Farmer Mac Refresh:

Tracking the Tabs to Success

Loan Submission and Final Steps
Today’s Presenters:

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# Tracking the Tabs to Success Series

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Loan Submission and Final Steps

Today’s Webinar will cover the following:

- Submitting the Loan
- Preliminary Loan Approval
- Appraisal Checklist
- PPDocs
- Rate Locking and Rate Lock Info Tab
- Purchase Request & Purchase Info Tab
Submit Application Tab
Once you have completed all of the necessary tabs in AgPower and have uploaded all of the corresponding documents, you are ready to submit your application to Farmer Mac. To do this you would click on the Submit Application Tab. The Submit Application tab has a checklist for sellers to determine if all application data input is completed and all required documents are attached. This serves as a good reminder of what needs to be completed depending on the underwriting program. Complete the check boxes for the Underwriting Program you wish to submit to and click save. Please note, there is a check box at the end of the orange sentence that is commonly missed. When this box is checked, the “Submit Application” button will become active. Note, you must click Submit Application to actually submit the loan. Clicking Save will not submit the loan.
When the loan is submitted the loan status in the Loan Application Queue and on the Application page will change from “New Application” to “Pending”. When an underwriter begins their analysis of the loan the status will change to “UW Processing”. Farmer Mac strives to have communication regarding the loan back to you within 2-3 business days. This communication may be additional questions, an approval or a denial. The Underwriter may have additional question for you before they are comfortable making a decision on the loan. These will be communicated through the AgPower Communication Log located on the Communication and Attachment tab.
Preliminary Loan Approval Letter
If Farmer Mac approves the loan the underwriter will issue a Preliminary Loan Approval Letter. This letter is subject to the appraisal and title work and will expire after 180 days. When the Preliminary Loan Approval Letter is issued you will receive notification via email from AgPower. The Preliminary Loan Approval letter is located in the documents section of AgPower and will open as a PDF.
Let's go over some of the details on the Preliminary Loan Approval. It is important to read this document and keep it available through the post-approval process.

The name and contact information for the loan officer is located at the top. The borrowers on the requested are listed here. Note, anyone who is listed as a borrower is required to sign the Promissory Note and possibly the mortgage. Next is the 8-digit loan number, it is important to know this number when referencing the loan. The loan amount is listed along with the Maximum Interest rate. Further down we see the terms of the loan including the maturity, amortization and payment structure. The Preliminary Loan Approval also notes the products the borrowers are approved for. Please note, you will only be able to rate lock the loan for the product, payment structure, loan amount and up to the maximum interest rate. If you need changes to any of these items, you will need to submit a request through the Communication Log in AgPower and a Farmer Mac Underwriter will consider the revision.

The remainder of the Preliminary Loan Approval letter are conditions that must be satisfied before the loan can be purchased. Keep in mind that these conditions may or may not apply to your loan application. We will cover some of the more important conditions on the next slide.
Please carefully read the Preliminary Loan Approval Conditions as they provide you with detailed information as to what is needed to continue with Farmer Mac purchasing the loan. Here are some important items to note in the PLA.

Rate Lock information- The rate lock desk hours and phone number are listed on the front page of the Preliminary Loan Approval Letter. Please note, the loan is eligible to rate lock once you receive the Preliminary Loan Approval Letter. Rate locking is a commitment to purchase the loan. Failure to purchase a rate locked loan will result in a pair-off fee. Farmer Mac cannot make changes to rate locked loans, so please verify the product, terms etc. with the borrower before rate locking.

Item #2, Approval Expiration- The Preliminary Loan Approval will expire after 180 days. This area of the Preliminary Loan Approval outlines the approval expiration as well as the last possible day to rate lock for an 8-week, 4-week or 1-week rate lock period.

Item #3, Appraisal Information- This item in the Preliminary Loan Approval notes the value of the collateral. This number corresponds to the proforma balance sheet value of the collateral. If the appraisal reveals a value lower than the number outlined here, the loan will need to be revised. Farmer Mac will revise the loan and determine if the loan still qualifies at the lower appraised value. In some cases, the loan amount will need to be decreased or the loan will no longer qualify.
Item #20- Here the underwriter will list specific requirements that are unique to this loan and will need to be met before Farmer Mac can purchase the loan. The loan may not have any conditions in this area.

Exhibit A- This exhibit outlines the estimated use of proceeds. The loan will fund based on these loan proceeds. If the loan proceeds differ from what is outlined in Exhibit A, a revision to the loan may be required.
Generally sellers wait until they receive the Preliminary Loan Approval Letter to order the appraisal and title work. All appraisals and title work should be reviewed at the seller bank before being uploaded into AgPower. Reviewing and correcting any items that are missing before uploading the file into AgPower will greatly speed up the time it takes to get the loan to closing. When reviewing the Preliminary Title Work we ask that you “mark up” the title and note any items that will be refinanced or items that will be removed from the final title report. Farmer Mac also provides you with an Appraisal Checklist, as a tab located in AgPower. This is the same form that Farmer Mac looks at when reading the appraisal. In the form there is a list of potential appraisal deficiencies. These are the most common items that are missing in appraisals that Farmer Mac receives. Use this checklist as a resource when reviewing the appraisal.

