Road Show 2017

2017 Road Show Schedule

[Map showing locations of Road Show events]


**Agenda**

1. Welcome & Introductions
2. Corporate Update
3. A Word from our Ag Economists
4. USDA Guaranteed Loans
5. Rates & Product Review
6. Meet Your Underwriter
7. Other Liquidity & Credit Protection Tools
8. Conclusion

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**Welcome & Introductions**
Corporate Update

Historical Business Volume

12.4% Compound Annual Growth Rate
(1999 TO 2016)

$18.3B
### Outstanding Business Volume

**PRODUCTS**

<table>
<thead>
<tr>
<th>Loan Purchases</th>
<th>Loan Purchases</th>
<th>Wholesale Financing</th>
<th>Wholesale Financing</th>
<th>Credit Protection</th>
<th>Credit Protection</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm &amp; Ranch</td>
<td>$3.9</td>
<td>USDA guarantees</td>
<td>USDA guarantees</td>
<td>$2.3</td>
<td>USDA guarantees</td>
<td>$1.0</td>
</tr>
<tr>
<td>$7.2</td>
<td></td>
<td>Rural Utilities</td>
<td>Rural Utilities</td>
<td>$7.7</td>
<td>Rural Utilities</td>
<td>$3.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Institutional credit</td>
<td>Institutional credit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$8.4</td>
<td></td>
<td></td>
<td>$2.3</td>
<td>$1.9</td>
<td>$7.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$18.3</td>
</tr>
</tbody>
</table>

*All reserves and provisions recorded on these assets*

**2016 Lender Locations**

- Farm & Ranch and PC Sellers
- Farmer Mac 2/USDA Sellers
**Becoming a Farmer Mac Seller**

- Farmer Mac Seller requirements
  - Seller application
  - Seller/Servicer agreement
  - Officers’ Certificate
  - Stock ownership

**Consolidated Assets** | **Stock Ownership Requirements**
---|---
Up to $50 Million | 100 shares of Class A or Class C
$50- $100 Million | 200 shares of Class A or Class C
$100- $500 Million | 500 shares of Class A or Class C
Over $500 Million | 1000 shares of Class A or Class C

- Application and stock purchase not required for Farmer Mac 2

**Farmer Mac Relationship Manager Map**
Agricultural Economy Outlook

Things to Watch in 2017/18

- Talks have begun
- Still early stages
- Farmers likely to have bigger stake
- ARC/PLC?
- Crop insurance?

Farm Bill

- Canada and Mexico two of our top ag trading partners
- Currently under negotiations
- Tough talk from Trump

NAFTA

- Top destination for U.S. ag exports
- Routinely buys >60% of soybean exports
- Open to U.S. beef (slowly)
- Tough talk from Trump

China

- Farm labor growing scarce
- Pacific and rim states hardest hit
- Wages rising as a result
- Rise of the Farm Bot?

Labor

- Fed has raised short-term rates 100 bps since December 2015
- FOMC members signaling a slowdown
- Long-term rates still low but for how long?

Interest Rates

- Mergers, mergers, everywhere
- Farms getting bigger
- Lenders getting bigger
- Fewer input suppliers
- Watch expenses and input prices

Consolidation
Check Out the Feed

- Quarterly publication
- Focus on sectors and stories relevant to the season
- Available on the Farmer Mac website to download or subscribe (www.farmermac.com/thefeed)
- Subscribers automatically receive it via email
- Send comments and requests to thefeed@farmermac.com

Farmer Mac 2
USDA Guaranteed Loan Program
**Eligible USDA Programs**

- **Farm Service Agency**
  - Farm Ownership Loans
  - Operating Term Loans
  - Conservation Loans

- **Rural Development**
  - Business and Industry Loans
  - Community Facility Loans
  - Water and Environmental Loans

**How Farmer Mac 2 Works**

- $1,000,000 Farm Loan with a 90% FSA guarantee
- Lender retains 10% of the balance: $100,000
- FM2 purchases 90% of the balance: $900,000
- Lender retains 10% of the rate risk
- FM2 retains 90% of the rate risk
- Lender retains 10% of the credit risk
- FSA retains 90% of the credit risk

