

# Farmer Mac Almanac

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The Farmer Mac *Almanac* communicates important upcoming events and announcements to agricultural lenders. You can learn more about Farmer Mac by visiting the Farmer Mac website ([www.farmermac.com](http://www.farmermac.com)), by calling 800-879-3276 or emailing questions to [opportunities@farmermac.com](mailto:opportunities@farmermac.com).

## Upcoming Events and News Updates

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- July 8-10: Upper Midwest Ag Credit Council Annual Summer Conference; Worthington, MN
- July 10: New York Bankers Association Northeast Agribusiness Seminar; Geneva, NY
- July 16-18: Community Bankers of Iowa 43<sup>rd</sup> Management and Annual Convention; Okoboji, IA
- July 16-18: Community Bankers Association of Kansas Annual Convention and Tradeshow; Kansas City, MO
- Aug. 6: University of Tennessee Martin Mid-South Agricultural Finance Conference; Martin, TN
- Aug. 12: Community Bankers of Iowa State Fair Conference; Altoona, IA
- Aug. 12-14: Community Bankers of Ohio Convention and Trade Show; Sandusky, OH
- Aug. 17-19: Independent Community Bankers of North Dakota Convention; Bismarck, ND
- Aug. 26-27: Illinois Bankers Association Ag Banking Conference; Springfield, IL
- Sept. 4-5: Nebraska Bankers Association Fall Agribusiness Conference; Lincoln, NE

## Dave's GPS



### Keeping Up with Dr. David Kohl through Farmer Mac

The Farmer Mac Seller network was delighted on Wednesday, July 2, when Farmer Mac's popular Refresh series featured Dr. Kohl in live video format: "**Dave's GPS Live: Navigating the Road to Ag Lending Success.**" In the session, Dr. Kohl discussed several of his most recent Almanac articles while weaving in descriptions of important ag lending challenges and trends he has observed in his recent travels across the country. The [session](#) was recorded and posted to the Farmer Mac website (see under Webinars).

In his article this month, titled "**Potential Storm Clouds on the Horizon,**" Dr. Kohl discusses six potential economic and financial risks, such as loss of government supports and high input costs, that ag lenders should be discussing in board and management planning meetings this summer.

Along with Dave's GPS, see Dr. Kohl's bi-monthly "Dashboard" (Lender and Business Dashboard Economic Indicator Assessment). The red, yellow and green signals Dr. Kohl assigns to Dashboard's ten 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 one of his indicators (housing starts) improving this month, read about Dr. Kohl's insights into both global and domestic economics and what he sees on the road ahead.

Dr. Kohl is professor emeritus in the Department of Agricultural and Applied Economics at Virginia Tech University in Blacksburg, VA, where he served for 25 years as Professor of Agricultural Finance and Small Business Management and Entrepreneurship.

While logging over 8 million miles of travel throughout his professional career to host more than 600 workshops, seminars and conferences, Dr. Kohl is one of the most well-known and respected leaders in the world of ag finance and business management. A highly energetic and engaging speaker, Dr. Kohl has received eleven major teaching awards over his career; his opinions and perspectives are sought out by a variety of ag groups.

Farmer Mac will host Dr. Kohl for another live video on January 12, 2015.

View Online: [Dave's GPS and Dashboard](#)

## Knowledge Center

### Farmer Mac 2014 Road Shows: The Definition of Success

What is a Farmer Mac Road Show? Ask a past attendee and they will tell you it's a great way to gain valuable insight into Farmer Mac's programs in a short period of time - four hours to be exact, lunch included. Whether you are new and want the basics or experienced and want a refresher, it can help you make the most of Farmer Mac's programs for both your institution and customers! Road Shows have been around at least ten years and continue to be a popular way to

start the fall lending season. Last year's shows attracted more than 500 participants. Hear from Farmer Mac staff and exchange ideas with other participants.

The schedule for the 2014 Road Shows is listed below.

