some payments myself on the loan, which I couldn't afford to do. The examiners came in, and they were going through the loans. The loan was current because I had kept it that way, but they noticed that there was no performance on principal. So they asked me about it. They noticed that the names were spelled—Hansen was spelled "en" and he said, "You know this person?"

And I said, "Yes, I do. He's my brother."

He said, "Well, we need to get this loan out of here."

So I started a foreclosure proceeding. If you're familiar with that, why, then you inform them of the proceedings, then you have your sheriff's auction. Then they have right of first refusal, which is another new Minnesota law. So you go a whole year—they have a whole year to redeem. You go through all of that. He wasn't able to come up with it. So ultimately we did get a deed through the foreclosures proceedings. I sold the farm, and he moved away.

It was a very hard thing to do. It would be hard to do with anybody, but especially in your own family. But that was a position I got put in. That was the thing that made me the most upset about it, was that he made me do it. I told him that. I said, "That's the thing that makes me the maddest about all of this, is that you made me do this to you. This isn't something that you want to do to anybody, much less family."

I guess I kind of ramble around when I talk, but I guess in answering, as I said before, yes, definitely, people are thinking a lot more about debt, being much more debt-conscience.

MR: Do people in the community understand the position that bankers are in, that you're being crunched by what's happening to the farm community, and also being crunched by your examiners, by your board? Is there an understanding of that? Or is there a feeling

that bankers have full pockets that they can keep reaching into?

GH: Well, you know, it's interesting. The first bankruptcy I had filed on me was this young fellow, and this one came right out of the clear blue sky. I had no idea he was even thinking about it. I had no idea he was even really in that much trouble. But all of a sudden, boom, here was a letter. So I called him up. I said, "Hey Bronco, what's going on. Come in and see me."

"My attorney told me I don't have to come in and see you."

"Well then" I said, "I'm going to come out and see you."

I found out later, I got a call from his attorney, I can't do those things either because you've got to leave them alone. You can't be harassing them. And I said, "Bronco, what are you doing to me? Why didn't we sit down and talk about this? Why didn't we try to work something out?"

"What are you worried about" he said. "Bankers have got insurance for that."

I said, "Insurance for bankruptcies?"

"Well, sure. You've got \$100,000 worth of insurance.

I said. "Bronc, it's not for my money. That's for your money. You're insured for \$100,000 in case I don't do my job right. I'm not insured for \$100,000 if you don't do yours right.

Well, he didn't know that. But that was just one example. I have people tell me that I have changed. My wife told me. She was patient with me through this because it was very stressful. I am normally an extremely active person. I love to do things, to play ball, to fish, to hunt, to ride my horses, to snowmobile. I found myself going home at night and sitting down in the basement in front of the TV set and not really wanting to do anything and trying to get work it off my mind and trying to tell myself, "Now, I'm not going to wake up at two in the morning and play this tape again." It would just go through your mind and then it wouldn't shut off. It would start over again, go through all these loans and all these situations.

But I think for the most part some of the people in the community notice this on me. I remember one guy at a mediation getting up and here was a whole room full of creditors and he said, "I don't care who gets paid off in this room as long as Gary does."

Well, I'm sitting here with all these other people who want there money, too. "Hey, why are you so special?"

But, no. I think there is especially in a small town. I think it was different where in your larger banks they brought in these "hit men." I won't mention names, but there was a bank in Albert Lea that all of the loan officers there went to northwest Minnesota. They went from Purgatory right straight to Hell. Then they brought in two new loan officers from Montana to work in collecting loans. Well, here these guys come in, they're total strangers, these people mean nothing to these guys. They don't know them. They don't have any social relationships, church relationships, anything. And they'd go out there and say, "Hey, we want our money or you're going to have a sale."

I think there was a lot more animosity and bitterness in those kinds of situations by the borrowers. It's interesting because now there is no much pressure being put on the government agencies that lend money to agriculture and the larger banks in rural areas to get out there and make some farm loans.