_**Lender retains 100% of the Loan Servicing**_
Advantages of Utilizing Farmer Mac 2

- Offer long-term fixed rates to “guaranteed loan” borrowers
- Lender receives fee income over life of the loan
- Average servicing fee is over 1.25%
- Competitive rate sheet
- No prepayment penalties
- Lender services 100% of the loan
- Centralized FM2 Program Administrator
- No Farmer Mac underwriting

Net Yield Changes 2017 vs 2016

<table>
<thead>
<tr>
<th>Product</th>
<th>9/1/2016</th>
<th>8/25/2017</th>
<th>Delta</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-Mo COFI</td>
<td>4.50%</td>
<td>4.00%</td>
<td>-0.50%</td>
</tr>
<tr>
<td>5-Yr Reset</td>
<td>3.50%</td>
<td>3.00%</td>
<td>-0.50%</td>
</tr>
<tr>
<td>7-Yr Fixed</td>
<td>3.00%</td>
<td>2.50%</td>
<td>-0.50%</td>
</tr>
<tr>
<td>10-Yr Reset</td>
<td>2.00%</td>
<td>1.50%</td>
<td>-0.50%</td>
</tr>
<tr>
<td>15-Yr Reset</td>
<td>1.50%</td>
<td>1.00%</td>
<td>-0.50%</td>
</tr>
<tr>
<td>20-Yr Fixed</td>
<td>1.00%</td>
<td>0.50%</td>
<td>-0.50%</td>
</tr>
<tr>
<td>25-Yr Fixed</td>
<td>0.50%</td>
<td>0.00%</td>
<td>-0.50%</td>
</tr>
<tr>
<td>30-Yr Fixed</td>
<td>0.00%</td>
<td>0.50%</td>
<td>0.50%</td>
</tr>
</tbody>
</table>
## Farmer Mac 2 Rates – 10.26.17

<table>
<thead>
<tr>
<th>Product Types</th>
<th>Monthly Pay Cash</th>
<th>Monthly Pay 4-Week Rate Look</th>
<th>Annual, S.A., &amp; Qrtly Pay Cash</th>
<th>Annual, S.A., &amp; Qrtly Pay 4-Week Rate Look</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wall Street Journal Prime **</td>
<td>2.75%</td>
<td>2.75%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farmer Mac 3-Mo COFI</td>
<td>2.62%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farmer Mac 5-Yr Reset COFI, 20, 25, 30-Yr Am</td>
<td>3.22%</td>
<td>3.31%</td>
<td>3.32%</td>
<td>3.41%</td>
</tr>
<tr>
<td>Farmer Mac 10-Yr Reset COFI, 20, 25, 30-Yr Am</td>
<td>3.65%</td>
<td>3.72%</td>
<td>3.73%</td>
<td>3.82%</td>
</tr>
<tr>
<td>Farmer Mac 15-Yr Reset COFI, 20, 25, 30-Yr Am</td>
<td>3.89%</td>
<td>3.98%</td>
<td>3.99%</td>
<td>4.08%</td>
</tr>
</tbody>
</table>

