



The Farmer Mac *Forward* is a quarterly newsletter for our network of approved lenders that communicates important changes to the Seller/Service Guide and loan programs, as well as upcoming events and announcements. If you would like anyone from your lending institution to receive this newsletter, they can simply visit “My Profile” on efarmermac.com and click “Send Me Future Announcements.” If you have any questions about how to subscribe or the information in this volume, please contact our Client Services team at 866.452.2617 or clientservices@farmermac.com.

Seller/Service Guide Updates and Announcements ***Changes to Guide***

We recently made several updates to the Seller/Service Guide (SSG). A summary of all changes is listed in the Update Log, located at the end of the Guide. A current copy of the SSG is located in our [Resource Library](#) at efarmermac.com. Please familiarize yourself with these important updates and contact a member of your dedicated Farmer Mac team with questions. The changes are:

Chapter/Section	Change Description
202.5	Added a requirement for lease subordinations on mortgaged properties where tenant dwelling leases exceed two years.
202	Expanded the Eligibility definition to address fully revocable trusts.
210.2	Removed “Standard Loan Terms” paragraph and added a clarifying introductory sentence to the following two sections: Preservation, Maintenance and Protection of the Property; Inspections, and Hazardous Substances.
210.2	Removed the non-applicable reference to “Section 4” from the Preservation, Maintenance and Protection of the Property; Inspections section.
210.2	Added clarifying language to the Interest on Early Payment of Installments section to address prepayments on a rate reset date for all monthly variable and adjustable products (removed the specific reference to LIBOR). Removed the word “interest” where it was nonapplicable in numbers (1.) and (3.).
210.2	Updated the Application of Payments section to include the collection of expenses and protective advances (to be applied first before the application of interest, principal, and late fees).

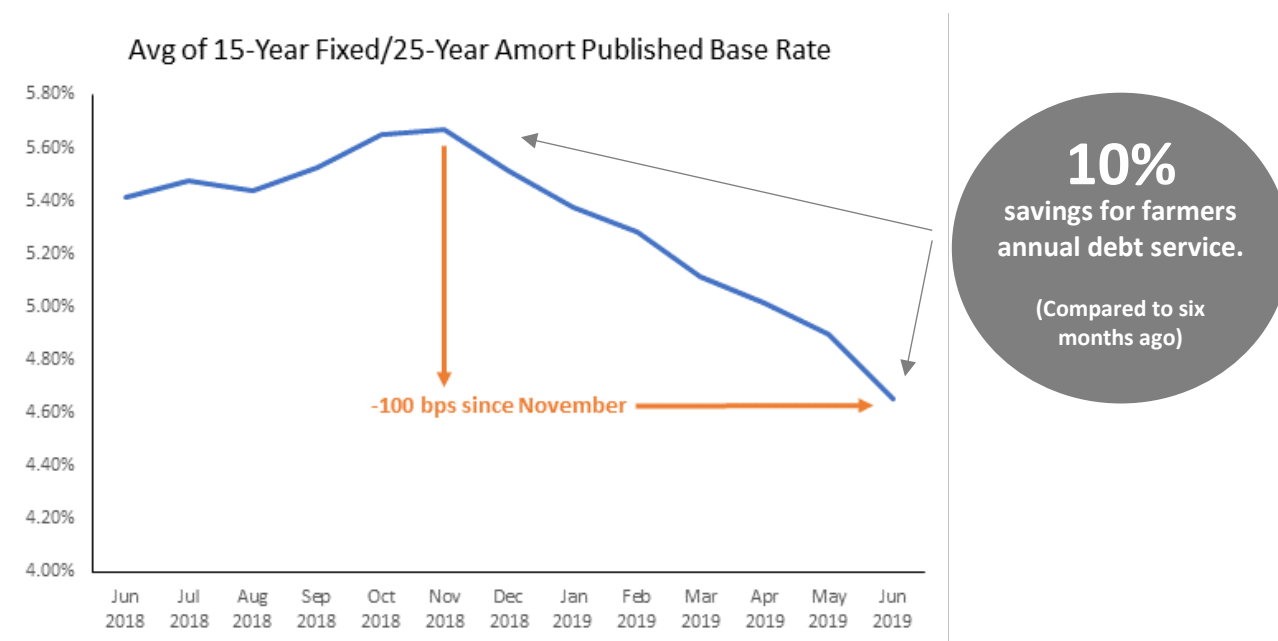
210.2	Updated the Interest Accrual section to clarify and address that all interest, including the interest from loan closing to the end of the month in which loan closing and/or loan settlement occurs, must be calculated using a 30-day month (i.e., 30/360 accrual basis).
303.3	Added a description for the handling of a commitment to purchase (i.e., rate lock) extension fee.
303.5	Added a description for the handling of a pair-off fee (i.e., rate lock withdrawal fee).

Program Changes

Choice Pricing Has Gotten Better!

