



Farmer Mac Refresh

New Opportunities with Farmer Mac

April 20, 2016

The Complaints

- Loans are getting so large, we can't handle them in-house
- Competition cherry picks my customers
- Lenders are offering terms longer than our bank's products
- If we start to sell loans, soon our whole portfolio will be gone
- Our loan-to-deposit ratio is too low to sell loans
- Too busy, we don't have the staff or time to dedicate to the process
- My compensation is based on in-portfolio assets
- FSA guaranteed loan limits are too small



Our Solutions

- Offer competitive loan products that attract new customers
- Accommodate large loan requests, including agribusiness loans, to grow relationships
- Add to your loan portfolio with cross sales
- Earn origination fees and a continuing stream of fee income
- Decrease credit risk
- Obtain liquidity & leverage capital
- AgAssist Underwriting - NEW



“Proven, easy to use program to keep existing producers satisfied and attract new potential borrowers!”

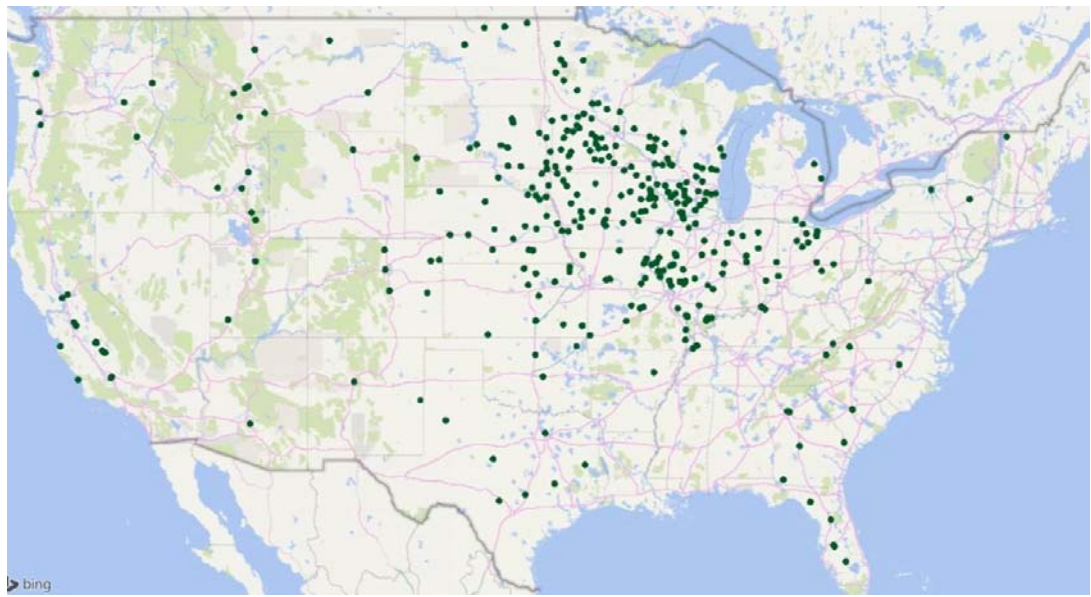


Solutions Bankers Use

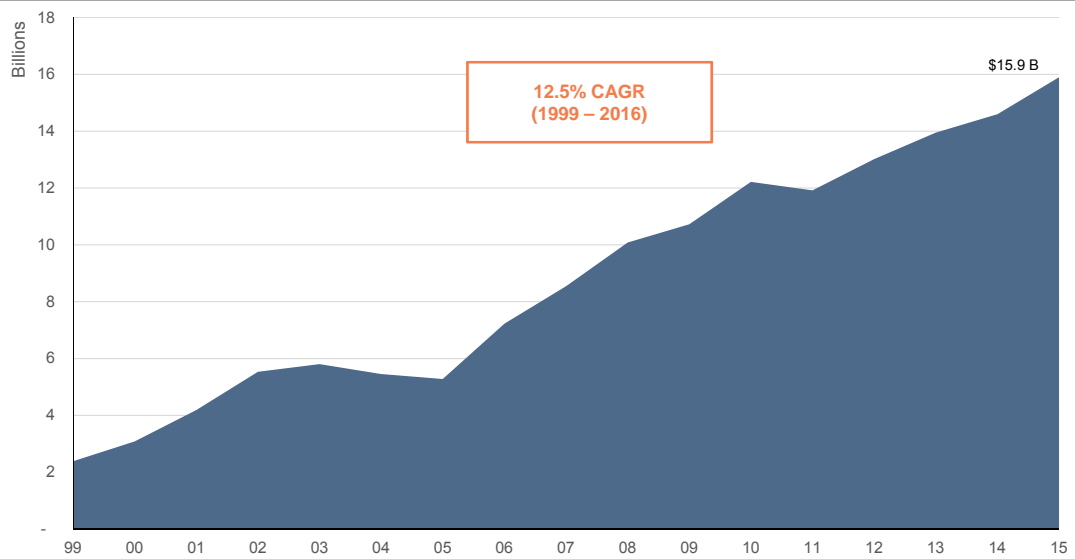
- Farm & Ranch (F&R) Loan Sales
 - Competitive rates
 - Fixed rates
 - Reduce borrower exposure
 - Lucrative fee income
- AgAssist Underwriting - NEW
 - Option to restructure credit
 - Increase rate and amortization options
- Purchase Commitments
 - Keep loans in portfolio but shed 100% credit risk
- AgVantage
- Turn your ag portfolio into cash
- Farmer Mac 2 - FSA Guaranteed Loan Sales
 - Longer amortizing loan structures
 - Attractive fixed rate product menu



2015 Lender Locations



Outstanding Business Volume





***Farm & Ranch
Loan Purchase Program***



***Farm & Ranch Program
Steps to Submit a Loan***

Information to Gather from Applicant

- 3-4 years
- Subsidiary Entities, if applicable

Tax Returns



