



Vol. 21

A bi-monthly update of
important upcoming events

January 13, 2011

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

- Jan. 17: Farmer Mac offices closed - Martin Luther King, Jr. Day
- Jan. 23-25: Farm Credit Council Services Annual Meeting; San Francisco, CA
- Feb. 9: "Farmer Mac Refresh," Live Webinar; 12:00 Noon Eastern Time
- Feb. 20-23: American Bankers Association National Conference for Community Bankers; San Diego, CA
- Feb. 21: Farmer Mac offices closed - Presidents' Day
- Feb. 24-25: Utah Bankers Association 2011 Ag Outlook; Logan, UT

Mar. 9: "Farmer Mac Refresh," Live Webinar; 12:00 Noon Eastern Time

Mar. 20-23: Independent Community Bankers Association National Convention and Techworld; San Diego, CA

Keep Up with Dr. David Kohl through Farmer Mac

In the current issue of "**Dave's GPS**," Dr. David Kohl summarizes his key "takeaways" from the November North American Agricultural Bankers Conference sponsored by the American Bankers Association. As a well known and respected leader in the world of agricultural finance, Dr. Kohl is adept at recognizing harbingers of change as he travels North America and the world to present at conferences, moderate panels and provide consulting services to ag businesses.

Dr. Kohl recounts the buzz that permeated this year's ag conference as news about a recent Iowa land sale made the rounds. Did the spike in price represent a new trend? What are the drivers behind these prices and who are the buyers? Dr. Kohl also recalls the presentation of Walter Robb, a co-CEO of Whole Foods Market, Inc., whose presentation challenged traditional thinking concerning the future of the natural and organic marketplace and the reasons his company is providing seed money for startup farming ventures.

Along with "Dave's GPS," Dr. Kohl also provides a bi-monthly "**Dashboard**" (Lender and Business Dashboard Economic Indicator Assessment). One of his key economic indicators switches from yellow to green this month. What does Dr. Kohl think that signifies for the strength and future of the U.S. economy?

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](#)

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Mark Rickels Joins Farmer Mac Marketing Team

Farmer Mac is pleased to announce that Mark Rickels has joined its Marketing Team as a Relationship Manager. Mark has 28 years of experience in nationwide agricultural lending and was formerly a Senior Loan Underwriter with the Farmer Mac Underwriting Department. Initially, he will be responsible for lender outreach primarily in the states of Iowa and Minnesota.

Mark's knowledge of Farmer Mac's customer base along with its underwriting standards and the loan purchasing process will complement the company's consultative marketing approach which emphasizes understanding the needs of ag lenders and identifying efficient solutions. Mark played a key role in the development and implementation of the AgPower[®] Loan Origination System and is well versed in Farmer Mac's use of electronic analysis and media.

Mark was raised on a dairy farm in eastern Iowa and received his B.S. degree in Agricultural Education from Iowa State University in 1981. Throughout his career he has been involved

in agriculture, first in vocational instruction and in nationwide agricultural lending for more than 20 years.

Mark will continue to be based in Iowa and can be reached at mark_rickels@farmermac.com or at the Johnston office at 866-452-2617.

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New USDA Guaranteed Loan Program Qualifies for Farmer Mac II

Continuing its long-standing support of USDA-guaranteed loan programs, Farmer Mac II LLC has begun purchasing the guaranteed portions of USDA Conservation Loans. The new USDA Conservation Loan program, launched on September 2, 2010, provides farm owners and operators of farm-related businesses access to credit to implement techniques that conserve natural resources.

The funds can be used to implement practices approved by the Natural Resources Conservation Service such as the installation of conservation structures; establishment of forest cover; installation of water conservation measures; establishment or improvement of permanent pastures; implementation of manure management; and the adaptation of other emerging or existing conservation practices, techniques or technologies.

Guaranteed Conservation Loans up to \$1.119 million are available from lenders working with the USDA Farm Service Agency.

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"Farmer Mac Refresh" Proves Popular Way to Keep Abreast of Programs

Live webinars are a great way to stay abreast of Farmer Mac products and processes. The new monthly "open" sessions (held on the second Wednesday of each month) have proven to be very popular, allowing any new or existing Seller to tune in as needed. In fact, lenders who want to learn about Farmer Mac for the first time are tuning in as well.

The next offering will be Wednesday, February 9 at 12:00 noon Eastern Time.

Subjects profiled in the one-hour session include:

- How to find important information on the Farmer Mac website
- Farmer Mac I products and rates
- Solving for "Yes"- the three Farmer Mac I underwriting submission options
- Seller post-purchase responsibilities
- Loan submission and approvals through AgPower® LOS
- Appraisals and evaluations

Click [here](#) to learn more and to register.