## 2016 USDA Purchase Summary

<table>
<thead>
<tr>
<th>Products</th>
<th>Loans</th>
<th>Servicing Fees Wgt Avg</th>
<th>Servicing Fees Median</th>
<th>Net Yield Wgt Avg</th>
<th>Volume</th>
<th>Volume as % of Total</th>
<th>Average Loan Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prime</td>
<td>5</td>
<td>1.06%</td>
<td>0.50%</td>
<td>1.70%</td>
<td>$5,444,931</td>
<td>1%</td>
<td>$ 1,088,986</td>
</tr>
<tr>
<td>3-Month COFI</td>
<td>86</td>
<td>3.12%</td>
<td>4.50%</td>
<td>1.96%</td>
<td>$22,601,361</td>
<td>5%</td>
<td>$ 262,807</td>
</tr>
<tr>
<td>5-Year COFI</td>
<td>44</td>
<td>1.53%</td>
<td>1.61%</td>
<td>2.70%</td>
<td>$29,222,526</td>
<td>6%</td>
<td>$ 664,148</td>
</tr>
<tr>
<td>10-Year COFI</td>
<td>68</td>
<td>1.73%</td>
<td>1.45%</td>
<td>3.05%</td>
<td>$29,920,737</td>
<td>6%</td>
<td>$ 440,011</td>
</tr>
<tr>
<td>15-Year COFI</td>
<td>201</td>
<td>1.16%</td>
<td>1.02%</td>
<td>3.45%</td>
<td>$88,770,762</td>
<td>18%</td>
<td>$ 434,992</td>
</tr>
<tr>
<td>7-Year Fixed, Full Am</td>
<td>104</td>
<td>1.34%</td>
<td>1.31%</td>
<td>2.59%</td>
<td>$22,607,685</td>
<td>5%</td>
<td>$ 217,382</td>
</tr>
<tr>
<td>7-Year Fixed, 15-Yr Am</td>
<td>32</td>
<td>1.78%</td>
<td>1.75%</td>
<td>2.73%</td>
<td>$10,936,561</td>
<td>2%</td>
<td>$ 341,768</td>
</tr>
<tr>
<td>10-Year Fixed, Full Am</td>
<td>20</td>
<td>1.20%</td>
<td>1.05%</td>
<td>3.05%</td>
<td>$5,858,142</td>
<td>1%</td>
<td>$ 262,907</td>
</tr>
<tr>
<td>15-Year Fixed, Full Am</td>
<td>98</td>
<td>1.30%</td>
<td>1.25%</td>
<td>3.04%</td>
<td>$43,327,589</td>
<td>9%</td>
<td>$ 442,118</td>
</tr>
<tr>
<td>15-Year Fixed, 25-Yr Am</td>
<td>9</td>
<td>1.23%</td>
<td>1.18%</td>
<td>3.41%</td>
<td>$5,129,360</td>
<td>1%</td>
<td>$ 569,929</td>
</tr>
<tr>
<td>20-Year Fixed</td>
<td>268</td>
<td>1.15%</td>
<td>1.15%</td>
<td>3.35%</td>
<td>$119,436,447</td>
<td>25%</td>
<td>$ 445,658</td>
</tr>
<tr>
<td>25-Year Fixed</td>
<td>56</td>
<td>1.13%</td>
<td>1.15%</td>
<td>3.57%</td>
<td>$26,553,608</td>
<td>6%</td>
<td>$ 474,172</td>
</tr>
<tr>
<td>30-Year Fixed</td>
<td>171</td>
<td>1.05%</td>
<td>1.00%</td>
<td>3.67%</td>
<td>$71,400,081</td>
<td>15%</td>
<td>$ 417,544</td>
</tr>
<tr>
<td>Total</td>
<td>1162</td>
<td>1.33%</td>
<td>1.20%</td>
<td>3.20%</td>
<td>$481,208,789</td>
<td>100%</td>
<td>$ 414,122</td>
</tr>
</tbody>
</table>
**Farmer Mac 2 Product Trends**

**FM2 TOP PRODUCTS 2017**

- 30 Year Fixed: 25%
- 20 Year Fixed: 17%
- 15 Year Reset: 13%
- 15 Year Fixed: 10%
- 10 Year Reset: 9%
- 3-Month COFI: 7%
- Fixed 10 or less: 9%
- Other: 10%

**Steps to Success**

- **Tell us what you're selling**
  - • Answer questions in our Online Loan Application (OLA)
- **Lock in your Rate**
  - • Call our Rate Line Monday-Friday from 10-3 EST
- **Accept Commitment**
  - • Automated email will be sent, detailing the next steps
- **Upload Documents**
  - • OLA will give you the information on required documents
- **Loan Review & Settlement**
  - • Your loan will be reviewed and you tell us when to settle
Sale Documents

- Loan Note
- Assignment of Guarantee
- Promissory Note
- Other Documents

Program Administrator

- Loan Settlements
- Loan Payments
- Servicing Actions
FSA Guaranteed Lenders Meeting

2017 FSA GUARANTEED LENDERS MEETING
November 12, 2017 | Hilton Milwaukee City Center
Milwaukee, WI

Sponsored by:

YOU'RE INVITED — REGISTER TODAY!

