



FARMER AC

Independent Community Bankers of America

December 2020

Competing for Ag Loans with the ICBA-Farmer Mac Program



Introductory Remarks

Mark Scanlan

Senior Vice President

Agriculture & Rural Policy

Independent Community Bankers of America

Washington, DC



Presenters

Patrick Kerrigan

FARMER  AC

Vice President of Business Development



Sarah Prince

FARMER  AC

*Relationship Manager – Illinois, Indiana, Ohio,
Michigan, Kentucky, Tennessee*



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. 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

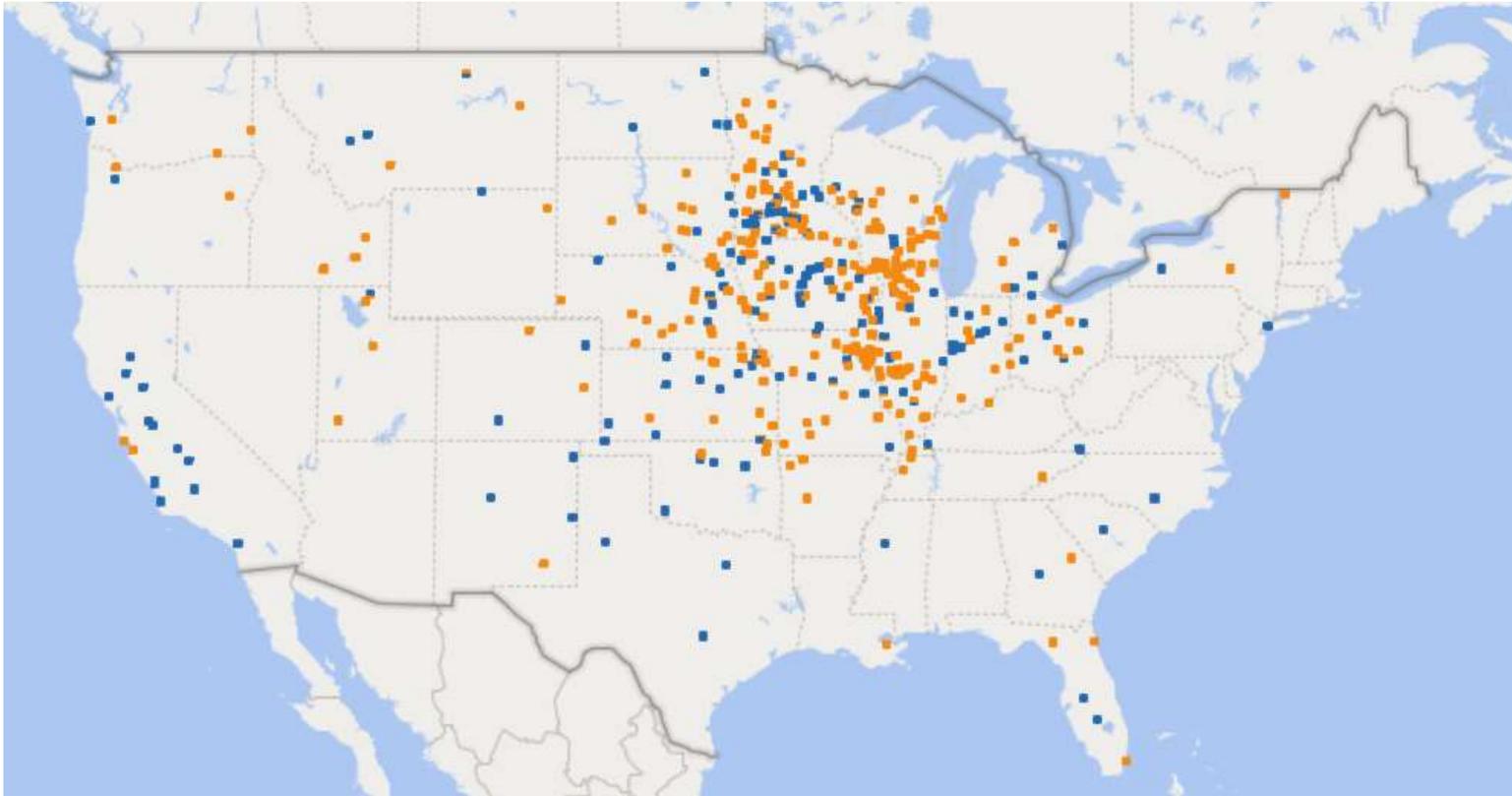
Choose from a guaranteed security solution or a purchase commitment option. With a security solution, we will securitize a set of eligible loans and provide a credit guarantee that ensures payment to the holder of the security. Under the purchase commitment option, you pay an annual fee and we will commit to purchase any of the scheduled loans that default. Processes are streamlined and set up 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 fund is extremely competitive. Issuances from the facility are executed quickly upon credit approval.