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Website Security – a Joint Responsibility

Farmer Mac embraces the "gold standard" for data security throughout its entire operation. This extends to its Sellers, and the "authorized contact" is the person designated by each Seller to perform several important functions related to the Farmer Mac program on behalf

of the Seller. This includes providing access for various employees to the secured area of the Farmer Mac website.

Farmer Mac recently issued new password requirements in an effort to remain in the forefront of data security:

Password must be a minimum of 8 characters

Password must include at least one upper case letter and at least one numeral

Passwords will expire after 180 days

Accounts are now suspended after multiple unsuccessful login attempts and can only be unlocked by the individual assigned as the primary contact with Farmer Mac for that Seller. The Farmer Mac Marketing Department must be called to unlock the account of the primary contact.

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A New Notation Informs Sellers Completing the Farmer Mac Form 1018 Notice to Purchase Request

Sellers sometimes have questions about filling out the Farmer Mac Form 1018 Notice to Purchase Request. The form is used by Sellers to notify Farmer Mac of an upcoming sale of a Farmer Mac I Farm and Ranch loan after it has been rate-locked; it is faxed or emailed to Farmer Mac no later than two business days prior to the desired purchase date. The form asks the Seller to calculate the amount of funds to be wired on the purchase date along with wiring instructions.

Several pieces of information are needed as Sellers calculate the appropriate wire amount. As explained in Chapter 303.12 of the Farmer Mac Seller/Servicer Guide, unless the first interest due date has passed, the calculation for the wire amount includes the principal amount of the loan plus the interest that has accrued between the loan origination date and the purchase date.

Form 1018 has been revised to remind Sellers that the rate to calculate the interest purchased amount is the note's mortgage rate less the field servicing fee less the central servicing fee. The central servicing fee may vary from loan to loan. Therefore, questions regarding the interest purchased calculation should be directed to the particular central servicer assigned by Farmer Mac to work with the Seller during the closing process and provide ongoing servicing support.

Chapter 303.12 of the Farmer Mac Seller/Servicer Guide will be edited to reflect the revised Form 1018. It will also be changed to combine the explanation for the calculation of wire amounts for the purchase of monthly-pay loans into the same section as annual and semi-annual pay loans.

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Most Popular Farmer Mac I and Farmer Mac II Products for 2010

The tally is in! Looking back at Farmer Mac's 2010 busy year for loans purchased, the Farmer Mac II 5-year Reset and Farmer Mac I 5-year ARM were the most popular selections.

Second in line for Farmer Mac II was the 3-month COFI. However, for Farmer Mac I, the 15-year fixed rate was the second most-selected product, a trend which became more pronounced at year-end as the longer-term fixed rates became more attractive to farmers and their lenders who recognize the importance of managing their interest rate risk.

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Print Ads Available for Sellers Wishing to Advertise Link to Farmer Mac

In response to Sellers wishing to advertise their ability to make long-term fixed rate real estate loans, Farmer Mac has developed three print ads that Sellers can use in their local newspapers. The Seller's name, logo and other contact information are inserted into the templates. Sellers coordinate directly with local print media outlets regarding ad placement and payment. Click [here](#) to view the ads. Please call the Farmer Mac marketing department for more information about using the ads.

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The "Related Entity" Definition is Simplified for Farmer Mac I Farm and Ranch Loan Submissions

When a customer's business enterprise involves multiple entities, the credit application and analysis is impacted. The impact will vary depending on the customer's relationship with the various entities. For instance, when partners of closely held corporations and partnerships will be signing the loan documents, consolidated financial statements must be provided and entered into AgPower® LOS with elimination of inter-company transactions.

A non-obligor entity can have a substantial impact on the business enterprise. **Formerly**, Farmer Mac required financial information for any related non-obligor entity that comprised more than 10 percent of the value of a borrower's total assets or if the income from the entity comprised more than 10 percent of the borrower's total income.

That requirement has been simplified. Now, the existence and quality of non-obligor entities must be verified (by a current tax return including all Schedule K-1 forms) only when the applicant owns greater than 10 percent of the entity. If the entity tax return does not include a financial statement, the borrower must provide a current entity financial statement. The financial statement and tax return analysis must be completed in the Subsidiary Analysis tab in AgPower® LOS.

This change will result in a revision to the Farmer Mac Seller/Service Guide, Chapter 202.2 Financial Analysis, #4, Part 2-8. The first sentence in the second paragraph in that section will be replaced by the following:

The existence and quality of non-obligor entities must be verified by a current tax return, including all Schedule K-1 forms, when the applicant owns greater than 10 percent of the entity. If the entity tax return does not include a financial statement, the Borrower must provide a current entity financial statement.

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