



Vol. 17

A bi-monthly update of
important upcoming events

May 21, 2010

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 (www.farmermac.com) or via opportunities@farmermac.com.

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Upcoming Events for Farmer Mac:

- June 9: Community Bankers Association of Illinois; Lenders Conference; Springfield, IL.
- June 13-15: Wyoming Bankers Association; Tri-State (WY, MT, CO) Bankers Summit; Moran, WY.
- June 13-15: North Dakota Bankers Association/South Dakota Bankers Association Annual Convention; Sioux Falls, SD.
- June 22: Farmer Mac Webinar for ABA member institutions regarding the Long-Term Standby Purchase Commitment (LTSPC).

July 7-9: Upper Midwest Agricultural Credit Council; Annual Summer Conference; Medora, ND.

July 8-9: New York Bankers Association; 2010 Northeast Agribusiness Seminar; Geneva, NY.

July 25-28: Farm Credit Council Services; The Learning Conference; Chicago, IL.

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AgEquity Line of Credit "Fills the Bill" for Ohio Bank Customer

The long-term business goals at Farmers and Merchants State Bank based in Archbold in northwest Ohio reflect the philosophy that the best way to improve the bank's profitability, increase margins and reduce risk is through building strong relationships with key customers. As a result, the employees work hard to cultivate a thorough knowledge of the needs and wants of their target market.

Chris Kurt, a loan officer in the Perrysburg, OH branch, feels he understands what is important to Don and Kathy Limes, whose operation in Wood County consists of corn, soybeans and wheat. Don and Kathy were looking for a lender to refinance their real estate debt. They expressed two important criteria: low rate and the flexibility to react promptly should ground come up for sale that would complement their business.

Chris gave the customer several options which included the AgEquity Revolving Line of Credit. The Limeses offered a strong financial statement reflecting their management abilities and discipline required for a revolving line. In addition, with the product's variable rate of less than 3% and flexibility from the 5- or 10-year revolver, the couple's requirements were met.

Upon loan closing, the Limeses immediately drew the full amount of the commitment amount and paid off their existing loan. Their plan is that their cash flow will allow them to pay down their draw soon and then provide them the flexibility down the road to have ready access to funds to take of advantage of new opportunities.

Chris explains that even though the Limes loan will not stay in the bank's portfolio, the fact that the bank retained the relationship allows the bank to cross-sell other bank products and services. "You need to think really creatively for all of your customers, but especially for those with lots of bargaining power in today's marketplace," explains Chris.

The AgEquity Revolving Line of Credit product is also ideal for absentee owner financing and for the development of permanent plantings. Its description has been added as Chapter 209 of the Farmer Mac Seller/Service Guide and its rate, posted daily, is posted on the Farmer Mac I Farm and Ranch rate sheet.

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The Farmer Mac Seller/Service Guide Will Soon Be Exclusively Online

Farmer Mac is in the process of expanding access to its Seller/Service Guide. Soon, a PDF version of the Guide (suitable for viewing, printing or downloading) will be available for all website visitors, not just those with secure access as is currently the case. With complete

Guide access in place, Farmer Mac will no longer be accommodating requests for printed copies.

The Farmer Mac Seller/Service Guide and Collateral Valuation Supplement (Guide) provides direction to Sellers as they access the Farmer Mac Cash Window to sell loans. Farmer Mac publishes the Guide to keep Sellers and others informed of its policies and procedures.

As the need arises, Farmer Mac revises guidelines or adds new ones to reflect the current marketplace and changing customer needs. Announcements of those changes are communicated in the Farmer Mac Almanac, published bi-monthly.

Guide revisions: In an effort to provide Sellers more efficient and user-friendly access to Guide updates, beginning with this issue of the Almanac all announcements about changes in programs will reference the specific chapters in the Guide that are affected. In addition, the Farmer Mac website is currently being redesigned to improve many functions including the ability to accommodate a convenient posting of all future Guide updates. It is anticipated that the combination of these two improved communications will soon replace the "Seller Bulletin" currently used to communicate Guide changes.

Schedule for Guide revisions: Beginning immediately, the Guide posting on the Farmer Mac website will be limited to biannual updates: April 30 and October 31. Sellers should have received the April 30, 2010 update electronically within the past week. Please call the Farmer Mac Marketing Department if you did not receive that update.

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Customer Response and Opinion Panel (CROP) Requests Volunteers

Farmer Mac is seeking a new set of volunteers for CROP! This summer, five new members representing the Farmer Mac Seller network will rotate onto the 15-member panel which has been in place and active since January of 2007. Candid feedback from Farmer Mac's diverse Seller network is very helpful as Farmer Mac seeks ways to develop new products, improve existing products and maintain a high level of customer service.

The group meets up to six times per year via webinars, conference calls and various electronic platforms. Members enjoy not only gaining insight into how Farmer Mac works but sharing ideas from other ag lenders on how to maximize the benefits to be received from Farmer Mac. Terms are for three years, with five members rotating on and off each summer.

Farmer Mac is seeking a diverse group of Sellers with a variety of experience levels, asset sizes and geographies. To volunteer for this pleasant task, or to find out more, please contact anyone in the Farmer Mac Marketing Department.