I had a bank call me from Albert Lea, and this guy is a good friend of mine. He said, "You know, Gary," he said, "You've got a \$145,000 lending limit out there. Now if you've got some people you can't handle, we'd sure like a crack at carrying some of that overline."

I said, "Clint, for crying out loud." I said, "Three years ago you were booming and you were driving them out the front door and now you want them back?"

"Well" he said, "some genius at the top all of a sudden realized that to run a bank and make a little money doing it, you've got to have some good loans."

I've got some area banks here that aren't 30% loaned up. Consequently, when you have to pay 8% to your depositors and you've got all your money invested in 8% government bonds and no 11%-12% loans, it doesn't take a genius to figure that out.

So there's some aggressive practices going on out there right now amongst borrowers to try and attract some of this farm business back even to the extent that Production Credit mailed a letter to a lot of my customers this year saying, "Hey, we'll finance you a production loan for 1989. All we want is a mortgage on your crop, nothing else. We'll give you 10% operating money. Then if you buy federal crop insurance through us, you can get it for 9.5%"

I can't get close to that rate. I've got to have 12% to 12.5% on an operating loan and right now 11% or 11.25% on real estate. I was 10% and 11% for almost two years. But now these rates are sneaking up a little again.

But they are actually out there right now beating on doors trying to get some of this business back. They are also being told by some of these guys, "No way in hell. I got out of there once. You're not going to get me again."

Attitudes have definitely changed. There's no question about that. I can think of one case, too, that's interesting. We had what everyone thought was the class act in Hartland Township. It was four families running a couple thousand acres with the biggest and the best. They even pulled anhydrous nurse tanks with Cadillacs, so we could write them off on our depreciation schedule. You'd see a Cadillac going through town pulling a nurse tank. The biggest machinery and lifestyles that for young men that weren't good, \$100 bills on the bar, "Drink 'em up," and speed boats, Corvettes.

Then the other woman and the wife that had been so loyal and dedicated, and if anyone had their feet on the ground she did. The whole thing got to be just a big "Dallas." It fell all apart when the rough times hit us. The good that came out of all of that is that the father, the patriarch, finally came to his senses and realized that he wasn't 25 years old anymore, he was actually 60 and that his wife had been through hell and that the kids actually had to get out and find jobs. "You mean I've got to go to work?"

But the bottom line is that family has never been closer than they are now. It was actually a blessing. Two of the boys are married now, have children. Two of them are back into farming. The other two want no part of it, but they've found other work. Mom and Dad are back together. It's good to see it. I'm happy for them. That nightmare is behind them.

So all in all, I guess it's looking better.

MR: Are people prepared for the kind of number crunching that's needed to run a successful farm operation? Are we educating our future farmers on how to do the kind of real analysis that needs to be done?

GH: Somebody seems to be. Earlier I talked about John and my wanting cash flows. When I starting throwing all those forms in front of dad, he was terrified. I've got a dozen 30-year-old farmers that don't know how to farm any better than dad. Dad knows how to plant it straight, and he knows how to grow it, and he knows how to fix the machinery. But dad had a lot of problems looking at something that worked for 30 years and then when times got tough wasn't working anymore, and he couldn't stand back and look at that operation, as it were, and find out what was wrong now. "Why is it wrong now when it's been right so long?"

These young farmers I talked about right now, they don't farm any better than dad, but they're just farming the socks off the old man because they know how to play the games. They know how to pick and roll and to market and to hedge.

Actually, right now, I've got, as I said, about a dozen 30-year-old farmers that are my best farm loans. They really are. They are really on top of what they are doing. I don't know what they're teaching up in New Richmond school, I think it's probably vo-ag in the FFA

part of the school operation up there. I also have a graduate of New Richland High School the same year as my daughter graduated, in '76, who's a market analyst. A lot of my young guys are real tight with him.

I've got some young fellows that literally carry those cash flows around with them almost like a Bible. They love that, sitting down in January and trying to figure where they're going to be at in December when they put the combine away. It's amazing how close they get.

No, they've got no trouble with that. I think that they are the game. Dad wasn't used to going back down to that ASCS office waiting for his handout. It all became too complicated for him.

