Refresh Webinar Series:
2018 Road Show Rundown

Today’s Presenters

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• Johnston, IA Office
• Phone: 202-872-6616
Corporate Update
Second Quarter

Farmer Mac Outstanding Business Volume

$19.5 billion

11.2% CAGR (2000 to 2017)

Financing Rural America
Loan Seller Geography (last 24 months)
Becoming a Farmer Mac Seller

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

Consolidated Assets Stock Ownership Requirements
• Up to $50 Million: 100 shares of Class A or Class C
• $50- $100 Million: 200 shares of Class A or Class C
• $100- $500 Million: 500 shares of Class A or Class C
• Over $500 Million: 1000 shares of Class A or Class C

Application and stock purchase not required for Farmer Mac 2

The Feed: Farmer Mac’s quarterly perspective on agriculture

Welcome to The Feed, Farmer Mac’s quarterly perspective on agriculture that combines the most relevant research from trusted agricultural resources with the insightful commentary and analysis from our own team of experts into a single, valuable source.

We hope you enjoy.
Farmer Mac 2: USDA Guaranteed Loan Program

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
Other Opportunities with FSA Guaranteed Loans

Direct Farm Ownership Down Payment Loan
- “5-45-50 Program” for underserved & beginning farmers
- 5% borrower down payment
- 45% FSA direct loan with $300,000 maximum
- 50% bank loan that is eligible for a 95% guarantee, no fee, and is required to have a minimum 30-year amortization

Direct Farm Ownership Joint Financing Loan
- “50-50 Program” combining a FSA direct loan with a traditional bank loan (can be guaranteed)

FSA Direct Loan Graduations
- Refinance a FSA direct loan and the commercial lenders receives higher guarantee percentage and lower fee

Farmer Mac AgAssist
- Piggyback loan with bank originated 1st mortgage and a bank originated FSA guaranteed 2nd mortgage
  - Both loans salable to Farmer Mac
  - Extend guaranteed loan amount maximums (currently $1,429,000)

How Farmer Mac 2 Works

$1,000,000 Farm Loan with a 90% FSA Guarantee

Lender retains 10% of the balance: $100,000
FM2 purchases 90% of the balance: $900,000
FSA retains 10% of the credit risk
Lender retains 10% of the rate risk
FM2 retains 90% of the rate risk
Lender retains 10% of the rate risk
Lender retains 10% of the credit risk
FSA retains 90% of the credit risk

Lender retains 100% of the Loan Servicing
Advantages of Utilizing Farmer Mac 2

No Farmer Mac underwriting
Lender services 100% of the loan
Centralized FM2 Program Administrator
Lender receives fee income over life of the loan
Average servicing fee is over 1.25%
Competitive rate sheet, including long-term fixed rates
Customizable terms
No prepayment penalties
Flexible servicing action options

Steps to Success

1. Identify borrower eligible for an FSA Guarantee
2. Work with the FSA to get a Conditional Commitment
3. Settle with Farmer Mac 2
4. Maintain direct relationship with borrower
5. Report payments to Conterra

The FM2 Settlement Process

- Start a new file in the Online Loan App (OLA)
- Lock in your rate
- Obtain Guarantee and Assignment from FSA
- Loan Review & Settlement
### Documents for Review

