



FARMER  AC

***Farmer Mac Refresh:
Helpful Hints for Your Farm &
Ranch and USDA Guaranteed
Loans***

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Today's Presenters

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Farmer Mac Solutions

Farm & Ranch Loan Purchase Solution

Access competitive, short and long-term financing for farm operations, rural properties, and production agriculture. You originate and sell eligible loans to us, secured by first lien mortgages. You maintain the client relationships. Preserve capital, attract and retain customers, and minimize credit and interest rate risk.

USDA Guaranteed Loan Purchase Solution

Sell us the guaranteed portions of your Farm Service Agency (FSA) and Rural Development (RD) loans. Benefits include access to a full suite of loan products, attractive rates, and automated online processes. You retain all loan servicing.

Credit Protection Solution

Choose from a guaranteed security solution or a purchase commitment option. With a security solution, we will securitize a set of eligible loans and provide a credit guarantee that ensures payment to the holder of the security. Under the purchase commitment option, you pay an annual fee and we will commit to purchase any of the scheduled loans that default. Processes are streamlined and setup is simple.

Wholesale Financing Solution

Borrow funds through a facility program by pledging eligible agricultural mortgages as collateral. Facility formation is easy to establish and maintain and can be upsized as your business grows. Cost of funds is extremely competitive. Issuances from the facility are executed quickly upon credit approval.

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QUESTIONS? Let's do this... together.
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Becoming a Farmer Mac Seller

- Farmer Mac Seller requirements
 - Seller application
 - Seller/Service agreement
 - Officers' Certificate
 - Stock ownership

Consolidated Assets

- Up to \$50 Million
- \$50- \$100 Million
- \$100- \$500 Million
- Over \$500 Million

Stock Ownership Requirements

- 100 shares of Class A or Class C
- 200 shares of Class A or Class C
- 500 shares of Class A or Class C
- 1000 shares of Class A or Class C

- Application and stock purchase not required for Farmer Mac 2





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

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



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 90 days

Signed Credit Release Authorization



- Tax returns can be signed at closing
- Environmental Disclosure

Signed Loan Application



Underwriting Grid Snapshot

	Fast Track	Full UW Standard	Full UW Choice Pricing
Max Loan Size	\$1.5 m	\$12.9/\$50m	\$12.9/\$50m
Loan-to-Value Ratio	55%	70%*	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

*LTV is limited to 60% for ND, SD, MN, IA, IL, IN, OH, MO, NE, all other states 70% if TDC \geq 1.50 & no exceptions for CR and D/A.

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



AgEquity Revolving Line of Credit

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	$\leq 50\%$	≤ 1000 acres; \$50M > 1000 acres; \$12.9M	$\leq 50\%$ 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



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	$\leq 60\%$	≤ 1000 acres; \$50.0M > 1000 acres; \$12.9M	$\leq 45\%$ FAMC $\leq 85\%$ 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 $\geq 25\%$ of combined 1st & 2nd loan amount



Getting Started – Loan Submission

1. **REVIEW** Product Guide, Underwriting Matrix, and Daily Rate Sheet to assess product interest and eligibility.

2. **GATHER** the required information according to the **Application Checklist**.

Include a complete Narrative with your application package to ensure prompt turnaround times.

3. **COMPLETE** a new application in AgPower and upload supporting documents using your assigned login.

Access AgPower at www.efarmermac.com. Contact Client Services for assistance.

The screenshot shows the 'FARM & RANCH APPLICATION CHECKLIST' interface. On the left is a navigation menu with options: Contact Us, AgPower, My Profile, Preferred Appraiser, Rates, Resource Library, Annual Certification, and Logout. The main content area is titled 'FARMER MAC' and includes a 'LET'S GET ORGANIZED' banner. Below this, there are sections for 'Full Underwrite' and 'Fast Track' with their respective criteria. A table compares the two options across various criteria.

