

Farmer Mac Almanac

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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.

Upcoming Events and News Updates

- Nov. 29: Indiana Bankers Association Agricultural Clinic; West Lafayette, IN
Dec. 4: Louisiana Bankers Association Agriculture Meeting; Baton Rouge, LA

Farmer Mac Appoints Timothy L. Buzby as President and Chief Executive Officer

Timothy L. Buzby, a 12-year veteran of Farmer Mac, was recently named Farmer Mac's President and Chief Executive Officer. The announcement was made by the Farmer Mac Board of Directors through a press release issued on October 3, 2012.

Mr. Buzby has been Farmer Mac's Chief Financial Officer and Treasurer since 2009 and prior to that served as Farmer Mac's Controller beginning in 2000. In those capacities, he has been instrumental in the strengthening of Farmer Mac's capital position, the management of its loan portfolio, and the execution of its business strategy to facilitate and assure credit availability to rural America. The Board of Directors and Mr. Buzby will work together to identify and select a new Chief Financial Officer. In the interim, Mr. Buzby will continue to serve in that capacity as well.

Click [here](#) to read the entire press release.

Dave's GPS

Keeping Up with Dr. David Kohl through Farmer Mac

This issue's "Dave's GPS" reflects concerns Dr. Kohl has been hearing from lenders and agribusinesses as he participates in strategic planning sessions across the country: could agriculture and agricultural lending repeat the decades of the 1970s and 1980s?

Under the title, "Comparing and Contrasting 1970-1980 and 2010-2020: Déjà Vu:?" Dr. Kohl offers his thoughts about both the similarities and the differences in the two decades and answers the question, "Is agriculture in a credit bubble similar to the 1970s, the S&L crisis, and the recent stock market and housing bubble?"

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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 two of his ten key indicators (Purchasing Manager Index and Unemployment Rate) improving this month, read about Dr. Kohl’s insights into both global and domestic economics and what he sees on the interesting road ahead.

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

Over 500 Attend 2012 Farmer Mac Road Shows

Farmer Mac staff is tallying the results of their successful 2012 Road shows which began in Ohio on September 10 and finished in Texas on October 12. They visited 20 locations in 16 states: Alabama, Colorado, Georgia, Illinois, Indiana, Iowa, Minnesota, Missouri, Montana, Nebraska, North Dakota, Ohio, South Dakota, Tennessee, Texas and Wyoming. Turnout was strong with several locations filling meeting rooms with close to 50 participants.

The purpose of the shows each year is to spread the word about the benefits of Farmer Mac to ag lenders and their customers and to educate new and existing Sellers about submitting loans. The most helpful sections, as reported by this year’s attendees, were those that dealt with identifying Farmer Mac I eligible borrowers and properties and the AgPower® Loan Origination System (LOS). A case study helped attendees apply underwriting guidelines through a simulated loan submission.

In addition to the timely discussions about ag credit in general and Farmer Mac in particular, the sessions provided ag lenders the opportunity to share thoughts and opinions about the needs of their institutions and their farm and ranch customers.

Learn from Farmer Mac Webinars: Taking a Loan from Start to Finish

Want to learn how to submit loans in AgPower® LOS? Start by listening to webinars posted on the Farmer Mac website.

Beginning last July, Farmer Mac’s monthly Farmer Mac *Refresh* webinars (held on the second Wednesday of each month) have featured each important step in the loan-submission process, starting with the very first visit with a farm customer and ending with clicking the “submit” button in AgPower® LOS. The final session in the series will be November 14.

These recorded webinars are a valuable learning resource for Sellers and are posted on the Farmer Mac website. To access the webinars, visit www.farmermac.com and click on Webinars. The complete series is listed:

July 11:	Top 10 Questions to Ask Your Farm Customer
August 15:	Getting Started in AgPower® LOS
September 5:	The Balance Sheet Analysis in AgPower® LOS
October 10:	Income and Expense Statements in AgPower® LOS
November 14:	Final Steps and Loan Submission in AgPower® LOS

When Will Farmer Mac Accept a Mortgage Loan in a Second-Lien Position?

Farmer Mac will accept mortgage loans in a second-lien position so long as the mortgage loan is subordinate solely to another Farmer Mac mortgage loan and the second-lien mortgage note contains a cross-default to the first-lien Farmer Mac mortgage loan.

Chapter 209.3 (AgEquity Revolving Line of Credit, Eligible Loans, Second Mortgage Position/Multiple Loans), Chapter 304.3 (Loan-Specific Representations and Warranties) and the Glossary (definition of a Qualified Loan) of the Farmer Mac Seller/Servicer Guide have been updated to clarify this requirement. 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.”



Credit Tip of the Month

Farmer Mac receives questions about Farmer Mac’s borrower eligibility requirements, as well as for personal liability and guarantees under certain loan conditions. Answers to these questions are addressed in the Seller/Servicer Guide Chapter 202.5 Loan Conditions, section 2, as outlined below:

- Personal guarantees enforceable upon default of all owners of beneficial interest, including partners in a partnership, stockholders of corporations, trusts and estates, are expected to be obtained. Normally, such guarantees should not be limited in any manner, though on occasion, Farmer Mac will consider limited guarantees if there are compensating strengths to the credit.
- Trusts are not eligible for Farmer Mac financing on a stand-alone basis. A trust may be one of the applicants for a loan, but not the only one.
- In cases where the borrower’s spouse has chosen not to accept personal liability on the loan and no prenuptial agreement is 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. The amortized payment will be included in the pro forma total debt coverage ratio, allowing for analysis of the potential impact of dissolution on the borrower’s leverage position and their ability to service debt.

Alliance Update

Members of the American Bankers Association (ABA) Will Continue to Benefit from Farmer Mac Discounted Rates on Selected Products

Farmer Mac and Business Solutions, a subsidiary of the ABA, recently announced the renewal of the alliance between the two organizations. The alliance enables ABA members to receive preferred pricing and streamlined Seller processing benefits as crafted by the ABA Ag Committee and Farmer Mac when the alliance was originally established in November of 2005. Farmer Mac's popular 15-year fixed rate product is one of the discounted options available to ABA members.

Click [here](#) to read the press release announcing the renewal.

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.

Financial News

Update from Farmer Mac's Capital Markets Team—Interest Rates... Where Have They Been and Where Are They Going?

Due to the continued economic and fiscal uncertainty, the Federal Reserve is likely to continue to actively manage monetary policy, including increasing its Treasury/mortgage purchasing program.

The net effect is likely to be stable to lower long-term interest rates and higher real asset prices during the early part of 2013. From a lender and borrower perspective, this is an ideal time to lock in historically low long-term rates, before any improvements in the economy coupled with this increased liquidity cause interest rates to jump.

Farmer Mac II News

Important Reminder: Remittance Procedures for Farmer Mac II Documents

The dependability of overnight courier services make them the preferred method for delivering Farmer Mac II loan documents at the time of sale. Tracking numbers provide peace of mind and the ability to troubleshoot any issues with document delivery. Document remittance procedures are outlined at www.farmermac2.com, Reference Guide.



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Farmer Mac was chartered by Congress in 1987 and has seen its charter expanded three times, as recently as 2008. Farmer Mac is regulated by the Farm Credit Administration and has always been subject to the regulations of the Securities and Exchange Commission, including those requiring the filing of periodic financial reports. Farmer Mac's voting and non-voting common stock is traded on the NYSE, ticker symbols AGM.A and AGM.