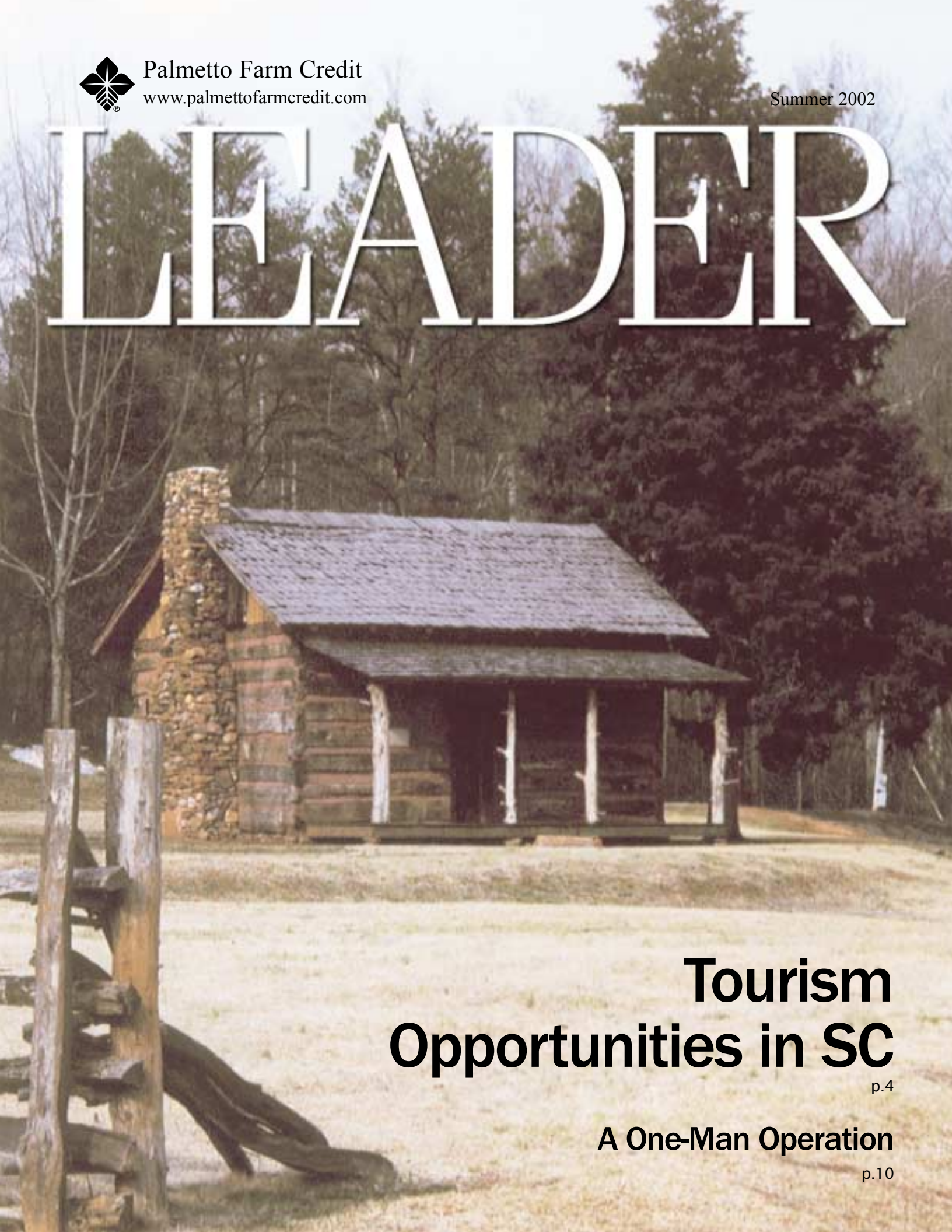




Palmetto Farm Credit  
www.palmettofarmcredit.com

Summer 2002

# LEADER



## Tourism Opportunities in SC

p.4

**A One-Man Operation**

p.10



## Palmetto Farm Credit

**Lynn Z. Dantzler**  
*President*

### BOARD OF DIRECTORS

**Jerry A. Smoak**  
*Chairman*

**Harry S. Bell**  
*Vice Chairman*

Gary L. Alexander

Jack J. Arnold

Earle J. Bedenbaugh

Arthur Q. Black

W. Baynard Boykin

Charles Ray Brown

Albert F. Busby

T.W. Buzhardt

Thomas H. Coward

Diane H. Edwins

Eugene W. Merritt Jr.

Samuel A. Milford

Edward M. Rast

C. Earl Thrailkill Jr.

Raymond L.

Tumbleston

Hugh E. Weathers

W. Gordon Wells

Robert A. Youmans

### EDITOR

**Miriam Pflug**  
*Marketing Manager  
and Editor*

## LETTER FROM THE PRESIDENT



Lynn Z. Dantzler

There are times when certain aspects of our business lives and even our personal lives just do not work out as we had hoped, planned, or expected. Recent examples include the events of September 11, the seemingly endless decline of the stock market amid almost daily reports of corporate financial deceit, and the continued drought conditions prevalent across much of South Carolina.

By its very nature, Palmetto Farm Credit is a risk-taking business. We lend money, add a spread above our cost of funds to cover our operating expenses, provide the majority of our required regulatory capital needs, fund our allowance for loan loss account, and generate a profit- most of which is then returned to our stockholders in the form of patronage distributions. Regular revolvments of allocated equities complete the cycle in our cooperative ownership structure. It all sounds very simple and straightforward in concept.

Since the July 1, 2000 merger between Edisto Farm Credit and Palmetto Farm Credit, our consolidated association has experienced significant growth through both loans that we originated and loans that we purchased portions of from other Farm Credit institutions. As we grew, the diversification and the quality of our loan portfolio continued to improve, and our provisions for allowance for loan loss were relatively small for the first seven quarters of our merged operation.

As one will note from a review of our second quarter 2002 financial statements, such was not the case during our most recent operating period. On an average daily outstanding balance basis, our portfolio grew by almost 19% compared to the same period in 2001. This loan growth was supported by well-defined credit underwriting standards, and loan quality remains high at over 96% acceptable/OAEM as of June 30, 2002 despite a significant downturn in the general economy. Collections continue to be quite good as well with our 12-month average delinquency rate for loans past due 30 days or more being just .60% of our outstanding loan balance.

