

**Interview with Harold Hutchinson
with comments by Marie Hutchinson**

**Interviewed by Dianna Hunter and Ken Meter
Minnesota Farm Advocate Oral History Project**

**Interviewed on June 16, 1988
at the Hutchinson farm
near Reverre, Minnesota**

Harold Hutchinson: HH
Dianna Hunter: DH
Ken Meter: KM
Marie Hutchinson: MH

DH: Tell us about your farm and family. Start wherever you feel the story starts. Start when you bought the farm, if that's appropriate.

HH: [unclear] always rented it. Okay, I'll start back. I was born in Iowa, and we moved up to Minnesota in 1949. My Dad owns a farm south of right here. He's still there. They still live on it. 1960, I graduated from high school, I guess. Worked on a farm through '64, and went into the service, '65 and '67 I served in the army. Spent my whole tour in Germany. Came home and worked with a farmer 'till 1969, and then my brother and myself and my Dad entered into a partnership farming, using the 160 acres of my dad's as a base, and renting. I think, up to 900 acres we were renting at one time between the three of us, or as a partnership. That started in 1970. Marie and I were married in 1971, April of '71. She had a son from a previous marriage, Terry. He is 21 now and working at Ridgedale in Minneapolis, through Vo-Tech, and meat cutting school and Pipestone a year and two years ago that chef school in Willmar. Graduated this spring, in the winter. Tom is 16. Just completed his sophomore year in high school.

KM: You're renting about 600 acres now?

HH: Yeah. 660 acres now. We rent 450 tillable acres. I don't know if I should say that or not. I'm trying to think of the words I want to use. Family-size farm is what I'm trying to get at. A section to me is maybe bigger than a family-size farm, but when you look at the tillable acres, 400 to 450 is a necessity to survive. As a matter of fact, we could not make it on 400 acres of tillable crop land without off-farm jobs. Can't do it.

DH: Then the extra 50's just enough?

HH: No. That off-farm work. The Advocate Program subsidizes my income some, and Marie, until April, was full-time partner in an upholstery business in Walnut Grove. Due to her back surgery, she's had to give that up, at least for the summer, maybe permanently. But we don't know yet.

DH: Let's see. 1972 is when we started renting here, wasn't it?

MH: Uh-huh.

HH: We lived over on the other place there for 1972 until '75 or 6.

MH: About twelve years ago.

HH: And we've been here ever since, and our landlord lives in San Diego, California. Same landlord all the way through. Getting to what happened from where we got in 1970, when we started farming as a partnership, 'till today currently when we are simply farming on our own. The prices, the drought of '75 and '76, virtually put us in a situation where we went in and borrowed money, disaster loans from FmHA, mortgaged the 160 acres of my dad's even beyond the value I guess you'd say. 1982 we were sitting in a financial situation that was out of control. We liquidated all the livestock. At that time it was 36 head of beef cattle. Paid down on debt. We also had a partial machinery

sale in the spring of '82 where we reduced our line of equipment by two-thirds?

MH: It was about that.

HH: 1983 and '84 were major struggles just to--'83 was the year of the first PIK program. We went in 100% in the wheat and the corn in the PIK program. [unclear] survive. That allowed us to at least make our payments at that time, to keep our payments current, even though there wasn't virtually anything left over. They took everything. '85 was the first time I met Lou Anne Kling. Ended up into a farm crisis where absolutely no way we could get an operating loan to continue to farm as partnership. Met Lou Anne, we discussed different options, and we did manage to push for a FmHA guaranteed operating loan for 1985. It's also when I become involved with Groundswell.

KM: How did you meet Lou Anne?

MH: Through Paul Sobocinski. At the Capitol.

HH: Meet who?

KM & MH: Lou Anne.

MH: First time was at the Capitol. [unclear] on tv.

HH: Didn't they call her from that article in the paper? Maybe called her after that?

MH: Yeah.

DH: So why were you at the Capitol?

HH: Groundswell's rally.

DH: And all the farmers went down?

HH: We missed the January rally that everybody went to. We had won a trip to Reno, from the JC's, and that happened to be the day we were flying to Reno. That's also the day that the airplane crashed in Reno and we were in the Humphrey terminal in Minneapolis waiting to get on our plane when that one should have landed. TV cameras and all the relatives were there. And that's the first we heard about it, when we got up there. So that [unclear]. Then we got on a plane and flew to Reno, that day. And then we flew over the crash site when we came in out there.

DH: Oh my.

HH: You could see the debris and stuff out there. But we missed that rally with Groundswell, but then we started going to the meetings, local meetings, and got involved. And I was on the county board of Groundswell for a while, and then I started working with Paul Sobocinski on the meeting with farmers. Looking at their situations. And that's when I started doing Advocacy work, even before I became a Farm Advocate. And through Lou Anne, then, she said "You're doing the work anyway. We have some openings, and we need somebody in your area. Why don't you join the program?" So in 1985 then, July 1 then, I had my first contract as a Farm Advocate. And I've been there ever since.

But back into the farming situation, then in '85, we were unable to pay back our guaranteed operating loan. Paid part of it back, but couldn't pay it all back. Couldn't make--

MH: Tell them what the [unclear].

HH: No, that was spring of '85 when that happened. Tom was born with the birth defect of clubbed feet. And he's been doctoring ever since, what? Two weeks old was the first time we took him to Mankato? And it's been an ongoing thing. Then, we were at Shriner's Hospital now, anyway we've been there for

a long time. I don't even know how many years. But in March of '85 he was scheduled for surgery at Shriner's Hospital. We went down to the hospital, and we still didn't have an operating loan for that year. We were still trying to get it. I was down to the hospital. Tom had surgery that day, Paul Sobocinski called me that night, and he said, "Hutch, it's critical that you get home, because I've set up some things that can help you get an operating loan." He said, "You must be in Lambertton at 9 o'clock. [unclear] the next morning. It turned out that...[to Marie] Channel 5 or Channel 4? Minneapolis radio station, I don't remember which one it was. Paul had arranged for them to fly into Lambertton in a helicopter, and they wanted some of the farmers to interview. Myself and Dave Hesse met and were interviewed at the elevator. Also the FmHA County Committee was meeting in Lambertton that day. We went down to the FmHA Committee meeting--

MH: Blew their minds. [Laughs]

HH: --virtually took over the meetings due to the fact that Wayne Kling was there with the FmHA handbook that Lou Anne had furnished him very nicely. And we explained our situation to the committee, and told the committee that it was their job to determine eligibility. That's when the eligibility crisis was on. FmHA said: "The committee is saying you're not eligible." Period. And as a result of that disruption of that meeting, pressure put on or whatever, our '85 operating loan was approved.