Farmer Mac Seller Network



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



FARMER MAC
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 Solution*



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***



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



Underwriting Matrix Snapshot

Popular underwriting programs include:

Loan Program	Fast Track	Full Underwrite	Full Underwrite	AgEquity RLOC	AgAssist
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			
Loan Size	No minimum ≤ \$3.0 mil	No minimum ≤ 2000 acres: \$50.0 mil > 2000 acres: \$13.2 mil		Minimum: \$50,000 Maximum: \$13.2 mil	No minimum ≤ 2000 acres: \$50.0 mil > 2000 acres: \$13.2 mil
Cash-Out (See Seller/Service Guide, Section 202.5)	Unlimited	≤ 10%; unlimited cash out if amortization is 15 years or less and LTV is ≤ 60%.		Allowed if not for consumer purpose.	Unlimited
Recent Tax Returns	2 years	Minimum 3 years; 4 years alternate bearing.			



Underwriting Documentation

Application checklist:

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 two years 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"/>



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

APPLICATION PROCESS

FARM & RANCH AGXPRESS



AgXpress is a credit score based model, designed to simplify the application process and deliver a faster credit decision. Using AgXpress, you bypass the majority of traditional loan onboarding requirements and substantially reduce the amount of time needed to submit a loan. This package outlines the Eligibility Parameters, the Submission Checklist, and the Application — providing everything you need to get rolling.

ELIGIBILITY PARAMETERS

- ▶ Maximum loan size: \$750,000 per applicant within a 12-month period
 - After 12 months of seasoning with no delinquencies, additional AgXpress loans will be considered
 - Maximum aggregate AgXpress exposure is \$1.5 million
- ▶ Maximum Loan-to-Value (LTV): 55% of bare land value
 - Value of permanent plantings should be included in the bare land value
- ▶ Minimum credit score for all applicants: 720
 - Farmer Mac will pull a credit report
- ▶ Monthly or semi-annual payment frequencies
- ▶ Choice Pricing Included

- ▶ No restrictions on commodities
- ▶ No restrictions on use of funds
- ▶ Fixed, Variable, and Adjustable Rate products offered
- ▶ Applicants/borrowers must include all title holders
- ▶ The following are not allowed on AgXpress transactions:
 - AgEquity (Revolving Lines of Credit)
 - Facilities
 - Highly improved, livestock, and special use facilities
 - Trusts (without an eligible co-borrower and a personal guarantee)
 - Annual payment frequency
 - Cross-collateralization of AgXpress loans

SUBMISSION CHECKLIST

<p>1 COMPLETE</p> <ul style="list-style-type: none"> <input type="checkbox"/> AgXpress Application signed by all applicants <ul style="list-style-type: none"> • Farmer Mac's AgXpress Application must be used and is located within the Resource Library at efarmermac.com <input type="checkbox"/> Log into efarmermac.com and click on AgPower. Complete only the "Application" and "Borrower" tabs 	<p>2 SUBMIT</p> <ul style="list-style-type: none"> <input type="checkbox"/> Upload the AgXpress Application within the "Communication/Attachment" tab of AgPower <input type="checkbox"/> Click "Submit Application" button on the "Submit Application" tab in AgPower <input type="checkbox"/> Once available, upload the appraisal and title work in the "Communication/Attachment" tab in AgPower 	<p>3 REVIEW</p> <p>Farmer Mac will review your loan submission and contact you with questions.</p> <p>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.</p> <p>4 CONTINUE</p> <p>After approval, follow the standard process for appraisal, title, rate lock, closing, and purchase activities.</p>
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FMT011 ©06.18 QUESTIONS? ClientServices@FarmerMac.com | 866.452.2617 | farmermac.com

AgXpress — an easier application solution for you and your customers.

