

What is Mandatory Farmer-Lender Mediation?

Mediation is the use of a trained neutral facilitator —a mediator—to assist in the negotiations of parties in a dispute. Mediation is an informal and confidential process that generally requires less cost and time than adversarial court litigation.

A farmer in debt has the opportunity to renegotiate, restructure, or resolve farm debt through Mandatory Farmer-Lender Mediation. During a 90 day period, creditors in mediation may or may not collect on the debt. The use of the term mandatory does not mean that the farmer must use mediation. It means that no creditor can start a proceeding to collect debt against a property until the offer of mediation has been extended and, if the farmer so chooses, completed.

The goals of Farmer-Lender Mediation are to:

- achieve open communications between the parties in order to resolve differences
- create a non hostile environment
- define the rights and responsibilities of the debtor and creditor
- treat all parties with dignity and respect
- produce agreements that are acceptable to all the parties involved

How does Mediation Work?

Starting on August 1, 2017, a creditor with a secured debt of more than \$15,000 against an agricultural property must offer Farmer-Lender Mediation before proceeding with foreclosure, repossession, cancellation of contract, or collection of a judgment.

The first step is an orientation meeting if the farmer chooses to take advantage of the mediation offer. The farmer, creditor, financial analyst, and the mediator meet to explain the process and to determine if financial information needs to be prepared.

What is the role of the Mediator?

The mediator leads and manages discussion as a neutral party without making decisions or judgments. Mediators are trained to use conflict resolution skills to facilitate effective negotiation.

The mediator ensures that all participants in mediation get to speak and be heard, helps to define issues, emphasizes common goals, keeps discussion focused and moving forward, looks at all options, and reduces fault finding.

The mediator may advise, counsel, and assist the parties on ways to come to agreement, but does not tell the parties how they should conduct their business or personal affairs. The mediator does not take sides or decide how the dispute should be resolved.

What are the Outcomes of Mediation?

Successful mediation requires compromise on the part of both debtor and creditor.

Farmers may have to:

- change operation to make it profitable
- liquidate assets

Creditors may need to:

- restructure debt and security
- reschedule loan payments

The parties involved retain control over the outcome of the negotiations in a joint decision-making process, regardless of the specific outcomes of the mediation.

Trust is built and solutions are uncovered when parties meet face-to-face to exchange information in an orderly way. The parties have strong incentives to make their agreements work, because they created the agreements themselves.

Those who have participated in mediation commonly report that the process resulted in:

- the farmer becoming more prepared to make decisions about the future
- communication between lenders and borrowers being improved
- frustration and tension between parties being minimized

If mediation does not result in an agreement, the parties are free to pursue whatever course of action is available to them - most often with a clearer understanding of the facts, the issues, and the positions of the other parties.

How Do I Begin the Mediation Process?

Complete a Request for Mandatory Mediation Form. Make sure to identify all the creditors necessary for your farming operation.

Send the form to:

Statewide Mediation Coordinator
Mary Nell Preisler
1526 170th Avenue
Bejou, MN 56516

If you do not return the request form within 14 days, you will waive your mediation rights.

Be as prepared as possible. Review your position carefully and the reasons you hold that position.

If you have questions about Mandatory Farmer-Lender Mediation, you are encouraged to contact the Statewide Mediation Coordinator, Mary Nell Preisler at 218-935-5785.

University of Minnesota Extension administers the Mandatory Farmer-Lender Mediation Program and has provided mediation services to more than 14,000 cases since 1986.

Remember, to take advantage of the mediation opportunity, the debtor must request services within 14 days of a creditor's notice.

Other Choices

Mandatory Farmer-Lender Mediation is one of four types of mediation services provided for under the Omnibus Farm Bill. Under certain circumstances, farmers/debtors may also choose to participate in:

Voluntary Mediation

Rural Dispute Resolution

USDA [National Appeals Division \(NADS\)](#)

For further information on Farmer-Lender Mediation, contact 218-935-5785.