- **Loan Guarantee**
- **Assignment of Guarantee**
- **Promissory Note**

### 2017 USDA Purchase Summary

<table>
<thead>
<tr>
<th>Products</th>
<th>Loans</th>
<th>Servicing Fees Wgt Avg</th>
<th>Servicing Fees Median</th>
<th>Net Yield Wgt Avg</th>
<th>Volume</th>
<th>Volume as % of Total</th>
<th>Average Loan Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prime</td>
<td>5</td>
<td>2.26%</td>
<td>0.95%</td>
<td>2.53%</td>
<td>$16,817,392</td>
<td>3%</td>
<td>$3,368,478</td>
</tr>
<tr>
<td>3-Month COFI</td>
<td>73</td>
<td>4.07%</td>
<td>4.50%</td>
<td>2.49%</td>
<td>$15,621,125</td>
<td>3%</td>
<td>$213,390</td>
</tr>
<tr>
<td>5-Year COFI</td>
<td>30</td>
<td>2.00%</td>
<td>1.50%</td>
<td>3.31%</td>
<td>$18,895,298</td>
<td>4%</td>
<td>$628,507</td>
</tr>
<tr>
<td>10-Year COFI</td>
<td>76</td>
<td>1.30%</td>
<td>1.07%</td>
<td>3.67%</td>
<td>$41,111,679</td>
<td>8%</td>
<td>$931,575</td>
</tr>
<tr>
<td>15-Year COFI</td>
<td>158</td>
<td>1.00%</td>
<td>1.00%</td>
<td>3.00%</td>
<td>$69,866,956</td>
<td>13%</td>
<td>$442,186</td>
</tr>
<tr>
<td>7-Year Fixed, Full Am</td>
<td>89</td>
<td>1.00%</td>
<td>1.17%</td>
<td>3.13%</td>
<td>$14,081,350</td>
<td>3%</td>
<td>$108,104</td>
</tr>
<tr>
<td>7-Year Fixed, 15-Yr Am</td>
<td>38</td>
<td>1.20%</td>
<td>1.05%</td>
<td>3.24%</td>
<td>$15,916,559</td>
<td>3%</td>
<td>$418,857</td>
</tr>
<tr>
<td>10-Year Fixed, Full Am</td>
<td>21</td>
<td>1.07%</td>
<td>1.06%</td>
<td>3.31%</td>
<td>$6,968,212</td>
<td>1%</td>
<td>$311,830</td>
</tr>
<tr>
<td>15-Year Fixed, Full Am</td>
<td>104</td>
<td>1.09%</td>
<td>1.01%</td>
<td>3.61%</td>
<td>$51,095,462</td>
<td>10%</td>
<td>$491,303</td>
</tr>
<tr>
<td>15-Year Fixed, 25-Yr Am</td>
<td>24</td>
<td>0.95%</td>
<td>0.93%</td>
<td>3.89%</td>
<td>$17,218,218</td>
<td>3%</td>
<td>$717,467</td>
</tr>
<tr>
<td>20-Year Fixed</td>
<td>223</td>
<td>1.13%</td>
<td>1.08%</td>
<td>3.82%</td>
<td>$104,361,390</td>
<td>20%</td>
<td>$467,088</td>
</tr>
<tr>
<td>25-Year Fixed</td>
<td>77</td>
<td>1.15%</td>
<td>1.06%</td>
<td>4.17%</td>
<td>$39,422,064</td>
<td>7%</td>
<td>$514,572</td>
</tr>
<tr>
<td>30-Year Fixed</td>
<td>285</td>
<td>0.97%</td>
<td>1.00%</td>
<td>4.28%</td>
<td>$116,122,861</td>
<td>22%</td>
<td>$406,024</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,204</td>
<td>1.27%</td>
<td>1.04%</td>
<td>3.79%</td>
<td>$331,658,732</td>
<td>100%</td>
<td>$441,577</td>
</tr>
</tbody>
</table>
## Farmer Mac 2 Rates – 10.26.2018