 Lean on us to help you.
Call Client Services at 866.452.2617 or email ClientServices@FarmerMac.com for assistance.



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

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





Farm & Ranch Rates



F&R Rate Sheet (12/10/20)

Products	Term	Amortization	Standard Rates	Choice Rates
AgEquity VRM	25 30	15 20 25	1.98%	N/A
1-month VRM	15 20 25 30	15 20 25 30	1.97%	1.62%
1-year VRM	15 20 25 30	15 20 25 30	2.19%	1.84%
3-year VRM	15 20	15 20	2.63%	2.28%
3-year VRM	25 30	25 30	2.67%	2.32%
5-year VRM	15 20	15 20	2.70%	2.35%
5-year VRM	25 30	25 30	2.75%	2.40%
10-year VRM	15 20	15 20	3.15%	2.80%
10-year VRM	25 30	25 30	3.23%	2.88%
15-year VRM	20	20	3.27%	2.92%
15-year VRM	25 30	25 30	3.46%	3.11%
7-year Fixed	7	15 25	2.89%	2.54%
10-year Fixed	10	10	3.01%	2.66%
15-year Fixed	15	15	3.23%	2.88%
15-year Fixed	15	25	3.32%	2.97%
20-year Fixed	20	20	3.49%	3.14%
25-year Fixed	25	25	3.66%	3.31%
30-year Fixed	30	30	3.77%	3.42%

Build Your Rate

3.42%

*30-Yr Fixed
Choice Rate*



0.50%

*Lender
Servicing Fee*



3.92%

*Note Rate to
the Borrower*



F&R ICBA Rate Sheet (12/10/20)



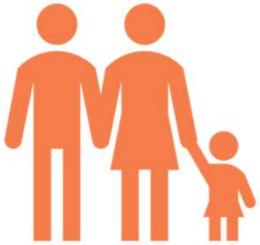
Financing Rural America®

Products	Term	Amortization	Standard Rates	Choice Rates
1-month VRM	15 20 25 30	15 20 25 30	1.87%	1.52%
5-year VRM	15 20	15 20	2.57%	2.22%
5-year VRM	25 30	25 30	2.62%	2.27%
10-year VRM	15 20	15 20	3.02%	2.67%
10-year VRM	25 30	25 30	3.10%	2.75%
15-year VRM	20	20	3.14%	2.79%
15-year VRM	25 30	25 30	3.33%	2.98%

