

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

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- Jan. 8: Farmer Mac Refresh: "The Latest Ag News as We Begin 2014: Farm Bill, Interest Rates and Credit Conditions"
- Jan. 20: Farmer Mac closed for Martin Luther King, Jr. Day
- Jan. 23-24: Utah Bankers Association 2014 Ag Outlook and Conference; St. George, UT
- Feb. 13-15: NACS/NASP Southeastern Zone Convention; Atmore, AL
- Feb. 16-19: American Bankers Association National Conference for Community Bankers; Phoenix, AZ
- Feb. 17: Farmer Mac closed for Presidents' Day
- Feb. 20-21: USDA Agricultural Outlook Forum; Arlington, VA
- Mar. 2-6: Independent Community Bankers Association National Convention and Techworld; Honolulu, HI
- Mar. 6-7: Arkansas Bankers Association Agricultural Lending Conference; Hot Springs, AR
- Mar. 12-13: Kansas Bankers Association Ag Bankers Conference; Manhattan, KS
- Mar. 16-18: Iowa Bankers Association Ag Bankers Conference; Ames, IA
- Mar. 20-21: Montana Bankers Association Ag Banker Conference; Bozeman, MT
- Mar. 25: Oklahoma Bankers Association Rural Bankers/Ag Bankers Conference; Oklahoma City, OK

Dave's GPS



Keeping Up with Dr. David Kohl through Farmer Mac

In his article this month, titled **“The Winds of Change,”** Dr. Kohl summarizes the highlights of the American Bankers Association National Agricultural Bankers Conference in Minneapolis this past November. From his vantage point listening in on discussions and presentations, Dr. Kohl reports he sensed a change coming in the economics of agriculture.

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 housing starts improving on news of builders breaking ground on more homes in November than any other time in at least five years, read about Dr. Kohl’s insights into both global and domestic economics and what he sees in the 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 Credit Corner

Maximum Loan Size Increased to \$12 Million

Effective immediately, the maximum size for a loan to be qualified for a Farmer Mac I Farm & Ranch loan has been increased to \$12.0 million (formerly \$11.0 million) for loans secured by more than 1,000 acres. This maximum loan size is updated annually to approximate changes in US agricultural real estate values as reported by the Economic Research Service of the USDA (United States Department of Agriculture). The maximum loan size for loans secured by 1,000 acres or less remains at \$30 million.

This change has been incorporated into Chapter 201.1 (Credit Standards and Guidelines, Overview, Summary) of the Farmer Mac Seller/Service Guide. The definition of “Maximum Loan Size” in the Glossary of the Guide has been updated as well. 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/Service Guide” and select “Read More.”

Farmer Mac Incorporates 2014-15 USPAP into Appraisal Requirements

The 2014-15 Revisions to the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Congressionally-authorized Appraisal Standards Board went into effect on January 1, 2014. Farmer Mac requires compliance with these revisions for all appraisal assignments completed on or after the January 1 effective date. To provide a transition to the new USPAP-related report type requirements, reports with the former labels (Self-Contained or Summary) will be acceptable until January 31, 2014.

The revisions have been incorporated into the Seller/Service Guide's Collateral Valuation Supplement (CV Supplement) posted on the Farmer Mac website. Changes to the Report Options of Standard 2 in the 2014-15 revisions prompted the need to revise the CV Supplement. Those changes retired the three former report options (the Self-Contained Appraisal Report, Summary Appraisal Report, and Restricted Use Appraisal Report), replacing them with the Appraisal Report and Restricted Appraisal Report. Of those two options, only the Appraisal Report is acceptable for Farmer Mac loans; the Restricted Appraisal Report options is not acceptable.

Other edits were made throughout the CV Supplement and in the Form 1027A to clarify other requirements including the following instructions:

- “improvements” should include structures and/or permanent plantings
- with the exception of a Lifestyle Ranch property appraisal, an appraiser's property income producing capacity estimate is required when an Income Approach is not completed
- irrigation-related information detail is required
- appraisal report exhibits and photos must be in color
- the appraiser's signature must include his/her license expiration date
- the engagement letter in the Appraisal Report addenda must be signed by both the Client and the Appraiser

Farmer Mac Forms 1023A, 1027A (both incorporated into AgPower® and 1037 were revised to reflect the “Appraisal Report” label change, and the Form 1027 was revised to reflect the requirement clarifications listed above.