When you get to be my age, I don't want to learn how to run that new electric typewriter out in the front room. The girls can have it. When this old Royal I've got on the floor goes, well, I'll be gone, too, maybe. But that's kind of the attitude there. They didn't want to, you know, the whole thing was confusing to them. Then when they had some debt to go along with it. It was real scary. They'd never had the board meet on the loan before. "What are you talking about?"

But no, my young guys, I've been real proud of them. I don't have one of my young guys that are on what I call the "examiners' hit list." They are doing a very good job. learning how to play and standing in line

Another thing that was good about the bad times was that it did enable dad to finally sell his farm to his son for a figure that he wanted to sell it to him for. The IRS wouldn't let him do it before. You can't sell your son \$2,000 land for \$500 when that's all dad wanted for it. But when the bottom fell out of everything, I did encourage a lot of fathers. I said, "Hey, we can do this now. Sell this farm to your son. Get it on a contract for deed. Sure you've got to charge him 9% interest." It was even less than that for awhile.

So I saw a lot of that happen, and that was good because dad wanted him to have the farm anyway.

The other game was, "Well, okay. I've got to sell it to him for \$2,000 an acre, then Mom and I can gift back \$20,000 in principal each year. We'll just gift back principal until we get it down where he can handle it." Because he couldn't pay for that. You couldn't do it. It was silly. It is so silly that I used to think, "Well, okay. I'm paying Margaret. She's got \$2,000 in my bank, and I'm paying her 10% interest. So she's going to get \$200 at the end of the year. So then why should Margaret take \$2,000 out of her savings account and buy an acre of land for \$2,000. Most certainly if you did that, then Margaret should be able to get \$250 back off of that acre of land, \$200 for the interest that she'd be losing and then the \$50 for the real estate taxes and insurance and other things."

Well, if you'd go ask a farmer \$250 rent, in fact, he'd look at you like you were absolutely out of your mind. "I can't pay you that."

"Well, what can you pay?"

"Well, I'll give you \$110."

Well, what is the economics in taking \$2,000 to buy an acre of land when you can let it lay someplace and it's going to earn you twice as much money as you can get by buying farm land with it. But none of us were paying attention to that. I'm using \$2,000, heck, it got as high—\$3,000-\$3,300, I think, was the largest acre sell in Freeborn County that I'm aware of. That was absolutely insane. And they like to justify it because in a way where they could tell themselves, "Well now, it's not so bad because I got this 80 over here, I only paid \$1,000 for it, and I've got this other 80, I've only paid \$500 for it. So then if I put all that together, why then, that farm isn't so expensive." Well, that's silly. Why should you buy anything that won't pay for itself? You're betting on the come. Of course, they were being told that to a certain extent.

MR: What were the impact of some of the laws that were passed during that period like the law of first refusal and the interest buydown programs?

GH: We never got involved in the state programs. They say, "Well, we're going to make it so simple." Well, that's a bunch of baloney.

We had write down, but it was voluntary. We did this for three or four people. They came in at the end of the year. They had \$40,000. I was going to take \$35,000 of it for interest and put \$5,000 on principal. We simply took a non-ledgered note for the interest and applied everything he could bring to principal and knocked it down, and we ate the interest.

[Tape interruption]

GH: . . . we got a note signed by the guy we're not carrying on the bank books, maybe, down the road in five or ten years, depending on his attitude, maybe, he'll want to pick up some of that. But we figure, why charge it off. Why not just knock the interest out of there.

As far as right of first refusal goes, when I first saw that law, that almost infuriated me because, I guess, and I don't know if it was ever tested in the courts or not, but my original interpretation was, okay, the guy owes you money on farm land. So he farms it that year, probably markets the crop, he doesn't make his farm payment. So then you dingle around with him and finally you figure out that he isn't going to make a farm

payment. Then you threaten. John goes to an attorney. They start playing the games. Finally, you get around for foreclosure, to the extent of where we get the sheriff's sale. There aren't any other bidders there for obvious reasons The debt's higher than the land is worth. So then John finds operating money. I've got to wait a year.

