

Lease program helps hold down expenses for farm equipment

By MACK RAY

LYNN White farms over 7,600 acres of row crops with his brother-in-law and father-in-law, but says they "don't own a combine, thank the Lord." The Monterey, La., farmer adds, "It's worked out well for us."

A few years ago, White and his partners Gene Tiffée and Jason Tiffée owned two combines and leased two more combines from local dealers. After seeing an ad for Machinery Link, a nationwide farm machinery leasing company, White and the Tiffées talked with a representative in the fall, then sold their combines after harvest was completed.

Local dealers make repairs

Though many farmers might consider selling off harvest equipment a risky move, White says there have been no problems. His operation's most serious breakdown last year was a feeder house gearbox that tore up, but

Key Points

- Louisiana farmers turn to equipment lease program after selling combines.
- Arkansas farmer owns two combines, but plans to lease more for efficiency.
- Machinery Link promptly arranges repairs through a local dealer.

Machinery Link promptly arranged repairs through a local dealer, so the downtime was minimal.

According to White, two years ago T&W Farms grew 1,000 acres of corn, 2,400 acres of milo and 3,800 acres of beans. All of those acres were harvested by combines leased from Machinery Link. White says their total cost for the combines was \$9.90 per acre that year.

Last year, T&W raised 670 acres of milo and 7,000 acres of soybeans, and their total cost for combines was \$8.92 per acre.

"I can't own a machine and operate it



SOLD OFF HARVEST EQUIPMENT: (From left) Jason Tiffée, Gene Tiffée and Lynn White say combine leases have helped trim machinery costs at T&W Farms, a large row-crop operation in east-central Louisiana.

for that kind of money," White says.

Bob Pollard, a rice and soybean grower from Proctor, Ark., still owns two combines, but will lease two more combines from Machinery Link for 60 days for each of the next three years. In the past, he has leased from local dealers, but says the rules are different when you lease from a dealer. "The dealer typically doesn't want to put much money into repairs."

Combine owner also leases

Last year, Pollard entered a short-term lease with Machinery Link in September, using a JD 9650 STS for 130 hours to cut some Group IV beans when his combines were tied up in the rice field. Later that year in December, when excessive rain put his harvest behind schedule, he took another short-term lease for 80 hours to help finish cutting full season beans.

Pollard notes that his costs for the more expensive short-term leases were \$140 per hour, or about \$28,000 a year.

"If you want a combine with less than 200 hours on it, a lease is better," Pollard says. "For one thing, you don't have to insure it all year long, just while you're using it."

As Lynn White says, "It's just gotten tougher and tougher, trying to consolidate costs and labor. We've got to cut everything we can cut."

Ray is a writer based in Memphis, Tenn.

■ Find out more about Machinery Link online at www.MachineryLink.com, or call (888) 272-3323.

Rental contracts cover the bases

MACHINERY Link's Russ Finney explains that for every 25 hours of lease, Machinery Link allows seven days of running time, but rain days can be added if necessary. The hourly rate varies by machine and by season, but he says a typical 200- to 250-hour lease costs about \$25,000 to \$30,000 a year, plus insurance costs.

The lease contract also includes a hail clause; if a farmer's crop is partially or completely destroyed, the length of the lease is proportionally decreased.

Machinery Link now operates in 28 states with about 300 combines, offering JD 9650 and 9760 STS combines and Case IH 2388 combines. They also lease tractors, and plans are under way to begin leasing cotton strippers. For farmers growing both spring-seeded and fall-seeded crops, a split crop program is available.

Other than routine maintenance, all service and repairs are performed by local dealers. In case of a breakdown, a farmer calls an 800 number and Machinery Link contacts the nearest dealer and arranges repairs.

"Your combine is delivered to your farm clean and ready, set for the crop. The customer and rep do a thorough walk-around and check everything out," Finney says. "It's the most economical and realistic lease program on the market."

Farmers, dealers gain from leases

ACCORDING to Lynn White, last year T&W Farms leased two JD 9760s for 60 days. That included some rain days, but they were still able to finish harvest on time. Cutting 40- to 50-bushel beans, the machines averaged 15 acres per separator hour.

"We all used to want to own equipment," Lynn White says, "But I don't know why anyone wouldn't do this [lease equipment]."

But what happens when weather delays set in? According to Russ Finney, a Machinery Link representative from Tennessee, "We've never pulled a combine away from a farmer actively using a combine. We try to work with the farmer every way we can." Finney notes that the company was founded by a Kansas farmer in 1996.

So how does this go over with local dealers? Do they see this as a threat to their business? White says not. "Local dealers have accepted it well. It's good for them and good for us."

Finney agrees that their lease program has generally been well-received by local equipment dealers.

He notes that a lot of dealers don't have expensive combines available during harvest anymore. But the dealer's service department can still make money repairing Machinery Link combines when necessary. Also, Machinery Link pays commissions to dealers for customer referrals.