



**FARMER  AC**

*January 31, 2022*

*New Opportunities*

## *Today's Presenters*



### **Patrick Kerrigan**

- Vice President - Business Development
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### **Jackson Takach**

- Chief Economist, Sr. Director of Strategy, Research, & Analytics
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### **Scott Steveson**

- Assistant Manager – Credit and Operations, Farm & Ranch Underwriting
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## *Our Bank Guests For Today*



### ***Jeff Albus***

- Senior Vice President – HNB Bank
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### ***Alex Jones***

- Executive Vice President – United Bank
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# Who is Farmer Mac?

## A Mission-Driven, For-Profit Company

### Our Mission

- Increase the availability and affordability of credit for the benefit of American agricultural and rural communities

### Our Stakeholders

- Farmers, ranchers and rural Americans
- Stockholders
- Financial Institutions
- Employees
- Congress
- Regulator

### Our Corporate Social Responsibility

- To help create sustainable, vibrant rural American communities
- We achieve this by conducting our business
  - With absolute integrity
  - By holding ourselves to high ethical standards
  - By promoting a diverse, respectful, and inclusive culture



1987

Farmer Mac initially chartered by Congress as an instrumentality of the United States

1988

Initial public offering  
First listed on NASDAQ  
(FAMCU & FAMCL)

1996

First major charter revision and expansion of authority  
(direct loan purchases)

1999

First listed on NYSE (AGM & AGM.A)

2008

Second major charter revision and expansion of authority  
(Rural Utilities)



# *Preserve & Grow with Farmer Mac*

## ***What is your bank looking for?***

- Client satisfaction solutions
- New business opportunities
- Easy to understand products
- Recurring fee income
- Ability to fend off competition





## *Preserve & Grow with Farmer Mac*

### ***What are your farm customers looking for?***

- Service
- Fast response
- Loan products
- Competitive rates



## *Opportunities to Partner with Farmer Mac*

- *Originate ag real estate loans with no credit or interest rate risk to the bank*
- *Offer loan rates and terms that will attract new farm and ranch borrowers to the bank*
- *Mitigate the chance of your ag customers moving to a competing lender*
- *Consolidate your borrowers' ag debt into long-term loans at competitive rates*
- *Generate non-interest income through loan origination and servicing fees*



# *Farmer Mac Solutions*

## **Farm & Ranch Loan Purchase Solution**

- Access competitive, short and long-term financing for farm operations, rural properties, and production agriculture
- Originate and sell eligible loans, secured by first lien mortgages
- Maintain the client relationship, preserve capital, attract and retain customers, and minimize credit and interest rate risk

## **USDA Guaranteed Loan Purchase Solution**

- Sell the guaranteed portions of Farm Service Agency (FSA) and Rural Development (RD) loans
- Access a full suite of loan products, competitive rates, and retain all loan servicing

## **Credit Protection Solution**

- Choose from a guaranteed security solution or a purchase commitment option
- Securitize a set of eligible loans and receive a credit guarantee that ensures payment to the holder of the security
- Under the purchase commitment option, pay an annual fee and we will commit to purchase any of the schedule loans that default





# *Becoming a Farmer Mac Seller*

## ***Farmer Mac Seller Requirements***

- Seller application
- Seller/Service agreement
- Officer Certificate
- Stock ownership

### **Consolidated Assets**

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


### **Stock Ownership**

- 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

***Seller requirements do not apply to the sale of USDA Guaranteed Loans***



# Lender Portal - efarmermac.com



FINANCING RURAL AMERICA


Hi there! Welcome to your account.

Back to farmermac.com

Continue

Need help logging in? [Recover your email or password.](#)

New to Farmer Mac? [Contact us](#) to obtain credentials.



**STOP!**  
Before you go.

**IS YOUR WEB BROWSER  
UP TO DATE?**

To access the eFarmerMac.com customer portal and use all our loan platforms, you must use the latest version of Google Chrome or Microsoft Edge.

Internet Explorer is not supported.

First time logging in to the new eFarmerMac.com customer portal?  
You'll need to reset your password.

VIEW SETUP GUIDE



## Farm & Ranch Loan Purchase (Farmer Mac 1)

As an Approved Lender, when you sell us your loan, you gain access to our wide array of innovative loan products at competitive rates and with flexible repayment terms. Getting started is as easy as clicking one of the buttons below.

*Please note: To submit a Fast Track or Full Underwrite loan, or access AgXpress loans submitted before 3/16/2021, go to AgPower.*

You can also visit the [Resource Library](#) to learn more about Farm & Ranch Loan Purchase and our three underwriting options (AgXpress, Fast Track and Full Underwrite), and review the [Farm & Ranch training kit](#).