	Full Underwrite	Fast Track
Personal, capital, capacity, collateral & condition)	<input type="checkbox"/>	<input type="checkbox"/>
on each applicant	<input type="checkbox"/>	<input type="checkbox"/>
sheet(s) with schedules	<input type="checkbox"/>	<input type="checkbox"/>
in AgPower	<input type="checkbox"/>	<input type="checkbox"/>
schedules (including debt schedule) > input in AgPower	<input type="checkbox"/>	<input type="checkbox"/>
have performed) balance sheets and schedules	<input type="checkbox"/>	N/A
is for previous three years	<input type="checkbox"/>	<input type="checkbox"/>
Track) > input & upload in AgPower	<input type="checkbox"/>	<input type="checkbox"/>
> input in AgPower	<input type="checkbox"/>	<input type="checkbox"/>
(2 most recent paystubs or most recent	<input type="checkbox"/>	<input type="checkbox"/>
of farm)	<input type="checkbox"/>	<input type="checkbox"/>
major lender(s) of the borrower	<input type="checkbox"/>	<input type="checkbox"/>
outstanding principal balance and	<input type="checkbox"/>	<input type="checkbox"/>
6 months) or two most recent LORs for each	<input type="checkbox"/>	<input type="checkbox"/>
or 1	<input type="checkbox"/>	<input type="checkbox"/>
with value life insurance, marketable bonds and	<input type="checkbox"/>	<input type="checkbox"/>
certs if material to the credit.	<input type="checkbox"/>	<input type="checkbox"/>

The screenshot shows the AgPower user interface. At the top left is the AgPower logo. The user is logged in as 'Welcome! Amy Danner'. There is a 'Log Out' button. Below the header, there is a 'Loan Application Queue' section with an 'Add New Application' button. A 'Quick Search' bar is present with a search input, a dropdown menu, and a 'Go' button. On the right, there are icons for 'Report', 'Manual', and 'Video Tip'. At the bottom, there is a table showing the loan application queue.

Seller ID	Application ID	Loan Number	Status	Documents	Borrower Name	Loan Amount	Approved Date	Submitted Date	Received From
DC-001	DC-160011	21601721	Approved	Documents	MAC LAND LLP	\$2,860,000	04/05/2016		Carr Terpstra



Loan Submission Continued

4. **RECEIVE** a credit decision generally within two business days.

Access your **Preliminary Loan Approval Notice** within the AgPower queue under “Documents.”

5. **ORDER** an appraisal and preliminary title report according to the **Appraisal** and **Title Guides**.

6. **SUBMIT** appraisal and title reports under “Communication/Attachment” tab within AgPower.

Ensure the reports meet the terms of engagement and first lien position requirements.

Resource Library

Seller/Service Guide

Contact Us

AgPower

My Profile

Preferred Appraiser

Rates

Resource Library

Annual Certification

Logout

ide

Spouse Estoppel Certificate

Loan Moderately Priced Housing Value

Description

cription

cription

st Description

Information

Materials

Valuation Supplement

on Supplement

Collateral Valuation Forms

Comment and Guidance on Collateral Valuation Report Forms

Sample Fee Appraiser Engagement Letter (Form 1023A) *

Appraisal Report Content Requirements (Form 1027A)

Assumptions and Limiting Conditions Example (Form 1037) *

Environmental Disclosure (Form 1010A) *

Irrigation and Drainage Supplement (Form 1013A)

Permanent Planting Data Summary Example (Form 1034)

Income Approach Example (Form 1035)

Market Sale Data Summary Example (Form 1036)

Collateral Assessment Report (CAR) (Form 1047)

Collateral Inspection Report (Form 1038)



Loan Submission Continued

- 7. RECEIVE** the **Conditions Prior to Funding** via AgPower, once Farmer Mac has assessed the appraisal and title work.

*Farmer Mac issues a **Closing Instruction Letter** to your assigned Central Servicer (CS), who will coordinate closing activities with you.*

- 8. RATE LOCK** by calling the Rate Lock Desk at 800.879.3276 between 10 a.m. – 3 p.m. E.T., referring to the **Rate Lock Guide** for instructions.

*Have the **Preliminary Loan Approval Notice** nearby when rate locking.*

- 9. ASSEMBLE** closing documents, which may be prepared by your organization or through PPDocs Inc. (ppdocs.com), according to the **Closing Guide**. Complete the “**Purchase Request**” tab in AgPower two business days prior to loan funding.

Work with the Central Servicer to review documents, coordinate closing, and finalize loan purchase.