<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; Qtly Pay Cash</th>
<th>Annual, S.A., &amp; Qtly Pay 4-Week Rate Lock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wall Street Journal Prime</td>
<td>3.75%</td>
<td>3.75%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farmer Mac 3-Mo COFI</td>
<td>3.07%</td>
<td>3.67%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farmer Mac 5-Yr Reset COFI 20-, 25-, 30-Yr Am</td>
<td>4.05%</td>
<td>4.14%</td>
<td>4.15%</td>
<td>4.24%</td>
</tr>
<tr>
<td>Farmer Mac 10-Yr Reset COFI 20-, 25-, 30-Yr Am</td>
<td>4.41%</td>
<td>4.52%</td>
<td>4.53%</td>
<td>4.62%</td>
</tr>
<tr>
<td>Farmer Mac 15-Yr Reset COFI 20-, 25-, 30-Yr Am</td>
<td>4.44%</td>
<td>4.73%</td>
<td>4.74%</td>
<td>4.85%</td>
</tr>
<tr>
<td>7-Yr Fixed Rate 7-Yr Am</td>
<td>4.14%</td>
<td>4.32%</td>
<td>4.32%</td>
<td>4.33%</td>
</tr>
<tr>
<td>7-Yr Fixed Rate 15-Yr Am</td>
<td>4.24%</td>
<td>4.30%</td>
<td>4.31%</td>
<td>4.40%</td>
</tr>
<tr>
<td>10-Yr Fixed Rate 10-Yr Am</td>
<td>4.23%</td>
<td>4.32%</td>
<td>4.33%</td>
<td>4.42%</td>
</tr>
<tr>
<td>15-Yr Fixed Rate 15-Yr Am</td>
<td>4.30%</td>
<td>4.48%</td>
<td>4.49%</td>
<td>4.58%</td>
</tr>
<tr>
<td>15-Yr Fixed Rate 25-Yr Am</td>
<td>4.37%</td>
<td>4.66%</td>
<td>4.67%</td>
<td>4.76%</td>
</tr>
<tr>
<td>20-Yr Fixed Rate 20-Yr Am</td>
<td>4.53%</td>
<td>4.66%</td>
<td>4.63%</td>
<td>4.72%</td>
</tr>
<tr>
<td>25-Yr Fixed Rate 25-Yr Am</td>
<td>5.15%</td>
<td>5.43%</td>
<td>5.25%</td>
<td>5.25%</td>
</tr>
<tr>
<td>30-Yr Fixed Rate, 30-Yr Am</td>
<td>5.25%</td>
<td>5.25%</td>
<td>5.25%</td>
<td>5.25%</td>
</tr>
</tbody>
</table>

## Interest Rate Forecasts
Economists expect interest rates to gradually rise over the next year

- Most economists expect rates to rise between 0.50% and 0.80%
- Short-term interest rates are expected to increase more rapidly than longer-term interest rates as inflation, growth and wage gains pick up pace
- Strong second quarter GDP at over 4% and increasing inflation pressures gives the Federal reserve confidence to continue the rate hike cycle

<table>
<thead>
<tr>
<th>Interest Rate Forecasts</th>
<th>Current</th>
<th>12/31/2018</th>
<th>6/30/2019</th>
<th>9/30/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overnight Fed Rate</td>
<td>2.25%</td>
<td>2.50%</td>
<td>2.90%</td>
<td>3.05%</td>
</tr>
<tr>
<td>3-month LIBOR</td>
<td>2.39%</td>
<td>2.64%</td>
<td>2.98%</td>
<td>3.14%</td>
</tr>
<tr>
<td>2-year US Treasury</td>
<td>2.81%</td>
<td>2.85%</td>
<td>3.08%</td>
<td>3.18%</td>
</tr>
<tr>
<td>10-year US Treasury</td>
<td>3.04%</td>
<td>3.06%</td>
<td>3.23%</td>
<td>3.32%</td>
</tr>
</tbody>
</table>

*Note: Estimates pulled via Bloomberg consensus forecasts of Economists polled. Surveys include greater than 20 economists estimates however do not include the view of Farmer Mac’s research department.
Farm and Ranch Loan Purchase Trends – Last 2 Years

- **Total amount of loan purchase volume processed by our credit staff**: $3.1 Billion
- **Overall application approval rate**: 85%
- **Overall approval-loan close rate**: 83%
- **Percentage of loans receiving Choice pricing**: 33%
Process Overview

Property & Borrower Eligibility

Eligible Farm & Ranch Loans
- Farm or ranch real estate secured by a first mortgage
- 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
  - Less than 5 acres must produce $5,000 or more in annual ag income
- 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
**Application Checklist**