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Need an Appraiser? Farmer Mac Preferred Appraiser List (PAL) Is Now Easier to Access

Farmer Mac's Preferred Appraiser List is available for those institutions needing help finding local appraisers with Farmer Mac experience. PAL appraisers are identified by Farmer Mac based on superior historical performance. Farmer Mac revises the PAL from time to time based on its continuing experience with the appraisers across the country.

Sellers in need of Farmer Mac-related collateral valuation services are encouraged to contact a PAL appraiser in the area of the property. While the list has always been available on the Farmer Mac website, it is now much easier to access and provides more detailed information about the appraiser.

Easier access begins with a separate category box appearing on the "selection" screen (the first screen) in the secure area of the Farmer Mac website.

After selecting "Preferred Appraiser", Sellers will find they can look for appraisers using a variety of search criteria, although it is expected that the most common use of the new system will be to provide the name(s) of appraisers who serve a specific county and state.

Once an appraiser's name is found, Sellers will find they can view the appraiser's contact information as well as other helpful data such as state licensing and certification and types of properties falling under the appraiser's expertise.

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Sellers Continue to Applaud AgPower® LOS and Share Usage Ideas

Along with increased Farmer Mac I Cash Window loan submissions and high customer satisfaction ratings, Sellers continue to be pleased with the AgPower® LOS which was put in place in the fall of 2009. A few tips from frequent users are listed below:

Withdrawing unsubmitted loan files: The information retention system established for AgPower® LOS is designed to conveniently keep loan files for future use and reference by the Seller. Therefore, screens that contain borrower financial information for loans that were never submitted will continue to be listed on Sellers' screens even though the Seller may see no need to retain. To withdraw an unsubmitted loan file, Sellers should place a message on the screen under the "Communication" tab requesting the file to be withdrawn.

Changing the number of requesting entities: Sometimes a loan officer will enter data into AgPower® LOS believing the loan submission represents an operation with multiple entities only to find out the submission represents only a single entity operation (or vice versa). To change the number of entities on any application, Sellers should make the change in the proper fields and click on "Save". The screen will not reflect the new information until the user logs out and enters again from the "queue" page.

Entering information for non-liable entities: A new tab will soon be added to AgPower® LOS which will facilitate the process for loan officers to enter pertinent financial information for customers' non-liable entities.

Farmers and other agri-businesses often have ownership in multiple business entities. While all of those entities may not be directly liable for loan repayment, they may have a significant impact on the ability of the borrower to repay the debt.

The Farmer Mac Seller/Service Guide states that if a Borrower has related entities that, individually, comprise more than 10% of total asset value or the income from which is more than 10% of total income, financial statements for these entities are to be obtained in order to verify the existence and quality of the entity. AgPower® LOS already enables credit officers to accommodate the consolidation of all liable entities. A new tab will soon be

added which will facilitate the process for loan officers to add pertinent financial information for customers' non-liable entities.

When considering loans to complex operations, Sellers are encouraged to call Farmer Mac underwriters early on to discuss the various underwriting requirements and to determine ahead of time how to structure the submission as simply as possible and still meet the requirements as outlined in the Farmer Mac Seller/Servicer Guide.

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Any Interest in a Loan Purchased by Farmer Mac Must Be Prior in Right to Any Other Lien

The Long-Term Standby Purchase Commitment (LTSPC) has been a product of interest lately due to many banks seeking ways to improve their capital position. One of the questions Farmer Mac has been asked in relation to that product:

Can only one or two of a group of cross-collateralized loans be placed in a Farmer Mac LTSPC pool?

The answer to that question is yes, a loan or loans meeting this scenario may be offered to Farmer Mac to be placed in a LTSPC pool. To address these situations, the following language has been added to the signature section of the Qualified Loan Schedule (QLS) signed by each institution entering into a LTSPC transaction with Farmer Mac:

The Seller represents and warrants that the loans listed in this Qualified Loan Schedule are secured by a first lien mortgage on the real estate securing the Qualified Loan. The Seller covenants that any interest Farmer Mac obtains in the loans listed in this Qualified Loan Schedule will be prior in right to any other lien held by the Seller on such real estate security and acknowledges that, if such a lien is attached to the real estate security at the time the Seller requests Farmer Mac purchase the Qualified Loan, Farmer Mac will have the right, in its sole discretion, not to purchase the Qualified Loan under the terms of the LTSPC.

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Farmer Mac's Transfer Agent Provides Online Service to Change Contact Information on Stockholder Accounts

Farmer Mac's transfer agent, American Stock Transfer and Trust Company, recently mailed notices to all Farmer Mac stockholders announcing the Farmer Mac Annual Meeting on June 3, 2010 in Washington, DC. The notice included a proxy statement and a copy of the Farmer Mac 2009 Annual Report.

If any of your institution's contact information in this announcement is incorrect or out-of-date, please contact the Farmer Mac transfer agent directly at 800-937-5449. More information can be found at transfer agent's website, www.amstock.com/main. Some information can be changed online; other information must be changed through written communication.

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