- 10. PERFORM** field servicing duties, which may include monitoring taxes and insurance, property inspections, filing UCC continuations, and collecting annual financials, as described in the **Field Servicer Guide**.

Central Servicer will bill and collect payments; remitting field service fees to you as payments are received.



Helpful Hints in Utilizing Farm & Ranch



Who is the operating lender?



Provide detailed pro-forma cash flow.



If possible provide historical balance sheets.



Verification items – include names, dates. Dates correlate and reconcile with the balance sheet.



Farm & Ranch Products

Access rates at efarmermac.com or through daily email distribution

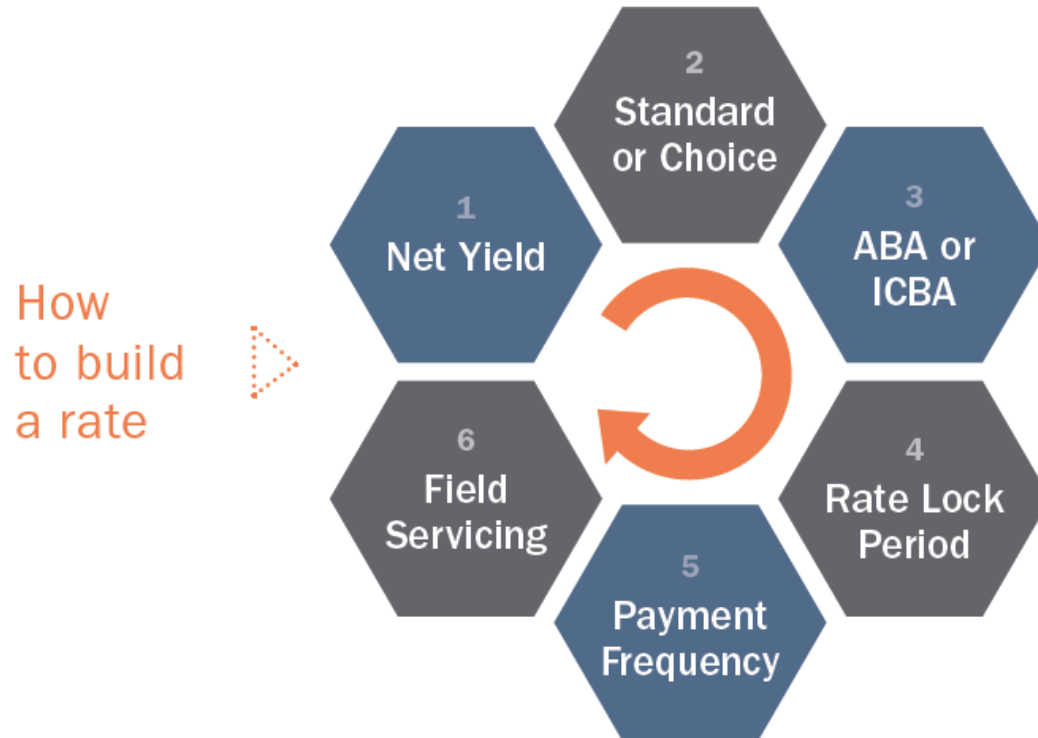
02/14/2018

<i>Products</i>	<i>Term</i>	<i>Amorti- zation</i>	<i>Choice Reset Margin</i>	<i>Standard Rates</i>	<i>Choice Rates</i>
AgEquity LIBOR	20 25 30	Varies	2.00%	3.59%	N/A
1-Mo ARM LIBOR	15	15 25	1.70%	3.58%	3.38%
1-Yr ARM	15	15 25	2.30%	3.64%	3.44%
3-Yr ARM	15	15 25	2.30%	4.02%	3.82%
5-Yr ARM	15	15 25	2.30%	4.33%	4.13%
7/1 ARM	15	15 25	3.25%	4.66%	4.53%
10/1 ARM	15	15 25	3.25%	4.82%	4.69%
10-Yr VRM	15 20	15 20		5.03%	4.83%
10-Yr VRM	25 30	25 30		5.10%	4.89%
15-Yr VRM	20	20		5.04%	4.84%
15-Yr VRM	25 30	25 30		5.18%	4.98%
7-Yr Fixed	7	15 25		4.67%	4.47%
10-Yr Fixed	10	10		4.84%	4.64%
15-Yr Fixed	15	15		4.92%	4.72%
15-Yr Fixed	15	25		5.16%	4.96%
20-Yr Fixed	20	20		5.28%	5.15%
25-Yr Fixed	25	25		5.43%	5.30%
30-Yr Fixed	30	30		5.48%	5.35%