Prepare and/or collect borrower information

- Note: a Narrative Template is available in the Resource Library

<table>
<thead>
<tr>
<th>Application Checklist</th>
<th>Full Underwrite</th>
<th>Fast Track</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Detailed Narrative (analysis of character, capital, capacity, collateral, and condition)</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>2. 900 Search on all loans over $750,000. Applies to all borrowers/guarantors. Reports must be within 30 days of loan submission and named up to align with the balance sheet.</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>3. Credit report with credit score for each applicant (within 30 days) if a thorough report is submitted, the middle score will be used</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>4. Current market value balance sheets (including debt schedule) &gt; input in AgPower</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>5. Pre-foreclosure balance sheet with schedules (including debt schedule) &gt; input in AgPower</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>6. Previous three years' financial statements for each applicant placed in AgPower</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>7. Pre-foreclosure balance sheet and schedules (including debt schedule) &gt; input in AgPower</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>8. Pre-foreclosure balance sheet and schedules (including debt schedule) &gt; input in AgPower</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>9. Verification of current income (tax return)</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>10. Verification of current income (tax return)</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>11. Verification of current income (tax return)</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>12. Verification of current income (tax return)</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>13. Verification of current income (tax return)</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>14. Verification of current income (tax return)</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

**Underwriting Matrix Snapshot**

Most popular programs include:

<table>
<thead>
<tr>
<th>Loan Program</th>
<th>Fast Track</th>
<th>Full Underwrite</th>
<th>Full Underwrite</th>
<th>AgEquity RLOC</th>
<th>AgAssist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible Pricing Type</td>
<td>Choice</td>
<td>Standard</td>
<td>Choice</td>
<td>Standard</td>
<td>Standard</td>
</tr>
<tr>
<td>Total Debt Coverage</td>
<td>≥ 1.00 for 2 year average</td>
<td>≥ 1.25</td>
<td>≥ 1.50</td>
<td>≥ 1.35; must meet TDC after 3% rate shock</td>
<td>≥ 1.10</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>≥ 1.00</td>
<td>≥ 1.25</td>
<td>≥ 1.50</td>
<td>≥ 1.25</td>
<td>≥ 1.00</td>
</tr>
<tr>
<td>Debt to Asset</td>
<td>≤ 40%</td>
<td>≤ 50%</td>
<td>≤ 40%</td>
<td>≤ 50%</td>
<td>≤ 60%</td>
</tr>
<tr>
<td>Loan-to-Value</td>
<td>≤ 55%</td>
<td>&lt; 70%*</td>
<td>≤ 60%</td>
<td>≤ 50%**</td>
<td>≤ 45% LTV</td>
</tr>
<tr>
<td>Credit Score (FICO) (individual borrowers/guarantors)</td>
<td>≥ 720</td>
<td>≥ 680</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D&amp;B PAYDEX Score (individual borrowers/guarantors)</td>
<td>N/A</td>
<td>≥ 70</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Process Overview

More Awesome Underwriting Stuff!!
**Underwriting Shop – What’s New?**

**UCC searches required (within 90 days of loan submission) on all applicants for loan submissions with total exposure of $750,000 or greater**

- Review the UCC search prior to loan submission
- Reconcile the UCC search with the balance sheet
- Ensure any and all UCC(s) are accounted for
- Write on the UCC search, this will help speed up the Underwriting process

**No longer have the ability to term out a portion of the AgEquity**

**Updated Commodity Pricing Guidelines**

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### Updated Commodity Pricing Guidelines