This continued strong growth, coupled with the recent transfer to nonaccrual of several larger specialized loans during the second quarter, prompted management to substantially increase our allowance for loan loss. The funding of the \$1.50 million provision or addition to the allowance for loan loss account obviously reduced our quarterly net earnings.

Earnings for 2002 were already under some pressure due to the much lower interest rate environment. The association uses our equity or net worth to fund the majority of our prime-based variable rate loans. Although our customer/stockholders who have prime-based loans have certainly benefited from the 475 basis point decrease in the prime rate over the past 18 months, association earnings on that portion of the portfolio have been reduced significantly. Like most other businesses, we are also facing increased employee benefits expense due to higher health insurance premiums and increased funding for our retirement plan due to the poor performance of the stock market.

Our conversion to a holding company structure effective January 1, 2002 will help to reduce our tax expense going forward and will allow us to enhance our patronage refund program as well. But as we pass the halfway mark of 2002, it is apparent to me that our net earnings for the year will likely not meet our business plan projection and will also fall short of the very positive earnings trends of the past few years.

With the growth in our asset base and a recovering general economy, we are well positioned to return to a more normal level of earnings in 2003 and beyond. Our customers should continue to benefit from historically low interest rates for most of the balance of 2002, and our Board of Directors and management team remain highly committed to providing competitive credit products and focused personal service to our customer/owners.

# I N S I D E

## FEATURES



4  
SC National Heritage  
Corridor (Part Two)

## DEPARTMENTS



8 | Our New Director  
9 | 2002 Young Co-op  
Couples  
Conference



10 | A One-Man  
Operation  
11 | YBS Farmers



12 | AutoBorrow

15 | Important Notice  
to All Borrowers  
| Welcome New  
Employee  
| Holiday Closing  
16 | Recipes  
17 | My Daddy Was A  
Farmer—A  
Poem

**Leader** *is published quarterly for stockholders, directors and friends of Palmetto Farm Credit.*

The shareholders' investment in the association is materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank. Copies of AgFirst's quarterly and annual financial reports to shareholders are available free of charge at [www.agfirst.com](http://www.agfirst.com), or by writing to AgFirst Farm Credit Bank, Financial Reporting Department, P.O. Box 1499, Columbia, SC 29202-1499.

Address changes, questions, comments or requests for copies of the association's financial reports should be directed to Palmetto Farm Credit by calling 1-800-310-4805 or writing P.O. Box 4966, Spartanburg, SC 29305. Contact us by email: [palsc@palmettofarmcredit.com](mailto:palsc@palmettofarmcredit.com). Our quarterly financial statement can also be obtained from our website, [www.palmettofarmcredit.com](http://www.palmettofarmcredit.com).





# TOURISM OPPORTUNITIES IN OUR OWN BACKYARD



By Mark Waynon, Program Coordinator, Heritage Tourism Development Office

As discussed in the Spring issue of the *Leader*, the South Carolina National Heritage Corridor is comprised of 14 counties stretching from the mountains of Oconee and Pendleton Counties to Lowcountry towns such as Walterboro and McClellanville. The concept of Ag-tourism is relatively new but is nonetheless picking up a lot of momentum in our state as well as nationally. Ag-tourism involves visiting a working farm or any agricultural operation for the purpose of enjoyment, education, or active involvement. In this second installment of the series, we will describe some of the actual places that are utilizing their resources to attract visitors and generate some additional capital. To facilitate the management of a 14 county, 240-mile portion of the state, the Heritage Corridor is broken down into 4 regions. This issue will deal with Regions 1 (Anderson, Oconee, Pickens Cos.) and 2 (Abbeville, Edgefield, Greenwood, McCormick Cos.)

**REGION 1—GOAT FARMS, “PICK-YOUR-OWNS,” PUMPKIN PATCHES, GRIST MILLS (AND MORE!)**

Just outside the town of Pendleton, you will find **Split Creek Goat Farm**, the oldest and largest Grade-A goat dairy and cheese processing plant in South Carolina. They produce award-winning cheeses, fudge, and soap. The farm’s shop is open daily, offering a variety of dairy products and folk art. Evin Evans, one of the owners, attributes the recent increase in business to the awareness that the Corridor generates. The proof is in the visitors’ hands, when she sees them holding a brochure with the Heritage Corridor logo emblazoned on it.

“It doesn’t make a difference to someone in Hilton Head,” she said. “But the retail sales, the people coming down my driveway, are definitely a result of the Corridor.”

Don’t expect, however, to see only goats here; there are also dogs that assist the goats by voice and whistle commands. You’ll also find birds, rabbits, and a very popular pig, Reggie (who was pictured in part one).

**The Happy Berry Inc.** is located on the eastern shore of Lake Keowee in Pickens County. It is a pick-your-own small fruit farm with blackberries, blueberries, figs, and raspberries available in-season. The season is from June 1 to early September in most years. As you enter the farm, you drive past rows of blueberry bushes and see the old tenant house used as headquarters for the farm. The house site has been there since before the mid 1800’s but has burned down at least once. It was rebuilt sometime before 1937, with an addition in 1952. Sales take place on the front porch. To help people find their way around the farm, the grassed walkways are named for the varieties of Daylilies that adorn the ends of rows. You are even encouraged to graze while picking- there is no better way to find a ripe berry. Enjoy the fun of picking your own sweet, fresh, high-quality berries in the marvelous out-of-doors. Not only is it fun, it is also healthy!

Belton’s **Callaham Orchards** was featured specifically in the last issue, but no article about Ag-tourism in the upstate would be complete without a brief mention of this popular site. They offer hayrides, a petting zoo, homemade ice cream, and a produce stand. The young (and young at heart) can test their milking skills on a wooden cow. (For further information, please see the Spring 2002 issue of *Leader*).

Three miles north of Pickens and just shy of Scenic Highway 11, you will find **Hagood Mill**. For many years, the mill and its accompanying store was the gathering place for locals to congregate and discuss the day’s issues. The mill as it stands today dates to the 1840s and ran commercially until 1966. These days, Hagood Mill cranks back up on the 3rd Saturday of every month. You can view demonstrations and experience life from a different time. Other activities these Saturdays include local music, woodcarving, beekeeping, and 19th century spinning techniques. Furthermore, Hagood Mill is the site of the Pickens County Heritage Day Festival, held each September.