Does your bank originate FSA Guaranteed Farm Loans? Is your bank considering it? If so, you will not want to miss this special FSA meeting!

• Meet with top USDA officials and other lenders;
• Discuss important topics about the program in an open forum;
• Bring your questions to the meeting, and
• We will provide the forum (along with breakfast)!

You do not need to be registered for the 2017 ABA National Agricultural Bankers Conference to attend this event.

Last year over 100 people attended — Space is limited, sign up today!

Farm & Ranch Rates & Products
Interest Rate Environment

- Long-term rates are down moderately in 2017 after increasing significantly in Q3 and Q4 2016
- 2-year Treasury rates have climbed as the Fed has continued to raise the Federal Funds rate
- Yield curve flattening is being driven by low inflation and a Fed that is determined to increase short-term interest rates to prevent the economy from overheating

Product Impact – Farm & Ranch

- Long-term rates are slightly lower for the year, however remain above lows seen in July 2016
  - Strong demand for Farm and Ranch fixed rate loans
  - 15-year products remain very attractive relative to other products
  - 5-year ARM beginning to see more volume due to relative attractiveness on the yield curve
- LIBOR-based reset product (1-month ARM, AgEquity) remain popular however demand beginning to moderate as rates rise
  - These products are much more sensitive to actions by the Federal Reserve than products with initial fixed rate periods greater than 5-years
# Farm & Ranch Fixed Rate Products – 10.26.17

<table>
<thead>
<tr>
<th>Product</th>
<th>Term</th>
<th>Amort.</th>
<th>Reset Margin</th>
<th>Standard Rate</th>
<th>Choice Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>7-Yr Fixed</td>
<td>7</td>
<td>15/25</td>
<td>-</td>
<td>4.15%</td>
<td>3.95%</td>
</tr>
<tr>
<td>10-Yr Fixed*</td>
<td>10</td>
<td>10</td>
<td>-</td>
<td>4.29%</td>
<td>4.09%</td>
</tr>
<tr>
<td>15-Yr Fixed*</td>
<td>15</td>
<td>15</td>
<td>-</td>
<td>4.42%</td>
<td>4.22%</td>
</tr>
<tr>
<td>15-Yr Fixed*</td>
<td>15</td>
<td>25</td>
<td>-</td>
<td>4.68%</td>
<td>4.49%</td>
</tr>
<tr>
<td>20-Year Fixed</td>
<td>20</td>
<td>20</td>
<td>-</td>
<td>4.78%</td>
<td>4.63%</td>
</tr>
<tr>
<td>25-Year Fixed</td>
<td>25</td>
<td>25</td>
<td>-</td>
<td>4.93%</td>
<td>4.78%</td>
</tr>
<tr>
<td>30-Year Fixed</td>
<td>30</td>
<td>30</td>
<td>-</td>
<td>5.03%</td>
<td>4.90%</td>
</tr>
</tbody>
</table>

*ICBA Discount Available  
*ABA Discount Available
### Farm & Ranch ARM Products – 10.26.17

<table>
<thead>
<tr>
<th>Product</th>
<th>Term</th>
<th>Amort.</th>
<th>Reset Margin</th>
<th>Standard Rate</th>
<th>Choice Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Mo ARM LIBOR*</td>
<td>15</td>
<td>15</td>
<td>25</td>
<td>1.70%</td>
<td>3.23%</td>
</tr>
<tr>
<td>1-Yr ARM</td>
<td>15</td>
<td>15</td>
<td>25</td>
<td>2.30%</td>
<td>3.06%</td>
</tr>
<tr>
<td>3-Yr ARM</td>
<td>15</td>
<td>15</td>
<td>25</td>
<td>2.30%</td>
<td>3.41%</td>
</tr>
<tr>
<td>5-Yr ARM</td>
<td>15</td>
<td>15</td>
<td>25</td>
<td>2.30%</td>
<td>3.72%</td>
</tr>
<tr>
<td>7/1 ARM*</td>
<td>15</td>
<td>15</td>
<td>25</td>
<td>3.25%</td>
<td>4.11%</td>
</tr>
<tr>
<td>10/1 ARM*</td>
<td>15</td>
<td>15</td>
<td>25</td>
<td>3.25%</td>
<td>4.30%</td>
</tr>
</tbody>
</table>