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Price Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Corn (state adj.)</td>
<td>$ 3.75 / bushel</td>
</tr>
<tr>
<td>National Soybeans (state adj.)</td>
<td>$ 9.50 / bushel</td>
</tr>
<tr>
<td>National Wheat (state adj.)</td>
<td>$ 4.50 / bushel</td>
</tr>
<tr>
<td>Cotton-Lint</td>
<td>$ 0.68 / lbs</td>
</tr>
<tr>
<td>Alfalfa (state adj.)</td>
<td>Dependent on region, quality, and expected use</td>
</tr>
<tr>
<td>Milk (National)</td>
<td>$ 16.25 / cwt Class III</td>
</tr>
<tr>
<td>Milk (California)</td>
<td>$ 14.75 / cwt Class 4b</td>
</tr>
<tr>
<td>Cattle &amp; Calves - Beef</td>
<td>$420.00 / cwt Fat</td>
</tr>
<tr>
<td>Hogs</td>
<td>Integrator contracts and risk management usage</td>
</tr>
<tr>
<td>Poultry</td>
<td>Integrator contracts and risk management usage</td>
</tr>
<tr>
<td>Wine Grapes Veg./Other Field Crops</td>
<td>Contracted prices</td>
</tr>
<tr>
<td>Almonds</td>
<td>$ 2.25 / lbs</td>
</tr>
<tr>
<td>Pistachios</td>
<td>$ 2.10 / lbs</td>
</tr>
<tr>
<td>Walnuts</td>
<td>$ 1.60 / lbs</td>
</tr>
</tbody>
</table>

See the Resource Library page on efarmermac.com for more State specific information.
AWESOME – Changes in Underwriting!

Revised cash-out guidelines for Full Underwrite loan requests
• Refinance Non-Real Estate Debt – Proceeds used to pay off existing business debts such as operating loans, equipment loans, etc. (provided debt is for business/farming purposes) are no longer considered cash-out
• Cash-out is now considered refinance of any non-business debt including credit card debt, cash directly to the borrower, purchase of non business assets and closing costs
• Loans where 10% or more of the proceeds are requested for cash-out purposes are limited to a max. LTV of 60% and max. amort. of 15 years
• No changes to Fast Track loans

AWESOME – Changes in Underwriting Continued..

For applications with no individual applicants/guarantors, a D&B PAYDEX score of 70 is required
Removed the 60% LTV limitation for loans greater than $5 million
Scorecard – Stay for the “Bonus Section” to find out more

Coming this year Maximum Loan to Value for all Midwest States is increasing to 70%
• It is noted for loans with a LTV > 60% and ≤ 70%, TDC must be ≥ 1.50x with no exceptions to pro forma debt to asset ratio and pro forma current ratio standards.
Appraisal and Title Work Tips

1. Use a PAL appraiser when possible
2. Review the Appraisal Report Content Requirements - Form 1027A
3. Use the Farmer Mac Engagement Letter – Form 1023A
4. The intended users of the appraisal must include, “Farmer Mac and its agents or assigns”
5. Include the Farmer Mac required Assumptions & Limiting Conditions – Form 1037
6. Ensure the legal description in the title policy and appraisal match
7. Include and ensure the Environmental Disclosure is signed – Form 1010A
8. Complete and include a flood search if buildings exist
9. Check out the Collateral Valuation forms and PAL appraisers in the Resource Library at 
   Efarmermac.com

Rate & Product Review
### Farm & Ranch Rates – 10.26.2018

<table>
<thead>
<tr>
<th>Product</th>
<th>Term</th>
<th>Amortization</th>
<th>Credit Score Margin</th>
<th>Standard Rates</th>
<th>Choice Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/MO ARM LOBOR</td>
<td>12m.</td>
<td>12.0</td>
<td>3.75%</td>
<td>4.15%</td>
<td>4.20%</td>
</tr>
<tr>
<td>7/Yr ARM</td>
<td>15</td>
<td>15</td>
<td>4.00%</td>
<td>4.10%</td>
<td>4.20%</td>
</tr>
<tr>
<td>9/Yr ARM</td>
<td>15</td>
<td>15</td>
<td>4.00%</td>
<td>4.10%</td>
<td>4.20%</td>
</tr>
<tr>
<td>15/Yr ARM</td>
<td>15</td>
<td>15</td>
<td>4.50%</td>
<td>4.60%</td>
<td>4.65%</td>
</tr>
<tr>
<td>15 to 30 Yr VRM</td>
<td>15</td>
<td>15</td>
<td>4.00%</td>
<td>4.20%</td>
<td>4.30%</td>
</tr>
<tr>
<td>15/30 to 30 Yr VRM</td>
<td>15</td>
<td>15</td>
<td>4.00%</td>
<td>4.20%</td>
<td>4.30%</td>
</tr>
<tr>
<td>15/30 to 30 Yr Fixed</td>
<td>15</td>
<td>15</td>
<td>4.85%</td>
<td>5.00%</td>
<td>5.10%</td>
</tr>
<tr>
<td>15/30 to 30 Yr Fixed</td>
<td>15</td>
<td>15</td>
<td>4.85%</td>
<td>5.00%</td>
<td>5.10%</td>
</tr>
<tr>
<td>30/36 Yr Fixed</td>
<td>30</td>
<td>30</td>
<td>5.60%</td>
<td>5.75%</td>
<td>5.85%</td>
</tr>
</tbody>
</table>