**REGION 2—ROADSIDE STANDS, MILLS, SHEEP, AND MORE GOATS!**

Edgefield County is a hotbed for delicious peaches, but this area of the state boasts several wonderful produce stands offering all types of edibles, and sometimes many other items for sale.

**Cook’s Roadside Market** in Trenton is one example, operating from April to September and featuring strawberries, peaches, plums, and vegetables. **Ike Carpenter’s** stand is another popular stop with produce and a little bit of everything else. Formerly located on Highway 25 near Johnston, Ike is now based in downtown Edgefield and is also well known for his woodcarvings. Be sure and say hello to his business partner, Leroy the Rooster.

**Dorn Mill** in McCormick dates to the late 19th century CONTINUED ON NEXT PAGE



TOP TO BOTTOM: Emerald Farm is located in Greenwood County. Shop for herbs, soaps, and other gifts at the Emerald Farm Store. Region 2’s Discovery Center will open in Edgefield in early 2003.

and serves as a fascinating reminder of America's agricultural and industrial history. The site contains a gristmill, gin mill, and weigh station, all of which combine to depict the heritage of the area. The 3-story brick structure was built in 1898 as a cottonseed oil mill but was converted to a flour and gristmill in the 1920s. It contains the original steam engines and equipment which were powered by sawdust and wood from Dorn Lumber Yard. The Dorn Mill was named to the National Register of Historic Places in 1976, and the town of McCormick offers tours to schools and other groups.

**High Grove Farm** in Troy (Greenwood Co.) features a herd of sheep. Ann and Al Kuehn shear and sell the wool, in addition to growing and selling a variety of herbs. They also have a very tasteful antique shop on site. High Grove is a perfect example of increasing your profile and awareness through diversification of product.

Also in Greenwood, a must-see is **Emerald Farm**. While this is another popular goat farm, they offer quite a selection of things to see and products to purchase. Their focus is more on soaps and lotions than cheese processing, and they have fantastic shops. Stop by the Natural Food Store for a healthy snack, then stroll through the Train and Hobby Shop, bound to stimulate interests of all ages. Or get a glimpse of the trains running in the Model Railroad clubhouse. Enjoy a picnic or just rest a while in the pavilion by the pond and



LEFT: Ike Carpenter is now located in town, just down from the Edgfield Square. RIGHT: Leroy the Rooster greets all visitors at Ike Carpenter's stand in Edgfield.

get closer to nature. There is much for the visitor to experience, including a wide variety of other animals—sheep, cows, horses, chickens, and honey bees and their relativity to one another; fruit trees, grains in the pastures, a herb garden, a smokehouse, and candles made from bees wax. Their product line includes an oatmeal bar and an olive oil bar, both made with goat milk base; a shaving set for men and many novelty soaps, sachets and accessories.

### JUST A SAMPLING OF WHAT'S OUT THERE

The locations discussed herein are simply a few of the quality entertainment available to locals and visitors alike, but they show the diversity of opportunity that Ag-tourism provides. The trend of Ag-tourism

will continue to prosper as people involved in the agriculture business realize the potential of their products to attract visitors. These people as well as those from outside the industry will likely grow even more creative as they begin to compete for some of the same travelers. Keep in mind that there are many other opportunities in these two regions to appreciate agriculture. Contact your regional office for more detailed information and refer to the other contact numbers and websites listed. In the next issue, the series will wrap up with a description of Ag-tourism sites in Region 3 (Aiken, Bamberg, Barnwell, Orangeburg Cos.) and 4 (Charleston, Colleton, Dorchester Cos.). ♦



High Grove Farm sells wool, herbs, and antiques.

#### FOR MORE INFORMATION:

**Heritage Tourism Development Office, SC Parks Recreation and Tourism**

803-734-1770 • [www.discoversouthcarolina.com](http://www.discoversouthcarolina.com) • [www.sc-heritagecorridor.org](http://www.sc-heritagecorridor.org)

Region 1 (Anderson, Oconee, Pickens) 864-226-1581

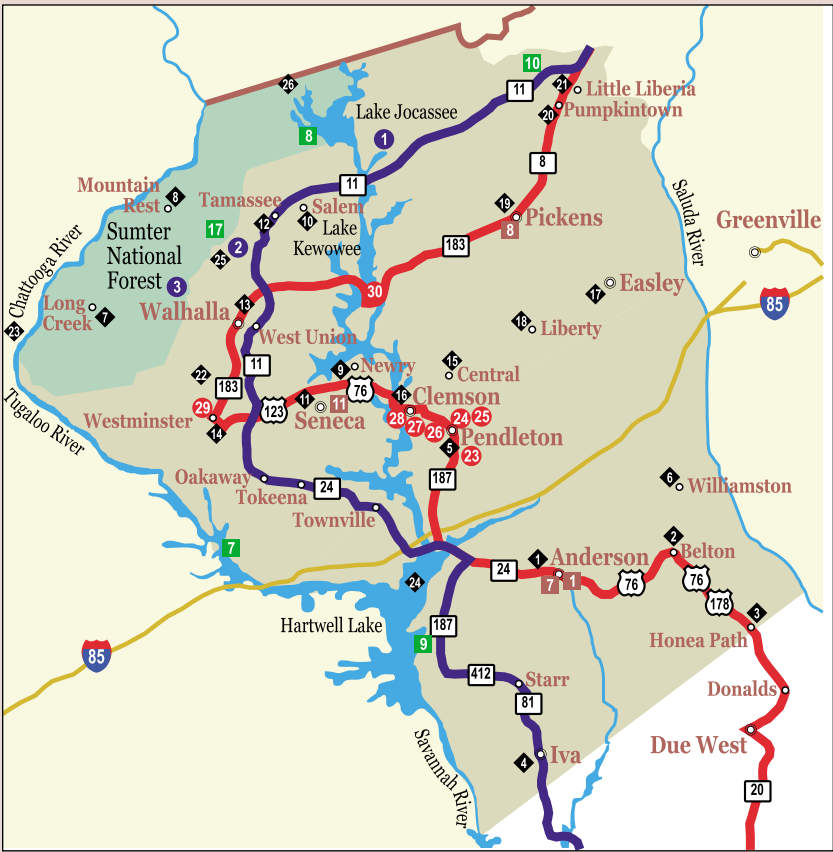
Region 2 (Abbeville, Edgfield, Greenwood, McCormick) 864-465-2112