[SUBMIT A NEW AGXPRESS APPLICATION](#)
[ACCESS AN AGXPRESS LOAN](#)
[SUBMIT/ACCESS AN AGPOWER APPLICATION](#)

## USDA Guaranteed Loan Purchase (Farmer Mac 2)

Unleash the potential of your USDA Guaranteed Loans and access competitive long-term rates by participating them with Farmer Mac. Submit a USDA FSA or RD Guarantee or continue the process of settling a loan in our Online Loan App (OLA). You can also view records for all your previously participated loans in the OLA archive.

You can visit the [Resource Library](#) to learn more about USDA Guaranteed Loan Purchase and review the [USDA Guarantees training kit](#).

[SUBMIT/ACCESS A USDA GUARANTEED LOAN](#)

## Farm & Ranch Purchase Commitment (LTSPC)

Manage risk and free up capital by taking advantage of this credit enhancement solution. Simply identify the loans that Farmer Mac will commit to purchase in case of default for a modest fee, and submit them through the Purchase Commitment application.

You can visit the [Resource Library](#) to learn more about Farm & Ranch Purchase Commitment and review the [Purchase Commitment training kit](#).

[SUBMIT/ACCESS A PURCHASE COMMITMENT DEAL](#)

## AgXpress Now Online!



**CLICK FOR THE  
AGXPRESS QUICK  
START GUIDE.**

OR LEARN EVEN MORE IN THE RESOURCE LIBRARY

## FARM & RANCH AND USDA GUARANTEES CONTACT SHEET

THE LATEST PHONE NUMBERS AND EMAIL ADDRESSES

### MY OPEN TASKS

☐ Travel to see Alex and Others WRT Coastal G... **Jan 5 |**  
[Mark Rickels](#) \* Normal \* Not Started

[View All](#)

**Alerts (0)**

**Announcements (4)**

Jan 11

Commodity Pricing Guidelines Updated for 2022





# *Economic Outlook*

## *From the Chief Economist: Ag Econ Update*

Strong  
Revenues,  
Commodity  
Price Supercycle

Rising Input  
Costs Crimp the  
Celebration

Land Values  
Continue to  
Gain, Rental  
Rates Follow

Watch the U.S.  
Dollar!

Watch Interest  
Rates!







# *Farm & Ranch Loan Purchase Program*



# *Farmer Mac Eligibility*

## ***Eligible Loans***

- Must be first mortgage farm or ranch real estate loan
- Revolving lines of credit are available if first mortgage secured

## ***Eligible Properties***

- Parcels of land capable of producing ag commodities or products
- Property may be improved by buildings, fixtures, etc.
- No minimum or maximum acreage requirement

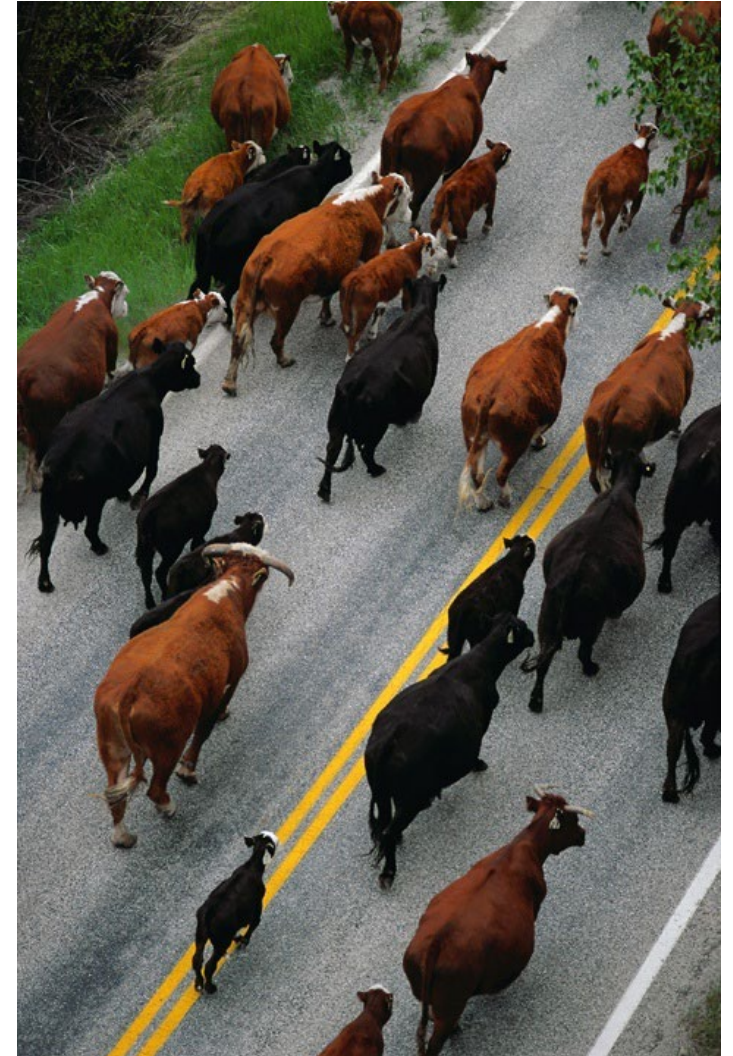
## ***Eligible Borrowers***

- U.S. citizens, nationals or aliens lawfully admitted for permanent U.S. residence
- Corporations or partnerships
- Trusts are eligible for Farmer Mac financing if there is a personal guarantee