Build Your Rate

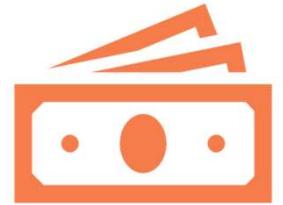


Banker Success Story



\$7,040,000
*Alfalfa & Field Crop
Package*
Grant County, WA

Four Separate Notes
0.34% Servicing Fee



1

\$1,500,000
1-yr VRM
2.37% Note Rate

2

\$2,000,000
5-yr VRM
2.99% Note Rate

3

\$1,500,000
10-yr VRM
3.48% Note Rate

4

\$2,040,000
15-yr VRM
3.71% Note Rate





Recent F&R Loan Examples



Recent AgXpress Examples



County – State	Lac Qui Parle, MN	Whitman, WA	Edmunds, SD	Pike, MO	Cedar, NE	San Luis Obispo, CA	Doniphan, KS	Hancock, IL	Wasco, OR	Pickaway, OH
Commodity	Corn	Wheat	Corn	Corn	Corn	Grapes - Wine	Corn	Hay	Wheat	Corn
Purchase Date	12/4/2020	12/2/2020	12/2/2020	12/2/2020	12/1/2020	11/30/2020	11/12/2020	11/10/2020	11/5/2020	10/28/2020
Loan (\$)	260,000	108,900	497,000	269,775	1,043,000	506,000	570,000	138,000	460,000	750,000
LTV	55%	54%	46%	53%	47%	52%	52%	40%	32%	50%
Loan Product	15-Yr Fixed	15-Yr Reset	15-Yr Fixed	30-Yr Fixed	30-Yr Fixed	1-Yr Reset	15-Yr Fixed	15-Yr Fixed	15-Yr Fixed	15-Yr Fixed
Pay Freq	Semi-annual	Semi-annual	Semi-annual	Semi-annual	Semi-annual	Monthly	Semi-annual	Monthly	Monthly	Semi-annual
Note Rate	3.46%	3.90%	3.25%	3.90%	3.80%	2.23%	3.06%	3.05%	3.46%	3.05%
Servicing Fee	0.62%	1.04%	0.50%	0.48%	0.40%	0.40%	0.30%	0.24%	0.80%	0.32%
Maturity Date	1/1/2036	1/1/2051	1/1/2036	1/1/2051	1/1/2051	12/1/2050	1/1/2036	12/1/2035	12/1/2035	1/1/2036



Recent FastTrack Examples

County – State	Schuyler, IL	Martin, MN	Leavenworth, KS	Emmet, IA	Santa Cruz, CA	Canyon, ID	Hawaii, HI	Gentry, MO	Faulk, SD	Rock, MN
Commodity	Corn	Soybeans	Other Livestock	Corn	Apples	Corn	Coffee	Corn	Corn	Corn
Purchase Date	12/7/2020	12/3/2020	11/5/2020	11/5/2020	11/5/2020	11/2/2020	10/29/2020	10/27/2020	10/26/2020	10/23/2020
Loan (\$)	1,821,000	1,378,000	964,036	450,000	1,180,000	500,000	1,190,000	1,092,600	442,000	1,340,000
LTV	53%	48%	52%	46%	49%	55%	42%	43%	41%	55%
Loan Product	30-Yr Fixed	15- Yr Fixed	15-Yr Reset	15- Yr Fixed	15-Yr Reset	20-Yr Fixed	15-Yr Reset	30-Yr Fixed	15-Yr Reset	20-Yr Fixed
Pay Freq	Semi-annual	Semi-annual	Monthly	Semi-annual	Monthly	Semi-annual	Monthly	Semi-annual	Semi-annual	Semi-annual
Note Rate	3.65%	3.75%	3.40%	3.32%	4.43%	3.85%	3.80%	3.65%	3.25%	3.46%
Servicing Fee	0.25%	0.93%	0.47%	0.50%	1.50%	0.72%	0.92%	0.25%	0.46%	0.20%
Maturity Date	1/1/2051	1/1/2036	12/1/2050	1/1/2036	12/1/2050	1/1/2041	11/1/2050	10/1/2050	7/1/2040	1/1/2041



Recent Full Underwrite Examples



County – State	Pierce, WI	Clinton, IL	Spokane, WA	Rock, MN	Bryan, OK	Grundy, IA	Huron, MI	Dawes, NE	Brule, SD	Tulare, CA
Commodity	Corn	Corn	Wheat	Corn	Other Livestock	Corn	Corn	Ranch Cattle and Calves	Soybeans	Oranges
Purchase Date	12/2/2020	12/2/2020	12/2/2020	11/30/2020	11/30/2020	11/25/2020	11/25/2020	11/23/2020	11/17/2020	11/16/2020
Loan (\$)	492,500	1,625,000	270,000	1,158,798	498,000	500,000	535,000	1,200,000	6,291,846	2,800,000
LTV	63%	60%	42%	43%	66%	28%	48%	60%	50%	70%
Loan Product	25-Yr Fixed	15-Yr Fixed	15-Yr Fixed	15-Yr Fixed	30-Yr Fixed	15-Yr Fixed	15-Yr Reset	5-Yr Reset	15-Yr Fixed	10-Yr Reset
Pay Freq	Semi-annual	Semi-annual	Semi-annual	Monthly	Monthly	Semi-annual	Annual	Semi-annual	Annual	Semi-annual
Note Rate	4.64%	3.30%	2.95%	2.95%	4.46%	3.15%	4.04%	2.69%	3.80%	3.72%
Servicing Fee	1.00%	0.50%	0.20%	0.27%	0.75%	0.50%	0.60%	0.50%	0.54%	0.65%
Maturity Date	1/1/2046	1/1/2036	1/1/2036	12/1/2035	12/1/2050	1/1/2036	1/1/2051	1/1/2036	1/1/2036	1/1/2051