Well, John didn't pay the real estate taxes from last year so the attorney says, "Don't pay them this year either." So he farms it another year. He's farming your farm now, but you can't do anything. He's got operating money so he takes another crop off. Then it finally gets down to D-Day when you're going to say, "Now listen, this my farm." And you've got a buyer for it. Then you've got to go to John, and if John can scrape it together, he gets to buy it back.

Well, my original interpretation was we had to offer John the same terms as we did the new buyer. That really bothered me because I don't know why he would be entitled to that. I certainly didn't want to finance John the second time around. I guess I went through only one of those. They didn't have the money to exercise that right, but I didn't like that law.

Mediation—I think there were only two in Minnesota, and I'll be darned if I didn't get one of them. This involved a loan to a farmer that was involved in a divorce settlement. It was one of the most unfair situations I had ever seen dumped upon a man whose wife had left him some years go. The divorce happened, I think, five or six years ago. They had two children. He bought her a new home in Mankato. He bought her a new car. He put her through Mankato State college. He paid every nickel of the tuition besides the child support. He had 200 acres of land, and he worked off the farm. He didn't want a divorce. She was bored with him and bored with farm life, and she subsequently married a professor from Mankato.

Besides all the other money he gave her, she got a bee in her bonnet about three years ago and decided that she wanted the farm, too. It got thrown out of three courts until it got into the court where they finally got a judge to rule in her favor, to sign a divorce settlement for an additional \$100,000. To secure that \$100,000 she got a second mortgage on the farm, the 200 acres. I had the first for only \$40,000; that's all he owed us.

Well, she wanted to pay me off, of course, when they started the foreclosure. We didn't want to do that because I was feeling bad for this guy. He paid her \$50,000 off of that \$100,000 loan. He took all the money that he made at this job in Albert Lea, but he wasn't able to stay current because the amortization on the \$100,000 loan was that it was to be paid back in a five-year period. Well, my God, that was \$20,000 a year plus interest.

He finally, under duress, signed these papers agreeing to this. He tried as hard as he could. Finally, she started a foreclosure on the second mortgage, which simply meant that he was behind in his payments to her. She was going to foreclose on the second. She'd

wind up with the money he'd already given her plus the farm for \$40,000 because she'd have to pay me off.

So he was forced then into mediation. He went and got an attorney and we all met. She had a high-powered attorney that came from out of the area. Everyone was supposed to shutter at the mention of his name. He was a tough old geezer. We had some shouting matches. So then I had to go get an attorney. We go through mediation. We reach what they call an impasse.

Then she goes accusing the mediating in bad faith. So then the court appoints a mediator. We had a very qualified gentlemen, a retired businessman in Albert Lea. They came in. We went through the court-approved mediation. At that point, it was the only one in Freeborn County. We also reached impasse.

The next step was that the judge was the mediator. We went to the Freeborn County Courthouse early one weekday morning. He locked the doors to the chambers, and we had three rooms we could be in. This was about 9 in the morning. At 7 that night we were still there. We didn't even get out for lunch because we said, "We're going to resolve this thing

About 2 in the afternoon, it appeared as though the husband was going to lose everything. I was sitting there thinking about it and talking to my attorney and I said, "This is so unfair. What would you think if I made an offer to finance 40 acres and the buildings for \$40,000. That's what he owes me now." Then he also owed me a small amount on machinery and equipment. I said, "I feel it's unfair he loses all of this."

So I went in to the judge by myself and talked to him, and he finally thought, "That seems fair to me if you'll agree to do that."

I said, "Well, we will. This guy's been a customer of ours for many years and never been a problem."

Then when he went back to her attorney with this, it was like we dropped an atom bomb in there. He went just crazy. He thought he had the whole thing wrapped up his way. This just created a whole lot of fireworks.

Finally the judge threw the attorneys out and just took Vernon, who was the husband, and myself in a room, sat us down. We worked it out, the three of us, in about fifteen minutes. The matter was resolved.

The bottom line was it took us about a year to do it, about, I suppose, between the three of us, \$15,000 in legal fees, and it was something Vernon and I and she had been in agreement to. She wound up with the 160 acres.

