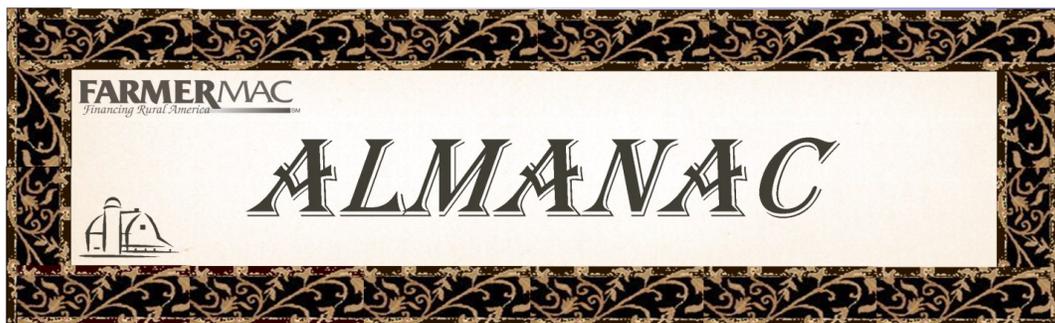


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Inside this issue:

[Dave's GPS](#) 1

[Farmer Mac I Cash Window and Credit Corner](#) 2

[Alliance Update](#) 5

[Education Center](#) 5

[Farmer Mac Financial News](#) 5

[Farmer Mac II](#) 6

The Farmer Mac Almanac communicates important upcoming events and announcements to agricultural lenders. You can receive answers to your questions about Farmer Mac by calling 800-879-3276, accessing the [Quick Tip Videos](#) through a link on the homepage of the Farmer Mac website or via opportunities@farmermac.com.

Upcoming Events for Farmer Mac I and II

- May 20-23: CUNA CFO Council Conference; Fort Lauderdale, FL
- June 6: Community Bankers Association of Illinois Ag Lenders Conference; Springfield, IL
- June 17-18: Minnesota Bankers Association Ag Conference; Alexandria, MN
- June 17-21: NACS/NASP/NASE/NADD Conference; Detroit, MI

Farmer Mac Reports Strong First Quarter 2012 Results

On May 10, Farmer Mac reported strong first quarter 2012 results as increased earnings benefited from growth in program assets and credit quality remained high. Farmer Mac's core earnings, a non-GAAP measure, for first quarter 2012 were \$11.8 million, up from \$9.1 million in first quarter 2011. Core earnings benefited from higher net interest income of \$34.2 million, compared to \$27.0 million in first quarter 2011. That increase in income was partially offset by net provisions for losses of \$0.5 million. The full press release appears on the Farmer Mac website. Select "About Us" and then "Corporate News."

Two New Presidential Appointees on Farmer Mac Board of Directors

Farmer Mac announced on April 5 that former Iowa Governor Chester J. Culver of West Des Moines, Iowa and Dr. Bruce J. Sherrick of Champaign, Illinois were sworn in as members of the Farmer Mac Board of Directors after confirmation by the U.S. Senate. The full press release appears on the Farmer Mac website. Select "About Us" and then "Corporate News."

Dave's GPS

Keep Up with Dr. David Kohl through Farmer Mac

This month in "Dave's GPS," Dr. Kohl explores five of the critical mistakes being made by ag lenders in these days of prosperity in agriculture and reveals ways to avoid ending up with financially stressed accounts should the ag economy suddenly turn negative. He ends with a lender tip on how to maintain meaningful contact with your farm borrowers.



*Dr. David Kohl: Professor Emeritus
Virginia Tech University*

A well known and respected leader in the world of agricultural finance, Dr. Kohl is adept at recognizing trends in the world of ag lending. Along with “**Dave’s GPS**,” Dr. Kohl also provides a bi-monthly “**Dashboard**” (Lender and Business Dashboard Economic Indicator Assessment). His ten red, yellow and green signals assigned to key economic indicators provide an easy format to help readers reach their own conclusions about the strength and future of the U.S. economy. With none of his ten key indicators moving this month, read why Dr. Kohl’s rating for the U.S. economy remains as a “yellow light.”