Farmer Mac recently held a webinar regarding appraisals and this webinar provides more detailed information for appraisal expectations. You can watch “Farmer Mac Refresh: Appraisers and Appraisals- Tips from The Pros for Getting them Right” webinar on the Farmer Mac website under Resources, then Recorded Webinars.
Rate Locking and The Rate Lock Info Tab
The Farmer Mac rates are posted daily in the Secure Access area of the Farmer Mac website. To access the rates you would login to the Farmer Mac website and click on Rates. Farmer Mac has an alliance with the American Bankers Association as well as with the Independent Community Bankers Association. These alliances have allowed certain loan products to receive discounted pricing as compared to the standard Farmer Mac rate sheet. If your bank is a member of either one of these organizations, alert the Farmer Mac marketing department and they will update your bank’s profile to reflect the membership.

Here you can see the standard Farmer Mac rate sheet, the ABA rate sheet and the ICBA rate sheet. Each rate sheet shows the product, available term and available amortization options. The rates are quoted as Semi-Annual payments. There are two columns, standard and choice. Choice rates are available to all loans approved as Fast Tracks or approved as Full Underwrite, Choice pricing. There is a 20 basis point difference between standard and choice pricing.

To learn more about a product you can click on the product’s name and a description of the product will open in a separate window.
Rate Locking

• Before rate locking check with your customer and make sure they are comfortable with the loan amount, product and anticipated interest rate. If any of these items need adjusted the loan will need to be amended by the Farmer Mac Underwriting Staff.

• Be confident the loan will close before rate locking. Rate Locking is a commitment to deliver the loan. Failure to close a rate locked loan will result in a par off fee. The pair off fee is typically 1-1.25% of the loan balance.

• To rate lock you will call the Washington, D.C. office and ask for the Rate Lock Desk.
  • The phone number is listed in the Preliminary Loan Approval Letter. 1-800-879-3276
  • Rate Lock Desk hours are 10:00 A.M. to 3:00 P.M. Eastern time
At the close of business on the day the loan is rate locked, two new tabs will be added in AgPower, Rate Lock Info and Purchase Request. Click on the Rate Lock Info tab to see detailed information on the rate lock. You can see the rate lock expiration date, the note rate, the field servicing fee, the product information as well as payment information. This tab can be printed for your records. For those sellers who have been working with Farmer Mac for some time, the Rate Lock Info Tab has replaced the Commitment to Purchase Form that was faxed to you in the past.
Farmer Mac partnered with Peirson Patterson Documents, also known as PPDocs, to provide our sellers with a resource to develop closing documents for Farmer Mac loans. Farmer Mac recommends using PPDocs for closing document preparation, but it is only required for AgEquity loans. To use this feature you must be a registered user with PPDocs. The cost is $100 for a basic set of documents and the cost increases with more complex documents. Per PPDocs, many users generate their first package within an hour. PPDocs provides the security instruments and specific language related to products that need to be included in the note. In addition PPDocs can help prepare UCC statements, name affidavits, irrigation equipment riders and other necessary closing documents.
AgPower can automatically transfer a majority of the loan information from AgPower into the documents being prepared by PPDocs. Once the information has transferred you will need to review for accuracy and possibly input some additional information. To use this feature you must have a PPDocs account and the loan must be rate locked. Once the loan is rate locked there will be a new button on the Application Tab called “Send Data to PPDocs”. Click on this button to start the process. At this time you also need to be logged into your PPDocs account in a separate internet window. Follow the remaining direction in AgPower and eventually on the PPDoc’s website.
Purchasing the Loan and
The Purchase Info Tab
The Central Servicer will work with you in finalizing the closing documents. When all closing documents are finished and the Central Servicer agrees the loan is ready to be purchased, you will need to complete the Purchase Request Tab in AgPower. This tab appeared after the loan was rate locked. Only employees who have been given rights to this tab will be able to complete it. Your access rights are controlled by the Farmer Mac administrator at your bank.

Complete the information and click “Submit”. An email will go to your Central Servicer notifying them this tab has been completed. If there need to be changes to the request you can make the changes and resubmit. On the day the loan is to fund, the Central Servicer will confirm the Purchase Request and the loan funds will be wired per the instructions.
The Purchase Info Tab will appear following the purchase of the loan by Farmer Mac. The purchased information will remain indefinitely and can be printed or saved.
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FARMER MAC
Be watching for the Video Tip icon to appear on the Balance Sheet and Income and Expense tabs in the later this week. If you click on the Video Tip icons in AgPower a detailed interactive video will open that provides information for the tab you are currently working on in AgPower.
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