# ***Farm & Ranch Loan Purchase Road Map***

- 1 – Review Product Guide, Underwriting Matrix and Daily Rate Sheets***
- 2 – Gather required information using the Application Checklist***
- 3 – Complete a new application in AgPower***
- 4 – Receive a credit decision***
- 5 – Order/Submit appraisal and preliminary title report***
- 6 – Receive/Complete conditions prior to funding***
- 7 – Rate lock loan***
- 8 – Assemble closing documents and close loan***
- 9 – Finalize loan purchase***
- 10 – Perform field servicing duties***





# Application Checklist

## Prepare and/or collect borrower information

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



Application Checklist	Full Underwrite	Fast Track
1. Detailed Narrative (analysis of character, capital, capacity, collateral, and condition)	<input type="checkbox"/>	<input type="checkbox"/>
2. UCC Search on all loans over \$750,000. Applies to all borrowers/guarantors. Reports must be within 90 days of loan submission and marked up to align with the balance sheet.	<input type="checkbox"/>	<input type="checkbox"/>
3. Credit report with credit score for each applicant (within 90 days) (If a tri-merged report is submitted, the middle score will be used.)	<input type="checkbox"/>	<input type="checkbox"/>
4. Current market value balance sheet(s) with schedules (within 90 days) (including debt schedule) > input in AgPower	<input type="checkbox"/>	<input type="checkbox"/>
5. Pro forma balance sheet and schedules (including debt schedule) > input in AgPower	<input type="checkbox"/>	<input type="checkbox"/>
6. Previous three years (market value preferred, cost basis accepted) balance sheets and schedules > input & upload in AgPower	<input type="checkbox"/>	N/A
7. Tax Returns/Income Statements for previous three years or four years for alternate bearing crops (only <u>two years</u> required for Fast Track) > input & upload in AgPower	<input type="checkbox"/>	<input type="checkbox"/>
8. Pro forma income and expense > input in AgPower	<input type="checkbox"/>	N/A
9. Verification of non-farm income (two (2) most recent paystubs or most recent W-2 for each applicant employed off-farm)	<input type="checkbox"/>	<input type="checkbox"/>
10. Written debt verifications from major lender(s) of the borrower (if not on the credit report)	<input type="checkbox"/>	<input type="checkbox"/>
11. Written mortgage verifications outlining outstanding principal balance and payment history (at least last 24 months); or two most recent 1098's for each mortgage not on the credit report	<input type="checkbox"/>	<input type="checkbox"/>
12. Verification of cash, savings, cash value life insurance, marketable bonds and securities, and retirement accounts, if material to the credit	<input type="checkbox"/>	<input type="checkbox"/>



# Underwriting Matrix Snapshot

Most popular programs include:

Loan Program	Fast Track	Full Underwrite	Full Underwrite	AgEquity RLOC	AgAsslst
Eligible Pricing Type	Choice	Standard	Choice	Standard	Standard
Total Debt Coverage (See Seller/Service Guide, Section 202.3)	≥ 1.00 for 2 year average	≥ 1.25	≥ 1.50	≥ 1.35; must meet TDC after 3% rate shock	≥ 1.10
Current Ratio	≥ 1.00	≥ 1.25	≥ 1.50	≥ 1.25	≥ 1.00
Debt to Asset	≤ 40%	≤ 50%	≤ 40%	≤ 50%	≤ 60%
Loan-to-Value	≤ 55%	<70%*	≤ 60%	≤ 50%**	≤ 45% FAMC LTV ≤ 85% CLTV
Credit Score (FICO) (Individual borrowers/guarantors)	≥ 720	≥ 680			
D&B PAYDEX Score (required if no individual borrowers/guarantors)	N/A	≥ 70			





Underwriting Matrix Facility, Timber, Agribusiness Loans

Loan Program	Cattle Feedlot	Timber	Poultry Facility	Swine Facility	Feedlot Dairy Facility	Agribusiness & Other Production Facilities
Eligible Pricing Type	Standard	Standard	Standard	Standard	Standard	Standard
Total Debt Coverage (See Seller/Servicer Guide, Section 202.3)			≥ 1.25		≥ 1.35	
Current Ratio			≥ 1.25			
Debt to Asset			≤ 65%	≤ 60%	≤ 50%	≤ 70% or LTD/NW ≤ 80%
Loan-to-Value	≤ \$5 mil: < 65% > \$5 mil: 60%	≤ \$5 mil: < 70% > \$5 mil: 60%	New Facilities ≤ 75% Existing Facilities ≤ 65%	New Facilities ≤ 75% Existing Facilities ≤ 70%	≤ \$5 mil: < 65% > \$5 mil: 60%	≤ 60%
Credit Score (FICO) (Individual borrowers/guarantors)			≥ 680			
D&B PAYDEX Score (required if no individual borrowers/guarantors)			≥ 70			