And then in the fall of '85, we're in a situation where we couldn't pay it fully back. I'm trying to think of how events happened. We knew that we could of got real close to paying it back, but also at the fall of '85, when Lambertton bank was in the situation of collapse, there were a number of rumors that it wasn't going to make it through. I don't know if I want to put this on tape or not. So we virtually held all of our checks. You know? They were ASCS loan checks made out to us and the bank. Didn't cash 'em, and just kept 'em. January of '86, the President of the Lambertton Bank got a court restraining order from FDIC closing the bank. The first one in history as far as we could ever know. He went in and got a restraining order from FDIC closing the

bank, and that lasted eight weeks? Got into March. Then FDIC closed the bank. Now we were dealing with FDIC with an FmHA guarantee. Also Federal Land Bank on my dad's farm [unclear] of 160 acres, because we were in default on that. We didn't make the '85 payment.

Mediation started up in the spring of '86. I had a tractor with Massey-Ferguson Corporation that we couldn't make the payments on. And voluntarily gave them the tractor back rather than go into mediation. They didn't want mediation with FDIC and I didn't either. So we just turned the tractor back over to them, and signed an agreement that they could pursue a deficiency judgment if and when they decided it was appropriate.

Got into '86, trying to get operating capital, with FDIC involved. An attorney from [unclear] Lamberton assessed me. We were able at that time to get a total subordination of the '86 inputs from FDIC, without another lender being involved. In other words, they gave me a personal subordination. And what I needed to do to prove to them, to get that subordination, was do a cashflow of the operation, insure all the equipment that they had as collateral, and it cleared Chicago. And to my knowledge that is the only one that I ever know of, where there was another lender not involved, that FDIC gave out a subordination of the crop.

So then we put a crop in, and it took--let's see, it was the 16th of May when the subordination came back approved from Chicago. So that's about three weeks later than normal planting. So, we started planting. It looked real good. And, let's see--I'm trying to think of the date. It was sometime in September. Late September, when we were combining beans at the time, we were notified by American State Bank of Mankato, which had repurchased the Lamberton Bank, that they had bought our loan back from F.D.I.C., and that at our earliest convenience we should come in and discuss repayment of the loan or reschedulement of the note, or that type of thing with the bank at Lamberton now.

So with the advice of my attorney then, when I finished harvesting crops, I just sort of ignored that letter. Finished harvesting crops. Then went in and sat down and talked to them. And, of course, they had the notes there that they bought up from FDIC. We knew they bought them at a discount, but we had no idea of the amount of the discount. And their first assessment was that they would like to collect the full amount of the--

MH: Tell them about the checks that were out as long as you're [Laughs]

HH: Ok. When the FDIC took over the bank, the checks that I was holding, the joint checks that I was holding, and that was some of the subordination, was that I agreed to turn over part of the checks to them. And then the rest of it we put in an escrow account with myself and FDIC's names on the escrow account, with an open account in Sleepy Eye Bank. So that I couldn't take the money out, and they couldn't take the money out. But they felt it was gaining interest and it was in a secure place where I couldn't run off with it. But that was part of the subordination for the crop lien I agreed to, to turn over part of the checks and put the rest in an escrow account. That was part of the reason they gave me a subordination.

DH: Was that kind of scary at the time, to do all this dealing? I mean, was there anybody threatening you with conversion?

HH: Never had a problem with threatening of conversion. The only comment that came was we met with FmHA, FmHA sent a jump team in when the bank closed, and we talked with them. And when they found out I was holding checks that they had a guaranteed loan on, the remark from the head guy there was, "You can't do that. You've got to turn them over immediately." I says, "Not going to." And I never talked to FmHA again.

Then after the escrow account was set up, and when FDIC knew exactly the forms they were dealing with and where they had to be applied because we had a machinery loan with the bank that was written before the guaranteed loan, so that therefore all the machinery and equipment could not be used

even though it was listed as a second on the guarantee. So then the FDIC, in the process of that summer, collected the guarantee from FmHA for the funds-- and that amounted to \$23,000 that FDIC collected. And the strange thing about it is, I did not know that they were even trying to collect the guarantee.

When we got a letter back that the bank had bought the loan back from F.D.I.C., I talked to Lou Anne and Lynn Hayes, about it, and what happened to the guarantor and anything like that. And Lynn says, "Go to the FmHA office and read your file. So I spent, I think it took me three hours to read through that file, because there were so much things that were happening. And here were letters starting when the liquidator from FDIC started collecting on the guarantee, and there were letters from him to F.H.A., and the letters back from F.H.A., and the copies of all these were in the file. And all the transactions that happened, that the guarantee that was actually paid out, and the amount of the guarantee, and when it was paid. And that was all done before American State Bank of Mankato bought our loan back, that guarantee had been collected.

KM: Wow.

HH: Without my knowledge at all. So then, knowing that, then I was in a position now to deal with American State Bank. Because now I knew that the operating loan that had the guarantee, had been at least paid out 90%. Because that was the guarantee. So now that note, even though they're holding a note that shows that I owe, I think it was roughly \$100,000 or \$105,000, the FDIC had collected 90% of that, either through the checks I had turned over or through the guarantee. So that gave us a lot better negotiating thing, knowing that had happened. And I also knew the FmHA regulations that if the Lamberton bank would have collected any of that \$23,000, they'd of turned it over to FmHA That's the regulations. They'd of had to reimburse FmHA So I didn't have to deal with that with the new loan officer trying to collect the loans, because once he realized that I knew that, then there was no point in him trying to collect it, because he'd have to turn it over to FmHA anyway.