It was interesting because her plea was—incidentally I'm not a male chauvinist—but her plea was that the way he was going, he was going to lose the farm, and the farm had been in the Tuffson family for so many years. Well, she wasn't even a Tuffson. She was married into it, and she just wanted to hang on to that thing. The day after she got the deed, there was a "For Sale" sign right out in front of the land. That just about drove me crazy.

I forgot what the original question was.

MR: We were talking about mediations and the . . .

GH: Incidentally, that mediation proceedings, all of these laws were very much in favor of the debtor, and it did make some creditors very bitter to the point of where they got angry enough to say, "Well, who needs this? Farm is a four-letter word. I'm not going to use it anymore. I'm not going to lend money to any of these guys even if they can prove they're worth it because they've got so many ways not to pay me back."

Another interesting thing that has cropped up or happened is that some of these guys have gone through this whole mediation process with that increase in land values they've had debt forgiven, they've had interest write down, they've had all of these things. Now you take a financial statement on them and they say, "Gee, I look pretty good. Well, you know, I'd like to do some business with you."

And then I've got to be careful when you tell someone, "No." But the bottom line is I say, "Thank you, but I have all the loans I need right now. We're not looking for any more loans," which is not really a lie. But what I'm actually telling them subconsciously is that, "Hey John, I don't want to do any business with you because I know if you can't pay me back, I know what you're going to do to me. You've done it once, and you'll do it again. You won't even think about it the second time."

I think the passage of some of those laws created that. There were some guys actually running around that didn't look too bad on paper after all the debt was forgiven. It's interesting, too, that some of those kinds of guys are the ones that are running around now raising land grants.

I know of one particular person who is not a customer of ours, but he was going to landlords that were renting to farmers and he's saying, "Well, what are you for rent now?"

"I'm getting \$75."

"Well, I'll give you \$80."

Then the landlord's going back to that guy that's been working hard and paying his \$75 and saying. "Well, John over here will give me \$80."

And John got talked to by some farmers in the neighborhood, "You stay the hell off my landlord's farms. I've paid my bills. No one forgave me \$500 or \$1,000 an acre. You leave it alone." And he did. He should.

MR: You talked a little bit about family farming. One of the things we are interested in is how family farming is defined. We find that almost everyone defines it in a different way. How would you define family farming?

GH: My interpretation of family farm goes back. It isn't so much the way things are now. There's family farms now, but that's kind of a misnomer.

The bankruptcy I referred to previously where this father wanted to sell to his sons because his great-great grandfather immigrated from wherever, and this farm has always been in the Hansen name, and grandpa farmed it and dad farmed it and now my boys are going to farm it. It's sustained a one-name family for many years.

We have a farm like that in our family. It's my father's brother's place. It's over north of Clarks Grove. That farm has always been in the Hansen family. The house that was built there is the original home, many times since remodeled.

It was interesting, the old barn and some of the buildings were there up until two or three years ago. That old barn is almost worthless. It isn't good for anything but painting and shingling. But to me, that's a family farm, something that's been passed on from generation to generation.

I think the farming community, when they started wailing about the tough times and hard times and had bumper stickers saying "Farmers don't lose farms, they're stolen"—I had some of that. I had a couple of instances of that happening here.

It was about this time of the day, two or three years ago, and this Cadillac drives up. I was just putting the key in the door. I was leaving, and this Cadillac drives up out front. This rather heavysset little Jewish gentlemen, who I found out later on was extremely wealthy, had a plat book of Hartland Township. He had every single farm marked that was in trouble or that was presently in the hands of Federal Land Bank or Northwest Bank or Production Credit.

I said, "Where did you get this information?"

"Oh" he said, "I have sources."

In fact, he had a guy with him who was a realtor. And he said, "I understand you own these farms." These are farms that I told you about before that we bought from this fellow. He said, "Would you like to sell them?"

I said, "Yes."

He said, "How much an acre would you want for them?"

I said, "\$2,000." And he just laughed. I said, "What are you paying for that land?"

"\$500."