*ICBA Discount Available  *ABA Discount Available

### Farm & Ranch VRM Products – 10.26.17

<table>
<thead>
<tr>
<th>Product</th>
<th>Term</th>
<th>Amort.</th>
<th>Reset Margin</th>
<th>Standard Rate</th>
<th>Choice Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-Yr VRM*</td>
<td>15</td>
<td>20</td>
<td>15</td>
<td>20</td>
<td>-</td>
</tr>
<tr>
<td>10-Yr VRM*</td>
<td>25</td>
<td>30</td>
<td>25</td>
<td>30</td>
<td>-</td>
</tr>
<tr>
<td>15-Yr VRM*</td>
<td>20</td>
<td>20</td>
<td>-</td>
<td>4.57%</td>
<td>4.37%</td>
</tr>
<tr>
<td>15-Yr VRM*</td>
<td>25</td>
<td>30</td>
<td>25</td>
<td>30</td>
<td>-</td>
</tr>
</tbody>
</table>

*ICBA Discount Available  *ABA Discount Available
Farm & Ranch AgEquity RLOC

- Maximum of 100 bps field servicing
- 5 or 10 year draw period
- Up to a 30 year term
- Semi-Annual interest only payments; amortizing after draw period
- Minimum $2,500 draw; unlimited draws

<table>
<thead>
<tr>
<th>Product</th>
<th>Term</th>
<th>Amort.</th>
<th>Reset Margin</th>
<th>Standard Rate</th>
<th>Choice Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ag Equity LIBOR</td>
<td>20/25/30</td>
<td>Varies</td>
<td>2.00%</td>
<td>3.24%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Important Footnotes

- Rates are indicative
- Rate lock hours: 10:00 am to 3:00 pm eastern time
  - 800-879-3276
- Semi-annual payment rates are posted
  - Add 15 bps for annual pay
  - Subtract 5 bps for monthly pay
- Choice quality reset margins are posted
- For loans $5 million or greater, higher rates may apply for:
  - 20 year fixed
  - 25 year fixed
  - 30 year fixed
- 4-week rate locks posted. Other options available upon request
- Mandatory Delivery
**Pricing a Loan**

- Start by checking the Farmer Mac Net Yield on the rate sheet
- Does the loan request qualify for Standard or Choice Pricing?
- Is your institution an ABA or ICBA member?
- What is the re-payment frequency?
  - Monthly, Semi-Annual or Annual
- 4 Week Rate Lock?
- 10 – 150 bps for most products

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### Field Servicing Fee Averages

<table>
<thead>
<tr>
<th>Product</th>
<th>2015 Avg.</th>
<th>2016 Avg.</th>
<th>2-Yr Avg.</th>
<th>2-Yr % of Vol</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Regions</td>
<td>0.64%</td>
<td>0.74%</td>
<td>0.68%</td>
<td>100%</td>
</tr>
<tr>
<td>10/1 ARM</td>
<td>0.60%</td>
<td>0.75%</td>
<td>0.66%</td>
<td>21.34%</td>
</tr>
<tr>
<td>AgEquity RLOC</td>
<td>0.76%</td>
<td>0.67%</td>
<td>0.70%</td>
<td>16.71%</td>
</tr>
<tr>
<td>15-Yr Fixed</td>
<td>0.62%</td>
<td>0.74%</td>
<td>0.66%</td>
<td>14.17%</td>
</tr>
<tr>
<td>7/1 ARM</td>
<td>0.72%</td>
<td>0.81%</td>
<td>0.77%</td>
<td>7.45%</td>
</tr>
<tr>
<td>1 Month LIBOR ARM</td>
<td>0.86%</td>
<td>1.08%</td>
<td>0.95%</td>
<td>7.15%</td>
</tr>
<tr>
<td>25-Yr Fixed</td>
<td>0.49%</td>
<td>0.58%</td>
<td>0.53%</td>
<td>4.55%</td>
</tr>
<tr>
<td>15-Yr Reset; 30 Yrs</td>
<td>0.76%</td>
<td>0.63%</td>
<td>0.63%</td>
<td>4.47%</td>
</tr>
<tr>
<td>5 Year ARM</td>
<td>0.55%</td>
<td>0.85%</td>
<td>0.74%</td>
<td>4.29%</td>
</tr>
<tr>
<td>20-Yr Fixed</td>
<td>0.53%</td>
<td>0.57%</td>
<td>0.57%</td>
<td>3.74%</td>
</tr>
<tr>
<td>10-Yr Reset; 30 Yrs</td>
<td>0.61%</td>
<td>0.93%</td>
<td>0.66%</td>
<td>3.27%</td>
</tr>
<tr>
<td>Top 10 Prod:</td>
<td>0.67%</td>
<td>0.75%</td>
<td>0.69%</td>
<td>87.2%</td>
</tr>
</tbody>
</table>
Recent Popular Products