So now we're back to dealing on the machinery note, which was somewhere in the \$130,000 range. That included accrued interest, with the machinery appraisal at \$42,000. And through negotiations on that with American State Bank in March of '87, then we made a settlement with them, where I purchased the machinery from them. [Unclear] I don't know that it's important what the discounted price was, but I did manage to negotiate a settlement with them for a cash buy-out of the machinery at a discounted rate.

So while this all happened in '86, and '85, '86 the partnership decided that there was no way we could operate in a partnership. My Dad was 71 years old. He virtually said, "I'll retire." My brother, with the bachelor, said he didn't want the hassle with FDIC, and if could just get out of it, flat get out of it, that's what he wanted. And Marie and I decided that we wanted to stay farming if we could do it. So when we went in to the FDIC, we were dealing as a partnership, coming out as us being sole owners of equipment. So it involved some legal work of having the other two partners sign off the equipment to me, their interest and equipment to me. But at the same time then, I had to take on the full load of the debt. In other words, they were signing off from any of the debt or any of the equipment. So it was kind of, "Do we want to bite off that kind of a chunk or don't we?"

We did all those types of things, had all ready to go, so that when the American State Bank bought our note back, then we could put those in place, knowing we were dealing with them instead of FDIC. I didn't want to take the whole burden of FDIC, but the Lamberton bank I would--the new owner of the note. So in 1987, then, the spring of 1987 then, March, we made the settlement with American State Bank. Now that freed up all of the machinery and now I own the machinery. We do have a mortgage on it. I mean we had to borrow the money to do it, but we do have a mortgage on the machinery. But at least I have the collateral value of the machinery. We're not sitting with \$40,000 worth of machinery and \$140,000 debt any more. But we're still at the collateral value of it.

So then in--okay, it was shortly after that March that Federal Land Bank decided that they would now take action on the 160 acres that my Dad owned. Well, the situation got to the point where now FDIC was out. Federal Land Bank didn't want to particularly go into mediation with FDIC either. Everybody was sort of scared of FDIC. Well, what happened with us was, FDIC was probably the easiest one we worked with. We dealt with them to get the subordination, and we never talked to 'em again. And the next thing we know in the fall, our loan is sold from FDIC. So virtually FDIC was easy for us to work through the way it worked out.

So now Federal Land Bank is foreclosing on my dad's 160 acres. And even though the farm mortgage is in Mom and Dad's name, as a partnership we co-signed the note, so that still involved us, and it still involved my brother. So we went into mediation with Farm Credit, June 20th of '87 we met a cash-out settlement with Farm Credit, and Dad repurchased the farm at a discount from Farm Credit. This all evolved because of the farm. In order for him to borrow the money from a local bank to buy out Federal Land Bank, we were able to put half of his 110 tillable acres in the CRP for a guaranteed payment. Due to the situation I no longer was farming my dad's. My brother-in-law took that over, just simply because of the entanglement. We wanted to keep that as free as we could. He rented the other tillable acres so that between the CRP payment and the cash-rent payment on their remaining acres, Dad was able to go to a local bank and guarantee them a payment, a repayment. And he borrowed the money and bought the farm back.

So right now Dad is sitting owning his 160 acres, with a small mortgage against it. Retired. Living on the farm in the buildings. My brother is working for another farmer south of Walnut Grove. Lives out on the farm site out there, and is farming. Marie and I are farming here. We did take over the partnership debt of '85 with our landlord here, of the second half of the cash run out, which amounted to roughly \$12,000, that he allowed to carry until the fall of '87. We did clean that up in the fall of '87.

And so now that basically gets us up to where we're at, farming now. Things have really, I guess, really changed from being in '83 and '84, farming

somewhere in the neighborhood of 1200 acres as a partnership, a three-way partnership, to being down to 450 acres tillable. That's just a family unit, where just our family's involved. And that's where we're at today.

Looking at needing one more good year. What I'm saying is one more year of good year, '88 good year, to get our financial situation back in good shape. Because Marie and I also picked up fuel bills and fertilizer bills at the local Co-op that were partnership debt. We agreed to take that, and that's been all paid off. Massey-Ferguson Company then came back in with a deficiency judgment against us for the tractor in 1987. They wanted \$10,000. They also agreed to take a substantial right-down cash pay-out, which was paid out in January of '88. So we settled with all the creditors. Our current settled, that we were struggling with and basically '79 on through.

I guess part of the whole scenario of the whole thing is that with our determination to stay, when Marie and I and Tommy went into the bank in Lamberton just before it closed, there was a young loan officer there, and he couldn't understand why we even wanted to stay on the farm, looking at the last three or four years. There was not enough income for family living. Marie was working off the farm. I was working as an Advocate, at least. Not that that was gaining much salary, but it was at least, to me it was occupying my time and my mind, and helping me keep a perspective on my own situation. I think that's basically why I became a Farm Advocate, because of the problems we were having. And we realized full well that the more information we had, the better chance we had of resolving our problems.

KM: Is that the first time you ever tried to research what the law was and really have to negotiate with a lender?

HH: The determination, that when Marie and I, and Tom went with us, into the Lamberton Bank just before it closed and the loan officer couldn't understand why we wanted to stay out there. And he sort of explained that he came from a farm in South Dakota, and now he was in the banking business, and if the bank failed there he'd go some place else and get another job. He had no ties

in Lamberton, for instance. We said, yeah, but we grew up here. Marie is from Lamberton originally, and she grew up there. And we moved here when I was six from Iowa, and lived in Reverre area. We didn't want to leave. And maybe Marie can tell you what she told the loan officer. I don't remember how she said it. It was something to the fact that if there was any way possible, we're going to be there. And with your feelings of the way you feel, that you'd probably be gone a long time before we are. He did stay until the bank closed, and he's a loan officer at Balaton, and I've talked to him since then.

MH: His one statement was that, well, we didn't own the farm. We shouldn't have any ties or feelings for the land.

HH: "You don't own the land so why do you have such deep ties to the land?" And I think Ken and Dianna, when you walk out across here you can see why--

KM: Sure.

HH: If I could pick a place I wanted to live, right now, I wouldn't want to move.

MH: When we left the bank that day, by the time we left, that loan officer had tears in his eyes.

KM: Did you bring him out to the land? To see it?

MH: Later.