Region 3 (Aiken, Bamberg, Barnwell, Orangeburg) 803-259-7141

Region 4 (Charleston, Colleton, Dorchester) 843-549-2596

#### CONTACT INFORMATION:

Split Creek 864-287-3921 • Hagood Mill (Pickens Museum) 864-898-5963 • Emerald Farm [www.emeraldfarm.com](http://www.emeraldfarm.com) 1-888-747-9246 • High Grove Farm 864-227-2939 • Johnston Visitor Center (Edgfield Co. produce stands) 803-275-0010 • The Happy Berry [www.thehappyberry.com](http://www.thehappyberry.com) 1-864-2946

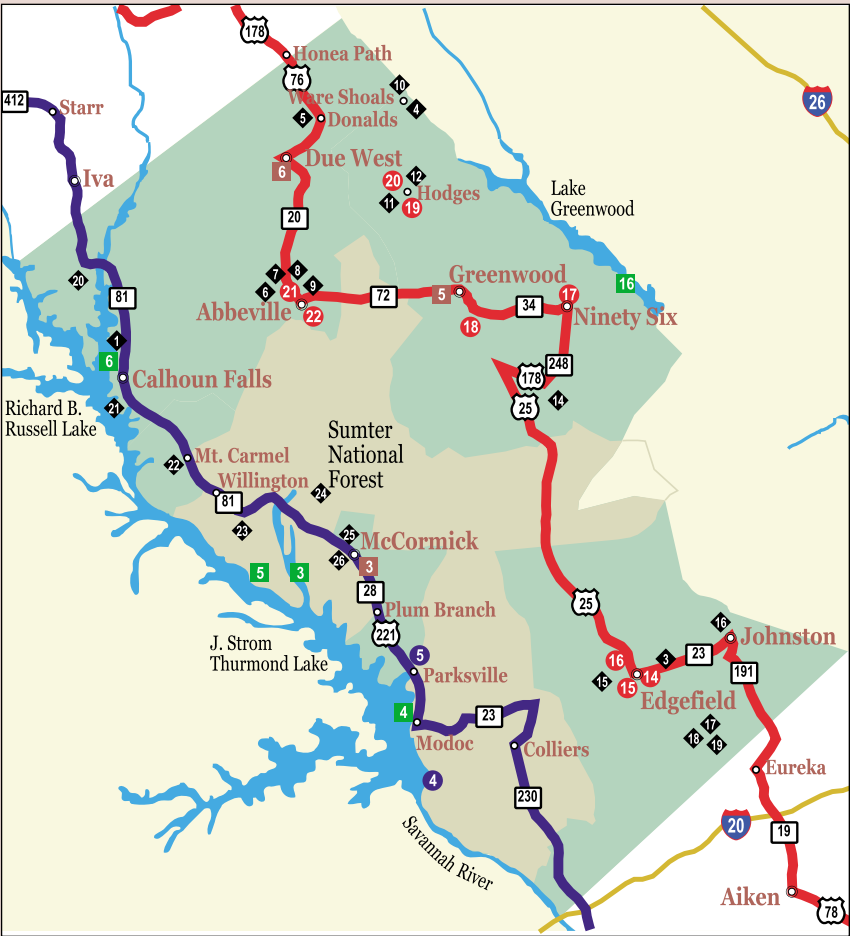


**REGION 1: Mountain Lakes Region  
Anderson, Oconee, Pickens Counties**

Rolling and mountainous Anderson, Oconee, and Pickens counties, carved from the frontier Pendleton District, form a region of whitewater rivers, waterfalls, mountain lakes, and hiking trails on the very edge of Appalachian culture. Classic upcountry mill villages, complete with factories, housing, and company stores, offer a glimpse of small-town life little changed since the peak of textile production. The gardens at Clemson University and the beauty of the region's numerous state parks make this area famous for its natural beauty and outdoor recreation mountain settings.

**REGION 2: Freshwater Coast Region  
Back Roads of The Inland Coast**

The politics of Freshwater Coast Region—made up of Abbeville, Greenwood, McCormick, and Edgefield counties—has profoundly influenced the state and nation, beginning with Ninety-Six, the original courthouse village of the backcountry and strategic outpost during the Revolution. The fort and battlesite are now the Ninety-Six National Historic Site. Edgefield, home of ten governors, has a rich political heritage from Vice-President John C. Calhoun to Senator Strom Thurmond. Abbeville, Edgefield, and McCormick are all classic courthouse towns, serving rich agricultural lands extending out in all directions. Folk art and cultural traditions are strong within this region, as represented by the Mennonite food and Edgefield pottery. Along the western edge of this region are lakes Russell and Thurmond—the Freshwater Coast—which provides a setting for state parks and lakeside resorts.





## Welcome to our New Director: Diane H. Edwins

By Miriam R. Pflug

**DIANE H. EDWINS, REPRESENTING DISTRICT 5,** lives in Berkeley County.

At the annual stockholder meetings held during the first two weeks of April 2002, Diane H. Edwins was elected as one of our Region 5 director representatives. Diane brings a new face and perhaps a different outlook to the board of Palmetto Farm Credit as she is the first woman to be elected to serve on the Board of Directors.

Diane is originally from Sumter, South Carolina where she had lots of hands-on farm experience. As the daughter of a farm manager, Diane grew up experiencing all the trials and tribulations of farm life. From working at a peach shed and driving a fork lift, to serving as a bookkeeper for a local feed mill, to hunting and fishing with her father, Diane has experienced farm life to its fullest.

After graduating from USC-Sumter with a BS in Business Administration, Diane worked for twenty-five years as a Human Resource Manager for two large companies and Manager of a temporary employment agency.

