

If you're having trouble viewing this email, [click here](#) for our online version.



Vol. 11

A bi-monthly update of
important upcoming events

May 7, 2009

Farmer Mac is the Congressionally-chartered secondary market for agricultural real estate, rural housing and rural utilities loans as well as many USDA guaranteed loans. The Almanac communicates important upcoming events and announcements to agricultural lenders. You can receive answers to your questions about Farmer Mac via opportunities@farmermac.com or by calling 800-879-3276.

Current Headlines:

- [Farmer Mac Events](#)
- [Farmer Mac Moving Toward Web-Based Loan Originations](#)
- [Farmer Mac II Continues to Exhibit Strong Growth](#)
- [Quick-Tip Videos: Two-Minute Answers to Commonly-Asked Questions](#)
- [Direction Provided for Loans Where the Spouse Is Not a Co-Borrower](#)
- [Offering Long-Term Fixed Rates a Key Strategy for Ag Lenders](#)
- [Discussion of Collateral Portion of Loan Narrative Is Clarified](#)

Upcoming Farmer Mac *events*, including presentations, conferences, sponsorships, exhibits and rollout dates for website revisions:

- | | |
|-------------|---|
| June 3-4: | CBAI (Community Bankers Association of Illinois) Agricultural Bankers Conference; Springfield, IL. Farmer Mac is a sponsor, exhibitor and panelist. |
| June 7-9: | North Dakota Bankers Association/South Dakota Bankers Association Annual Convention; Rapid City, SD. Farmer Mac is an exhibitor. |
| June 20-25: | NACS (National Association of Credit Specialists) Convention; Atlanta, GA. Farmer Mac is a sponsor. |
| June 28-30: | Five State Bankers (CO, MT, NV, NM, WY) Convention; Denver, CO. |

[Return to Headlines](#)

Farmer Mac Moving Toward Web-Based Loan Originations

Based on the efficiencies and effectiveness of web-based systems, Farmer Mac is considering a plan that would require all Farmer Mac I Farm and Ranch loans to be submitted using a web-based loan origination system. The benefits of the newly developed system, which will join the list of Farmer Mac's specialized customer services listed under the AgPower® trademark, revolve around:

- data integrity and security
- efficiencies in the underwriting function
- enhanced communication between Sellers and Farmer Mac (everyone working from the same secured document)
- faster turnaround for loan originators
- long-term access to files for efficient processing of new loans
- avoidance of cost and time delays through the ability to attach electronically retained documents to the

loan information

On June 1, Farmer Mac will be far enough along in the developmental stage of the new interactive system that it can begin the testing phase. After internal trials are completed, the new system will be rolled out to Sellers for a second testing phase, hopefully by mid-summer or perhaps earlier. Webinars will be the primary training tool.

The new web-based system is based on the logic and structure of Farmer Mac's Single/Multiple Entity Excel programs. However, the comparison stops there. Sellers with experience in using the current Excel spreadsheets will be pleased to see the improvements in the new system, especially in its ability to handle data for complex operations with multiple entities.