### Product Guide

**What’s Offered**

Farmer Mac offers a wide menu of product options with various amortizations and maturities. Let’s break it down. Your loan product options include:

**Fixed Rate Mortgages**
- 15, 30, 20, 15/30, and 15/30-year fixed terms; fully amortized
- 30-year fixed term; 30-year amortization

**Adjustable Rate Mortgages (ARM)**
- 4/MO ARM (revising line of credit secured by real estate; 3 or 5-year draw option)
  - Index = 30-day LIBOR as published in the Wall Street Journal, rate adjusts monthly
- 1-Year ARM (12-month, 15-year, or 20-year amortization)
  - Index = 30-day LIBOR, rate adjusts every year
- 3-Year ARM (12-month, 15-year, or 20-year amortization)
  - Index = 1-Year LIBOR, rate adjusts annually after the initial 1-year stated

See Product Descriptions for index and margin information.

**Prepayment Options and Schedules**
- Prepayment made after date on a regularly scheduled installment date. A payment made can be accompanied by prepayment interest to the next installment date.
- Prepayment made earlier than on a regularly scheduled installment date. A payment order must be accompanied by prepayment interest to the next installment date.
- Prepayment penalties may be levied on at the time the prepayment is made and will only be cancelled after the scheduled payment has been satisfied.
- Prepayment options are available on most products.
- Annual payments due on January 1st.
Important Footnotes

Rates are indicative
Rate lock hours: 9:00 am to 2:00 pm central time
- 800-452-2617
Semi-annual payment rates are posted
- Add 15 bps for annual pay
- Subtract 5 bps for monthly pay
Choice quality reset margins are posted
For loans $5 million or greater, higher rates may apply for:
- 20 year fixed
- 25 year fixed
- 30 year fixed
4-week rate locks posted. Other options available upon request
Mandatory Delivery

Pricing a Loan

Start by checking the Farmer Mac Net Yield on the rate sheet
Does the loan request qualify for Standard or Choice Pricing?
Is your institution an ABA or ICBA member?
What is the re-payment frequency?
Monthly, Semi-Annual or Annual
4 Week Rate Lock?
10 – 150 bps for most products
**Recent Transaction**

The loan was used for purchase of land for a hay business.

**Other Loan Information**

- Kearny County
- LTV: 60%
- Loan Amount: $4,400,000
- Note Rate: 5.08%
- Product: 15 year fixed/15 year AM
  - Semi Annual payment
  - Full Underwrite
- Alfalfa

<table>
<thead>
<tr>
<th>Payment</th>
<th>Balance</th>
<th>Servicing Fee</th>
<th>Cumulative Servicing Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$4,300,416</td>
<td>.50</td>
<td>$11,000</td>
</tr>
<tr>
<td>15</td>
<td>$2,609,052</td>
<td>.50</td>
<td>$135,750</td>
</tr>
<tr>
<td>30</td>
<td>$0</td>
<td>.50</td>
<td>$190,978</td>
</tr>
</tbody>
</table>

**Credit Protection Tools**
Purchase Commitment Program

Product description
• Lender holds loan(s) in portfolio with the option to sell after 90 days of delinquency
• Loans are risk weighted at 20% of capital requirements
• Lender pays Farmer Mac a commitment fee of 50 basis points per annum, paid monthly (higher fee may apply to highly improved ground)

Lender benefits
• Transfer credit risk
• Increase liquidity and lending capacity
• Accommodate larger loans
• Balance sheet growth

Consult with your regulator on asset treatment

Purchase Commitment – What happens at default?