Users of the rural appraisal software AgWare (www.uaar.net) should use ClickForms to install Version 7.3.2 (posted 12/12/13). Please note that the Farmer Mac versions of the UAAR (Uniform Agricultural Appraisal Report) Forms Library can be used in place of or in addition to the forms pre-loaded in the UAAR Form Manager section of the AgWare/UAAR software.

(See changes throughout Chapters CV101 Collateral Valuation – Standards and Guidelines and Chapter CV201 – Collateral Valuation – Loan Servicing.)

Financial News

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

Stronger economic data triggered the Federal Reserve Bank (Fed) to start tapering bond and mortgage purchases earlier than expected. Its monthly \$85 billion purchasing operation has been reduced to \$75 billion starting in January. This shift surprised the markets and pushed 10-year Treasury rates to the highest level since 2011, touching 3.00 percent on December 27. As of December 30, the 10-year yield is 2.97 percent, about 44 basis points higher than October 30. The Fed noted that it expects to keep short-term rates lower longer than previously expected. Thus, rates inside two years have been minimally affected by the reduction in bond purchases and stronger economic data.

The Fed maintains that the pace of tapering is economic and employment data dependent, so stronger employment figures and signs of inflation creeping higher could see accelerated tapering and further increases to long-term rates. The Fed continues to state that discontinuing the monthly purchase program does not affect short-term rate decisions. Therefore, it is expected that short-term rates will remain at current levels for at least the next one to two years.

Alliance Update

Largest Audience Yet for a Farmer Mac Workshop at the American Bankers Association (ABA) National Agricultural Bankers Conference

At least 120 bankers came to hear representatives from three Farmer Mac Sellers discuss their successes in using Farmer Mac Farm & Ranch program. The three panelists were:

- Alan Forristall of Midland States Bank of Princeton, IL
- Marvin Kimm of Pioneer Bank in Mapleton, MN
- Bill Medley, Agrifinancial Services, Louisville, KY

Together with Tim Buzby, Farmer Mac's President and CEO, and Patrick Kerrigan, Director of Business Development, the five were a hit at the ABA National Agricultural Bankers Conference in Minneapolis on November 10-13.



The conference brings together industry leaders for presentations and discussions. In conjunction with Farmer Mac's Alliance with ABA, Farmer Mac is a sponsor and exhibitor at the event. Benefits of the Alliance for ABA-member institutions were highlighted.

Invitation for ABA Members Attending the ABA Community Bankers Conference

February 17-19

ABA member bankers who plan to attend the ABA Community Bankers Conference in Orlando in February should stop by Farmer Mac's booth and also attend the Tuesday morning Farmer Mac Industry Provider Workshop. Conferences such as this provide the perfect opportunity to meet Farmer Mac staff and learn first-hand about Farmer Mac products and pricing, and about the Alliance between Farmer Mac and ABA Business Solutions. The Alliance brings to ABA members a bevy of products at discounted rates.

As a sponsor, exhibitor, and presenter, Farmer Mac will be quite visible at the conference to help attendees learn the benefits Farmer Mac brings to community banks serving rural constituencies.

Farmer Mac II LLC

New Farmer Mac II Online Loan Application Provides Advantages

The Farmer Mac II online loan application service, located in the secure access section of www.farmermac2.com, has worked well since its September rollout for institutions selling the guaranteed portions of USDA guaranteed loans to Farmer Mac LLC. Features of the new system include:

- Sellers enter loan and borrower information online
- The system is available 24/7 with the ability to save drafts of partially-filled screens for later completion
- Sellers can track the progress of the sale along with a retrievable history of the sale transaction

The entire sale transaction is performed online with two exceptions: 1) rate locks are completed by calling Farmer Mac II after information has been submitted online, and 2) the original of the USDA Guarantee Assignment must be overnighted to Farmer Mac's servicing agent prior to closing.

Online instructional help is available in two locations:

- A tutorial for first-time users is available on the Farmer Mac II website, www.farmermac2.com.
 - Click "Reference Guide" and then select "Guide to Using the Online Loan Application"
- A webinar recorded on September 5, 2013, is posted at www.farmermac.com.
 - Click "Webinars" and then select "Farmer Mac II Webinar: Introducing Our New Online Loan Application"

All institutions, regardless of past usage, must contact Farmer Mac II staff to be set up to use the system by calling Judy Moyer or Riley Croghan at 877-770-3644.



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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.