Dr. David Kohl is Professor Emeritus in the Department of Agricultural and Applied Economics at Virginia Tech University in Blacksburg, VA. Prior to his current position at the university, Dr. Kohl served as Professor of Agricultural Finance and Small Business Management and Entrepreneurship for 25 years.

View Online: [Dave’s GPS and Dashboard](#)

Farmer Mac I Cash Window and Credit Corner

25-Year Fixed Rate Joins Farmer Mac I Product Array

Responding to requests from farmers and ag lenders, a 25-year fixed rate with a 25-year term and amortization will be soon available for Farmer Mac I Sellers and their customers!

This product will be incorporated into the Fixed Rate Product Description that is found in the Farmer Mac Seller/ Servicer Guide. All updates to the Guide and its Collateral Valuation Supplement are posted on the Farmer Mac website. See “Resources” and then scroll down to “Seller/ Servicer Guide” and select “Read More.”

Farmer Mac Rolls Out Benchmarking Tool for Ag Lenders to Use with Their Farmer Mac I Customers

In the coming weeks, Farmer Mac will be adding a peer-comparison chart within AgPower® LOS that highlights similarities and differences between a borrower’s financial information and the financial information of a group of his/her peers. The system has been in the works for a couple of months. The idea behind providing the information is to help both ag lenders and their customers gain insight into the operation whose loan has been purchased by Farmer Mac. Providing value-added information is a valuable sales and marketing approach helping lenders build trust and confidence with their customers. The features of the tool are as follows:

- Comparison ratios: Thirteen of the sixteen ratios established by the Farm Financial Standards Council will be compared including those measuring liquidity, solvency, profitability, repayment capacity and financial efficiency.
- Peer group definition: A customer’s peer group will be based on three criteria - region of the country, commodity group and net farm income.

- Time comparison: Two charts will be displayed. One will compare the operation to peer group loans approved by Farmer Mac within the past year and the other will compare the operation to peer group purchased loans in the Farmer Mac database since the inception of AgPower® LOS.
- How to find the information: Once Farmer Mac purchases a loan, the peer-comparison chart will appear under the “Loan Summary” tab in AgPower® LOS.

Note the lender tip in this month’s “**Dave’s GPS**” where Dr. Kohl agrees that a good way for ag lenders to maintain contact with customers is to conduct and provide benchmarking reports to them.

New Fast Track Program Incorporates Features of Former Fast Track II Program

As announced in March’s *Almanac*, on April 6, Fast Track I and Fast Track II merged into one program. The new Fast Track retains all the streamlined features of the former Fast Track II including its attractive “Choice” pricing. Fast Track underwriting guidelines mirror those of the former Fast Track II:

- 55% maximum LTV
- \$1 million maximum loan size
- 720 credit score
- 40% maximum debt/asset
- Current ratio 1:1
- Debt service coverage ratio 1:1

The new Fast Track is described in an updated Chapter 207 of the Farmer Mac Seller/ Servicer Guide. All updates to the Guide and its Collateral Valuation Supplement are posted on the Farmer Mac website. See “Resources” and then scroll down to “Seller/ Servicer Guide” and select “Read More.”

Maximum Loan Size Increased to \$30 Million for Loans Secured by Fewer Than 1,000 Acres

Effective immediately, the maximum loan amount for Farmer Mac I Farm and Ranch loans has been increased to \$30 million (formerly \$22.5 million) for loans secured by fewer than 1,000 acres. For loans secured by more than 1,000 acres, the maximum loan size is \$10.1 million as announced in the March Farmer Mac *Almanac*.

The change in maximum loan size is reflected in updates to the Seller/ Servicer Guide in both Chapter 201 and the Glossary. All updates to the Guide and its Collateral Valuation Supplement are posted on the Farmer Mac website. See “Resources” and then scroll down to “Seller/ Servicer Guide” and select “Read More.”

Reminder to Farmer Mac Authorized Contacts: Loan Purchase Request Is a Separate AgPower® Access Right

Authorized contacts are reminded to assign purchase request authority to another (or others) within their institution. This assignment allows loan purchase requests to take place in the absence of the authorized contact.

Farmer Mac grants authorized contacts the authority to submit loan purchase requests for Farmer Mac I rate-locked loans. In turn, authorized contacts are responsible for reassigning that authority to any other employees, as deemed appropriate.