All Regions

- 15 years fixed: 22%
- All Others: 11%
- 15-Yr Reset; 20 Yrs: 6%
- 7 Month LIBOR ARM: 15 years: 4%
- 5 Year Arm: 7%
- AgeEquity: 7%
- 30 Yr Fixed: 7%
- 1/1 ARM: 9%
- 10-Yr Reset; 30 Yrs: 10%
- 15-Yr Reset; 30 Yrs: 12%

Meet Your Underwriter
**Farm and Ranch Loan Purchase Trends – Last 2 Years**

- **Total amount of loan purchase volume processed by our credit staff:** $2.6B
- **Overall application approval rate:** 78%
- **Overall approved-loan close rate:** 81%
- **Percentage of loans receiving Choice pricing:** 28%

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**Farm and Ranch Loan Purchase Trends – Last 2 Years**

**What?**

- Feed Grains
- Crops
- Dairy
- Cattle and Livestock
- Oilseeds, Canola and other crops
- Other
- Non-agricultural

---

**Where?**

- Loan Amount: $5M or less
- $5M to $10M
- $10M to $20M
- $20M or more

- States with loan applications:
  - Midwest
  - Southeast
  - Northeast
  - West
  - Other

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What Do Farmer Mac Borrowers Do With Their Loans?

Farm and Ranch Loan Use-of-Fund Percentages for 2016 Submissions

Eligible Borrowers and Properties

- Eligible Farm & Ranch Loans
  - Types of loans
    - Must be first mortgage farm or ranch real estate loans
    - Revolving lines of credit are available if first mortgage secured
  - Properties
    - Parcels of land capable of producing ag commodities or products
    - May be improved by buildings, fixtures and equipment permanently attached
    - No minimum or maximum acreage requirement
  - Borrowers
    - U.S. citizens, nationals or aliens lawfully admitted for permanent U.S. residence
    - Corporations or partnerships where members, stockholders or partners holding a majority interest in the entity are U.S. citizens (or nationals) or aliens lawfully admitted for permanent U.S. residence. Co-borrowers or a personal guarantee is expected.
    - Trusts are eligible for Farmer Mac financing if there is a personal guarantee
**Application Checklist**

- Prepare and/or collect borrower information
  - Note: a Narrative Template is available in the Resource Library

<table>
<thead>
<tr>
<th>Application Checklist</th>
<th>Full Underwrite</th>
<th>Fast Track</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Detailed Narrative (analysis of character, capital, capacity, collateral &amp; condition)</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>2. Credit Report with credit score on each applicant</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>3. Current market value balance sheet(s) with schedules (including debt schedule) &gt; input in AgPower</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>4. Pro forma balance sheet and schedules (including debt schedule) &gt; input in AgPower</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>5. Previous three years (market value preferred; cost basis accepted) balance sheets and schedules &gt; input &amp; upload in AgPower</td>
<td>☐</td>
<td>N/A</td>
</tr>
<tr>
<td>6. Tax Returns/Income Statements for previous three years or four years for alternate bearing crops (only two years required for Fast Track) &gt; input &amp; upload in AgPower</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>7. Pro forma income and expense &gt; input in AgPower</td>
<td>☐</td>
<td>N/A</td>
</tr>
<tr>
<td>8. Verification of non-farm income (2 most recent paystubs or most recent W-2 for each applicant employed off farm)</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>9. Written debt verifications from major lender(s) of the borrower (if not on the Credit Report)</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>10. Written mortgage verifications outlining outstanding principal balance and payment history (at least last 24 months); or two most recent 1098's for each mortgage not in the Credit Report</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>11. Verification of cash, savings, cash value life insurance, marketable bonds and securities, and retirement accounts if material to the credit</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