HH: And our landlord, the landlord that owns this place, last spring he bought another 120 acres. That's what we were looking at that I told you attached on to the north, that now made the river the boundary? But he simply called me in March and said "I'm looking for a quarter, somewhere in that. Find me something." And I knew he'd talked about it when he'd been here that he really likes that river ground. And so I made the contacts through a realtor

and virtually got the deal put together. And he came up in June last year and bought it, and says, "You're farming it." [Laughs]

So that's how we became--you see, we were 320 acres tillable, he found another 125 or 30. So that's where we went to the 450. So this is the first year we're farming 450 tillable. We did have 320 prior to that. But even at support prices, I'm saying support prices now, 450 acres would not give us our family, of three now but it was four, enough to live on. Just couldn't make it at support prices. And you look around and you see what our crops look like here, and you see what the market is doing, and you say, "Oh good, we're going to finally have one of those good years." And I just think it's terrible that somebody has to have a terrible disaster before I can make enough off of my 450 acres to make a living for my family. That's just sad, that half of the state has to dry out before we can get a grain price that we can maintain.

We haven't purchased any machinery. 1980 was the last year that we bought a major piece of equipment. It was a combine. And that was part of the thing that put us in the whole financial crunch, because an \$80,000 combine that you use six weeks out of the year, is hard to justify. And yet farming 1200 acres at the time, it was a necessity. But no equipment. Absolutely none. We bought a couple of used tractors, or small tractors, and small things like that.

But no major new equipment. Can't see in the future now, buying equipment unless I say the markets stay where they're at and we're lucky on enough to get some rain and get a crop in. We've been renting our big tractor. That little tractor you see out there, that we own. We've been renting our big tractor for '86 and '87 and '88, rather than trying to buy. So it just doesn't pay. So we've been leasing a big tractor in the spring and a big one in the fall to do the heavy tillage. It's worked out real well for us.

DH: You know, when you tell the story it's so long and complicated. Is every farmer's story that you work with the same way?

HH: The majority of 'em I would say didn't realize they were having the major problem until maybe '85. Some of 'em had problems getting operating loans, but a lot of 'em didn't. But '86 is when the people that started missing payments in '86 got brought right to the tension, because especially with Farm Credit, because they were in a situation that they made a decision that instead of letting loans go delinquent for a year or two, they were going to start immediately, and that was when they brought in the whole crew of Special Credit people. And any time your loan went delinquent, within 30 days they were going to start taking some type of action against you. So it brought them to the forefront right away.

And I don't know, farmers are a funny breed of people, but there's a lot of people that've been restructured, that I've helped them get restructured, and I totally disagree with what they're doing right now. Try and tell 'em that I think they're doing wrong things. They're buying new equipment. Some of them are going back and mortgaging property that they finally got restructured and freed up, they're mortgaging it back again. Buying new pickups, whatever.

But I continued all the way through September '85, working closely with Groundswell. Matter of fact, I'm on their executive board. I try to work one day a week in their Wanda offices. It just really doesn't work out that way, but what I let their secretary do now is when somebody wants to come, schedule appointments there and let me know, and that type of thing. I still work with them very strongly.

I'm totally convinced that we wouldn't have made it through without Groundswell. Without the Advocate Program, without Groundswell, I'm sure we'd of gave up some place along the line. Because from the spring of '85 until last fall, '87 basically. Because last year our whole situation hinged totally on "Do we get a crop or don't we?" Because we'd secured a new lender and were making promises to him what we could pay. And that year was critical, and to me this year is critical. If we can have a decent crop, even at the prices that we were looking at, we felt then that we would be financially in a situation

where at least the crunch would be off. If we end up with a major drought, due to the price increase, I suppose half a crop this year, yield-wise, with dollar values now, would net us approximately the same financially as a big crop at the prices that they were before. So, even though it looks like we're going to be down in yield, so, if we get something, we should be all right. But, there's a lot of people going back out, and they're re mortgaging things, and buying things. That looks to me like we're in for another major land fall.

I guess I'm still under the belief that as soon as election is done, you know? I sort of tend to believe that the Government is propping everything as hard as they can now. Depending on which way the election goes how hard they--if the Democrats get in, I'm saying the Republicans are going to quit putting supports under the market, or whatever. And if that happens I think land values are going to fall further than they did in '85 and '86. It's gonna go clear down.

KM: How did you make the change from just negotiating your own situation with the lenders to helping other people work through theirs? Did people just start calling you up because they knew you'd run up against those questions and you started working with them?

HH: Yeah. Well, originally, before I became an Advocate, they were calling Groundswell. Paul Sobocinski was foreclosure chairman for Groundswell, and they would call Paul. And I had a working relationship with Paul that "I'll go out anyplace you want to go in the state. And I'll sit down and go over their financials and see if we can't figure something out. Or what maybe they should be doing or could be doing."

KM: Why'd you decide to do that though?

HH: Why? Because I felt that without Groundswell in '85 I know we wouldn't of got an operating loan. I know we wouldn't have. 'Cause it took a lot of pressure and a lot of pushing. Matter of fact, the County Supervisor got fired over it, I think. But he stormed out the meeting when we came in, and we

didn't give him the meeting back until we were done. And both my loan was approved, and Dave's was approved. I know that Dave was in the same situation I was. That it was critical. That if he'd hadn't got that loan that particular time, they virtually wouldn't of made it either. He's still there, and still farming.

Then as working with other farmers, and seeing what they were doing, and then being in the situation myself, and seeing what I had to do, for instance, with FDIC, what I had to do with FDIC to get a personal subordination because I couldn't find a lender that would take an operating loan with a subordination. I couldn't find one. So by doing those types of things I found out what worked and what you had to do. And it was very frustrating, because I had an FDIC loan officer that happened to be a lady. I guess that's the word I want to use. But she was on vacation for a week. So I talked to the head liquidator, and I knew that he wanted insurance on all the equipment, and he didn't say anything about crop insurance. And I'd done that and taken the papers in and given them to him, and then I get a call from her, and she says, "Now we can't do anything with this request of yours until we have your insurance papers, and until we have this stuff." And I said, "Well, why don't you walk across the hall"--I didn't say it that way--"and talk to the boss. 'Cause he's had that for a week." And she got a little disgusted with me, and we had some words on the phone. And about five minutes later she called back and apologized to me, and said, "Yes, Mr. Powers had all the things. They were all there and in order."

