AgXpress
Our Newest Addition to Farm & Ranch
Agenda

- **AgXpress** –
  - What is it?
  - What are the benefits and how is it different from other Farm & Ranch options?

- **Program Parameters** –
  - What’s eligible?
  - How will I know if it fits, and what else do I need to know to get started?

- **Loan Submission** –
  - How do I submit an AgXpress loan?
  - What’s different compared to Fast Track and Full Underwrite submissions?

- **Plans for Launch** –
  - When is it available?
  - Who do I contact with questions, and are there other training materials?
A new program for Farm & Ranch loan purchases designed to:

- Deliver faster credit decisions
- Leverage loan decisioning technology to improve processes & approval speeds
- Bypass traditional onboarding requirements in AgPower, saving valuable time
- Reduce documentation requirements
- Simplify the application process
- Improve seller experience, thus increasing retention, reputation & volume
Key Benefits of AgXpress

THEN

• Collect and submit a dozen or more supporting documents (e.g., financials, narrative, credit report, verifications, etc.)

• Varying degrees of time for Sellers to input a complete loan in AgPower

• Average time for FAMC to review and approve a complete loan package: 2 business days

• No differentiation between loan size and complexity as it relates to process requirements

NOW

• Collect and upload one document (e.g., the AgXpress Application)

• Estimated time it will take sellers to input an AgXpress loan in AgPower: 15 minutes

• Estimated time for FAMC to review and approve a complete AgXpress loan: a few hours

• Smaller loans meeting the AgXpress criteria can be processed quickly and easily – giving valuable time back to the Sellers
Program Parameters

- **Max loan size:** $750,000 per applicant (within a 12-month period)
  - After 12 months of seasoning with no delinquencies, additional loans considered
  - Max aggregate AgXpress exposure of $1.5 million
  - Total Loan Obligation (TLO) for applicants with existing FAMC loans cannot exceed $10 MM including AgXpress

- **Max LTV:** 55% of total combined bare land and permanent plantings
  - If the property does not include permanent plantings, the max LTV of 55% is based off of the bare land value only

- **No restrictions on commodities or use of funds**

- **No restrictions on products (Fixed, VRM, ARM)**

- **Monthly or semi-annual payment frequencies**

- **Choice pricing included automatically!**

- **Minimum credit score of 720 for all applicants**
  - * sit tight…more on credit scores and reports later
Borrower & Property Eligibility…Remains the Same

• Farm or ranch real estate secured by a first mortgage
• Parcels of land capable of ag production
• Property may be improved by buildings, fixtures, and permanently attached equipment
  • Loan-to-value (LTV) will be based off bare land value
  • Value of permanent plantings can be included in the bare land value
• Collateral must consist of at least 5 acres or be used to produce annual agricultural receipts of at least $5,000
• 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 with an eligible co-borrower and a personal guarantee are permitted
• Applicants/borrowers must include all title holders
Doesn’t Make the Cut

- Revolving lines of credit (AgEquity)
- Highly improved, livestock, and special use facilities
- Trusts (without an eligible co-borrower and a personal guarantee)
- Annual payment frequency
  - Necessary to have at least semi-annual payment frequency to assess 12 months of performance (with no DQ’s)
- Cross-collateralization of any AgXpress loans
Let’s Talk Credit Reports

- **Scoring model is proprietary**
  - Heavily weighted on credit score
  - Other factors are used, although undisclosed
  - A complete, accurate, and signed application is essential

- **Farmer Mac will pull a credit report on all applicants (hard pull inquiry)**
  - Sellers are not required to pull a credit report, but may do so at their discretion
  - FAMC’s credit report will be used regardless of Seller’s report or score
    - TransUnion for individuals and D&B for businesses
  - FAMC will provide the Seller with a copy upon request
    - Password protected and uploaded to AgPower

- **Credit scores are an important indicator, but not a guarantee**
  - Applicants with credit scores greater than 720 do not guarantee approval
Reminders for Success

• **AgXpress delivers a simpler application process**
  - Parameters provide strong guidelines, but the scoring model isn’t black and white
  - FAMC’s interest in quality agricultural loans remains the same

• **Seller due diligence makes a difference – know your customer**
  - Ensures fast turnaround times
  - Yields high approval rates
  - Strengthens program sustainability
  - Encourages future enhancements

• **We still offer other great programs…**
  - Fast Track
  - Full Underwrite
  - AgEquity (RLOC)
  - AgAssist
Application Process – What’s Changed?