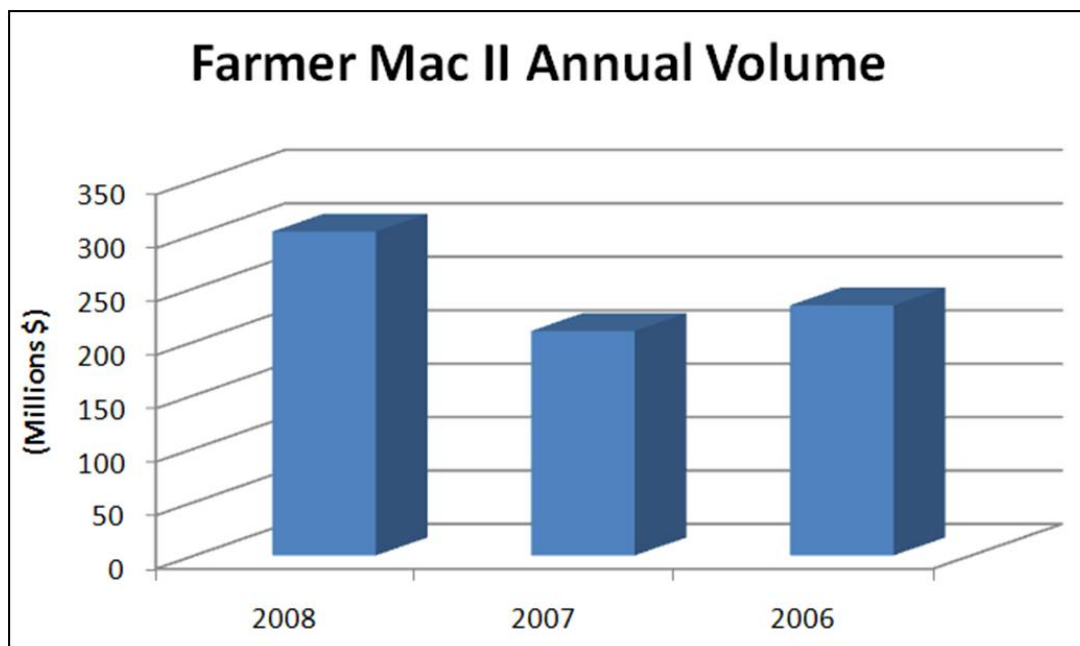
Because the vast majority of Farmer Mac I Sellers already use Farmer Mac's Single/Multiple Entity Excel spreadsheets, Farmer Mac's impression is that a requirement for Sellers to use the web-based system would not be a difficult transition for Sellers. This impression was substantiated through feedback from the CROP (Farmer Mac's Customer Response and Opinion Panel). In fact, Farmer Mac is anticipating that the new system's simplicity, ease of use and logical progression will encourage Sellers to want to use the new system for analyzing all of their farm real estate loans. Sellers are encouraged to be watching for further updates on this topic.

AgPower® is Farmer Mac's commitment to superior customer services. It includes tools designed specifically to increase the lending power of ag lenders, allowing them to work smarter, use quick and easy loan applications for customers and get faster approvals. Fast Track I and II, 2-day response time for credit decisions and flexible products also fit under the AgPower® umbrella.

[Return to Headlines](#)

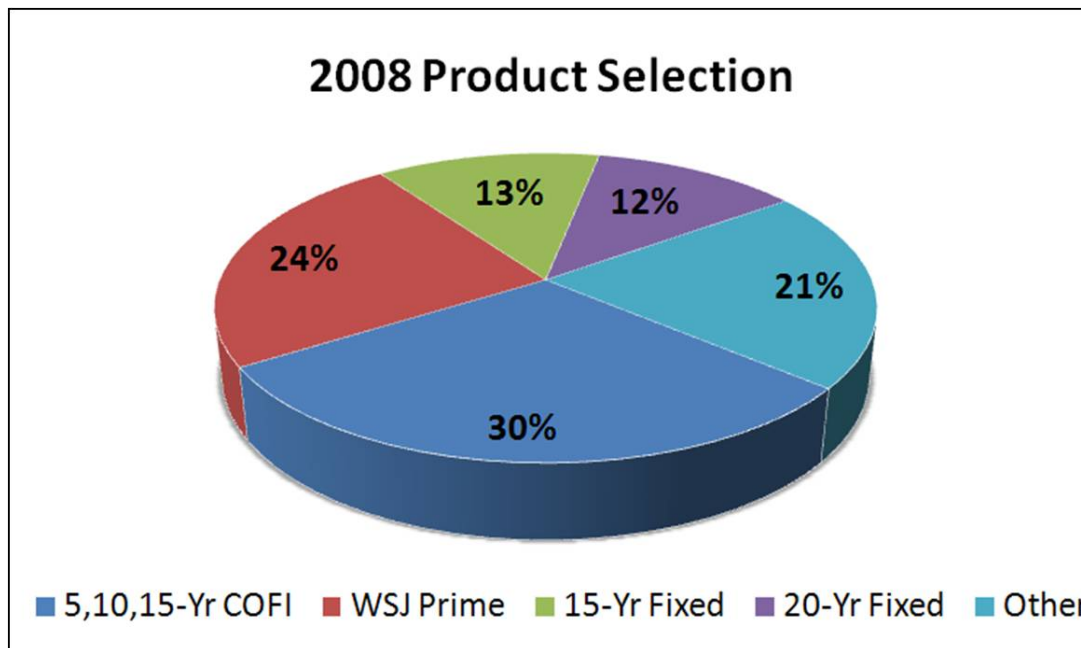
Farmer Mac II Continues to Exhibit Strong Growth

