



### *Today's Presenters*

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## Farmer Mac Refresh: Lifestyle Ranch



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## Farmer Mac Refresh: Lifestyle Ranch



[www.farmermac.com](http://www.farmermac.com) → Lenders → Farmer Mac I

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## Farmer Mac Refresh: Lifestyle Ranch

- ▶ Farmer Mac Programs *Lenders turn to the Farmer Mac I program to derive important secondary market benefits for farm and ranch first-mortgage loans.*
  - ▶ Farmer Mac I
  - ▶ Farmer Mac II
  - ▶ ABA/Farmer Mac Alliance
  - ▶ ICBA/Farmer Mac Program
  - ▶ Loan Documentation Services
  - ▶ Collateral Valuation
- Under the umbrella of Farmer Mac I, lenders can choose from three product options to help them accomplish their goals.
- [Read More](#)

### Lender Access

*The Farmer Mac I program and its varied products are available to agricultural and agribusiness lenders.*

Lenders accessing Farmer Mac I typically are seeking the ability to offer long-term fixed rates to their farm and ranch customers. The Farmer Mac I Farm and Ranch Loan rates are posted daily for lenders who have become Sellers after demonstrating they meet Farmer Mac's eligibility requirements and signing a Seller/Service Agreement with Farmer Mac.

[Read More](#)

### Farm and Ranch Mortgage Loans

*The Farmer Mac I Farm and Ranch Loan program offers lenders the ability to sell whole loans to Farmer Mac, providing a risk management tool for their institution as well as a source of competitively-priced long-term fixed rates for their customers.*

A brief description of the Farmer Mac I Farm and Ranch Loan program is outlined below including the maximum loan amount, underwriting standards and a description of the process to submit loans for consideration.

[Read More](#)

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## Farmer Mac Refresh: Lifestyle Ranch

Small ranch properties (consisting of at least 60 acres) may be submitted to Farmer Mac using the Lifestyle Ranch underwriting option outlined below. The value of any property improvements generally should not exceed 25% of the total appraised value.

Lifestyle Ranch	
Max Loan Size	\$3,000k
Loan-to-Value	70%
Debt to Asset Ratio	55%
Current Ratio	1:1
Maximum Annual Debt Obligations (P&I)/Gross Income	39%
Credit Scores (FICO)	700
No Cash-Out	

Farmer Mac Underwriting Grid. To view, please select option below:

[PDF Version](#): Scroll through to read about all programs

### Loan Submission:

Farmer Mac I Farm and Ranch Loan packages are to be submitted using Farmer Mac's web-based AgPower® Loan Origination System (LOS). Access to AgPower® LOS is through a link in the approved Seller section of the Farmer Mac website. Loan-related support documents are to be scanned and submitted through AgPower® LOS.

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## *Today's Agenda*

1. Introduction of Lifestyle Ranch
2. Underwriting Criteria
3. Entering a Lifestyle Ranch Loan into AgPower®
4. Products and Pricing for Lifestyle Ranch Properties
5. Examples of Lifestyle Ranch Properties

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## *Lifestyle Ranch Product Description*

## Product Description

Description:	Small ranch properties ( $\geq 60$ acres) that may or may not have building improvements, and have feasible and intended agricultural crop or livestock production.
Loan Collateral:	First mortgage and the value of any dwelling and building improvements should generally not exceed 25% of total appraised value.

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## Product Description

Eligible Borrowers:	Wage earners using off-farm income as main source of qualifying income. Farm income (Schedule F) acceptable but not required. Examples of intended uses include hobby farm, recreation, hunting.
Products & Pricing:	Farmer Mac Farm & Ranch products, monthly payment schedule and standard pricing only.

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## *Product Description*

Appraisal:	Appraisal must meet USPAP standards and Farmer Mac Collateral Valuation guidelines. The appraiser must be a state-licensed and certified general appraiser. The market's foreseeable highest and best use and the market sales used to influence the value of the property must not include land subdivision or commercial development potential.
Documentation:	Full income documentation required for all obligors. 3 years tax returns required. Most recent wage statement required for off-farm income.

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## *Lifestyle Ranch Underwriting*

## Underwriting Standards

Annual Debt Obligations (P&I)/Gross Income	≤ 39%
CR – Proforma Current Ratio	≥ 1.00
DA – Leverage: Proforma Debt/Asset	≤ 55%
Minimum Loan Size	None
Maximum Loan Size	\$3.0 Million
LTV *	≤ 70% *
Credit Score	≥ 700
Aggregate Borrower Exposure	\$30.0 Million
Cash-Out Limitation	No Cash-Out

\*Maximum LTV = 60% for loans in the following states: North Dakota, South Dakota, Minnesota, Iowa, Illinois, Indiana, Ohio, Missouri and Nebraska