- Current, market value within 90 days
- Historical Balance Sheets

Balance Sheets



- If applicable
 - Land leases
 - Production contracts

Copies of Contracts & Agreements



- Current assets
- Debt balances
- Verifications need applicant's name and date

Verifications of Assets & Liabilities



- Credit report dated within 60 days

Signed Credit Release Authorization



- Tax returns can be signed at closing
- Environmental Disclosure

Signed Loan Application



Loan Approval Steps

- Meet with your customer; explain product options
- Package credit using Farmer Mac's AgPower LOS
- Once submitted, Farmer Mac underwriters review loan request
- Respond to lender within two business days
- Issues preliminary loan approval letter



Loan Approval Steps

- Seller engages appraiser
- Seller orders preliminary title rpt
- Seller reviews/uploads appraisal and title rpt into AgPower
- Central Servicer is assigned to assist lender with closing
- Rate commitments
- Loan closing options
- Post-sale servicing



FAMC Underwriting

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



Underwriting Grid

	Fast Track	Full UW Standard	Full UW Choice Pricing
Max Loan Size	\$1,000k	\$12.6/\$50m	\$12.6/\$50m
Loan-to-Value Ratio	55%	60%	60%
Debt to Asset Ratio	40%	50%	40%
Current Ratio	1:1	1.25:1	1.50:1
Debt Service Coverage	1:1	1.25:1	1.50:1
Credit Scores	720	680	680
Tax Return	2-Yrs	3-Yrs	3-Yrs

(More detail: <http://www.efarmermac.com/Resource/Index.aspx>)



Fast Track

Underwriting Option	Total Debt Coverage Ratio	Current Ratio	Debt to Asset Ratio	Maximum Loan Amount	Loan to Value	Credit Score
Fast Track	≥1.00	≥1.00	≤40%	\$1 Million	≤ 55%	≥720

- No cash-out restrictions
- Agricultural improvements cannot exceed 40% of the appraised value
- Automatically qualify for choice pricing
- No exceptions to standards