Calendar-year 2008 proved to be a banner year for [Farmer Mac II](#) when the totals were tallied and the new volume number stood at \$303 million! That number continued the ongoing upward trend in Farmer Mac II volume with a 44 percent increase over 2007. Furthermore, it allowed Farmer Mac II to record a year-end milestone with the outstanding portfolio exceeding \$1 billion for the first time.



Approximately 187 rural lenders are currently active in Farmer Mac II. The top ten states are California, Kentucky, Illinois, Wisconsin, Minnesota, South Dakota, Ohio, Nebraska, Iowa and Indiana.

Farmer Mac II volume during 2008 represented the spectrum of USDA guarantee programs - FSA Farm Ownership, Term Operating, and Rural Development loans. The most popular product selections were the COFI-indexed reset products (30 percent of the total) and the WSJ Prime Rate (24 percent).



[Return to Headlines](#)

Quick-Tip Videos: Two-Minute Answers to Commonly-Asked Questions

[Quick-Tip Videos](#) are so popular among visitors to Farmer Mac's website that all of the existing ones are being updated and a fresh new batch is being rolled out over the coming months. Topics primarily address three subjects: 1) Farmer Mac I Farm and Ranch loans (underwriting, products and processes), 2) portfolio programs (AgVantage® and Standby) and 3) Farmer Mac II (products and processes). However, individual topics are numerous and vary from "How do I know when a loan qualifies for the Farmer Mac I Farm and Ranch program?" to "How can my institution benefit from the Long-Term Standby Purchase Commitment program?" Farmer Mac personnel are featured presenters.

Access to Quick-Tip Videos is available through two avenues: one accessible on Farmer Mac's homepage (see lower right corner of the screen), and the other in the [password-protected area](#). The choices are not the exactly the same in each location, so users will want to check each place as they look for quick answers to their questions.

[Return to Headlines](#)

Direction Provided for Loans Where the Spouse Is Not a Co-Borrower

Occasionally, a borrower's spouse chooses not to accept personal liability on the loan request. In those cases, if there is no prenuptial agreement in place, Farmer Mac requires the pro forma balance sheet be prepared with 50 percent of the net worth of the individuals as a term liability with a 25 year amortization. This amortized payment will also need to be included in the pro forma total debt coverage ratio. This will allow analysis of the potential impact of dissolution on the borrower's leverage position and ability to service debt. The loan must meet Farmer Mac underwriting standards when the potential impacts are taken into account.

[Return to Headlines](#)

Offering Long-Term Fixed Rates a Key Strategy for Ag Lenders

With concerns of adequate credit for agricultural borrowers in the news, Farmer Mac continues to hear from banks that they are not only extending credit to agricultural borrowers, they are doing so at competitive interest rates. Bankers are also reporting that the ability to offer long-term fixed rates is becoming one of their primary strategies as they look for ways to answer risk concerns voiced by their borrowers. Taking interest rate volatility out of the equation through the use of Farmer Mac programs becomes a win-win for the lender and the borrower.

[Return to Headlines](#)

Discussion of Collateral Portion of Loan Narrative Is Clarified

Loan narratives provide Farmer Mac an overview and synthesis of the loan's potential exposure by stepping through important aspects of the loan purpose and the five C's of credit (character, capital, capacity, collateral and conditions). Farmer Mac reminds Sellers that when discussing the collateral, if the property in question is highly improved or includes permanent plantings, a detailed discussion of the improvements should be included.

If the appraisal has been completed at the time of the submission, the lending officer may reference the reader to the discussion of the improvements in the appraisal. If the appraisal has been received electronically by the lender, the descriptions may be lifted from the appraisal and embedded in the loan write-up.

[Return to Headlines](#)