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## Underwriting Standards





### Other Requirements:

- Small Ranch Properties ≥ 60 acres
- The market's foreseeable Highest and Best Use and the market sales used to influence the value of the property must not include land subdivision or commercial development potential
- Dwelling and any other improvements must not exceed 25% of the total appraised value
- Full income documentation requirement. 3 years tax returns require of all obligors. Wage earners must provide most recent wage statement
- Loan structured with monthly payments

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## AgPower® Application


Welcome! DBuman




Save

Application Num:

Application Status: New Application ▼

FAMC Loan Num:

CS. Loan Number:

Application Description: Lifestyle Ranch Testing

Number of Entities: 1 (1-15) Seasoned Loan ☐
 UW Type: LifeStyle Ranch ▼

Most Recent Inc/Exp Year: 2012 ⓘ (2012)


Individual Completing Application: 
Application Date: 4/18/2013 ⓘ

of Entities: 1 (1-15) Seasoned Loan ☐
 UW Type: LifeStyle Ranch ▼

Most Recent Inc/Exp Year: 2012 ⓘ (2012)

Individual Completing on: DB
date: 4/18/2013 ⓘ

**Message from webpage**

 For Life Style Ranch loan, the payment frequency must be monthly.

OK

**Needs Of The Loan**

Loan Purpose:

Purchase RE

Cash out

**Total:**

Amount(\$)	(%)
3,000,001	10
0	
3,000,001	10

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## AgPower® Application

No changes to the following:

- Borrower Tab
- Balance Sheets and Schedules
- Consolidated BS and Schedules
- Proforma BS and Schedules
- Underwriting tied to the Grid
- Approval Process
- Amendment Process

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## AgPower® Income and Expense Tab

**INCOME AND EXPENSE STATEMENT**

Applicants Name: (Jess's) Sample Application for John Johnson; LIF Multiple Entity: 1 Cash/Accrual: Cash Last Tax Return Year: 2013 Years: 3

**Detail Information**

NON-FARM INCOME	2011	2012	2013
Salaries:	239,389	278,631	292,436
Interest Income: 1	6,203	5,419	6,083
Dividends: 1	0	0	0
Business Inc. (Sch C): 1 1	0	0	0
Capital Gain/Loss (Sch D): 1	0	0	0
Other Gains/Loss (4797):	0	0	0
Rental Income (Sch E): 1 1	0	0	0
Farm Inc or (Loss) Sch F: 1 1	0	0	2,000
Other Inc B: 1 1	0	0	0
Other Inc C: 1 1	0	0	0
<b>TOTAL ADJUSTED GROSS INCOME</b>	<b>245,592</b>	<b>284,050</b>	<b>300,519</b>

**Cash Flow Coverage**

	2011	2012	2013
Total adjusted gross income	245,592	284,050	300,519
<b>Plus Adjustments:</b>			
Farm Depreciation	0	0	0
Non-Farm Depreciation:	4,215	3,654	2,989
Farm Current/Non-Current Int. (F):	0	0	0
Non-Farm Non-Curr. Interest (C,E):	0	0	0
Other Plus Adj:	0	0	0
<b>Minus Adjustments:</b>			
Non-Recurring:	0	0	0
Other Minus Adj:	0	0	0
<b>Annual Gross Income:</b>	<b>249,807</b>	<b>287,704</b>	<b>303,508</b>

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## AgPower® Income and Expense Help File

Print Document Lifestyle Ranch I/E Help file PDF

http://intratest.farmermac.com/UW/images/LifestyleRanchIncExp.pdf - Windows Internet Explorer

http://intratest.farmermac.com/UW/images/LifestyleRan... Google

Google Search More Sign In

Search ASP Facebook Options

Favorites Suggested Sites Farm Financial Standards ... Get more Add-ons

http://intratest.farmermac.com/UW/images/Life... Page Safety Tools

**Lifestyle Ranch 4.4.13 (Blue Dot Help)**

**Interest Income**

Tax-exempt Interest Income: Add any tax-exempt interest income included on Form 1040 if it is likely to continue and is verified as recurring income. This analysis should focus on the continuance of any interest or dividend income.

**Nonrecurring Interest Income:** Subtract nonrecurring interest income.

**Dividends**

**Nonrecurring Dividend Income:** Deduct nonrecurring dividend income..

**Business Inc. (Sch C):**

**Schedule C (Form 1040) - Profit or Loss from Business: Sole Proprietorship**

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## AgPower® Consolidated Inc./Exp. Tab