These authorizations are important as Farmer Mac's AgPower® LOS now functions as the sole channel through which Sellers notify Farmer Mac of their intent to sell a Farmer Mac I rate-locked loan. This function is accomplished through a "Purchase Request" tab appearing on the AgPower® LOS screen. This tab appears only for selected users - the Seller's Authorized Contact and other users as designated by the Authorized Contact.

Maintaining Fidelity Bond Coverage No Longer Required

Farmer Mac has dropped the requirement for Farmer Mac I Sellers to maintain fidelity bond coverage as a requirement of doing business with Farmer Mac. The requirement is being dropped from the Farmer Mac I Seller Application and also from the Farmer Mac recertification form.

The change in fidelity bond coverage is reflected in updates to the Seller/ Servicer Guide in Chapter 501. All updates to the Guide and its Collateral Valuation Supplement are posted on the Farmer Mac website. See "Resources" and then scroll down to "Seller/ Servicer Guide" and select "Read More."

Locked Out of Farmer Mac Website?

Multiple unsuccessful attempts to log into the Farmer Mac website will result in a "locked out" account. If that occurs, Users can fix the problem by selecting Login, typing their email address in the User Name/Email line and then selecting Forgot Password. Stepping through the ensuing instructions will open access once again.

Credit Tip of the Month

Some loan applicants own interests in outside entities. Any entity in which the applicant's ownership represents 10 percent or more its total value must be analyzed using the Subsidiary tab in AgPower® LOS. The most recent balance statement and tax return including all Schedule K-1 forms will be required. If the entity's tax return does not include a financial statement, the borrower must provide a current one.

Alliance Update

Farmer Mac Joins ABA in the Announcement of the “Agricultural Banks Performance Scorecard”

Farmer Mac was invited by ABA’s John Blanchfield, SVP for the Center for Agricultural and Rural Banking, to participate in the ABA’s April 17 webinar introducing its members-only “Agricultural Banks Performance Scorecard.” The scorecard enables ag banks to compare their performance with other institutions in their peer group, based on 22 different indicators. Comparing performance to peers based on measurable objectives can help banks more confidently make adjustments to processes use of resources as they develop future goals.

Representing Farmer Mac, Patrick Kerrigan talked about the specific ways Farmer Mac programs - Loan Purchase, Purchase Commitment, AgVantage® - can help farm lenders improve their performance through various risk management tools.

The scorecard is available on aba.com for ABA members and shows five years of historical data along with a quartile breakdown of the most recent quarter.

Education Center

A Wealth of Information on All Farmer Mac Programs

Questions about AgPower® LOS? About the Purchase Commitment (LTSPC) product? Farmer Mac conducts many webinars each month. Those with universal messages are recorded and posted to the Farmer Mac website. To check out the options, go to www.farmermac.com and select “Webinars” on the home page.

Farmer Mac Financial News

Uppdate from Farmer Mac’s Capital Markets Team - Interest Rates. . . **Where Have They Been and Where Are They Going?**

Thanks to weaker economic numbers and continued European debt problems, yields are once again at the lower end of the range with 10-year Treasury yields around 1.80%. As mentioned in the last Farmer Mac Almanac, the Federal Reserve’s Operation Twist is still expected to end in June.

However, there is now speculation in the market that the Federal Reserve will be doing another quantitative easing operation if the downward trend continues in the market. If the Federal Reserve does enter into another quantitative easing and the market behaves the same way as the first two quantitative programs, expect yields to quickly rise.

Farmer Mac continues to get great execution on its bond offerings in the capital markets which, considering the current market environment, makes it a great time to lock in intermediate and long-term rates.

Farmer Mac II

New Farmer Mac II LLC Online System to Facilitate Loan Purchases for Sellers

Farmer Mac II LLC is developing a new online system for Farmer Mac II Sellers. Following the testing stage, the rollout will take place in several different phases. The first phase will enable Sellers to enter their loan data in advance of a rate lock request as well as check the status of their loan as it is being prepared for settlement.

Sellers Are Reminded to Incorporate Farmer Mac II's Proper Name and Address on All Farmer Mac II Documents

Lenders are reminded that all Farmer Mac II documentation must refer to Farmer Mac II LLC and the correct address:

Farmer Mac II LLC
1999 K Street NW, 4th Floor
Washington, DC 20006