Full Underwrite - Standard Pricing

Underwriting Option	Total Debt Coverage Ratio	Current Ratio	Debt to Asset Ratio	Maximum Loan Amount	Loan to Value	Credit Score
Full Underwrite Standard	≥1.25	≥1.25	≤50%	≤ 1000 acres; \$50M ≥ 1000 acres; \$12.6M	≤ \$5M; 70% ≥ \$5M; 60% <small>* Geographical restrictions apply</small>	≥680

- Loans where cash-out request exceeds 25% of the loan amount, must have an amortization no greater than 15 years and LTV at 60% or less, with compensating strengths
- LTV is limited to 60% for ND, SD, MN, IA, IL, IN, OH, MO, NE, all other states 70% if TDC ≥ 1.50 & no exceptions for CR and D/A.
- Properties with agricultural improvements exceeding 60% of the appraised value will be treated as facility loans



Full Underwrite - Choice Pricing

Underwriting Option	Total Debt Coverage Ratio	Current Ratio	Debt to Asset Ratio	Maximum Loan Amount	Loan to Value	Credit Score
Full Underwrite Choice	≥1.50	≥1.50	≤40%	≤ 1000 acres; \$50M ≥ 1000 acres; \$12.6M	≤ 60%	≥680

- Loans where cash-out request exceeds 25% of the loan amount, must have an amortization no greater than 15 years and LTV at 60% or less, with compensating strengths
- Agricultural improvements cannot exceed 60% of the appraised value
- No exceptions to standards



AgEquity LOC

Underwriting Option	Total Debt Coverage Ratio	Current Ratio	Debt to Asset Ratio	Maximum Loan Amount	Loan to Value	Credit Score
AgEquity LOC	≥1.35	≥1.25	≤50%	≤ 1000 acres; \$50M ≥ 1000 acres; \$12.6M	≤ 50% bare land value	≥680

- Funds are used for agriculture or business purposes
- Customer chooses 5 year or 10 year draw period
- Semi-Annual interest payments due on January 1 and July 1
- Minimum \$2,500 draw; unlimited draws
- Improved properties are acceptable but improvements including permanent plantings are not valued when determining LTV



AgAssist – New Option

Underwriting Option	Total Debt Coverage Ratio	Current Ratio	Debt to Asset Ratio	Maximum Loan Amount	Loan to Value	Credit Score
AgAssist	≥1.10	≥1.00	≤60%	≤ 1000 acres; \$50.0M ≥ 1000 acres; \$12.6M	≤ 45% FAMC ≤ 85% CLTV	≥680

- 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



AgPower Loan Origination System

FARMER AC

FINANCING RURAL AMERICA

Select AgPower

- My Profile
- AgPower
- NRV Analysis
- Online Servicing Request
- Preferred Appraiser
- Rates
- LTSPC
- Resource Library
- Annual Certification
- Logout

Farmer Mac Rates

Labor Day Holiday Hours

The Farmer Mac Cash Window will be closed on Monday September 7th. Normal hours will resume Tuesday September 8th at 10:00AM EST.

In addition, the Farmer Mac Cash Window will close at 12:00PM EST on Friday September 4th.



- ▷ Farmer Mac Rates Post Schedule
- ▷ Farmer Mac I: Farm and Ranch Loan Program
- ▷ Farmer Mac II LLC Rates
- ▷ Historical Farmer Mac II LLC COFI Rates
- ▷ AgVantage Rates