However, a little over 12 years ago, Diane traded in her business suits and heels for blue jeans and sneakers and returned to her roots when she married Mark Edwins and moved to the lowcountry. Diane and Mark now operate a farm consisting of 500-600 acres of corn and soybeans as well as approximately 200 head of beef cattle

and 50 acres of hay. With a farm of this size, you would think they have a number of employees; however, thanks to no-till equipment, the Edwins have not plowed a field in seven years.

Diane is presently serving a second two-year term as Treasurer of the South Carolina Association of Conservation Districts. She is also employed as a bookkeeper by the Best Western motel located in Santee, South Carolina. Diane is very active in the Harleyville Southern Methodist Church where she teaches Sunday School, is a leader in the WMU, presents the children's sermons, and sings in the choir.

Diane states, "It's a wonderful experience to sit on a tailgate while the tractor's planting-smelling the honeysuckle and wisteria while listening to the birds singing. America needs the farmer-but farmers have a lot of obstacles with the high price of seed, fertilizer, pesticides and insecticides, and the low market prices. Thank you, Dear Lord, for the American farmer, but do hear our prayer for help."

Diane continues, "I look forward to being an asset as a director of Palmetto Farm Credit and contributing to agriculture by being a servant of the farmer." She wanted to share with Palmetto Farm Credit's customers a poem which she recently heard presented at a conference. See page 17 for *My Daddy was a Farmer* by Randy C. Frazier. ❖

# 2002 Young Co-op Couples Conference

By Marie Stiles, AgFirst Farm Credit Banks

## 2002 Schedule of Events

### Friday, November 1

- 3:00 Arrival & Check-in
- Conference Registration
- 6:00 Welcome Reception & Banquet

### Saturday, November 2

- 7:30 Breakfast Buffet
- 8:30 Opening General Session
- 9:15 Electric Cooperative presentations
- 10:15 Encounter Sessions
- 11:45 Lunch Buffet
- 1:00 Encounter Sessions
- 2:30 Group Photos
- 2:45 Free Time
- 5:30 Group Dinner
- 7:30 Alabama Theater - Christmas in Dixie

### Sunday, November 3

- 8:00 Breakfast Buffet
- 9:00 Closing General Session
- 11:00 Adjourn

## November 1-3, Ocean Creek Resort, Myrtle Beach, S.C.

Sponsored by:

- South Carolina Cooperative Council
- Georgia Cooperative Council
- Cooperative Council of North Carolina

If you are between the ages of 20 and 40 and want to learn more about the cooperatives with which you do business, the Cooperative Councils in North Carolina, South Carolina, and Georgia are sponsoring a conference just for you.

Not only will attendees have the opportunity to learn more about the different cooperative businesses represented through encounter sessions, they will also learn about the economic and service benefits of cooperatives and how cooperatives differ from other corporations. They will have the chance to exchange ideas and experiences with other young couples and cooperative leaders as well as strengthening their relationships with the cooperatives with which they currently do business.

Ocean Creek is the location of the conference and is situated on a 57-acre resort and conference center in Myrtle Beach. Overnight accommodations are one-bedroom villas with the conference center and indoor swimming pool located nearby. It's just a short walk to the sandy beaches of the Grand Strand, and Barefoot Landing, a shopping and entertainment paradise, is located just across the street.

Free time on Saturday afternoon will allow attendees to walk the nature trails of the resort, stroll on the beach, or visit one or more of the hundreds of specialty shops and outlet stores located along the Grand Strand.

On Saturday night, the group will dine at one of the seafood restaurants in North Myrtle Beach and attend a concert at Alabama Theater.

If you are interested in applying for a scholarship to attend the 2002 Young Couples Conference, please complete the application form and mail to: Miriam Pflug, Marketing Manager, Palmetto Farm Credit ACA, PO Box 4966, Spartanburg, SC 29305-4966. ♦

Mail to: Miriam R. Pflug; Palmetto Farm Credit; PO Box 4966; Spartanburg, SC 29305-4966

Name of Husband \_\_\_\_\_ Age \_\_\_\_\_ Name of Wife \_\_\_\_\_ Age \_\_\_\_\_

Mailing Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Home Phone \_\_\_\_\_ Work Phone \_\_\_\_\_ Email \_\_\_\_\_

Cooperatives with which you are or have done business:  Dairy  Farm Supply  Telephone  Electric  Farm Credit  
 Other \_\_\_\_\_

### Community Leadership and Development

Organization \_\_\_\_\_ Positions Held \_\_\_\_\_

Accomplishments and Awards (Continue on attached pages if necessary) \_\_\_\_\_

Description of Agricultural Operation, if applicable \_\_\_\_\_

Husband's Occupation \_\_\_\_\_ Wife's Occupation \_\_\_\_\_



# A One Man Operation

By Miriam R. Pflug

**MEET JOHNNY STRAIT**—owner of a one-man farming operation, consisting of 400 acres of cotton, 120 acres of soybeans, and 30 acres of hay. Your first reaction may be, ‘How can one man do all of this?’ The answer is simple—by using a no-till crop production system.

One might ask what exactly is a no-till production system? According to the Conservation Technology Information Center, no-till production systems are those that do not use tillage or other soil-disturbing residue-burying activities before or after planting. Nutrients, lime, pesticides and other farm products are broadcast on the soil surface. The narrow band of disturbed soil created by

a planting unit provides the only site to incorporate nutrients, pesticides, and other farm inputs.

There are many reasons for utilizing this process. One of the primary reasons is soil conservation. Keeping the soil surface covered with crop residue is integral to no-till production. In doing so, a farmer reduces soil losses from water and wind erosion and protects the natural productivity of the soils. No-till farming also decreases the flow of sediment, nutrients, and pesticides into the nation’s surface water. Another reason includes the fact that no-till production frequently outperforms a conventionally-tilled system on cropland located in arid and hot regions. Farmers obtain higher yields or less variability in yields on these lands because crops benefit from the higher moisture levels and moderation of temperature extremes.

A final and very important factor in utilizing a no-till system is production costs. No-till’s capital and operating costs for machinery fall below the costs for conventional-till and mulch-till. Smaller tractors can be substituted for larger ones because no-till does not require as much horsepower as moldboard plowing or other conservation tillage systems. Furthermore, the absence of tillage cuts no-till’s operating expenses while allowing more time for other production activities.

