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.

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

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

<table>
<thead>
<tr>
<th>Consolidated Assets</th>
<th>Stock Ownership Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Up to $50 Million</td>
<td>100 shares of Class A or Class C</td>
</tr>
<tr>
<td>• $50- $100 Million</td>
<td>200 shares of Class A or Class C</td>
</tr>
<tr>
<td>• $100- $500 Million</td>
<td>500 shares of Class A or Class C</td>
</tr>
<tr>
<td>• Over $500 Million</td>
<td>1000 shares of Class A or Class C</td>
</tr>
</tbody>
</table>

• 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

- **Tax Returns**
  - 3-4 years
  - Subsidiary Entities, if applicable

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

- **Copies of Contracts & Agreements**
  - If applicable
    - Land leases
    - Production contracts

- **Verifications of Assets & Liabilities**
  - Current assets
  - Debt balances
  - Verifications need applicant’s name and date

- **Signed Credit Release Authorization**
  - Credit report dated within 90 days

- **Signed Loan Application**
  - Tax returns can be signed at closing
  - Environmental Disclosure
## Underwriting Grid Snapshot

<table>
<thead>
<tr>
<th></th>
<th>Fast Track</th>
<th>Full UW Standard</th>
<th>Full UW Choice Pricing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Max Loan Size</td>
<td>$1.5 m</td>
<td>$12.9/$50m</td>
<td>$12.9/$50m</td>
</tr>
<tr>
<td>Loan-to-Value Ratio</td>
<td>55%</td>
<td>70%*</td>
<td>60%</td>
</tr>
<tr>
<td>Debt to Asset Ratio</td>
<td>40%</td>
<td>50%</td>
<td>40%</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>1:1</td>
<td>1.25:1</td>
<td>1.50:1</td>
</tr>
<tr>
<td>Debt Service Coverage</td>
<td>1:1</td>
<td>1.25:1</td>
<td>1.50:1</td>
</tr>
<tr>
<td>Credit Scores</td>
<td>720</td>
<td>680</td>
<td>680</td>
</tr>
<tr>
<td>Tax Return</td>
<td>2-Yrs</td>
<td>3-Yrs</td>
<td>3-Yrs</td>
</tr>
</tbody>
</table>

*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.

AgEquity Revolving Line of Credit

- 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

<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>AgEquity LOC</td>
<td>≥1.35</td>
<td>≥1.25</td>
<td>≤50%</td>
<td>≤ 1000 acres; $50M</td>
<td>≤ 50% bare land value</td>
<td>≥680</td>
</tr>
</tbody>
</table>
• Standard pricing  
• Facility loans eligible on a case by case basis  
• Eligible for cash-out  
• 2\textsuperscript{nd} 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 2\textsuperscript{nd} lien position  
  • Guaranteed loan ≥ 25% of combined 1\textsuperscript{st} & 2\textsuperscript{nd} 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.*
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.
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

<table>
<thead>
<tr>
<th>Products</th>
<th>Term</th>
<th>Amortization</th>
<th>Choice Reset Margin</th>
<th>Standard Rates</th>
<th>Choice Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>AgEquity LIBOR</td>
<td>20</td>
<td>25</td>
<td>30</td>
<td>Varies</td>
<td>2.00%</td>
</tr>
<tr>
<td>1-Mo ARM LIBOR</td>
<td>15</td>
<td></td>
<td></td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>1-Yr ARM</td>
<td>15</td>
<td></td>
<td></td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>3-Yr ARM</td>
<td>15</td>
<td></td>
<td></td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>5-Yr ARM</td>
<td>15</td>
<td></td>
<td></td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>7/1 ARM</td>
<td>15</td>
<td></td>
<td></td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>10/1 ARM</td>
<td>15</td>
<td></td>
<td></td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>10-Yr VRM</td>
<td>15</td>
<td></td>
<td></td>
<td>15</td>
<td>20</td>
</tr>
<tr>
<td>10-Yr VRM</td>
<td>25</td>
<td>30</td>
<td></td>
<td>25</td>
<td>30</td>
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<tr>
<td>15-Yr VRM</td>
<td>25</td>
<td>30</td>
<td></td>
<td>25</td>
<td>30</td>
</tr>
<tr>
<td>15-Yr VRM</td>
<td>7</td>
<td>15</td>
<td>25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10-Yr Fixed</td>
<td>10</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15-Yr Fixed</td>
<td>15</td>
<td>15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15-Yr Fixed</td>
<td>15</td>
<td>25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-Yr Fixed</td>
<td>20</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25-Yr Fixed</td>
<td>25</td>
<td>25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30-Yr Fixed</td>
<td>30</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

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

Lender retains 10% of the rate risk

Lender retains 10% of the credit risk

FM2 purchases 90% of the balance: $900,000

FM2 retains 90% of the rate 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
# Farmer Mac 2 Rate Sheet

02/14/2018

## Servicing Retained Net Yields*

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

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

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

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.farmermac2.com
Thank You

Contact Us: www.farmermac.com

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Underwriting Office (IA): 866-452-2617