Lenders may request Farmer Mac to purchase loans from the pool that are at least 90 days in monetary default

A defaulted loan will be purchased at par

The servicing of the loan will be reviewed by Farmer Mac at the time of the purchase request

The ‘Master Central Servicing Agreement’ previously executed by the lender becomes active

The lender is compensated 30bps per annum during the workout or liquidation phase of the purchased defaulted loan(s) as the acting Servicer for Farmer Mac

The lender must repurchase any loans that have ‘cured’ and brought current to their original terms
**Recent Transaction**

**Lender Profile**
- Community Bank
- NE State Chartered
- Assets: $39M
- Established Purchase Commitment pool with the ability to add loan-by-loan volume

**Lender Comment:**
“The Purchase Commitment allowed us to retain this asset on our balance sheet. In addition, this particular borrower needed a longer amortization than we would normally provide in order to make the cash flows work. Having Farmer Mac behind the loan gave us a solid comfort level to structure this transaction properly.”

**Purchase Commitment Loan**

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>Commodity</th>
<th>Purchase Commitment Fee</th>
<th>Credit Risk to Lender</th>
</tr>
</thead>
<tbody>
<tr>
<td>$700,000</td>
<td>Ranch Cattle</td>
<td>50bps (Per Annum)</td>
<td>0%</td>
</tr>
</tbody>
</table>

*Financing Rural America*
How Can I Compete In this Market?

Fast Track or Full Underwrite Choice Approval

ABA or ICBA discounted pricing

Blended rate

More sensitive to rate or origination fees

AgEquity LOC

Scorecard – AgXpress

Relationship – customer service, ease of doing business, reliable

Marketing - Farmer Mac & Your Bank

How do you market?

• Phone calls
• Face to face
• Direct sales calls
• Word of mouth
• Social media – less print and more digital
• Print ads of ag. Department and Farmer Mac Ads
• Postcards
• Radio commercials – during harvest
• Producer meetings
• Harvest Pack – jumped in the combine with goodies and promo materials
• Farmer Mac or ag department ads on bank’s digital board
• Advertisement at sale barn
Lender Advertising Examples

Agricultural Real Estate Loans

It's a perfect time to grow.

Farmer Mac Approved Lender

- New Farm Business & Expansion
- New Construction
- Local Lending
- Your Northwest Bank AG Banker can provide details on our flexible loan terms

Commercial Real Estate Loans

Rural Development

As a Farmer Mac Approved Lender, community banks in Missouri can help you maximize the potential for interest rate reductions on agricultural real estate by offering low, fixed-rate mortgages with terms of 15, 20, and 30 years. Local decisions, personalized service!

COMMUNITY BANK OF MISSOURI

604 W Main St
Republic, MO 65738

417-732-6525

www.communitybankofmissouri.com

Decomah Bank & Trust Co.

Decorah Bank & Cresco Bank

Decorah, IA 52101

563-928-8851

www.decorahbank.com

Cresco Bank & Trust Co.

Cresco, IA 52736

800-547-6294

www.crescobank.com

Expanding your Farming Opportunities

Offering Farmer Mac specializing in long-term, fixed-rate loans

- Land purchases
- Refinancing
- Operating needs
- Facility improvements

Financing Rural America
Farmer Mac Brochure

Farmer Mac Brochure

Financing Rural America

Lock your Interest rate and take the guesswork out of future loan payments.

Our partnership with Farmer Mac brings strong risk management to your balance sheet.