I said, "No. You're not going to come in from the outside and buy our farmland." He did, though. Not from us, but he bought one right on the north edge of town from Federal Land Bank for \$725 an acre. That's where some of this bitterness, I think, came from in the farming community. There was that kind of money coming in.

We had a realtor in Albert Lea that kind of got jacked up pretty good, too, because he knew of places he could get money. He was dealing with money people, and they were just giving him carte blanche to go out. They were setting limits, but most of them didn't pay more than \$700 or \$800 and acre for this land. Some of them never even came out and looked at it.

They say right now Land Bank is a benchmark on land value in Hartland Township at \$1,200. Well, if they only paid \$700 or \$800 for it, look at the money that they've already made. That, to me, was exploiting an unfortunate situation. It wasn't so bad if the neighbor bought it, but not the outsiders coming in and buying our land.

I used to actually wonder in the early eighties, is this the point in time when we get our big farmer? Is that carload of Arabs or Japanese or whatever going to in front of Federal Land Bank and say, "Okay, we'll buy it all. We'll give you \$500 an acre for all of it."

Then when your mind runs away with you and starts playing games, then you start thinking, "God, if someone did that, if someone bought up 25 % of all of the farmland in the United States, then you would probably organize farming." The farmers would have us where it would hurt. There is nobody harder to organize than independent people and nobody anymore damned independent than a farmer. And that's his choice. That's one of the reasons they put up with some of the things they do. They are their own boss. "I don't have to drive an orange tractor." They can drive a green one.

But I have often times thought, if they ever organized, they'd be a force to actually reckon with. Maybe not with all the importing we do, I don't know.

MR: There has been a lot of fear about absentee plan or the farmers and that sort of thing, but what you're saying is that some of this actually did occur in Freeborn County.

GH: Yes.

MR: Maybe not to the extent that people .

GH: No, I wouldn't say to a large extent, but I do know of several different farms, yes, that were purchased by people way out of the area.

It was interesting, some of the farms, I don't know who the people were exactly, but some of that money is coming out of Iowa, in the tough times. It had to be people down there that had money. But this realtor knew people that, maybe, were just investors.

I mentioned that FDIC examination I had and how tough it was. It was interesting. These were four young people that had been in southern Iowa for 2½ years. You haven't told them a horror story that they haven't heard before. They were right down in the balls where the banks and everything were going down. So I'd sit here crying my cry and they'd say, "Well, why don't you just tape it." Or "We don't want to listen to a tape of the last banker that had his nervous breakdown right in front of us."

I think, too, I've been here 30 years. I've been treated fairly. I have a boss who is still, to a certain extent, active. The Hartland Bankshares, Inc., owns the Farmers State Bank of Hartland. and the Hartland Bankshares, Inc., is owned by the J.M. Skophammer family. The bank was chartered in February of 1912, and I think Joe has been here—I think Joe is a 60- or 65-year banker. The Skophammer family. Mr. Skophammer has a wife and three daughters. They own Hartland Bankshares. They've been supportive. Joe's from the old school. He's conservative. If I would have told him 20 years ago that by 1989 we would have written off \$500,000 worth of bad loans, he would have looked at me like I was a candidate for the funny farm.

The first year he came back from winter vacation some of this was starting to happen. I think that there was a certain feeling that I sensed where he kind of felt it was only happening to us, and it was mostly my fault. That was a lot of pressure on me. I felt that sometimes you're just busy looking at this little spot here that's you, that you can't see anything else going on around you.

By the second year, we saw what was happening. Now, of course, the thrift industry is in the throes that it is in, and we're seeing it happening not only in the farming areas—it happened to the farmers first—but we also found out that our domestic oil people and so forth, that it was going on all around us. As bad as it was here, we weren't any worse off than anyone else.

I feel that him being as conservative as he was, and he has kind of mellowed out a little bit, and he's become more adjusted to what happened and why it happened, but coming from the old school and he's 82 or 83 years old now, a very sharp gentleman, very much into what's going on, but it's helped a lot. His family also, his daughter and son-in-law, are on the board. They've been real good to work for. That's been good for me because it's enabled me to know that I've kind of got their support.