Farm & Ranch Loan Products

F&R Product & Pricing Options 4/19/2016

<i>Product</i>	<i>Term</i>	<i>Amort.</i>	<i>Reset Margin</i>	<i>Farmer Mac Standard Net Yield</i>	<i>Average Servicing Fee</i>	<i>Sample Note Rate</i>
AgEq. LIBOR	20/25/30	Varies	2.20%	2.44%	0.75%	3.19%
1-Mo LIBOR	15	15/25	1.90%	2.43%	0.75%	3.18%
5-Yr ARM	15	15/25	2.50%	3.30%	0.75%	4.05%
10/1 ARM	15	15/25	3.38%	3.64%	0.75%	4.39%
10-Yr VRM	25/30	25/30	-	4.14%	0.70%	4.84%
15-Yr VRM	25/30	25/30	-	4.37%	0.75%	5.12%
15-Yr Fixed	15	15	-	4.04%	0.75%	4.79%
15-Yr Fixed	15	25	-	4.37%	0.75%	5.12%
20-Year Fixed	20	20	-	4.35%	0.75%	5.10%
25-Year Fixed	25	25	-	4.48%	0.75%	5.23%
30-Year Fixed	30	30	-	4.61%	0.75%	5.36%

- Open prepayment on any payment date
- ABA & ICBA discounts available

Farm & Ranch Loan Purchases

2015

Record Loan Purchase Volume

161 Sellers sold **958 loans, \$748,000,000** and received approval within an average of under

2 business days

THANK YOU FOR YOUR BUSINESS



Recent Bank Transaction

Recent Transactions - Indiana (3/21/2016)

Transaction Details

- • Fast Track
- • Loan Amount: \$550,000
- • 15-Yr VRM, 20-Yr Term
- Maturity Date: 7/1/2036
- Semi-Annual Payments
- 53% LTV on 160 acres
- Choice Pricing
- • 4.82% Note Rate
- *0.75% Field Servicing Fee*
- *Timeline: 46 calendar days*
- *Refinance real estate and operating debt*

Property Info

- Commodity:
 - Corn & Soybeans



Recent Transactions - Iowa (3/21/2016)

Transaction Details

- Full Underwrite
- Loan Amount: \$2,000,000
- 15-Yr Fixed Rate
- Maturity Date: 1/1/2031
- Semi-Annual Payments
- 54% LTV on 525 acres
- Standard Pricing
- 4.90% Note Rate
- *0.60% Field Servicing Fee*
- *Timeline: 195 calendar days*
- *Purchase & refi land, equip. & operating debt*

Property Info

- Commodity:
 - Corn & Soybeans



Recent Transactions - Minnesota (3/24/2016)

Transaction Details

- Fast Track
- Loan Amount: \$975,000
- 10/1 ARM
- Maturity Date: 7/1/2031
- Semi-Annual Payments
- 55% LTV on 225 acres
- Choice Pricing
- 3.91% Note Rate
- *0.75% Field Servicing Fee*
- *Timeline: 69 calendar days*
- *Refinance real estate and operating debt*

Property Info

- Commodity:
 - Corn & Soybeans



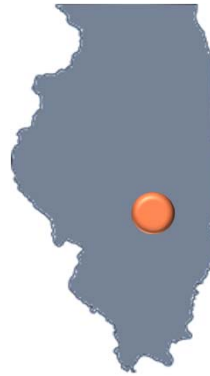
Recent Transactions - Illinois (3/29/16)

Transaction Details

- AgEquity
- Loan Amount: \$650,000
- 1-Mo LIBOR, RLOC
- Maturity Date: 7/1/2046
- Semi-Annual Payments
- 53% LTV on 600 acres
- Standard Pricing
- 3.43% Note Rate
- *1.00% Field Servicing Fee*
- *Timeline: 32 calendar days*
- *Refi bank LOC, open new RLOC*

Property Info

- Commodity:
 - Corn & Soybeans



***Farm & Ranch
Purchase Commitment***

Purchase Commitment Program Benefits

- Reduce credit risk for loans in the Long-Term Standby Purchase Commitment (LTSPC) pool
 - Manage commodity, geographic and borrower concentrations
- Improve financial results
 - Improve borrower hold limit calculations
 - Repurchase sold participations, improving related profits
 - Reduce reserve requirements for potential loan losses
 - Free up capital through risk-weighting loans in pool at 20% versus 100% for portfolio loans



How Does LTSPC Work?