How Farmer Mac works for you

Long-term fixed-rate loans are an essential tool for managing your farming enterprise. With a Farmer Mac loan, you have the flexibility to make major investments in your farm without the uncertainty of increasing interest rates. Farmer Mac's fixed-rate loans provide the stability you need to plan for the future and ensure a stable cash flow for your business.

Our partnership with Farmer Mac brings the security of a fixed-rate loan, allowing you to focus on growing your business and securing your farm's future. With a Farmer Mac loan, you can make significant purchases or investments with confidence, knowing that your financial needs will be met. This partnership provides peace of mind, helping you navigate the challenges and opportunities of today's agricultural landscape.

Financing Rural America

AgXpress

Financing Rural America
**AgXpress Unveiled**

A new program offered under the Farm & Ranch Solution

- **Designed to simplify the application process and deliver a faster credit decision**
- **Bypass the majority of traditional loan onboarding requirements**
- **Substantially reduce the amount of time needed to submit a loan**

**Here’s What Fits**

- **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
- **Max LTV:** 55% of bare land value
- **Min credit score (all applicants):** 720
- **No restrictions on commodities**
- **No restrictions on use of funds**
- **No restrictions on products (Fixed, VRM, ARM)**
- **Monthly or semi-annual payment frequencies**
- **Applicants/borrowers must include all title holders**
Doesn’t Make the Cut

Revolving lines of credit (AgEquity) Facilities
Trusts (without an eligible co-borrower and a personal guarantee)
Choice pricing
Annual payment frequency
Cross-collateralized loans

Getting Started – Step One

1 COMPLETE

AgXpress Application signed by all applicants
- Farmer Mac’s AgXpress Application must be used and is located within the Resource Library at efarmermac.com
Step One Continued - AgPower

- Log in at efarmermac.com
- Click on “AgPower” → “New Application”
- A new checkbox appears
  - Check “Scorecard/AgXpress Loan”
  - Complete only the Application and Borrower Info tabs

Submit – Step Two

2 SUBMIT

- Upload the AgXpress Application within the “Communication/Attachment” tab of AgPower
- Click “Submit Application” button on the “Submit Application” tab in AgPower

Once available, upload the appraisal and title work in the “Communication/Attachment” tab in AgPower
**Farmer Mac to Review – Step Three**

**REVIEW**

Farmer Mac will review your loan submission and contact you with questions. Once a credit decision is made, you will either receive notification of approval and the Preliminary Loan Approval Notice (PLA) will be issued, or you will be contacted by an underwriter for further discussion.

**Estimated 24 Hour Turnaround!**

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**Continue as Normal – Step Four**

**CONTINUE**

After approval, follow the standard process for appraisal, title, rate lock, closing, and purchase activities.

**Tip!** Refer to the Guides within the Training Kit for additional instructions…

- Appraisal Guide
- Title Guide
- Rate Lock Guide
- Closing Guide
- Field Servicer Guide

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**Resource Library**

**Seller/Service Guide**
- Farmer Mac Contact Information
- Seller/Service Guide
- Conversion Guide
- New analyzing Spacious Mortgage Certificates
- New Rate Reason Loan: Moderately Fixed: Interest Rate
- Permanent Financing Development Loans
- Affidavit Program Descriptions
- ARM Product Descriptions
- Fixed Rate Product Descriptions
- Payment Schedule Guide
- Community Pricing Guidelines
- Central Servicer Contact Information
- Sample Field Servicing Fee Report

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**Farm & Ranch Training Materials**

- Farmer Mac Training Kit
- Product Guide
- Underwriting Info
- Application Checklist
- Notes for Realists
- Appraisal Guide
- Title Guide
- Rate Lock Guide
- Closing Guide
- Field Servicer Guide
- PFI/House Guide
- Administrator Guide
Let’s Talk About Timing

Testing now through December
Expected release in January 2019

• External communication
• Webinar training

Supporting resources
• AgXpress Application Package
  • Posted in Resource Library
  • Instructional Page
  • Eligibility Parameters & Submission Checklist
  • Application

Questions?
Thank you!