Then, I mean, then as you got into everything, they change everything. I mean, you'd be working with a loan officer in Farm Credit, and pretty soon he's gone. The next guy comes in and then--so it got to be a point where I'd done enough of it with other people and on my own that it doesn't upset me that much, and I can deal with it. And you get a farmer that that's the first thing they do is they pull the loan officer out and say "You're going to have this guy from Special Credits today." That upsets them, some of them, they don't know how to handle it. "Well, why'd you do it to me? And don't do it to anybody else." Well, they do it to everybody. They just shuffle everybody around. And FmHA is starting to do the same thing now. I think we're going to

see that very shortly, where the turnover at FmHA is going to be real rapid and real quick. And as the write-offs start coming through F.H.A., or whatever they decided to do with that legislation, that they need to move their loan officers because they won't let the person who made the loan try to collect it. It just doesn't work, in a lot of cases.

Working through the Advocate Program I've done things I didn't think I was capable of doing.

KM: Like what?

HH: In a couple of cases I've called a District Judge. Personally. And told him that I was a Minnesota State Farm Advocate, and I was working on a case that was before his court. And in one case I asked for a two-week extension, and in about five minutes of him looking at the file in front of him he came back and granted a six day extension. Things like that, that you normally don't do. And with the credentials of a Farm Advocate, and with my knowing if you're polite and honest with somebody that a judge is no different than talking to another farmer. Except for that he has authority to take specific action against you if you lie to him, or that type of thing. And more than once I've called judges and talked to them. I was involved up at an NFO foreclosure, here, with a farmer. Lou Anne and I both sat in the judge's chambers and explained the mediation. He stopped...

[Interruption while tape being changed]

KM: [Unclear] over this thing.

HH: They said it was a non-agricultural piece of property and what it was...it was on the edge of a town or in the city limits, but it was a grain storage building worth more than the \$5,000 limit they had on it. NFO said it was non-agricultural property because it's in the city limits. It was a challenge for me and due to our efforts, the Judge decided it was agricultural property and he...

like I say, he issued an injunction against foreclosure and ordered mediation. In other words, stop your action without mediation. It worked out real well.

DH: Tell us again about what you and Lou Anne did because that was off the tape.

HH: Well Groundswell had a rally up there and Lou Anne was there and I was there because the person happened to be real close with Wayne and Lou Anne that this was happening to and had also been involved in NFO very strongly and we went in and requested a court hearing or a hearing with the Judge or a meeting with the Judge before foreclosure. He granted it to us and we explained the mediation law under the state law and we had the regulations with us, explained it to him. He took it under advisement for about 20 minutes and made a decision that it was agricultural property, put an injunction against the NFO for foreclosure to stop it because the foreclosure was due to go that morning, to stop the foreclosure and ordered mediation. Things like that happen.

DH: [Unclear]

HH: Those Reverres and the Lambertons and the people that live in them if that situation happens, they're either going to have to go the New Ulms and the Marshalls and the Minneapolis' and the St. Clouds and...{Can't make out background voice]

MH: Tom will go to Walnut next year yet and then he'll graduate from Tracy.

KM: Walnut's closing its whole system down or just...

MH: Yeah well they are going to merge with Tracy just from ninth on up, I think.

KM: Oh, to start with.

MH: Maybe the eighth, but they are talking ninth.

KM: Oh.

HH: I guess my question would be to like to somebody that's that plan is...what are you going to do if we double the size of Minneapolis with people that don't have jobs. What are you going to do with them. Is Minneapolis creating enough jobs to sustain that kind of population?

KM: No. You know the jobs they are creating are medical jobs and computer jobs which don't produce any wealth they're...

HH: Service jobs. Then you tie it all into what are the big corporations looking at right now. They are looking to bust the unions. The easiest way to bust the unions is to bring in a bunch of unskilled people in from the rural areas and give them a job at minimum wage. We see it happening all the time. I guess the Reagan administration through the air controllers really showed you what might happen to unions that start bucking people. This Reagan administration really took a hard line against the labor union. I do agree to some extent that the union's have too much power, but I also know that without them it would be a total disaster in the work field. I don't like to use...

KM: I don't think unions have too much power unless you...big corporations.

HH: Yeah, but I don't like to use that teachers union as an example because that's the one I am familiar with and Walnut Grove did go on strike, the teachers did go on strike that one year when they couldn't reach a contract. There are teachers that I feel are not qualified to teach and the school board can't fire them. You can't even let them go. I don't think that's right and that's because of the unions. I mean they have got that authority through the union. Yet I know it wouldn't be worth a bang without the union so there's conflict both ways. I hate to see these major corporations like, for instance, General Motors or the Ford Company... What was it three years ago when they were announcing the bonuses that their executives got and they are laying off

workers. I mean what are we trying to do, create a two-class society where we have the super rich and the super poor and no middle class? That's what it looks like. If we do that, we're really in trouble. Then we may just as well go back and hire a king or have a king.

KM: We pretty much have one now.

HH: Have a king and a few landlords sitting out, like the governors would be the landlords of each state and everybody else throws into the kitty and go back to the old days of England where you had the landlord, I can't even think what you call them.

KM: Feudalism.

HH: Yeah,, but what did they call them?

KM: Manors.

HH: Well.

DH: You mean Lords?

HH: Yeah, you had the king and then you had the next group and then you had the next group under that one and down the line, and then you had all the serfs that were the working people and they barely survived in each one of these as they went up the line.

KM: You see that's the thing, I think you are right. The Allens and the Hueslers and families like that that are involved in partnerships are or could be the feudal lords of Minnesota.

HH: If you really want to get into it, why don't you dig into Cargill once. That's our biggest enemy out here, Cargill. Cargill Corporation, Minneapolis-based, Minneapolis family. They're buying land, they're financing land,

they're financing operation, feed, seed, fertilizer. The only string that I have ever seen attached to it is that you will sell all of your products back to Cargill. In other words, they take a crop mortgage on all the crops for the inputs and it comes back to them later., their elevator, their chain. They are no different that Continental or...

