



The Farmer Mac *Forward* 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), calling 800-879-3276 or emailing opportunities@farmermac.com.

Upcoming Conference & Events

- Jan. 12:** **Last chance!** Only a few spaces left! Sign up now for the free [Farmer Mac Refresh](#) Webinar featuring Dr. Dave Kohl. "Dave's GPS LIVE: Navigating the Road to Ag Lending Success"
- Jan. 19:** Farmer Mac closed for Martin Luther King, Jr. Day
- Jan. 22-23:** [Utah Bankers Association](#) 2015 Ag Outlook and Conference; Logan, UT
- Jan. 28** [Community Bankers Association of Illinois](#) Ag Lenders' Conference; Springfield, IL
- Feb. 8-11:** [American Bankers Association](#) (ABA) National Conference for Community Bankers; Boca Raton, FL
- Feb. 16:** Farmer Mac closed for Presidents' Day
- Feb. 19-20:** [USDA Agricultural Outlook Forum](#); Arlington, VA
- Mar. 1-5:** [Independent Community Bankers of America](#) (ICBA) National Convention "Community Banking LIVE"; Orlando, FL
- Mar. 11-12:** [Kansas Bankers Association](#) Ag Bankers Conference; Manhattan, KS
- Mar. 14-18:** [Western Independent Bankers](#) Annual Conference; Maui, HI
- Mar. 22-24:** [Iowa Bankers Association](#) Ag Bankers Conference; Ames, IA
- Mar. 24:** [Oklahoma Bankers Association](#) Rural Bankers/Ag Bankers Conference; Oklahoma City, OK
- Mar. 26-27:** [Montana Bankers Association](#) Ag Bankers Conference; Bozeman, MT
- Mar. 26-27:** [Arkansas Bankers Association](#) Agricultural Lending Conference; Hot Springs, AR

News & Updates

Maximum Loan Size Increased to \$12.3 Million

Effective immediately, the maximum amount for a loan to be qualified for a Farmer Mac Farm and Ranch program has been increased to \$12.3 million (formerly \$12 million) for loans secured by more than 1,000 acres. 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/Servicer 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/Servicer Guide” and select “Read More.”

The Top 5 Most Interesting Results from Farmer Mac’s Survey of Economic Conditions and Appraisal Service Availability

In October, Farmer Mac sent a survey to the primary contacts at each of the Farm & Ranch Approved Lender institutions requesting them to answer questions about the general economic conditions and appraisal service availability in their service area. The survey was designed by Jackson Takach, Farmer Mac’s resident economist, to gain the feedback that Farmer Mac needs to assure its programs and processes support the evolving needs of ag lenders. Over 300 contacts responded with the key results listed below. The survey is destined to become a regular semi-annual event, enabling trend analysis of lending conditions.

Fact #1: Customers perceive interest rates heading up; real estate loan demand, land sales and cropland values heading down.

Fact #2: Top issues facing the industry, such as farm income and liquidity, are consistently perceived.

Fact #3: Appraisal ease and availability are dependent on level of property complexity.

Fact #4: Appraisal turnaround time varies by region.

Fact #5: There are some seasonal trends to appraisal turnaround time.

BONUS FINDING: Nearly half of respondents were unaware of the very helpful and informative Farmer Mac Preferred Appraiser List (PAL)!

For a more in-depth look at these Top 5 Findings and to access the Farmer Mac Preferred Appraiser List, click [here](#).

“Don't cry because it's over. Smile because it happened.” – Dr. Seuss

Today, the Farmer Mac team would like to give special thanks to two of our biggest champions, **David Buman** and **Mary Maloney**, for their many years of hard work and tireless dedication to this company, to our customers and more importantly, to rural America. As they begin the next chapter in their lives, we would like to reflect on their illustrious careers at Farmer Mac.

It is not easy to lose a great employee or co-worker, even if the reason is a well-deserved retirement. Anyone who had the good fortune to work with **Mary Maloney** over the course of her 16+ year career at Farmer Mac can attest to that. A list of her accomplishments would take more space than this *Forward* allows. Those of you who have followed Farmer Mac over the years know of the evolution of the company - many new products, more efficient access, rates that hunt in your market. Mary has been behind the scenes on much of this, *always* with your interest and those of your borrowers in mind. Although we will miss Mary and her departure

leaves a void on our team that will be difficult to fill, she has worked hard all of her career and has earned this opportunity to enjoy more time with her family and her grandchildren.

David Buman joined our family to lead Farmer Mac's Credit department in 2008 and immediately left an indelible mark in the business and in our lives. He leaves a rich legacy here at Farmer Mac, having developed the company's innovative loan origination system, AgPower, and helped build out a professional and talented credit staff. He and his wife are leaving Washington, D.C. to return home to Iowa, so he can be closer to his family and eagerly await the arrival of his first grandchild. Professionally, he will continue to pursue his lifelong passion of supporting farmers and American agriculture, but this time working directly with the farmers at a community bank in the Midwest. We may not see David's smiling face in the office every day, but we do know that we will be working with him again very soon.

