Want to Know More?

Contact Maryland ACReS at:

Maryland Agricultural Conflict Resolution Service
Maryland Department of Agriculture
Phone: 410.841.5770
Toll Free: 800.492.5590
www.marylandacres.com

What is Maryland ACReS?

Maryland Agricultural Conflict Resolution Service (ACReS) is the official U.S. Department of Agriculture (USDA)—certified agricultural mediation program for Maryland, offering confidential assistance to help resolve agriculture related disputes before they end up in court.

What is Mediation?

Mediation is a voluntary, confidential process in which a neutral third party (the mediator) assists farmers, agricultural lenders, agencies, families and citizens to resolve disputes in a nonadversarial setting outside of the traditional legal and regulatory processes.

What are the Benefits of Mediation?

Mediation is:

- ***Neutral*** The mediator is impartial and has no vested interest in the outcome of the mediation.
- ***Voluntary*** All parties come to mediation under their own free will and can leave the process at anytime.
- ***Confidential*** Parties agree that communication between the parties will be confidential, and will not be used by either against the other in any subsequent appeal or legal action.
- ***Time and Cost Efficient*** The mediation process tends to be quicker than the alternatives, such as going to court. Mediation is generally less costly than litigation.
- ***"Self-Determination"*** The mediator does not have decision-making authority. Participants design the solution themselves and are generally more committed than when a judge or hearing officer imposes a solution.

MARYLAND
Smart, Green & Growing

Larry Hogan
Governor

Boyd Rutherford
Lt. Governor

Joseph Bartenfelder
Secretary of Agriculture

Mary Ellen Setting
Deputy Secretary

Maryland Agricultural Conflict Resolution Service

50 Harry S. Truman Parkway
Annapolis, MD 21401
Toll Free: 800.492.5590
Phone: 410.841.5770
www.marylandacres.com

This program is partially funded by the United States Department of Agriculture.
USDA is an equal opportunity provider and employer.

Printed on recycled paper | MDA 215

ACReS

Maryland Agricultural Conflict Resolution Service

Mediate—Don't Litigate.

Maryland Agricultural Conflict Resolution Service

What is Mediated?

- Unfavorable decisions made by USDA agencies
- Conflicts between farmers and their neighbors or communities
- Agricultural credit issues
- Family farm concerns and estate planning
- Any dispute affecting the profitability of an agricultural operation

The following four scenarios represent examples of issues that bring people to mediation and solutions that may result…

1 **Past-Due Loan Case (FSA):** A Farm Service Agency (FSA) county office farm loan officer faced a situation involving a producer who was past due on a loan of approximately $200,000, as well as debts to two other creditors. The FSA loan was in the name of two brothers who shared the farm, one brother focusing on business operations, the other on production. The loan was heading toward foreclosure when the brother responsible for managing the business requested mediation, mostly with the intent to buy some time until harvest. Prior to the mediation, the loan officer only had contact with the brother concerned with business operations. However, given that the two brothers were signatories to the loan, the attendance of both at the mediation was critical.

Both brothers attended the mediation, along with the loan officer and a mediator from the state Agricultural Mediation Program. The mediation was an opportunity for both brothers to come to agreement on what needed to be done. The brother involved solely in production had been resistant to the decisions made by the brother focusing on business issues. However, through a preliminary separate session with the mediator, the brother who managed the business was able to explain why he was making these decisions. The mediator helped the two brothers communicate better and come to an understanding, which then enabled them to work as a team with the FSA county office.

The loan officer set a deadline for the brothers to make payment on their loan. While this was a standard deadline, the brothers were helped by the additional time afforded from the mediation. The brothers, now working with each other instead of against each other, agreed that they could meet the deadline, and did.

2 **Multi-Family Housing Case (RD):** Both the state and county Rural Housing Administration (RHA) offices had a long history of difficulty with a borrower who owned a multi-family housing (MFH) complex. The borrower was unable to make payments on his MFH loan, had an additional $100,000 worth of debts to various creditors in the community, and would not respond to the many letters sent to him about the debt. A few years earlier, the agency had been involved in litigation against the borrower, and they had little hope that this current loan would ever be repaid. According to regulations, RHA could begin foreclosing on the property. However, the county RHA director was aware that recently, a new company had started managing the complex in question. He chose to contact this management group and asked both their representatives and the borrower to a participate in mediation to discuss how to get the loan, and in effect the multi-family complex, out of the red.

By participating in the mediation, the RHA director became aware of the tenuous state of the loan. They offered to take a more active role in the management of the property, including servicing the loan on the borrowers behalf, raising rents to help cover the loan.

Outcome: The RHA officials and the official of the management company wrote up a workout plan to address all of the owners debts related to the property, including a written agreement outlining what would be paid when. Thus, the borrower was able to avoid foreclosure.

3 A farm has experienced financial losses in recent years. Due to the family's good reputation, they have been able to obtain both formal and informal loans. The farmer realized that he would not produce enough income to make payment on the loans.

Through mediation the farmer and lender worked together to develop a solution in which both sides would provide concessions. By doing so the farmer was able to pay the loan and avoid bankruptcy, and the bank preserved a valuable customer.

4 The farm has been operated within the family for many years. The parents want to keep the farm within the family but recognize that their children don't agree on how to do this. One child wants to stay on the farm and the others want to sell the land.

Mediation is arranged to let the parents and children discuss their desires for the future of the farm in a constructive environment. As a result, the family decided to implement land preservation and insurance options, so that the land will remain in agriculture and also provide an inheritance for those children who have left the farm.

What is the Cost?

An initial consultation with program staff and the initial mediation session are provided at no charge. If additional mediation sessions are needed, nominal costs are shared by the parties. Full or partial waivers of fees may be available based on income. The participants, if needed, pay any additional legal, financial or technical advisors.

ACReS

Maryland Agricultural Conflict Resolution Service