Grain companies right now are getting rich off of the storage and off the reserve program and the farmers are sitting out here going broke. I don't know how we change it, but it has to be changed. Maybe just getting rid of the reserve will do it, I don't know. It is totally horrendous that they get the kind of storage they get and what we get. They're buying grain out of the reserve now in the catalog.. I shouldn't even talk about it because I don't know fully how it operates.

The government has put some of the reserve corn into a catalog and they allow the grain companies to buy out of the catalog, and they are financially in a situation where they know the market is going to go up so they can go in and bid in the catalog and make the profits. They have always make the profits as far as overseas sales are concerned, we don't benefit on it. We do two or three years down the road and anytime you get the grain into the terminal and they make an overseas sale to Russia or China or whatever, they announce the sale and sure your prices out here go up a little bit, but they already had the cheap grain in storage that they sold and here we sit on the low end again.

DH: Maybe we should bring this back a little bit to the Farm Advocate stuff a little. We have to get more of a larger view, too, so I don't want to discourage you from meandering at all when you talk to us. Would you tell us about what you do with a farmer when they call you, what usually happens?

HH: I usually just, on a telephone call, try to find out where they are right now and who they are dealing with. Then it's best to sit down and meet with them personally, sit down and discuss just exactly how they got there and what led up to it, where they're at now in their financial situation, the whole view. Then I try to help them make decisions to either alleviate a problem or, in case

of mediation, assist them in knowing their rights or knowing what the laws are and what they can do.

Yesterday that happened. I have been working with a farmer for two years now that has been in a Chapter 11, converted to a Chapter 7, foreclosed on, replevined and yesterday they just signed the papers and bought the farm back through first right of refusal. Most of the situations that you are in you are not in like a two-month thing. You are talking years. Since 1985, a lot of the people that I have worked with have been at least a year or longer, just going through a process of everything that they can do to stay out on the farm.

There was one last year out by St. Cloud, he was a turkey producer that I virtually helped him negotiate out of farming. In other words, the situation was such that there was no way he could make it, and he also held a master electrician license. What he wanted to do was try to negotiate his way out of the Farm Credit, and he also owed a large amount to a feed company on his turkey operation. We negotiated the selling of the turkeys and equipment and the buildings to the feed company to settle the debt. Virtually he went out of farming. So it's not only helping people stay in farming, but it's also if they need to get out or want to get out, help hem negotiate a way out where they are not indebted in the back. So I guess as a farm advocate the main thing I can see is not giving people what you and I consider expert advice or anything like that. It's just helping them work through their individual situation and help them understand all the laws that are in place that they can use or all the options they may have to resolve a situation to either stay farming or reduce the size and maintain the base or simply negotiate their way clear out.

DH: How does that usually work though when you get with as client, how do you...can you give us some idea of what the process is, like do you ask them questions and they ask you questions or what really happens?

HH: I ask a lot of questions, and part of it is trying to find out what they want to do. In some cases some of them made up their minds and in a lot of cases

they have no idea what they want to do. I look at our own situation and say we decided we were going to stay if it was at all possible. Wee, if you take that approach and you say, "I am going to stay here if there is any way possible," then there are a lot of different things that they can do to help themselves. If they say well if I can just get out of it or if I can just get out of part of this. In 1985 and 1986, there became a situation where the lenders and the borrowers weren't able to communicate. I seemed like being an advocate you could sit down and listen to the farmer tell what his feelings were and how he got there and then you could go in with him and sit down with the lender and talk to them about what their feelings were and what they want and then try to arrive at a mutual agreement that would satisfy both of them.

DH: When you get involved in those negotiations, do you have kind of a typical plan of action that you follow?

HH: Not really because each case is basically different. The only time there may be a set policy would be like dealing with FHA when there is a set appeal process. If we request something and they deny it, you have 15 days to appeal it and then you must go to their appeal meetings. I think that is going to happen more now with the new federal legislation as far as Farm Credit is concerned, too. They are going to go into and appeal process. It's going to be set up so that they will make a decision, if you want to challenge that decision, you must appeal it and then you meet with the next board and so on and so on down the line.

Before, with Farm Credit, there was no standard policy to help negotiate debts. We just did our own appraisals and our project was to convince them that this was the value...not only this is the value of the property, productive value of the property, but this is the most that we can pay for it. I mean this is all the funds that we can come up to buy it, and then you may get into a situation where, a lot of them in 1987 were the only kind of deals you could make with Farm Credit System, for instance was cash buy-outs.

We arrived at, just through different negotiations or different mediations that we had, kind of a rule of thumb of what a cash buy-out the rule of thumb is 80 percent of the principal. We can probably negotiate so that we don't pay any of the interest or we give them a rent per year for every year delinquent, that would cover the interest rate. It sort of got to a point that when I would sit down with a farmer that was dealing with Farm Credit, I could say, "Okay, you want to cash them out, this is what you are looking at." We could go in and negotiate it with the loan officer at Farm Credit, and it got to be surprising that...they got to know me, too, through mediations and stuff, and I think they could virtually tell you...if a farmer was working with me and we came into mediation at least the direction we were going to be going.

Not only that it was good or bad because it sort of took some of the negotiating away because once you get into kind of a groove, well I know what he's going to come in with. We will sit down and we will have something countered against him, so the workout plans, I never did like them. They looked to me like one to three years you are going to be out of farming regardless of what happens. That's the way they were deigned, and I think the hardest thing to do. One of my clients had a family that it was very obvious to me when I looked at their financial situation, that the only objective they could even work for would be to deed back a piece of property. It wasn't all they owned, but it was a piece of property that they bought. They didn't want to give it up, but looking at their whole financial system and what that piece of property was costing them, it was totally...within another two years it would have totally...took the rest of their land that they so far are at least able to make payments on it and maintain it. That was one of the hardest things for me to sit there--and as you looked at their tax records from the last four years and you looked at their debt repayment with the local bank and with Farm Credit in the last four or five years--that piece of property just popped right out. You have to get rid of it or it's going to take the whole operation down.