September 8-12:

Mon:	Fargo, ND
Tues:	Montevideo, MN
Wed:	Sioux Falls, SD
Thurs:	North Platte, NE
Fri:	Columbus, NE

September 15-19:

Mon:	Mankato, MN
Tues:	La Crosse, WI
Wed:	Fort Dodge, IA
Thurs:	Fairfield, IA
Fri:	Maryville, MO

September 22-26:

Mon:	Madison, WI
Tues:	Waterloo, IA
Wed:	Quad Cities, IL/IA
Thurs:	Bloomington, IL
Fri:	Hannibal, MO

September 29-October 3:

Mon:	West Lafayette, IN
Tues:	Lansing, MI
Wed:	Findlay, OH
Thurs:	Louisville, KY
Fri:	Mt. Vernon, IL

## Farmer Mac Credit Corner

### Convertibility of Farmer Mac Loans

On any payment date, certain Farmer Mac loans may be converted into other products at the request of the borrower. Farmer Mac has formulated a grid showing the various convertibility options to help Sellers explain options to requesting customers. This "conversion grid" and accompanying rules for conversion are posted on the Farmer Mac website under "Resources," then "Seller/Service Guide" followed by "Read More."

Conversion requests should be directed to the loan's central servicer at least 21 days prior to the conversion date. In most cases, the conversion fee is 0.5% of the loan balance or \$1,000, whichever is greater, not to exceed \$5,000. Same product conversions (e.g., converting from a 3-year ARM to a 3-year ARM) are not permitted. The rate upon ARM to ARM conversions is a mark-up rate of 25 basis points over the Servicing Released Net Yields on the Farmer Mac rate sheet. There is no mark-up for ARM to fixed rate conversions or for ARM to VRM conversions.

Conversion fees are not charged to borrowers with AgEquity loans converting from the revolving period to the amortizing period.

## Farmer Mac Seller/Servicer Guide Updated

The following update to the Farmer Mac Seller/Servicer Guide is effectively immediately:

Chapter 403.10 (Part 4-35 – Delinquent and Problem Loan Servicing – Loss Mitigation, Real Estate Owned (REO): In discussing the Central Servicer’s responsibility to follow proper procedures in the pre-acquisition and acquisition of REO property consistent with Section 3.07 of its Master Central Servicing Agreement with Farmer Mac, the words “Section 3.07 of” were dropped for clarification purposes.

## Farmer Mac Financial News

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

The weaker than expected first quarter GDP (gross domestic product) revision (-2.9%) did not roil the stock markets, as optimistic forecasts overshadowed the bad news. However, the recent rise in stock markets has not yet translated into a rise in long term rates. As of July 1, the 10-year Treasury yield was 2.57%, about 0.02% lower than May 2. Treasury yields on the shorter end of the curve have also remained relatively stable since May 2, with the 5-year virtually unchanged and the 2- and 3-year terms increasing 0.04% and 0.02%, respectively. The Federal Reserve (“Fed”) is still on pace to complete its purchases of mortgage securities and treasuries later in 2014, with monthly purchases now down to \$35 billion (from \$85 billion) and is expected to reduce monthly purchases by \$10 billion at each meeting until the purchasing operation is completed later in 2014.

The Fed continues to state that discontinuing the monthly purchase program does not affect short-term rate decisions. Most economists believe that rate hikes will begin in mid-2015, slightly earlier than the previous consensus several months ago.

## Farmer Mac II LLC News

### Iowa Based Conterra Asset Management is New Farmer Mac II Program Administrator

Conterra Asset Management ([www.conterraag.com](http://www.conterraag.com)) is now the Farmer Mac II Program Administrator, a role formerly held by Colson Services. Conterra is based in Des Moines, Iowa, and focuses exclusively on servicing and managing agricultural assets. Initial program enhancements include features such as:

- Ability of funds to be transferred via ACH
- Electronic reporting and communication
- Lender web portals

Additional information concerning the change of Program Administrators was provided in a June 13, 2014 “Refresh” Webinar. The session was recorded and posted on the Farmer Mac website (click on “Webinars” on the homepage) for replay by those interested in learning more.



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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.