- Two legal documents support the LTSPC
 - LTSPC Agreement
 - Covers loans in the initial pool and subsequent loans
 - Farmer Mac commits to purchase loans in pool if they become 90 days delinquent
 - Lender pays annual fee on a monthly basis
 - Master Servicing Agreement
 - Agreement is dormant until such time as Farmer Mac buys a loan from the LTSPC and the lender begins servicing the loan for Farmer Mac



LTSPC Pricing

- Commitment fee is 50 bps for most ag real estate loans
- Processing, storage & marketing loans have negotiated pricing based on risk profile
- Participation alternative
 - Keep more income at the bank



AgVantage

AgVantage – Liquidity Source for Ag Bankers

- Farmer Mac approved Sellers can elect to become an AgVantage Certified Facility (Issuer)
- Credit line is established based on issuer's capital & assets
- Issuer pledges ag mortgage loans as bond collateral
- AgVantage bond characteristics:
 - Non-amortizing
 - Monthly pay
 - Principal payable at maturity



AgVantage – Pricing

- 30-day: 0.84%
- 90-day: 1.03%
- 1-year: 1.04%
- 3-year: 1.60%
- 5-year: 2.19%
- 10-year: 3.22%





Farmer Mac 2

Farmer Mac 2

- Eligible government guaranteed loans
 - USDA Farm Service Agency
 - Farm Ownership loans
 - Operating loans (Term)
 - Conservation loans
 - USDA Rural Development
 - Business & Industry loans
 - Community Facility loans



Farmer Mac 2 Highlights

Real Estate &
Term Operating
Loans

No selling group
requirements by
Farmer Mac

No Farmer Mac
underwriting
analysis

Purchase USDA
guaranteed
portion only

Lender receives
fee income
annuity



Sale Documents



Loan Note
Guarantee

Assignment
of Guarantee

Promissory
Note

Other
Documents



Farmer Mac 2 Rate Sheet

4/19/2016

*Servicing Retained Net Yields**

Product Types	Monthly Pay Cash	Monthly Pay 4-Week Rate Lock	Annual, S.A., & Qrtly Pay Cash	Annual, S.A., & Qrtly Pay 4-Week Rate Lock
Wall Street Journal Prime **	2.00%		2.88%	
Farmer Mac 3-Mo COFI	1.88%		1.88%	
Farmer Mac 5-Yr Reset COFI, 20, 25, 30-Yr Am	2.44%	2.53%	2.54%	2.63%
Farmer Mac 10-Yr Reset COFI, 20, 25, 30-Yr Am	2.93%	3.02%	3.03%	3.12%
Farmer Mac 15-Yr Reset COFI, 20, 25, 30-Yr Am	3.24%	3.33%	3.34%	3.43%
7-Yr Fixed Rate, 7-Yr Am	2.40%	2.49%	2.50%	2.59%
7-Yr Fixed Rate, 15-Yr Am	2.58%	2.67%	2.68%	2.77%
10-Yr Fixed Rate, 10-Yr Am	2.61%	2.70%	2.71%	2.80%
15-Yr Fixed Rate, 15-Yr Am	2.92%	3.01%	3.02%	3.11%
15-Yr Fixed Rate, 25-Yr Am	3.15%	3.24%	3.25%	3.34%
20-Yr Fixed Rate, 20-Yr Am	3.19%	3.28%	3.29%	3.38%
25-Yr Fixed Rate, 25-Yr Am		3.63%		3.73%
30-Yr Fixed Rate, 30-Yr Am		3.78%		3.88%

* Indications only. Actual Net Yields are determined at time of pricing and may differ from those indicated.

** For daily, monthly and quarterly resets. For all other reset frequencies, please contact Farmer Mac II LLC.

*** For 25- and 30- year fixed rate products: Higher rates may apply for loans \$5 million or greater.



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Conclusion

- Farmer Mac is a dependable partner for your institution
- One on one training is available and recommended for all lenders
- Visit our Resource Library at www.efarmermac.com
- For more information, contact:
 - Patrick Kerrigan, Director of Business Development
 - PKerrigan@farmermac.com