## *New: AgXpress Scorecard*

*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



# AgXpress Scorecard

## Maximum Loan Size

– \$1,500,000 per applicant

## Maximum LTV

– 55% LTV on bare land value

## Minimum Credit Score

– Though not an absolute indicator for approval, the recommended minimum score for all applicants is 720

## Pricing

– Choice pricing

## Restrictions

– No restrictions on use of funds, commodity types or eligible loan products



### AGXPRESS™ APPLICATION

All fields contained within this application are required, unless otherwise noted.

#### Business Applicant or Trust\*

Title Holder: ☐ Yes ☐ No

☐ Borrower ☐ Co-Borrower ☐ Guarantor (List your relationship or check your Organization Type):

Organization Type: ☐ Corporation ☐ Limited Partnership ☐ Limited Liability Corporation ☐ General Partnership ☐ Estate ☐ Trust

Business Name:

Federal Tax ID #:

Business Street Address:

City: State: Zip: County:

Description of Business:

Principal/Officer Name and Title: Date of Birth:

Percent Ownership: % Principal/Officer Home Address:

City: State: Zip: County:

Email: Phone #:

Trustee/Beneficiary Name(s): Trust State: Trust Date:

\*A representative or trustee will need to sign on behalf of the business or trust.

#### Individual Applicant

Title Holder: ☐ Yes ☐ No

☐ Borrower ☐ Co-Borrower ☐ Guarantor (Relationship to primary applicant):

Last Name: First Name: Middle Name:

Street Address:

City: State: Zip: County:

Email: Phone #:

Soc. Sec. #: Date of Birth: Years at Current Address:

Marital Status: ☐ Married (or separated) ☐ Single (or divorced, unmarried, widowed)

Are you a U.S. citizen or a permanent U.S. resident alien? ☐ Yes ☐ No



# *Loan Closing & Post-Sale Servicing*

## ***Seller works with Central Servicer through the closing process***

- Purchase option
- Table-funding option

## ***PPDocs, Inc.***

- Document preparation service
- [www.ppdocs.com](http://www.ppdocs.com)

## ***Central Servicing – responsibility of Farmer Mac***

- Assists Seller with loan closing and sale
- Bills and collects payments from borrower

## ***Field Servicing – responsibility of the Seller***

- Maintain ongoing relationship with the borrower
- Monitor payment of real estate taxes, hazard insurance
- File UCC continuations
- If requested, forward annual balance sheet and tax returns, inspect security



## F&R Rate Sheet (1/26/2022)

Products	Term	Amortization	Standard Rates	Choice Rates
AgEquity VRM	25   30	15   20   25	1.89%	N/A
1-month VRM	15   20   25   30	15   20   25   30	1.88%	1.53%
1-year VRM	15   20   25   30	15   20   25   30	2.21%	1.86%
3-year VRM	15   20	15   20	2.90%	2.55%
3-year VRM	25   30	25   30	2.98%	2.63%
5-year VRM	15   20	15   20	3.26%	2.91%
5-year VRM	25   30	25   30	3.31%	2.96%
10-year VRM	15   20	15   20	3.62%	3.27%
10-year VRM	25   30	25   30	3.71%	3.36%
15-year VRM	20	20	3.80%	3.45%
15-year VRM	25   30	25   30	3.92%	3.57%
7-year Fixed	7	15   25	3.39%	3.04%
10-year Fixed	10	10	3.48%	3.13%
15-year Fixed	15	15	3.75%	3.40%
15-year Fixed	15	25	3.90%	3.55%
20-year Fixed	20	20	3.95%	3.60%
25-year Fixed	25	25	4.07%	3.72%
30-year Fixed	30	30	4.19%	3.84%