- **What do I need to submit an AgXpress loan?**
  - AgXpress Application

- **AgXpress Application Package cover page**
  - Program parameters & loan submission instructions
  - Frequently asked questions…important tips!

- **AgXpress Application**
  - General information on loan request, applicant(s), and property
  - Consolidated balance sheet and income statement
  - Collateral

- **Four-page application must be completed and signed by all applicants and the Seller**
  - Exhibit A (page 5) available for additional applicants
## QUESTION | ANSWER
---|---
How long will it take to get a credit decision on an AgXpress loan? | Less than one business day (ideally within a few hours), subject to a complete and signed application.
Who must sign the AgXpress application? Are e-signatures acceptable? | All applicants and seller must sign the application. Currently, we do not accept e-signatures on AgXpress applications.
Does the Seller have to get an application signed by the borrower at closing? | The AgXpress application must be signed prior to FAMC scoring the request and issuing a credit decision. The final, signed AgPower application should be collected at closing (as is normal for all standard Farm & Ranch loans).
Does the Seller have to provide FAMC an original signed application or will a copy suffice? | A copy of the signed application is adequate and must be uploaded to AgPower within the Communications/Attachment tab.
## QUESTION

### How are denials handled?

FAMC will contact the Seller via phone. FAMC will prepare a Denial Notice and issue it to the seller through AgPower.

### Who prepares the Denial Notice/Adverse Action Notice (AAN) issued to the applicant(s)?

The Seller is responsible for preparing and issuing the AAN to all applicant(s). FAMC will provide the seller the reasons for denial within the Denial Notice.

### May the Seller use their own AAN form and will FAMC review the Seller’s version for acceptance?*

Sellers may use their own form, provided it’s in compliance with the Equal Credit Opportunity Act (ECOA) and the Fair Credit Reporting Act (FCRA). FAMC will not individually review and approve AAN’s.

*Sellers should familiarize themselves with the AgXpress information described in the Seller/Servicer Guide, located at www.efarmermac.com.
## We Can’t Forget…

<table>
<thead>
<tr>
<th>QUESTION</th>
<th>ANSWER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does FAMC have to receive a hard-copy of the AAN or be copied on the communication to the applicant(s)?</td>
<td>FAMC only needs a copy of the AAN. The Seller must upload a copy to AgPower within 10 business days of receiving FAMC’s Denial Notice.</td>
</tr>
<tr>
<td>If the Seller approves the applicant(s) through a different program, does an AAN still have to be issued?</td>
<td>Yes. An AAN must be issued on all AgXpress denials even if the loan is later approved through other FAMC programs or channels.</td>
</tr>
<tr>
<td>If an AgXpress loan is denied, how long must the applicant(s) wait to resubmit?</td>
<td>A loan denied through AgXpress may be immediately reconsidered under another FAMC program and should be resubmitted in accordance with standard loan processes. After 45 days, the applicant(s) may reapply for AgXpress if the applicant(s) have improved or corrected reasons for denial as noted in FAMC’s Denial Notice.</td>
</tr>
</tbody>
</table>
**QUESTION** | **ANSWER**  
---|---  
Can AgXpress loans be cross-collateralized or cross-defaulted with other FAMC loans? | Cross-collateralization is not allowed on any AgXpress loan. Upon FAMC’s request, an AgXpress loan may be cross-defaulted with other FAMC loans.  
If the loan is approved and a new title holder shows up on the title work, what happens? | All title holders will be required to sign the application, and the loan will be reevaluated for approval. Please make sure that all title holders are included on the initial application to avoid delays in approval and closing activities.  
Can an Estoppel Certificate be used on an AgXpress loan? | All title holders are required to be applicants. In cases where an applicant is not a title holder, an Estoppel Certificate may be used for the non-signing spouse with FAMC’s approval.
Let’s Get to It - How Do I Submit a Loan?