Johnny Strait first became interested in farming as a youth working on his grandfather’s farm. Later he farmed part-time with his father. After graduating from high school and attending college for a time, Johnny worked as an electrician. But he soon answered the call of the open land. Eight years ago, Johnny started farming full-time, and now farming has become the family’s life. With his wife Connie keeping the books, and their two active teenage sons, Ben, 16 and Matt, 17, providing assistance, the farm is a hum of activity. Connie is also employed full time as a Cost Analyst with Springs Industries located in Fort Mill, South Carolina.

Farming offers a quality of lifestyle not available in other professions. The Strait family’s country lifestyle expands to their involvement in the High School Rodeo Association. Ben and Matt are both active participants and, on the average, participate in 25 rodeos a year. Rodeo has become a major activity in the Strait family and blends nicely with no-till farming, giving them more time and opportunity to support their sons’ interests.

Palmetto Farm Credit is proud to finance this young farm family. ❖

# young, beginning, small, & minority farmers



Palmetto Farm Credit, ACA is committed to serving all credit-worthy farmers regardless of age, farm size, or farm experience. We understand agriculture and recognize that young, beginning, or small farmers have unique challenges in establishing, developing, and maintaining their farm operations. Palmetto Farm Credit believes that serving this group of individuals is critical to the future success of the association. That is why we give special attention to serving the needs of these important customers and prospects.

## ARE YOU A YOUNG, BEGINNING OR SMALL FARMER?

**YOUNG FARMER** • 35 years of age or younger.

**BEGINNING FARMER** • Has ten or fewer years of farming, ranching or aquatic experience.

**SMALL FARMER** • Normally generates less than \$250,000 in annual gross sales of agricultural or aquatic products.

If you fit one or more of these categories, Palmetto Farm Credit is ready to help. Our loan officers will be glad to review your particular situation and give you expert advice on the financial program that may work best for you.

By working closely with government programs, such as the Farm Service Agency's guaranteed loan program, Palmetto Farm Credit has been able to help young, beginning and small farmers get started in farming. We know how hard it is to start a new agricultural business or take over an existing one when you're young, inexperienced or have limited financial resources.

For additional information on the *Young, Beginning or Small Farmer Programs*, contact your nearest Palmetto Farm Credit office. ♦



# *AutoBorrow*

## **Make Your Money Work for You**

Maximum efficiency. All successful managers strive to achieve it. Those who achieve it take full advantage of every available resource—land, labor, equipment, and time. But even successful managers often overlook the importance of managing one of their most valuable assets: their cash.

Like any other asset or resource, your cash must be properly managed to ensure that it generates the maximum returns for your business. Each day, managers have to ask themselves: Is my cash in the right place today? How much do I need in my checking account to pay incoming checks? Will I have excess cash at the end of the day? If so, should I pay down my line of credit to reduce my interest expense? So many questions, and often the decisions you make are based on your best guess of the situation that day. Managing your cash can be a time-consuming process, full of guesswork and wrong decisions.

Now there's a tool that can eliminate the

daily headaches of cash management, one that can save you time and money. The tool is called "AutoBorrow," and it was developed by Farm Credit in partnership with one of the largest banks in the United States, Bank of America®. AutoBorrow was designed solely for Farm Credit borrowers to help them manage their cash for optimal efficiency.

### **What is AutoBorrow?**

AutoBorrow is a special business checking account that is linked to your Farm Credit Line of Credit loan. AutoBorrow's special features help you move your cash to the right place each day to minimize your expenses and maximize your income. And it does it automatically for you. No more guesswork, no more wrong decisions.

Here's how it works:

- If your Bank of America checking account has a positive balance at the end of the banking day, AutoBorrow will

transfer funds to pay down your Farm Credit Line of Credit loan. By applying all available funds to your Line of Credit, you reduce your interest expense.

- If your checking account has a shortfall at the end of the banking day, AutoBorrow will draw the exact dollar amount needed to cover the shortfall from your Line of Credit loan. You save money because only the exact amount needed is advanced from your loan. In addition, you avoid costly overdraft fees on your checking account.
- If your Line of Credit loan is completely paid down and you have excess cash in your checking account at the end of the day, you can elect to have the cash automatically transferred to the investment product of your choice, such as mutual funds, repurchase agreements (REPOs) or Eurodollar deposits.

AutoBorrow is linked with a Bank of America electronic information reporting

service, so you will have daily access to your account and can view all of your AutoBorrow transactions online from your personal computer.

**Will AutoBorrow Work for You?**

During the past year, Farm Credit members from Pennsylvania to Florida have taken advantage of AutoBorrow. They represent a variety of operations: livestock, timber, nurseries and even a mushroom farm. No matter what their operation, they've enjoyed the money they've saved using AutoBorrow, and many have been pleasantly surprised with the time-savings it has brought to their operations.

Farm Credit member Bruce Knox, President of Knox Nursery, Inc. of Florida agrees. "The automation of sweeping the cash and deposits from the company's account to the Line of Credit loan frees up management to focus on running the business, not requesting draws and other cash management issues. This savings is just as important as the interest savings from having a lower average loan balance throughout the year," Knox said.

Knox's comments are right on target with the excitement AutoBorrow has generated in both large and small operations. Improved efficiency in the cash management process has resulted in freeing up time, the most valuable management asset.

Carolina Soya, a soybean processing facility in South Carolina, is one of the larger AutoBorrow accounts. The company has been using AutoBorrow for over a year. Richard Galloway, president of Carolina Soya, says of his experience with AutoBorrow, "Carolina Soya has found the AutoBorrow system offered jointly by Farm Credit and Bank of America to be an invaluable way to manage our cash flow while minimizing the amount of our credit line that is utilized at any one time. The time required for our personnel to manage our cash is minimized, yet an excellent job is done of cash management."

**Our Partner—Bank of America**

When we began developing AutoBorrow, we knew we wanted to partner with a bank that would offer the best product and service for our members. In researching the industry, we found that Bank of America stood out head and shoulders above the rest. Bank of America is a leader in providing cash management services to businesses, and their competitive edge has

"AutoBorrow is an invaluable way to manage cash flow while minimizing the amount of credit line at any one time."

been demonstrated in industry surveys where they have been rated:

- #1 in Sweep Accounts
- #1 in Wholesale Lockbox
- #1 in Account Reconciliation
- #1 in Correspondent Check Clearing
- #1 in Corporate Check Clearing

Bank of America has locations in 22 states. Even if they don't have a presence in your state, they can provide AutoBorrow to you by establishing a relationship with your local depository bank or by providing a lockbox service. A lockbox service allows payments to a customer to be mailed directly to a designated bank to speed the collection of receivables.