We recently lowered our Choice pricing by 15 basis points for the majority of loan products listed on our Farm & Ranch rate sheet. These products include our 1-month, 1-year, 3-year and 5-year ARMs, 10-year and 15-year VRMs, and our 7-year, 10-year and 15-year fixed rates. As a reminder, Choice pricing is now available for high quality, full underwrite loans, as well as AgXpress and Fast Track loans.

Here is an example of how the changes in Choice pricing, paired with favorable market conditions, have impacted the 15-year fixed rate over the last six months.



New Farm & Ranch Loan Products Coming July 1

On July 1, we plan to replace the LIBOR-based and Treasury-based ARM products on our rate sheets with comparable VRM (Variable Rate Mortgage) products. While the structure of loan products will remain the same, the reset rates will be based on Farmer Mac's cost of funds, which enables us to offer you more competitive pricing.

Supporting materials regarding the new VRM products are located in our [Resource Library](#) at efarmermac.com.

- [Product Update FAQ](#)
- [VRM Rate Reset Guide](#)
- [Historical VRM vs. CMT Rates](#)
- [Historical VRM vs. Prime Rates](#)

Take Note! On July 1, please download all updated materials that will be available our [Resource Library](#) at efarmermac.com.

- VRM Product Description
- Fixed Rate Product Description
- ARM Product Description (7/1 & 10/1)
- Conversion Guide
- Farm & Ranch Training Kit

To learn more about the new Farm & Ranch products, view a previously recorded webinar [CLICK HERE](#).

AgPower Enhancements

Beginning July 1, the Application Tab of AgPower will include a couple of noteworthy enhancements. These upgrades should improve the quality and accuracy of information, as well as provide efficiencies during loan submission. The enhancements are:

- The “State” and “County” fields are now auto-populated drop-down menus. No more typing! Simply chose from a list of options. More than one state and county may be selected.
- Replaced redundant water questions with instructions on how to complete the Ag Water Supply Questionnaire ([Form 1020](#)).

Collateral Valuation Updates

There have been several updates to the Collateral Valuation Supplement and related forms. Some of these updates were prompted by changes made to the [USPAP document](#) by the Appraisal Standards Board for 2020/2021. A list of the noteworthy changes is included below.

- Eliminated the requirement for the appraiser to state the relationship between Rental versus Owner/Operator Net Income.
- Added section to provide guidance on what is expected when Appraisal Report corrections or supplements are required.
- Removed references to the former Irrigation and Drainage Supplement (Form 1013A) and replaced it with Agricultural Water Supply Questionnaire ([Form 1020](#)).
- Included information on the ‘Water Budget’ requirement related to appraisals involving Permanent Plantings.
- Removed the “prior services” statement from the appraisal report certification as it is now a USPAP requirement. As a result, updates have been made to the content of the Sample Fee Appraiser Engagement Letter ([Form 1023A](#)), the Farmer Mac Appraisal Report Requirements ([Form 1027A](#)), and the [Collateral Valuation Supplement](#).
- Added guidance on when a Cost Approach is required with detail on market supported depreciation.

For more information on the Collateral Valuation updates, visit our [Resource Library](#) at efarmermac.com.

News, Events, and Insights

The Feed – Summer 2019

Coming Early July!

The Feed, Farmer Mac’s quarterly perspective on agriculture, is a must-read for all ag lenders and their farm customers. This concise publication combines the most relevant research from trusted agricultural resources, and the insightful commentary and analysis from our own team of experts into a single, reliable source in an easy-to-consume format. And it’s FREE! To subscribe to The Feed and to view prior editions, please [CLICK HERE](#).

Keep Up with Dr. Kohl through Farmer Mac

Dave's GPS and Dashboard is a bi-monthly blog written by the legendary and respected Dr. Dave Kohl, exclusively for Farmer Mac! Follow Farmer Mac on [Facebook](#), [LinkedIn](#), or [Twitter](#) to be first to know when it has been published! His June article, *Mom, My Mentor*, is hot off the press and can be found here: www.farmermac.com/daves-gps. Look for his next ag assessment in August.



Join us for a **FREE** live webinar, “Dr. Kohl – Managing Expectations” on Monday, July 29, at 11:00 AM CT! For more information and to register [CLICK HERE!](#)

Farmer Mac Road Show 2019

September 4 - October 25 | 9:30 AM - 1:30 PM

The popular Farmer Mac Road Shows are coming back this September and October. Come meet the Farmer Mac underwriting and business development teams, have lunch, network with other local lenders, and join the conversation. A list of dates and locations for these FREE road shows will be announced in the next few weeks. Check our calendar of events soon to see if we will be in a city near you! [CLICK HERE](#)

Farmer Mac Webinars

Farmer Mac webinars are a great way to learn about Farmer Mac products, loan sale processes, and a variety of other informative topics. Be sure to visit the [Webinar Library](#) on our website to see what's coming up and listen to past presentations.