### Build Your Rate

**3.84%**

*30-Yr Fixed  
Choice Rate*



**0.60%**

*Lender  
Servicing Fee*



**4.44%**

*Note Rate to  
the Borrower*





# 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?***

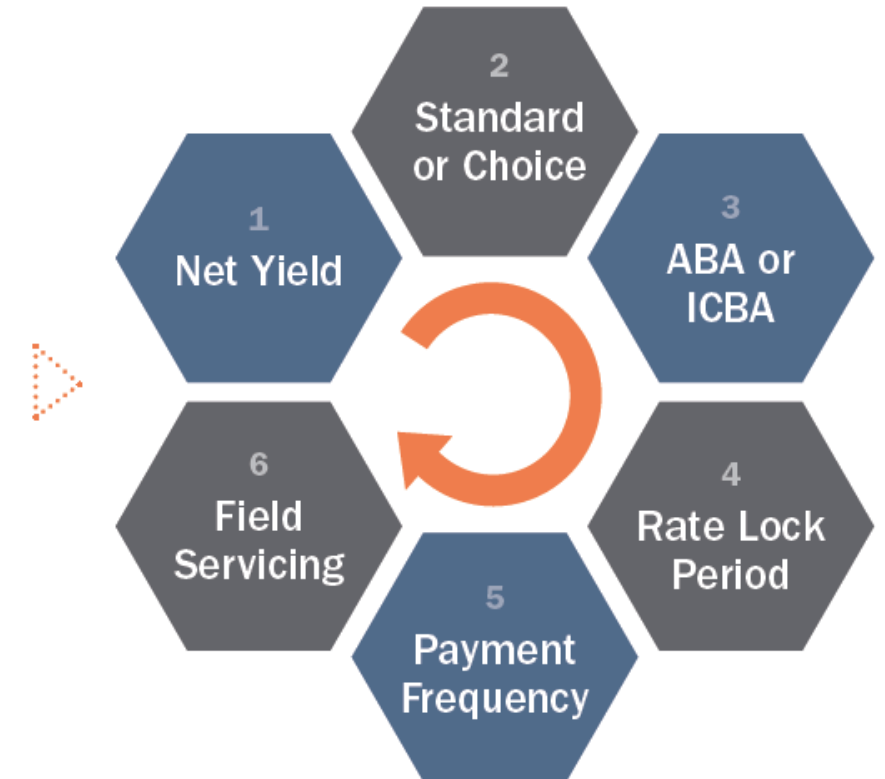
***4 Week Rate Lock?***

***What is the re-payment frequency?***

Monthly, Semi-Annual or Annual

***10 – 150 bps for most products***

How  
to build  
a rate



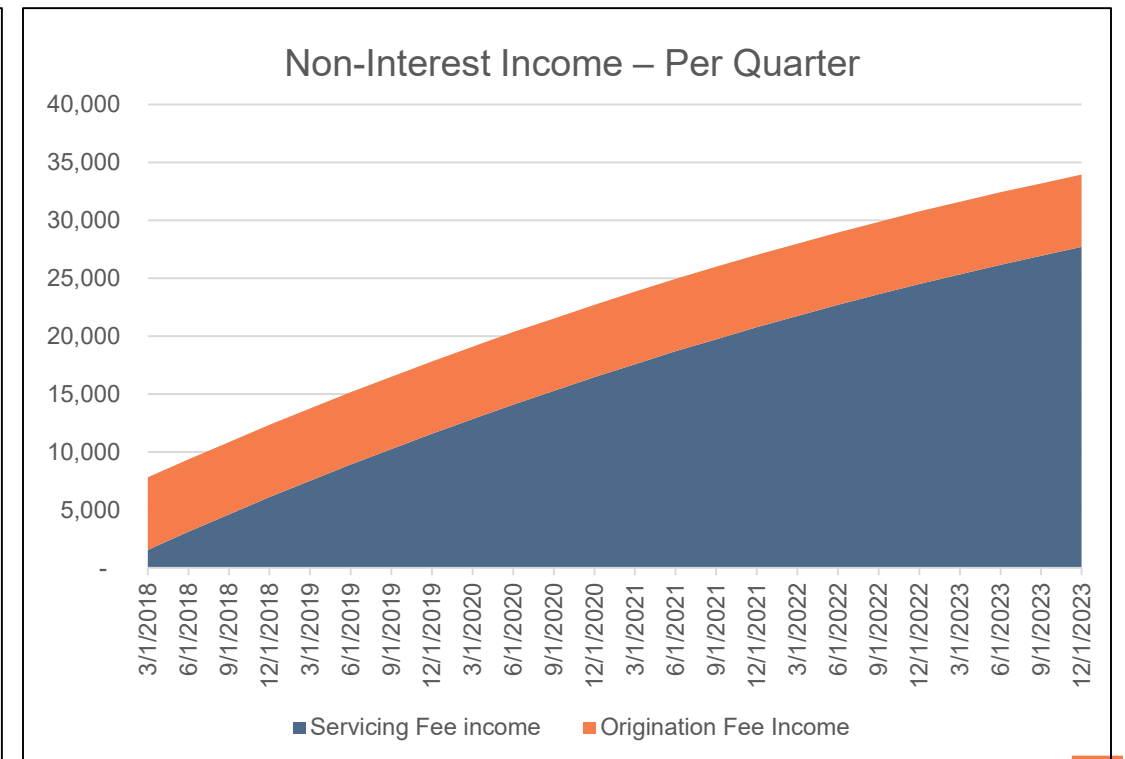
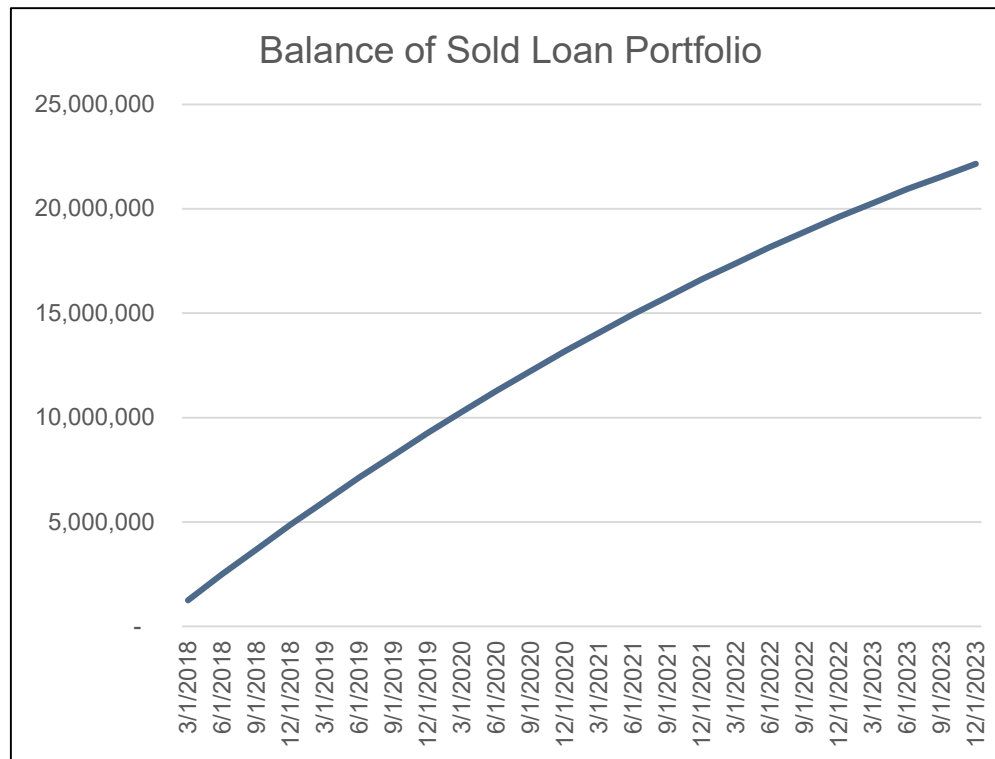
Non-Interest Fee Income Potential