Farm Credit borrowers with AutoBorrow accounts will receive special attention from Bank of America. Your AutoBorrow account will be handled by your local Farm Credit office and the Treasury Management department of Bank of America, not your local branch office of Bank of America. In fact, the AutoBorrow service is not available through Bank of America's branch offices.

**Make Your Money Work for You**

AutoBorrow is a tool that can help you manage your most important resources—your time and money. Make your money work for you. Call your local Farm Credit office today to learn more about AutoBorrow and how it can work for you. ♦



AutoBorrow allows Bruce and Monty Knox, president and vice president, respectively, of Knox Nursery, Inc. of Florida to focus on running their business, not dealing with cash management issues.



# WANT SOME?

Our customers are an integral part of our success, and

**WE NEED YOUR HELP** to make your association stronger and better able to serve you.

**W**hat can I do to help strengthen my association and ensure continued profits in my pocket?

- 1] **TELL YOUR FRIENDS ABOUT FARM CREDIT** Refer a new customer to Farm Credit and if the referral results in a loan or lease, you'll receive a Farm Credit jacket or blanket.
- 2] **LOG ON** Check out [www.palmettofarmcredit.com](http://www.palmettofarmcredit.com) to access your account information, read back issues of the Leader, and even apply for a loan. It's simple. It's convenient. And because we have more time to better serve your needs, using our web site helps put more profits in your pocket!
- 3] **AUTOMATE** Use 877-LOAN-LINE or on-line account access to access your account information any time, anywhere.
- 4] **AUTODRAFT** Sign up today to have your account automatically drafted on the due date.

# Important Notice to All Borrowers:

## MORTGAGE/LIENHOLDER IMPAIRMENT POLICY (MLIP)

Palmetto Farm Credit, ACA loan agreements stipulate that, when required, borrowers obtain and maintain insurance on property pledged as collateral for loans, with the association appropriately named as mortgagee or loss payee.

This notice is a reminder that the minimum amount of coverage required is the lesser of your loan balance(s), the actual cash value of the property, the replacement cost of the property, or the amount stipulated by your loan officer. Since the amount required could be less than the amount for which the property can be insured, you are encouraged to consider higher limits where applicable to adequately protect your equity interest in your property.

If the property securing your loan consists of improved real estate, unless otherwise advised, at a minimum your policy must insure against the following perils: fire and lightning, wind, hail, aircraft or vehicle damage (other than flood), falling objects, weight of snow, ice or sleet, and vandalism. Loss or damage from flooding is also required if your loan was made after October 4, 1996, and at the time the loan was made the property was located in a government mandated Special Flood Hazard Area, and flood insurance was available.

If the property securing your indebtedness consists of personal property including vehicles, machinery, or equipment, in addition to the causes of loss cited in the preceding paragraph, the property must also be insured against theft, and where applicable, such as with mobile machinery and equipment, collision and upset.

If your current insurance coverage does not conform to these requirements, please contact your insurance representative and make the necessary changes to ensure that your coverage does comply with these requirements. Please contact your local Palmetto Farm Credit representative if you have any questions or comments.

## Welcome New Employee...



**KIM HOWELL** recently joined the staff as an Associate Accountant in the Anderson Branch office. Kim is a native of Anderson, South Carolina. She and her husband Keith, an employee of Owens Corning, make their home in Anderson along with their two children,

Tyler, age 8 and Trey, age 12. Kim is a graduate of Tri-County Technical College with an Associate degree in Computer Technology and has 12 years of administrative experience. Kim's hobbies include participating with her children in motor cross racing and camping.

## Holiday Closings

Palmetto Farm Credit will be closed for  
the following holidays:

**LABOR DAY**

Monday, September 2

**VETERANS DAY**

Monday, November 11

**THANKSGIVING**

Thursday and Friday, November 28-29

**CHRISTMAS**

Tuesday and Wednesday, December 24-25

**NEW YEARS DAY**

Wednesday, January 1, 2003

RECIPES FROM THE  
**Palmetto  
State**

### BLUEBERRY NUT CRUNCH

Spray 9 x 13 casserole dish with PAM

Mix: 3 cups blueberries—fresh or frozen

1-15 1/2 oz. crushed pineapple in its own juice

1-cup sugar

Put in casserole dish

Top with 1 box yellow cake mix

Melt 1/4 cup butter and sprinkle over top

Sprinkle 1 cup chopped nuts then sprinkle 1/4 cup sugar over top

Bake 350 for approximately 40 minutes

### APPLE DAPPLE CAKE

FROM THE KITCHEN OF KAY RIKE OBTAINED FROM THE  
NEW SC DEPARTMENT OF AG WEBSITE, [www.scdca.state.sc.us](http://www.scdca.state.sc.us)

3 eggs

1 1/2 cups salad oil

2 cups sugar

3 cups all-purpose Adluh flour

1 teaspoon salt

1 teaspoon soda

1 teaspoon cinnamon

2 teaspoons vanilla

3 cups finely chopped SC apples

1 1/2 cups chopped pecans

Mix eggs, salad oil and sugar and blend well. Add flour, salt, soda, and cinnamon and mix well. Add vanilla, chopped apples and nuts.

Put into greased 8 or 9-inch tube or bundt pan. Bake at 350 degrees for one hour.

While cake is still hot, pour topping (below) over it in the pan.

#### Topping:

1 cup brown sugar

1/4 cup milk

1 stick margarine (I use real butter)

Combine all ingredients and cook for 2 1/2 minutes. Pour hot topping from pan. Let set until cold; when completely cold, remove cake with topping from pan.