**Underwriting Matrix Snapshot**

- Most popular programs include:

<table>
<thead>
<tr>
<th>Loan Program</th>
<th>Fast Track</th>
<th>Full Underwrite</th>
<th>Full Underwrite</th>
<th>AgEquity RLOC</th>
<th>AgAssist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible Pricing Type</td>
<td>Choice</td>
<td>Standard</td>
<td>Choice</td>
<td>Standard</td>
<td>Standard</td>
</tr>
<tr>
<td>Total Debt Coverage (See Seller/Servicer Guida, Section 202.3)</td>
<td>≥ 1.00 for 2 year average</td>
<td>≥ 1.25</td>
<td>≥ 1.50</td>
<td>≥ 1.35; must meet TDC after 3% rate shock</td>
<td>≥ 1.10</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>≥ 1.00</td>
<td>≥ 1.25</td>
<td>≥ 1.50</td>
<td>≥ 1.25</td>
<td>≥ 1.00</td>
</tr>
<tr>
<td>Debt to Asset</td>
<td>≤ 50%</td>
<td>≤ 50%</td>
<td>≤ 40%</td>
<td>≤ 50%</td>
<td>≤ 60%</td>
</tr>
<tr>
<td>Loan-to-Value</td>
<td>≤ 55%</td>
<td>≤ $5 mil: ≤ 70%</td>
<td>≤ $5 mil: 60%</td>
<td>≤ 60%</td>
<td>≤ 50% **</td>
</tr>
<tr>
<td>Credit Score</td>
<td>≥ 720</td>
<td>≥ 680</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan Size</td>
<td>No minimum</td>
<td>No minimum</td>
<td>No minimum</td>
<td>Minimum: $50,000</td>
<td>No minimum</td>
</tr>
<tr>
<td>Cash-Out (See Seller/Servicer Guida, Section 202.5)</td>
<td>Unlimited</td>
<td>≤ 25%; unlimited cash out if amortization is 15 years or less and LTV is less than 60%</td>
<td>Allowed if not for consumer purpose.</td>
<td>Allowed if not for consumer purpose.</td>
<td>Unlimited</td>
</tr>
</tbody>
</table>
**Process Overview**

**Rebalancing – Times Have Changed**

- Explain what happened, tell us the story
- What has changed in the operation to restore profitability?
  - What is their risk management and marketing strategies?
  - Renegotiating high cash rents or eliminating unprofitable rented land?
  - “Hope is not a strategy”
- What is lender’s history with the borrowers?
- What helpful steps is the lender taking?
- Remember Farmer Mac’s “cash-out” limitations
- Try AgAssist, a helpful underwriting option
  - Program to partner with you and help long-term viable farmers
**AgAssist Underwriting**

- Standard pricing
- Facility loans eligible on a case-by-case basis
- Eligible for cash-out
- 2nd mortgage must be guaranteed by a Federal or State agency
- AgAssist max loan size flexes with guaranteed loan amount
  - Guaranteed loan required to be in a 2nd lien position
  - Guaranteed loan ≥ 25% of combined 1st & 2nd loan amount

<table>
<thead>
<tr>
<th>Underwriting Option</th>
<th>Total Debt Coverage Ratio</th>
<th>Current Ratio</th>
<th>Debt to Asset Ratio</th>
<th>Maximum Loan Amount</th>
<th>Loan to Value</th>
<th>Credit Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>AgAssist</td>
<td>≥ 1.10</td>
<td>≥ 1.00</td>
<td>≤ 60%</td>
<td>≤ 1000 acres; $50.0M</td>
<td>≤ 85% CLTV</td>
<td>≥ 680</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>&gt; 1000 acres; $12.6M</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Quick Reminders for Faster Approvals**