\$1,000,000 Loan   10 Year Reset, 30 Year Maturity   5.50% Note Rate				
Payment	Balance	Payment Amount	Servicing Fee	Cumulative Servicing Fee
1	\$1,000,000	\$68,805	0.75%	\$7,500
2	\$986,195	\$68,805	0.75%	\$14,896
3	\$971,630	\$68,805	0.75%	\$22,184
4	\$956,264	\$68,805	0.75%	\$29,356
5	\$940,053	\$68,805	0.75%	\$36,406
6	\$922,951	\$68,805	0.75%	\$43,328
7	\$904,908	\$68,805	0.75%	\$50,115
8	\$885,872	\$68,805	0.75%	\$56,759
9	\$865,790	\$68,805	0.75%	\$63,252
10	\$844,603	\$68,805	0.75%	\$69,587



## Non-Interest Fee Income Potential

- Creating a Profitable Off-Balance Sheet Ag Loan Portfolio
  - Originate and sell \$5 million of loans per year (4 x \$1,250,000) for 6 years
  - All loans are 15-year fixed rates with 25-year amortizations
  - Lender takes a 50bps Field Servicing Fee on all loans sold
  - Lender charges borrower a 50bps origination fee on all loans



# Farm and Ranch Loan Examples

State	Alabama	Louisiana	Mississippi	Alabama	Mississippi
County	Marengo	Richland	Yazoo	Hale	Walthall
Commodity	Timber	Ranch/Cattle & Calves	Corn	Hay	Timber
Underwriting Method	Full Underwrite	AgXpress	Full Underwrite	Fast Track	AgXpress
Loan Amount	\$625,000	\$525,000	\$495,000	\$1,050,000	\$185,000
LTV	25%	38%	48%	47%	53%
Acres	1,050	366	165	568	146
Product	10 Year Reset 30 Year Term 30 Year AM	25 Year Fixed 25 Year Term 25 Year AM	30 Year Fixed 30 Year Term 30 Year AM	25 Year Fixed 25 Year Term 25 Year AM	10 Year Fixed 10 Year Term 10 Year AM
Pricing	Choice	Choice	Standard	Choice	Choice
Payment	Semi-Annual	Semi-Annual	Annual	Monthly	Monthly
Note Rate	3.90%	4.23%	4.75%	3.67%	2.89%
Net Yield	2.57%	3.39%	3.90%	3.49%	2.74%
Servicing Fee	1.33%	0.84%	0.85%	0.18%	0.15%
Maturity	1/1/2051	1/1/2046	1/1/2052	6/1/2046	7/1/2031