# Hometown Favorites

*A collection of recipes provided by our members and staff*

## We want your favorite recipes!

We are in the process of creating **Hometown Favorites**—a collection of recipes provided by our members and staff. If you have a favorite recipe or two that you would like to have included in our **Hometown Favorites**, simply complete the form below and return, along with your recipe, to:

Palmetto Farm Credit, ACA

ATTN: Miriam Pflug

PO Box 4966

Spartanburg, SC 29305

We need to receive your recipe(s) no later than **October 1, 2002.**

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone Number: \_\_\_\_\_

Recipe Name: \_\_\_\_\_

Brief note to be included with your recipe (optional):  
\_\_\_\_\_  
\_\_\_\_\_

Please indicate the category for your recipe:

Beverage     Vegetable     Other \_\_\_\_\_

Appetizer     Meat

Salad/Soup     Dessert



## My Daddy Was A Farmer...

for Arthur C. Frazier by his son, Randy C. Frazier

**My Daddy was a farmer** and let me tell you friends

that's one fact I wouldn't change for all the "might-of-beens"  
cause he could have done most anything, and he'd of had success - - -  
- - - but my Daddy was a farmer, - - - and I think he was the best

**My Daddy was a farmer** and for over fifty years

he worked our farm with sweat and blood, and watered it with tears  
I've seen him work from "can to can't," doing all a man could do - - -  
and to make things work he did without - - - and mama - - - she did too

**My Daddy was a farmer** - - - and like farmers, was not known

by the thousand hungry kids who ate the food that he had grown,  
but he said that didn't matter, long as his family had enough - - -  
and thanks to him we always did, - - - and lots of other stuff

**My Daddy was a farmer** - - - he said it taught him right from wrong

he said farming's not for everyone. . . it separates the weak from strong  
he said a farmer's got to struggle to take his living from the earth - - -  
he said a farmer lives by faith. . . but he's got to work for all he's worth

**My Daddy was a farmer**, so he's seen the power of God - - -

to make a crop or take a crop from what we plant in sod  
and many's the summer hot and dry, I've heard him call that higher power - - -  
as he'd wipe his eyes, look to the skies. . . saying "Lord, we could use a shower"

**Yeah, my Daddy IS a farmer** - - - and I know he'll never stop

till he lays that tired old body down, he'll be "making one last crop"  
but come judgment day I hope he'll say, that he's pleased with all he's done - - -  
and that he was **proud to be a farmer** - - - cause I'm sure proud to be his son

---

Randy Frazier was born and reared on the family farm in Arkansas. As of this date his 84-year-old father is still alive, well and living on the same farm. Randy is known for his work around the United States as a humorist and motivational speaker. He can be reached through his website, [www.morethanmotivation.com](http://www.morethanmotivation.com), or at (501) 868-7117.

*Reprinted with permission from Frazier Communications, Inc.*

*Palmetto Farm Credit, ACA*

Consolidated Balance Sheets

<i>(dollars in thousands)</i>	<b>June 30, 2002</b>	<b>December 31, 2001</b>
	<i>(unaudited)</i>	
<b>Assets</b>		
Cash	\$ 920	\$ 1,756
Loans	605,178	579,058
Less: allowance for loan losses	16,509	14,848
Net loans	588,669	564,210
Accrued interest receivable	6,064	6,079
Investment in other Farm Credit institutions	12,227	12,129
Premises and equipment, net	3,331	3,631
Other property owned	1,450	1,745
Other assets	6,430	7,589
Total assets	<b>\$ 619,091</b>	<b>\$ 597,139</b>
<b>Liabilities</b>		
Notes payable to AgFirst Farm Credit Bank	\$ 536,115	\$ 508,594
Accrued interest payable	2,172	2,161
Patronage refund payable	133	2,896
Postretirement benefits other than pensions	3,103	2,892
Other liabilities	2,499	3,631
Total liabilities	<b>544,022</b>	<b>520,174</b>
Commitments and contingencies		
<b>Members' Equity</b>		
Protected borrower equity	963	1,190
Capital stock and participation certificates	3,619	3,607
Retained earnings		
Allocated	33,149	36,989
Unallocated	37,338	35,179
Total members' equity	<b>75,069</b>	<b>76,965</b>
Total liabilities and members' equity	<b>\$ 619,091</b>	<b>\$ 597,139</b>

*Palmetto Farm Credit, ACA***Consolidated Statements of Income***(unaudited)*

<i>(dollars in thousands)</i>	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
<b>Interest Income</b>				
Loans	\$ 9,841	\$10,813	\$19,652	\$21,865
<b>Interest Expense</b>				
Notes payable to AgFirst Farm Credit Bank	6,578	7,329	12,948	14,835
Net interest income	3,263	3,484	6,704	7,030
Provision for (reversal of) loan losses	1,500	100	1,750	200
Net interest income after provision for (reversal of) loan losses	1,763	3,384	4,954	6,830
<b>Noninterest Income</b>				
Loan fees	121	51	206	113
Fees for financially related services	20	54	40	83
Equity in earnings of other Farm Credit institutions	1,109	877	2,236	1,727
Gains (losses) on other property owned, net	5	(17)	(53)	(34)
Miscellaneous	12	159	133	261
Total noninterest income	1,267	1,124	2,562	2,150
<b>Noninterest Expense</b>				
Salaries and employee benefits	1,713	1,352	3,409	2,786
Occupancy and equipment	192	189	373	390
Insurance Fund premium	47	—	92	—
Other operating expenses	626	708	1,138	1,137
Miscellaneous	1	—	1	—
Total noninterest expense	2,579	2,249	5,013	4,313
Income before income taxes	451	2,259	2,503	4,667
Provision (benefit) for income taxes	2	149	290	277
Net income	\$ 449	\$ 2,110	\$ 2,213	\$ 4,390

Introducing

# LoanLine

## Around the clock access to loan information.

At Palmetto Farm Credit, we understand that your day doesn't end at five o'clock. That's why we've created **LoanLine**, your 24-hour toll-free telephone access to loan information.

**LoanLine**, working around your schedule.

Dial *toll-free*

**1-877-LoanLine**

(1-877-562-6546)



Palmetto  
Farm Credit

866.585.6234

You can also access your loan information online at  
[www.palmettofarmcredit.com](http://www.palmettofarmcredit.com)



Palmetto Farm Credit  
P.O. Box 4966  
Spartanburg, SC 29305

PRSR STD  
U.S POSTAGE  
**PAID**  
COLUMBIA, S.C.  
PERMIT No. 785