Also we've passed some new policies and so forth in the past three years. It takes some of the responsibility off my shoulders. For instance, approval of new loans, anything I've got now that's in excess of \$20,000, is not a sure thing. I don't have to take the responsibility for it. If the board agrees to go with it, okay. Then we agree to do this. Gary didn't agree to do it on his own. So they can't come back and point fingers. We've all learned.

MR: What percentage of your bank's business is farming?

GH: About two thirds.

MR: This kind of brings the whole conversation full circle—what do you think the future of Hartland is going to be? Is it going to consolidate with some of the neighboring communities? Is it going to become an off-shoot of Albert Lea? Is it going to be able to stand on its own? What do you see down the road?

GH: Maybe after Friday night at this meeting I was telling you about, I'd have some more ideas on this, but my own personal feeling is that I'm not going to see it happen. In 1959 I thought I would, but I'm not going to see it happen because it's going to be more gradual than that. It's been a bit of a mystery to me, why Albert Lea hasn't been growing more than it is, because of the fact that the interstate exchange is right on the north edge of town. I mean, we've got 35W and 80 a quarter of a mile northwest of Albert Lea.

We have a little community south of us, Manchester, a town of about 75 people that interestingly enough is not developing residentially, but they are getting some industrial-types—nothing big, but a couple of industrial-type things going on down there.

As I understand it, they've got some sort of a supplier of pizza. Then there's another new warehouse, a freezer warehouse thing, that went in there. The telephone company moved in there with a new system. They also service our area.

I've always felt that Albert Lea was going to grow this way. We are only ten minutes from Albert Lea. I guess an off-shoot of Albert Lea is kind of what I'm thinking.

What has Hartland got to offer? We've got a nice clean little town with low taxes, city sewer, good streets, good people, good city government, a quiet life, people at night, this

is a walking town. It's interesting, the weather is nice and everyone was walking last night. Selling that kind of a laid-back kind of life. You drive a half hour to maybe an hour to work in the morning and don't think anything about it. So ten minutes is nothing on a good highway.

I think, too, I neglected to mention this, but I think as a small town, you feel you are limited in what you have to offer. I feel that we need to try and attract industry and business that is not totally dependent on agriculture.

Now to a certain extent, we've done a little of that in Hartland. When our school closed, the building was bought by a gentleman by the name of Jim Fobair. He runs Fobair's Furniture in Clarks Grove. He has a small factory down there that employs 3½ people, and they manufacture padded rails for waterbeds. Well, when I first heard that, I thought, "Huh? What's a padded rail for a waterbed?"

They had a little tour of the place down there one day, an open house, and I go down there from time to time. He's doing a nice little business. They make vinyl, leather, felts, whatever you want. It's a rail with a bladder that fits inside of a wooden frame. Then for the edges of the frame he makes rails that clip on there that kind of dress it up. Then you're not banging your buns when you get in and out of bed on something that isn't soft. It's doing real well. The bottom line is it doesn't need a farmer to survive.

Our John Deere dealer, when we lost him, that was a major blow to Hartland because he employed about eleven or twelve people. The sad part of that is, had we known what was coming, we could have avoided it. But here and again, lifestyles got in the way, condominiums and big Lincolns and long vacations. There was so much money made so fast, and they just thought there'd never be any end to it. Then he remodeled up there. Had we not done the remodeling and done a few other things, I think he could have made it.

Thankfully he's back in the John Deere business again. He was able to buy, with some help, a small John Deere franchise in Caledonia. I told him when he came over and talked to me about that, I said, "You know, Jim, you know how to do it, and you how not to do it, now maybe you can do it."

Getting back to what we said about what these little towns have to offer, like our John Deere plant up here now, we have a firm in there. They are local people. The bank is involved in it. I wanted to get rid of the building. It was sitting there empty. This guy came in and he's a fibreglasser. At first there was nickels, dimes and chew your nails. Every time we turned there was a dead end.