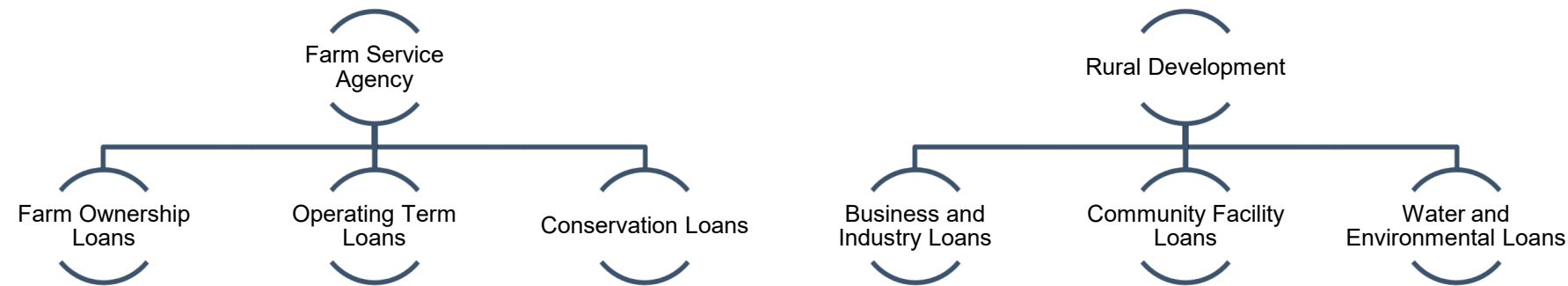


# *USDA Guaranteed Loan Purchase Solution*





# Eligible USDA Programs



## *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*



## *Documents for Review*



Loan Guarantee



Assignment of  
Guarantee



Promissory note



# USDA Rate Sheet (1/26/2022)

<i>Products</i>	<i>Monthly Pay Cash</i>	<i>Monthly Pay 4-Week Rate Lock</i>	<i>Annual, S.A., &amp; Qryly Pay Cash</i>	<i>Annual, S.A., &amp; Qryly Pay 4-Week Rate Lock</i>
Wall Street Journal Prime	1.75%	N/A	1.75%	N/A
Farmer Mac 3-Mo COFI	1.25%	N/A	1.25%	N/A
Farmer Mac 5-Yr Reset COFI; 20-, 25-, 30-Yr Am	2.22%	2.31%	2.32%	2.41%
Farmer Mac 10-Yr Reset COFI; 20-, 25-, 30-Yr Am	2.76%	2.85%	2.86%	2.95%
Farmer Mac 15-Yr Reset COFI; 20-, 25-, 30-Yr Am	2.95%	3.04%	3.05%	3.14%
7-Yr Fixed Rate, 7-Yr Am	2.15%	2.24%	2.25%	2.34%
7-Yr Fixed Rate, 15-Yr Am	2.42%	2.51%	2.52%	2.61%
10-Yr Fixed Rate, 10-Yr Am	2.54%	2.63%	2.64%	2.73%
15-Yr Fixed Rate, 15-Yr Am	2.71%	2.80%	2.81%	2.90%
15-Yr Fixed Rate, 25-Yr Am	2.93%	3.02%	3.03%	3.12%
20-Yr Fixed Rate, 20-Yr Am	3.02%	3.11%	3.12%	3.21%
25-Yr Fixed Rate, 25-Yr Am	3.11%	3.20%	3.21%	3.30%
30-Yr Fixed Rate, 30-Yr Am	3.20%	3.29%	3.30%	3.39%