Yet as an Advocate, I don't feel that's my job to say that you should go to Farm Credit System and deed that back. What I had to do with them is just go through all their records with them. This happened to involve a partnership too, with

the three partners...well it wasn't a formal partnership though, they just worked together I guess and they owned it together...they owned that piece of property together. I had to go through it and show each one of them, according to their own financial records, what that farm was costing them each year for the last four years. In the end they ended up deeding it back to Farm Credit. It was awfully hard on them. They were older people and it was real hard on them, but each thing is different and I don't have a set...like a set bunch of questions that I sit down with somebody and ask them to end up with...I mean I don't carry a set of questions along in a briefcase and sit down with a farm family and start with number one or number ten and go through them. It just doesn't work that way.

It's just like you talking to me or talking to anybody else. Some people talk a lot easier. You can sit down with a husband and wife across the kitchen table like this. One couple you will know how they have been doing for the last five years. You sit down with the next one, you have to pry everything out of them that you want. Some of us, I guess I was that way too, were very reluctant to show anybody my financial records, my way I have done stuff. There are a lot of people that a...that was back the way they were brought up. I mean my financial situation, that wasn't even for my best friend to know.

That causes a lot of problems because a lot of people that say, "Well, gee, they have always had money, they're doing great." They're not doing real great.. It's awful hard for them to admit to that good neighbor or good friend that "Hey, I have a problem." I think that is part of what Groundswell was all about, too Sit down and talk about where you are at and what your problems are. Maybe the guy across the table has the same problem. He went into the Farm Credit System and told them something and "Yeah, we can do that.": Well that maybe is not what I want to do with my situation, but at least I know maybe it's available.

I got into the Advocate Program on Lou Anne's recommendation. Nobody interviewed me. I have been involved in the last two years in interviews with the new advocates that have come on. I was just up at Granite Falls two weeks

ago to interview. I never was interviewed. Lou Anne recommended me and I was accepted on. I don't know, I think I was two months into the program before I even went to a training. That was in 1985. Since 1985, about the middle of 1986, was when we started meeting more often. I think it was every three months to start with or maybe three or four times a year that I remember.

DH: Yeah, that's right.

HH: In 1986 it moved up a little bit. In 1987 it's been pretty close to every two months or three months we still have a meeting. Those meetings to me are important to me ...sort of a chance to talk to each other and pull together and see what's going on. I guess it would be awfully hard for me if I was out here all by myself trying to deal with all of this and not having anyone to talk to that understood it on the same level as I did. I don't know if I would have stayed at it. I also have the what-do-you-call--the nucleus of Groundswell 15 miles away from me. They're my good friends. I can sit and talk about the whole farm situation, I mean the whole national picture, the state picture, the county picture, and what's going on and know they will listen. They will listen to me and I will listen to them. It's not unusual for me to call up Paul and tell him I am having problems working with Farm Credit, and he will get involved, or with a specific farmer, and probably the farmer has talked to either Delores [Swoboda] or Paul a year ago or maybe this year before they called me. They will call Groundswell a lot of times before they will call an advocate. They will call the house at 3:00 in the morning and she will say, "Hey, you need a Farm Advocate. Here's Hutch's number. You call him tomorrow morning."

DH: Does he call you at 3:00 in the morning?

HH: Not really. I am surprised it hasn't rung today. Everybody is sort of in a mode right now that they are just waiting unless they're in a foreclosure mediation process. They're just waiting because prices are going up, and everything looks good. If we get a crop, fine, and if they don't get a crop,

they're going to have problems. Most generally in the spring and the fall is always a heavy workload anyway, either getting spring operating money or fall, trying to make payments that don't reach. What can you do?

Sunday afternoons and evening is busy phone time, because if there is something coming up next week, whether it be Monday, Tuesday, Wednesday, Thursday or Friday--and lot of it is Monday. They will call Sunday night and say, "What can I do?" and then it makes it very difficult. I know that's how I got to be in my own situation. I hate to go in there, I just dread it, I don't want to go in there but I know I have to go in there. I will wait until the last minute. I am very fortunate, I feel, to have Pat Lowther, and attorney from Sleepy Eye, working with me. Excellent, just super. My opinion of Pat is that he is probably the best negotiator I have ever met. Even though the didn't go to our own mediations, I didn't go to one either without talking to him. When the final exact dollar was put together, we had a deadline with Farm Credit System that day. This price is good that day. I called Pat in the morning and said, "That's \$4,000 or \$5,000 more that I want to pay, you call and see if you can do anything." He made a call and called me back and said, "The guy will have to think about that a little bit." The guy never got back to him, so about an hour later Pat called him again. The guy said, "Well, I haven't had time to look at it." He said, "Do you want the check tonight or don't you?" The guy said, "Yeah, I want the check tonight." "Then give me a decision." They guy split the difference. Pat called me right away, and he said, "Hutch, this is the best we are going to get." He said, "Can you have a check in there this afternoon before 4:00?" I said, "Yeah, It's all ready to go. All we have to do is stop and hit the bank and put the dollar amount in, because they had agreed to go with the higher price." All I am saying is no I wanted it down here, and what we ended with in the middle, but Pat called me and, "Hutch this is the vest we are going to get."

KM: Okay.

HH: "I suggest that you take it." He negotiated or did all the work with me on the FDIC all the way through. I still refer people there when people need legal

help. I don't know if I should keep using names or not. Kim Schafer of New Ulm has been excellent. Matt Mickory is Lowther's partner in Sleepy Eye. They both do good work. The only thing I have with Legal Aid is you have to qualify. I mean, that's part of the program. Doing excellent work. Some of the high-priced or big-name bankruptcy attorney out of the Cities and Mankato, I am not real pleased with. Part of that whole thing is communications. When you're out here and you have an attorney in the Cities, it's awful hard. There would be days when I would just pick up the phone and call Pat. I would say, "Pat I have to come down and talk to you, I need about one-half hour or your time. I don't understand something." "Come on down." We would discuss it for about one-half hour. Now he's got it in his notes, and I have it in my notes, so we can compare it later. Anytime you are working on a telephone, it's bad. You never get the questions asked or if you have to look up an answer, you can't do it over the phone.

DH: What about the FLAG attorneys, do they help you out as and advocate?