Welcome Aboard!

We are pleased to announce a new addition to the Farmer Mac team! Please join us in welcoming **Bernie Abbuhl** as a senior underwriter. Bernie had been a contract underwriter with us since 2010, working part-time after his early retirement. He enjoyed working with the team and with our lenders so much that he agreed to come out of retirement and aboard full-time. Bernie's work history includes 20+ years with Farm Credit in a variety of capacities and on his own as a CPA with an ownership interest in an accounting firm. His entrepreneurial side had him as a part owner and CFO of a variety of interrelated entities that owned farmland, livestock, crop input sales, etc. His wealth of experience is certainly prized in the underwriting function and we are excited to leverage his knowledge and insight. Bernie and his wife live outside Red Oak, Iowa, where he will work out of his home office.

Dave's GPS

Keep Up with Dr. David Kohl through Farmer Mac

Last Chance! [Register](#) now for the free live webinar, "Dave's GPS LIVE: Navigating the Road to Ag Lending Success" with Dr. Dave Kohl on Monday, January 12, at 12:00 noon Eastern Time!

In his article this month, titled "***Reflections from the Heartland***," Dr. Kohl delivers an insightful recap on the popular National Agricultural Bankers Conference, which took place in Omaha, Nebraska from November 9 - 12. Marking his 37th consecutive year attending this conference, Dr. Kohl offers a unique perspective very few can provide.

Along with Dave's GPS, see Dr. Kohl's bi-monthly "Dashboard" for his assessment of both global and domestic economics. 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. Factory utilization, a driver of U.S. economics, is up, but will it be impacted as the global economy starts to soften? Find out with Dr. Kohl's Dashboard.

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

ABA Alliance Update

Farmer Mac is a Gold Sponsor for ABA National Conference for Community Bankers

ABA-member bankers attending the ABA Community Bankers Conference on February 8-11 in Boca Raton, FL, should stop by Farmer Mac's booth (#408) and also attend the Tuesday morning Farmer Mac Industry Provider Workshop where the discussion will be led by Patrick Kerrigan, Farmer Mac's Director of Business Development. The session, titled "In Today's Brave New World, Farmer Mac's Real-World Benefits Stand Out," attendees will learn about Farmer Mac's programs, the special discounted products for ABA members, and why you should act now to take advantage of the secondary market for farm real estate loans and USDA guarantees.

Conferences such as this provide the perfect opportunity to meet Farmer Mac staff and learn first-hand about Farmer Mac products and pricing and the ABA/Farmer Mac Alliance.

Farm & Ranch Seller/Service Guide Update

New Option for Lenders in the Event of a Non-Obligor Spouse

Credit decisions are affected when the spouse of a borrower chooses not to accept personal liability on the loan. Farmer Mac's current underwriting practice addressing these situations is described in Chapter 202.5.2 (Farm and Ranch Lending, Conditions, Loan Conditions) of the Seller/Service Guide:

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.

Farmer Mac has decided to add a new option to allow the current balance sheet to be prepared on a joint basis. This option, effective immediately, is described in the following paragraph which is being added to the Guide immediately following the paragraph above, effective immediately:

When the non-obligor spouse without a prenuptial agreement in place agrees to sign Farmer Mac's form of "non-participating spouse estoppel certificate," Farmer Mac will require the current balance sheet to be prepared on a joint basis including all assets and liabilities of both the borrower and borrower's spouse. Income related to the non-obligor spouse will not be included in the income/expense trend. The loan must meet Farmer Mac underwriting standards when the potential impacts are taken into account.

The "Non-Participating Spouse Estoppel Certificate" can be found on the Farmer Mac website (www.farmermac.com) under Resources, then click on Seller/Service Guide. It is also located in pdocs.

Financial News

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

The oil price declines and economic troubles in Russia appear to be overshadowing a strong United States economy on the long end of the rates curve. As of December 30, the 10-year Treasury yield had fallen to 2.19%, about 0.15% lower than the close on October 31. However, with anticipation of rate hikes by the Federal Reserve in 2015 and 2016, the two and three year yields had moved up 0.20% to 0.69% and 0.18% to 1.10%, respectively, since October 31. The Federal Reserve announced on December 17 that a rate increase would not come in the near term.

According to the median of a Bloomberg survey of economists (*The Bond Yield Forecasts*) conducted on December 30, by the end of 2015, the Federal Reserve is expected to raise the target rate to 1.00% and the 10-year Treasury yield is expected to be at 3.01%.

Seller/Service Guide Amendment(s):

- Chapter 202.5.2 (Farm and Ranch Lending, Conditions, Loan Conditions) has changed to include Farmer Mac's "Non-Participating Spouse Estoppel Certificate"
- Chapter 201.1 (Credit Standards and Guidelines, Overview, Summary) has changed to reflect the new maximum loan amount of \$12.3 million (formerly \$12 million) for loans secured by more than 1,000 acres.