## Build Your Rate

**3.39%**

*30-Yr Fixed Rate*



**1.00%**

*Lender  
Servicing Fee*

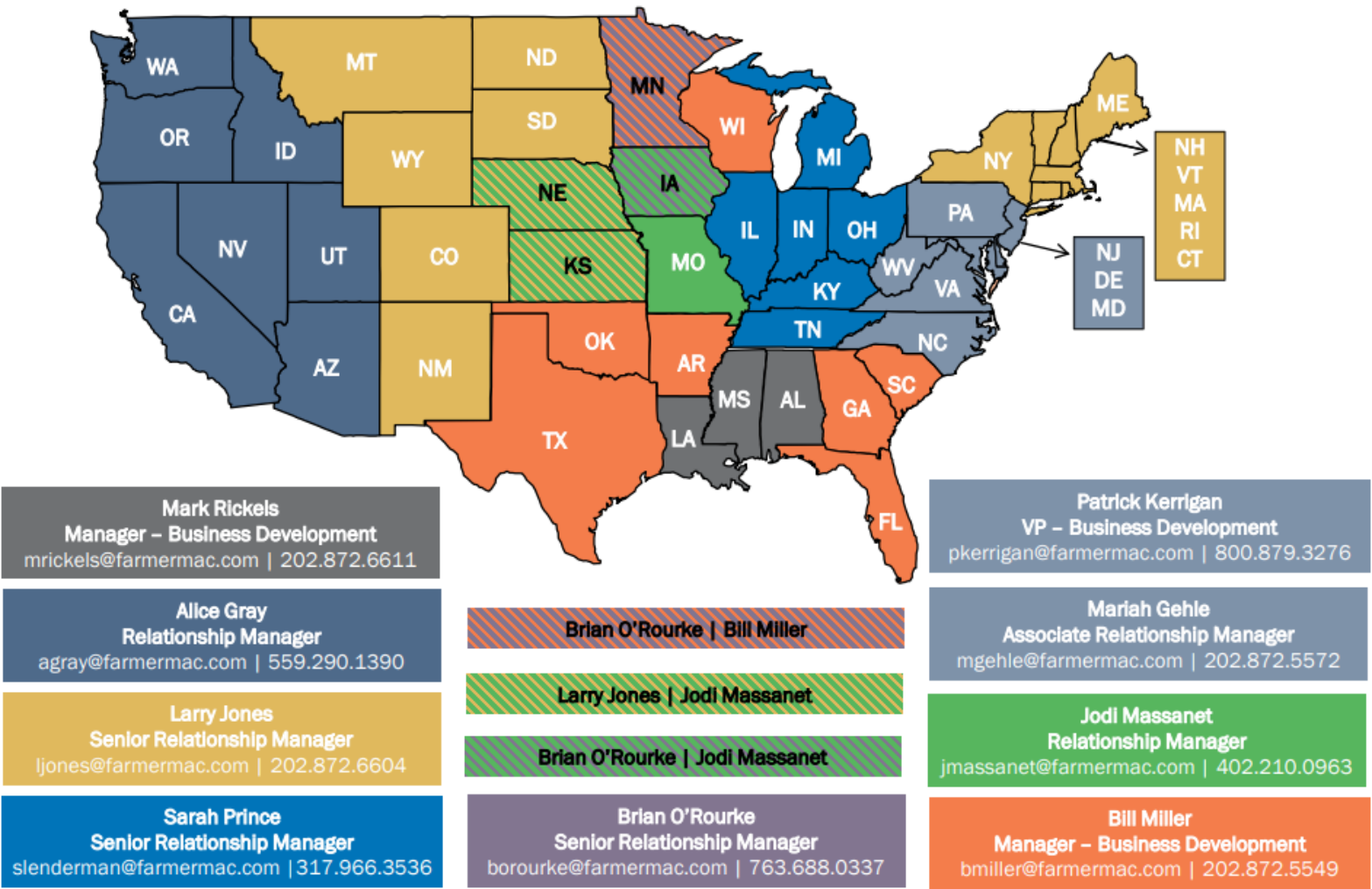


**4.39%**

*Note Rate to  
the Borrower*



# Relationship Managers





## *Resources at Efarmermac.com*

### **Client Services**

**[ClientServices@FarmerMac.com](mailto:ClientServices@FarmerMac.com)**

**866-452-2617**

Contact for: general program assistance,  
training, technical issues, loan onboarding &  
processing questions

### **Business Development**

**[Opportunities@FarmerMac.com](mailto:Opportunities@FarmerMac.com)**

**800-879-3276**

Contact for: products & solutions,  
relationship management & marketing

### **Rate Lock Desk**

**[ClientServices@FarmerMac.com](mailto: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](mailto:Underwriting@FarmerMac.com)**

**866-452-2617**

Contact for: loan eligibility,  
credit & underwriting

### **Servicing**

**[Servicing@FarmerMac.com](mailto:Servicing@FarmerMac.com)**

**866-452-2617**

Contact for: loan servicing

### **Farmer Mac 2**

**[FM2@FarmerMac.com](mailto:FM2@FarmerMac.com)**

**877-770-3644**

Contact for: USDA Guaranteed loans  
For more information visit  
[www.farmermac2.com](http://www.farmermac2.com)



## *Partner With Us*

***Farmer Mac is a dependable partner for your bank***

***For more information, contact:***



***Mark Rickels***

- SE Relationship Manager
- [mrickels@farmermac.com](mailto:mrickels@farmermac.com)



***Patrick Kerrigan***

- VP– Business Development
- [pkerrigan@farmermac.com](mailto:pkerrigan@farmermac.com)





***Thank You***

***Contact Us: [www.farmermac.com](http://www.farmermac.com)***

***Corporate Headquarters (DC): 800-879-3276***

***Underwriting Office (IA): 866-452-2617***