HH: Yeah, I guess I haven't dealt specifically with Lynn and Jim on a case by case thin, but the information is very definitely there. If you call in, somebody will get back to you with information. The information that the FLAG office sends out on a continuous basis is very definitely helpful. You get a lot of farmers that would like to shoot Jim for the lawsuit against FmHA because theirs is all on hold now where they feel that they could have got it settled, but the lawsuit held it up. You get all these kinds of thins, and now they filed a lawsuit down here by Worthington on the Farm Credit System on the first right of refusal and notifying. They won that, and I am sure that will be appealed. There's another one I think that got filed out of Legal Aid in Mankato, Obie Knutson and Jim I think are going to file it together, another one on first right of refusal. Farm Credit System didn't give them the federal right of refusal on notifying before a sale on the property. All of those things, whether they win them or whether they lose them, the main thing is there is an organization willing to do it and able to do it.

Now the one they have won there, I have never had a problem getting Farm Credit to give us that federal appraisal under the federal law, and that's what that was all about. Now if they go ahead and file this next one that I am talking about, what they didn't do is. It says in federal law that if you are going to offer the foreclosed piece of property for sale for public auction, for public sale, you must notify the farmer 14 days in advance. Well, they never did notify the farmer and then what they did is they hand-picked seven or eight people they knew were looking for land, brought them in and let them bid on it, and they sold it. Now the farmer must match that price as his first refusal price. We ran in to a deadline and Obie Knutson was working on it and what he did then is the farmer went ahead and bought it back at the first right of refusal price. My understanding was they went and filed a lawsuit challenging that sale. What will happen if they win that lawsuit is it will save them \$25,000 to \$30,000 on the purchase price, because of the difference in appraisal and that hand-picked sale. It is based on the federal first right of refusal that simply says if you are going to have a public auction, that you must notify the previous owner 14 days prior. They never did, so very definitely the FLAG attorneys are...even though I am not working on a specific case with one of their attorneys...each time they do one of those, it helps everybody and I benefit from it. I know what's going on because I have talked to Obie on this one, I have worked with the farmer on this particular one and...

DH: What other kinds of backup does the Advocate Program provide for you that is helpful?

HH: I wouldn't call it backup, but all the training and support, just being able to talk to another advocate who understands the stress. I mean sometime, I don't know I think it really came out on me in October of 1986 at an advocate meeting. I just simply said I hadn't learned how to say "no" on the telephone yet as I was just swamped with people. If somebody called me, I wouldn't tell them, "No, I won't talk to you or I won't meet with you." It was getting me down and I think Janice and Lou Anne, just talking to them about it seemed to help. To give you some ideas of how you can more use your time, in other

words don't spend so much time with one person maybe, or have them come to you instead of you driving to them, and things like that.

KM: You have been involved in both Groundswell and the Advocate Program and I am kind of curious to what Groundswell offers the farm movement that the advocates don't and what the advocates offer that Groundswell doesn't. Why is each one special?

HH: Well the Advocate Program has the state seal on it, or name on it, which gives you credibility. FmHA in 1985 and 1986, for instance, never ever gave me any static as long as they knew I was a state farm advocate. The Farm Credit System has never given me any static about being able to sit in on meetings, being able to talk, help present a case, help negotiate a deal. Groundswell in the other terms, in 1985, 1986 when they were very vocal and going to foreclosure sales and so on and so forth, I was involved very strongly in that. Being an organization such as they were all they needed to do to justify it was, do their members want to take part in these demonstrations, how far do we go in a demonstration, and what is our goal?

Our goal in 1985 definitely was to bring publicity or awareness to the farm crisis and carried into 1986. That was virtually the basis of going to these foreclosures. That these things are happening and we cannot stop them. We haven't been able to stop them even though we demonstrated and we shouted and screamed and hollered. What that did, then, is brought enough attention to the legislators that we got mediation. We got the first right of refusal. Without that type of publicity we couldn't have got it. As an advocate representing the state, I could not go. I wouldn't have dared do that. I mean, it would have put a bad name on the state. They would have gotten pressure to dissolve that Advocate Program. But as a farmer and a member of Groundswell, I could go to those and participate in them and stay on top of everything.

DH: You didn't go testify or anything?

HH: Yeah I testified both at the Senate hearings and House hearings as an advocate and as a farmer, either way. I come in there and when I got up on the stand and told them I was a Minnesota State Farm Advocate and I am not here today to testify on the Advocate Program or anything like that. That happened to be on the first right of refusal. I was on mediation, on letting my tractor go back without mediation. Charlie Berg at that particular time was complaining that the implement dealers had to initiate mediations. I testified and I had the documents, because I signed them with Massey Ferguson before that. I had all the documents. I said, "No, Massey Ferguson wanted to collect on their tractor. I couldn't make the payments. I negotiated with them in private I would turn the tractor back over to them." Then I had the document along that I signed allowing them to work on a deficiency or come after me on a deficiency if they wanted to. I testified then, in turn, handed in those papers to the Senate Ag Committee on that day. Then I have been down there and testified as a Farm Advocate for the program, for the Advocate Program. I have also taken farmers in where I have introduced myself as an advocate and then introduced them and let them testify. Those types of thing, I guess, I never would have even thought about doing if it hadn't been for the advocate Program or Groundswell, because I have been involved in both ways there.

DH: Do you feel like you have had an impact on the farm crisis?

HH: Oh yeah, I'm still here. We're still here. I don't know how many of the people that I've talked to. I don't even know how many there has been in the last three years, working with them on their situations. I know there are some of them that were ready to give up that came out of it real well. So e of...like say my neighbors around here. I helped negotiate some of their deals and know where they are at right now. I know that, at least in my opinion, that in most cases they have been able to at least maintain a base and stay in farming. With my work, too, even with the attorneys in the area I mentioned before, it's nothing for them to call me up and ask me, "What do you thin, Hutch, about this situation?" without me getting into details with their case of anything. What do you think about a situation like this? So I guess I would say that I feel I have had an impact on it, because people would ask you questions. You know,

"What do you think about this?" It looks like we're at the end of the line, I am tired of talking. Somebody else talk a while.

KM: [Unclear] [Chuckles]

DH: Did you have another on Ken?

KM: Not right now.

HH: Send it in.

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