Then, all of a sudden, a firm in Albert Lea went bankrupt by the name of Martin Manufacturing. They manufactured hockey rinks for Holmsten Manufacturing. Fiberglass hockey panels. And there are ninety six panels in these rinks and a rink to a fiberglass is

\$50,000. Last year he made four. It takes a month of everybody working their buns off to make a rink. Incidentally, they are beautiful when they are done. Holmsten then takes them and does the plexiglass work on them. They do the installing. I've gotten pictures. One went to Utica, New York; one went to Fort Bragg, North Carolina; one went to Gardens Park in Boston. We've gotten letters back from two of the installers saying, "It's the nicest piece of work they've ever put in."

The bottom line there is that all of a sudden now they've got tentative orders for six more for this year. That's \$300,000 worth of business. If they get that, they are off and going. And it doesn't need a farmer.

Interestingly they are also into making pickup toppers now. He's got an order there for 300 at \$350 a piece. That's \$100,000 and some. Those rinks alongside of boat repairs and lots of things like that, that thing can fly. And it's good for Hartland. It's half a dozen more people eating at our restaurant, stopping for a beer or buying a tank of gas.

I guess I didn't talk about restaurants. We were without a restaurant for a year. If you think that don't shut down a little town. I'd walk home at noon, and there would not be a car on Main Street, not a car. We got that restaurant back about seven or eight years ago. The lady just threw the keys on the desk. She owed us \$30,000. The lady that had the building next door had a restaurant. She retired, bless her soul. She worked. But she retired and tried to sell her restaurant and she couldn't. So finally she had to sell what was in it and remodel it a little bit and she lives in it on a \$350 a month Social Security check. That's it. That's all she's got. A little bit of savings.

But anyway, we were desperate. We were drinking coffee in the back of the implement shop. They were drinking coffee in the liquor store. The women were drinking coffee in the grocery store when it was open.

Finally, I called this farm lady one day and I said, "Would you consider buying the restaurant in our town?" We sold her the restaurant and equipment for \$7,000. People were desperate enough to go to Albert Lea and pay a buck for a piece of pie—she doesn't charge that high, but I told her that she was going to make it. And the people supported it terrifically. She's got a little party room on one side. We had a Valentine's Day supper there.

[Pause for fifteen seconds]

GH: . . . for Hartland. I guess I just see us trying to promote ourselves as a nice little town to live in. As I said, the city government is good. This city is financially well-off. We are able to afford things. We've got a nice city park now. We built a new pavilion down there last year. We're going to do more work down there this year. As I mentioned, planting of all the trees and things, we're going to get involved in that this summer to some extent. I

guess that's about all we really have to offer, just a good place, selling Hartland as a good place to live.

MR: Have families stayed in Hartland, or have you noticed a shift towards older people who grew up here?

GH: Hartland was famous for awhile for its number of homes with one little old lady in them. These little old ladies are tougher to get out of a house than to drive that last hog up the chute. They don't want to leave.

How many restaurants do you know of that have got people that would carry hot meals every day a couple of blocks down the street to some shut-in just because they are being good people. But these little old ladies, I tell you, they drive you crazy. They don't want to leave the house. God bless them. I understand that. But a lot of our little old ladies have died or have gone to nursing homes.

In this past year we have gotten about six new families in town. We've got more little kids in town, now, than we've had in a long time.

I coached Little League Baseball in Hartland for almost 20 years, and I had girls playing, I had anyone to try and get teams. Now there's no problem. One of my Little Leaguers is doing it now, and doing a very good job. I get a kick out of him. I see a lot of myself in him, because one of these famous last lines that the kids say is, "Well, why do I have to do that?"

"Because I had to do that, that's why."

But we've got a few new families and it's been good. We've got a development area north of town. We've got lots of things that can be built on, but you don't build houses when interest costs are where they're at.

No, I'd say a lot of our little old ladies are gone. We still have quite a few, but some of them are no longer with us and some have to be someplace else. But they savor that independence. It's amazing.

I went to Good Samaritan with some income tax papers last week. There's one of my little old ladies that's down there, and she has to be there. She knew more about what was going on in Hartland than I did, and I live here. They've got a hotline that's unreal.