Log in at www.efarmermac.com → Click on “AgPower”

Click the “Add New Application” button
AgPower Updates for AgXpress

- **AgXpress checkbox –**
  - Check “AgXpress Loan?”
  - Select “FTF – Full Underwrite” for the UW Type field
    - The system requires you to select a UW Type even though it will be treated as an AgXpress transaction
    - If the loan is declined through AgXpress, you may resubmit the loan for consideration under FastTrack or Full Underwrite (more details on this in later slides)
AgPower Inputs

• Complete the application page in AgPower and click “Save”

• Fewer tabs appear – New!
  1. Complete only the Application and Borrower Info tabs – a significant time savings!
  2. Upload a signed AgXpress Application to the Communication/Attachment tab
     - A narrative is welcome, but not required
     - No supporting documentation required
  3. “Submit” the application on the Submit Application tab
Special Note: At the start of a new application, if you forget to check this…

AgXpress Loan? ✓

…the standard tabs will appear at the top of the page
(as you would see for a Fast Track or Full Underwrite loan).

To correct it, simply check the “AgXpress Loan?” checkbox, and the appropriate tabs will disappear when you refresh the page.
(Helper hint: click on a different tab to refresh!)
**AgXpress Approvals**

**Once approved, a Preliminary Loan Approval (PLA) notice will be issued**
- Seller will receive an email notification from AgPower
- Comments regarding the AgXpress approval will appear in the “Other Specific Requirements” section of the PLA

**Next steps**
- Seller uploads the appraisal and title work upon their receipt
- All standard rate lock, appraisal, title, closing, and purchase activities remain the same!
  - As normal, the AgPower application should be printed and signed by all applicants at closing
**AgXpress Denials**

- **Underwriter will contact Seller on all denials**

- **Underwriter will upload the FAMC Denial Notice to the Communication/Attachment tab in AgPower**

- **Seller is responsible for preparing and issuing an Adverse Action Notice (AAN) to applicants**
  - FAMC’s Denial Notice will include all pertinent information for the AAN
  - Seller must upload a copy of the AAN to the Communications/Attachment tab in AgPower within 10 days of receiving FAMC’s denial
  - FAMC will verify the AAN has been uploaded
**AgXpress Denials – Loan Resubmission**

- A denied loan may be resubmitted for Fast Track or Full Underwrite

**The process looks like this**

1. Seller will duplicate the denied application by clicking the “Duplicate Application” button on the Application tab
2. Seller will be prompted to confirm the duplication (click “Submit to Duplicate” and “OK”)
3. A new loan record is generated with a new Application ID assigned
4. The application status on the new record will reflect “New Application” (once the screen is refreshed)
5. Seller will uncheck “AgXpress Loan?” and select the preferred “UW Type” (Fast Track or Full Underwrite)
6. Seller will complete all the standard tabs and fields as normally required for the selected UW Type, upload supporting documentation, and submit the loan
7. All subsequent activities (i.e., appraisal, rate lock, closing, etc.) follow normal business processes
Ready? Set? Go!

AgXpress “go live” date is March 1, 2019!

• **Don’t forget!**
  • Once available, download the **AgXpress Application Package** and review the AgXpress information in the **Seller/Servicer Guide**
  • *How will you know when they are available? Sign up to receive announcements within “My Profile” at www.efarmermac.com*

• **Request a complete Training Kit or AgXpress inserts from Client Services at…**
  [ClientServices@farmermac.com](mailto:ClientServices@farmermac.com) or 866-452-2617
Questions About AgXpress?

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

Client Services
ClientServices@FarmerMac.com
866-452-2617
Contact for: general program assistance, training, technical issues, loan onboarding & processing questions
Thank you!
Dr. Dave Kohl: The State of Agriculture & Ag Lending in 2019

Monday, February 4, 2019 | 11:00 AM CT

Join us as Dr. Kohl discusses producer and lender perspectives on the current economic environment. Dr. Kohl will elaborate on why global economics is in a synchronized slow down. The state of the U.S. economy and interest rates will be covered as well.

Come ready to learn more about the latest tools lenders can use in credit analysis, and factors that separate ag borrowers’ economic performance.

www.farmermac.com/webinars