Cash Flow Coverage			
Total adjusted gross income	245,592	284,050	300,519
<b>Plus Adjustments:</b>			
Farm Depreciation	0	0	0
Non-Farm Depreciation:	4,215	3,654	2,989
Farm Current/Non-Current Int. (F):	0	0	0
Non-Farm Non-Curr. Interest (C,E):	0	0	0
Other Plus Adjustment:	0	0	0
<b>Minus Adjustments:</b>			
Non-Recurring:	0	0	0
Other Minus Adjustment:	0	0	0
<b>CASH FLOW AVAILABLE:</b>	<b>249,807</b>	<b>287,704</b>	<b>303,508</b>
<b>TOTAL ANNUAL P&amp;I:</b>	<b>155,968</b>	<b>155,968</b>	<b>155,968</b>
<b>Annual Payment/Gross Income:</b>	<b>62.44%</b>	<b>54.21%</b>	<b>51.39%</b>
Comments:			

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## AgPower® Loan Summary Tab

**Real Estate Security:**

Total Acres: 160  
 Tillable: 150  
 Irrigated Acres: 0  
 County: Johnston  
 State: NC  
 Value: 950,000  
 Net Property Income: 50,000

**COMMODITIES GROWN ON SEC. % OF TOTAL**

Lifestyle Ranch 100 %  
 Not Specified 0 %  
 Total: 100 %  
 Cow/Calf Ranch Loan UW Standards: ☐

**Income Statement Trend Analysis:**

Year:	2010	2011	2012
Net Non-Farm Income	90,937	92,293	93,668
+ Depreciation	3,413	4,362	6,713
+ Total Interest	0	0	0
+ Other Plus Adjustment	0	0	0
- Non-Recurring	0	0	15,117
- Other Minus Adjustment	0	0	0
= Cash Flow (CFA)	94,350	96,655	85,264
Annual P&I	18,563	18,563	18,563
<b>Annual Pmt/Gross Inc.</b>	<b>19.67%</b>	<b>19.21%</b>	<b>21.77%</b>

Print Document

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## AgPower® Subsidiary Analysis Tab

### Income Expense

Inc/Exp Date	12/31/2012		
Gross Farm Income:	0	1,000	1,000
Farm Expense:	0	900	900
Net Farm Income:	0	100	100
Non Farm Income:	0	1,000	1,000
Depreciation:	0	100	100
Interest:	0	50	50
Leases:	0	0	0
Income Tax:	0	50	50
Living:	0	500	500
Inc/Exp Elim on Con:			0
CFA:	359,508	700	700
Debt Service:	43,557	200	200
TDC	0.00	3.5	3.50
Annual PMT/Gross Inc	12.12%		

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## Lifestyle Ranch Products & Pricing

## Lifestyle Ranch Products & Pricing Options

Products	Term	Amortization	Reset Margin	Monthly Pay Standard
1-Mo ARM LIBOR	15	15 25	1.60%	1.83%
1-Yr ARM	15	15 25	2.50%	1.90%
3-Yr ARM	15	15 25	2.50%	2.37%
5-Yr ARM	15	15 25	2.50%	2.87%
7/1 ARM	15	15 25		3.73%
10/1 ARM	15	15 25		3.85%
10-Yr VRM	15/20	15/20		3.99%
10-Yr VRM	25/30	25/30		4.19%
7-Yr Fixed	7	15 25		3.42%
10-Yr Fixed	10	10		3.55%
15-Yr Fixed	15	15		4.06%
15-Yr Fixed	15	25		4.37%
20-Yr Fixed	20	20		4.82%
25-Yr Fixed	25	25		5.07%

-Monthly payments are 5 bps less than the semi-annual payment schedule which is the standard quoted rate on Farmer Mac Rate Sheets

-Standard Pricing Only (Choice pricing is not available)

-As of 6/10/2013 11:51 AM ET

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## Sample Lifestyle Ranch Properties

## Lifestyle Ranch Examples

Property Location:	Northeast Texas
Acres:	65
Property Value:	\$200,000
Loan Amount:	\$140,000
LTV:	70%
Agricultural Commodity:	Lifestyle Ranch (Grazing)
Improvements:	Fencing
Highest and Best Use:	Agriculture/Hobby Farm
Primary Income Source:	Off Farm Income/Wage Earner



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## Lifestyle Ranch Examples

Property Location:	Southeast Oregon
Acres:	80
Property Value:	\$315,000
Loan Amount:	\$204,000
LTV:	65%
Agricultural Commodity:	Lifestyle Ranch (Grazing/Hay Production)
Improvements:	Fencing, Stall and Hay Barn, Storage Shed
Highest and Best Use:	Agriculture/Hobby Farm
Primary Income Source:	Off Farm Income/Wage Earner



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## *Lifestyle Ranch Examples*

Property Location:	Central Texas
Acres:	340
Property Value:	\$1,100,000
Loan Amount:	\$750,000
LTV:	68%
Agricultural Commodity:	Lifestyle Ranch (Grazing/Hunting/Recreation)
Improvements:	Fencing, Small 2 <sup>nd</sup> Home
Highest and Best Use:	Hobby Farm
Primary Income Source:	Off Farm Income/Wage Earner



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## *Questions?*