Note: ICBA & ABA Member Discount Pricing Available on Specific Products



Pricing a Loan



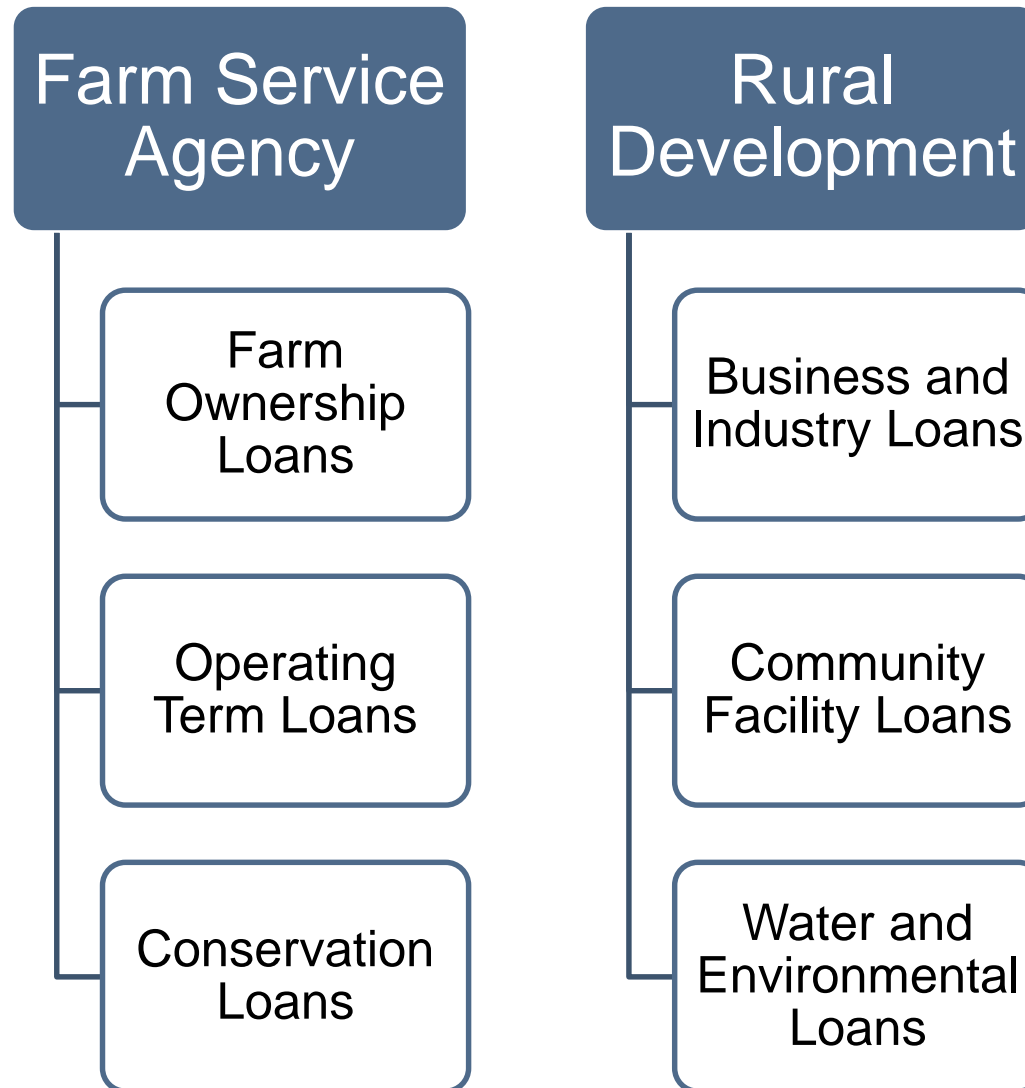
- Assigned Central Servicer bills and collects payments
- Seller is paid over the life of the loan as payments are received
- Seller maintains relationship with borrower and acts as Field Servicer (i.e. monitors taxes & insurance, UCC continuations, annual financial collection, property inspections, etc.)