- Risk management strategies
- Who is the operating lender?
- Provide detailed pro-forma cash flow
- Historical balance sheets
- Verification items
  - Include names and dates
  - Dates must correlate with the balance sheet date
  - Amounts must reconcile with balance sheet
**Recent Updates**

- New narrative template available (optional)
- AgAssist minimum credit bureau score now 680
- Cow/Calf & Lifestyle Ranch loans now underwritten as Full Underwrite loans
  - Simplified underwriting
  - Eligible for “Choice” pricing
- Under development
  - Scorecard system

**Client Services & Credit Operations**
Client Service in Action

- Support Services
  - New user/seller training – “Getting started”
  - Loan review
  - Guidance – “What’s next?”
- Training Kits
  - The Essentials
  - Request a binder
  - Resource Library
- Webinars
  - farmermac.com

Client Services
ClientServices@FarmerMac.com
866-452-2617

Resources at Efarmermac.com

Client Services
ClientServices@FarmerMac.com
866-452-2617
Contact for: general program assistance, training, technical issues, loan onboarding & processing questions

Business Development
Opportunities@FarmerMac.com
800-879-3276
Contact for: products & solutions, relationship management & marketing

Underwriting
Underwriting@FarmerMac.com
866-452-2617
Contact for: loan eligibility, credit & underwriting

Servicing
Servicing@FarmerMac.com
866-452-2617
Contact for: loan servicing

Rate Lock Desk
ClientServices@FarmerMac.com
800-879-3276
Hours of Operation: 10 a.m. – 3 p.m. ET
Contact for: rate lock requests, extensions & withdrawals

Farmer Mac 2
FM2@FarmerMac.com
877-770-3644
Contact for: USDA Guaranteed loans
For more information visit
www.farmermacz.com
**Purchase Commitment Program**

- **Product description**
  - Lender holds loan(s) in portfolio with the option to sell after 90 days of delinquency
  - Loans are risk weighted at 20% of capital requirements
  - Lender pays Farmer Mac a commitment fee of ≈50 basis points per annum, paid monthly

- **Lender benefits**
  - Transfer credit risk
  - Increase liquidity and lending capacity
  - Accommodate larger loans
  - Balance sheet growth

- **Consult with your regulator on asset treatment**
Purchase Commitment Example – Nebraska

**Lender Profile**

- Community Bank
  - State Chartered
  - Assets: ≈ $40M
  - Lending Limit: ≈ $800K
  - Existing 'PC' pool with regulator approval to exceed legal lending limit

**Transaction Details**

- R/E refi (balance sheet restructure):
  - Amount: ≈ $700K
  - 1440 Acre Cow/Calf
  - Bank Priced & Funded
  - 50bps Per Annum
  - 0% Credit Risk

Lender Comment:
“The Purchase Commitment allows us to grow as our customers grow. We are now able to accommodate and fully service larger transactions. In addition, the freed-up capital allows us to continue lending.”

AgVantage Funding Program
**Does your bank need liquidity?**

- Farmer Mac’s AgVantage® portfolio liquidity tool may help!
  - Access a stable source of funds at attractive rates
  - Retain loans in portfolio and manage interest rate risk
  - Flexible terms with fixed, floating, bullet and amortizing debt options
  - Up to 90% advance rates on agricultural mortgages
  - Scalable – The facility can be increased as your business grows
  - Streamlined approval and funding process

---

**AgVantage® – Pricing Example – 10.26.17**

- Semi-annual interest only payments

<table>
<thead>
<tr>
<th>Maturity</th>
<th>Indicative Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>30-Day</td>
<td>1.64%</td>
</tr>
<tr>
<td>90-Day</td>
<td>1.78%</td>
</tr>
<tr>
<td>1-Year</td>
<td>1.89%</td>
</tr>
<tr>
<td>3-Year</td>
<td>2.40%</td>
</tr>
<tr>
<td>5-Year</td>
<td>2.93%</td>
</tr>
<tr>
<td>10-Year</td>
<td>3.83%</td>
</tr>
</tbody>
</table>
Thank You!

Contact Us: www.farmermac.com
Corporate Headquarters (DC): 800-879-3276
Underwriting Office (IA): 866-452-2617