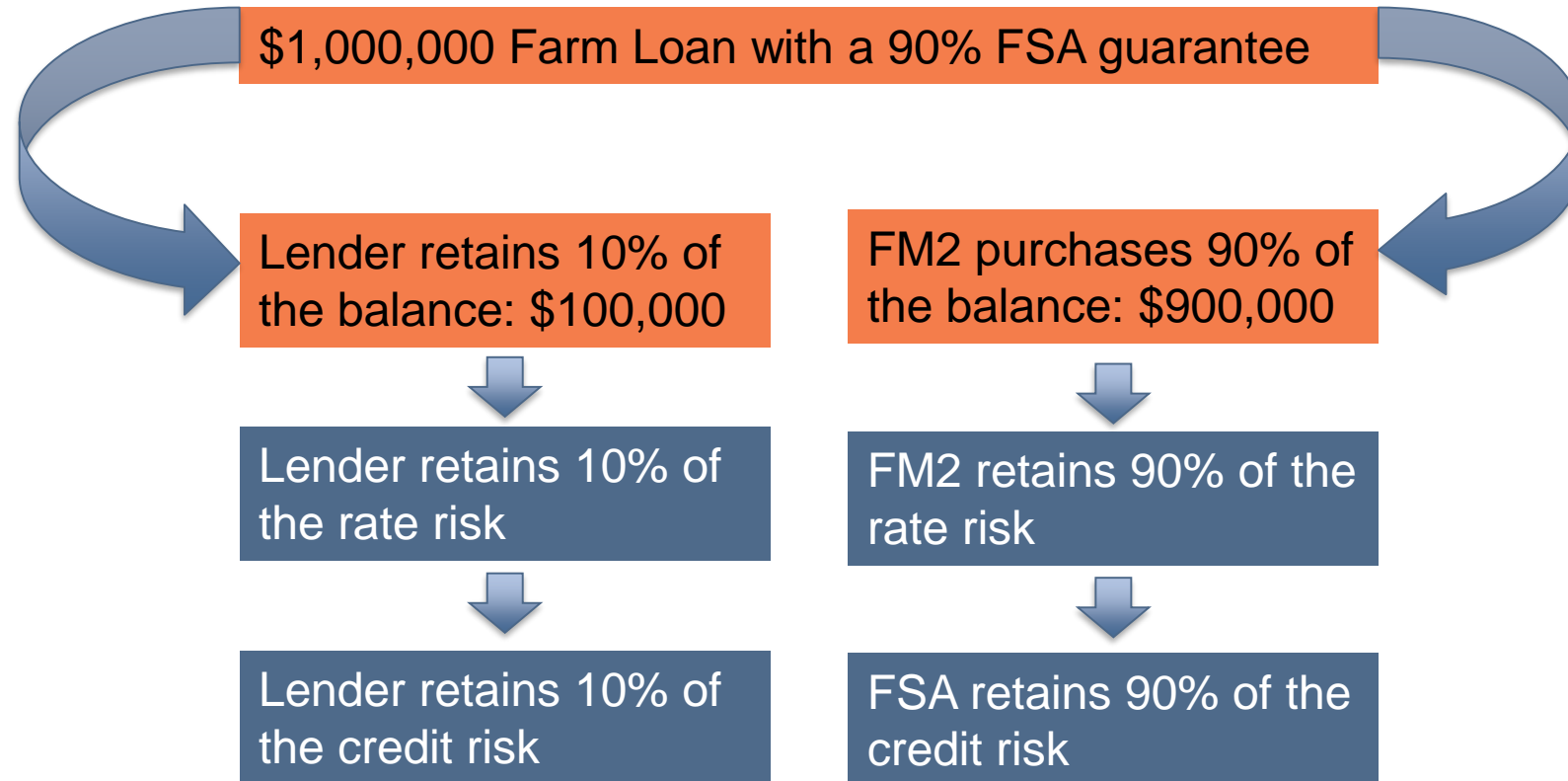


Farmer Mac 2

Eligible USDA Programs



How Farmer Mac 2 Works



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



Farmer Mac 2 Rate Sheet

02/14/2018

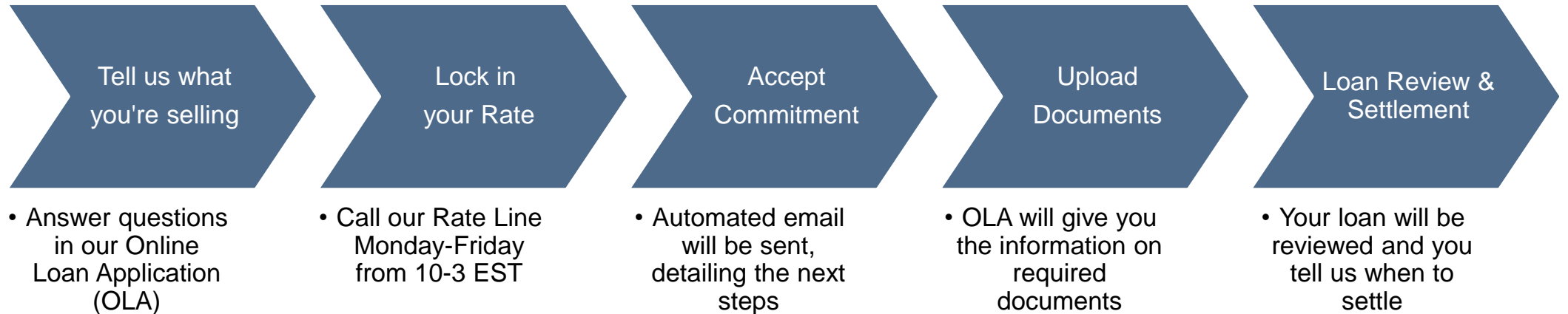


*Servicing Retained Net Yields**

<i>Product Types</i>	<i>Monthly Pay Cash</i>	<i>Monthly Pay 4-Week Rate Lock</i>	<i>Annual, S.A., & Qrtly Pay Cash</i>	<i>Annual, S.A., & Qrtly Pay 4-Week Rate Lock</i>
Wall Street Journal Prime **	3.00%		3.00%	
Farmer Mac 3-Mo COFI	3.10%		3.10%	
Farmer Mac 5-Yr Reset COFI, 20, 25, 30-Yr Am	3.76%	3.85%	3.86%	3.95%
Farmer Mac 10-Yr Reset COFI, 20, 25, 30-Yr Am	4.07%	4.16%	4.17%	4.26%
Farmer Mac 15-Yr Reset COFI, 20, 25, 30-Yr Am	4.29%	4.38%	4.39%	4.48%
7-Yr Fixed Rate, 7-Yr Am	3.69%	3.78%	3.79%	3.88%
7-Yr Fixed Rate, 15-Yr Am	3.82%	3.91%	3.92%	4.01%
10-Yr Fixed Rate, 10-Yr Am	3.84%	3.93%	3.94%	4.03%
15-Yr Fixed Rate, 15-Yr Am	4.04%	4.13%	4.14%	4.23%
15-Yr Fixed Rate, 25-Yr Am	4.22%	4.31%	4.32%	4.41%
20-Yr Fixed Rate, 20-Yr Am	4.19%	4.28%	4.29%	4.38%
25-Yr Fixed Rate, 25-Yr Am		4.64%		4.75%
30-Yr Fixed Rate, 30-Yr Am		4.75%		4.85%



Steps to Success



Helpful Hints in Utilizing Farmer Mac 2



Do Not Upload Everything



Don't Reinvent the Wheel



Don't Walk Away



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

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

Underwriting

Underwriting@FarmerMac.com

866-452-2617

Contact for: loan eligibility, credit & underwriting

Servicing

Servicing@FarmerMac.com

866-452-2617

Contact for: loan servicing

Farmer Mac 2

FM2@FarmerMac.com

877-770-3644

Contact for: USDA Guaranteed loans
For more information visit
www.farmermac2.com





Thank You

Contact Us: www.farmermac.com

Corporate Headquarters (DC): 800-879-3276

Underwriting Office (IA): 866-452-2617