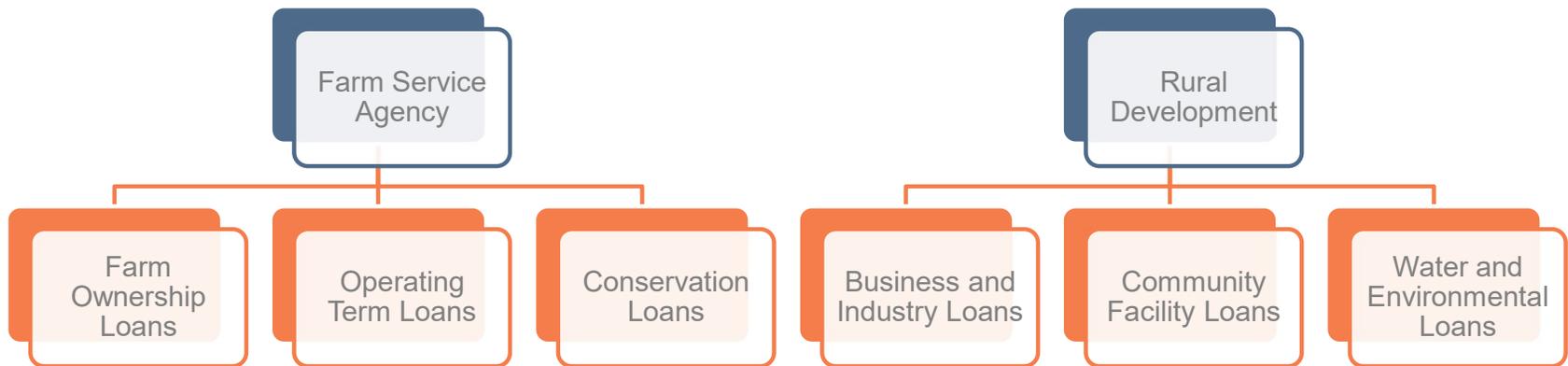




*USDA Guaranteed Loan Purchase
Solution (Farmer Mac 2)*



Eligible USDA Programs



USDA Rate Sheet (12/10/20)

Products	Monthly Pay Cash	Monthly Pay 4-Week Rate Lock	Annual, S.A., & Qryly Pay Cash	Annual, S.A., & Qryly Pay 4-Week Rate Lock
Wall Street Journal Prime	1.75%	N/A	1.75%	N/A
Farmer Mac 3-Mo COFI	1.37%	N/A	1.37%	N/A
Farmer Mac 5-Yr Reset COFI; 20-, 25-, 30-Yr Am	1.89%	1.98%	1.99%	2.08%
Farmer Mac 10-Yr Reset COFI; 20-, 25-, 30-Yr Am	2.41%	2.50%	2.51%	2.60%
Farmer Mac 15-Yr Reset COFI; 20-, 25-, 30-Yr Am	2.66%	2.75%	2.76%	2.85%
7-Yr Fixed Rate, 7-Yr Am	1.80%	1.89%	1.90%	1.99%
7-Yr Fixed Rate, 15-Yr Am	2.00%	2.09%	2.10%	2.19%
10-Yr Fixed Rate, 10-Yr Am	2.10%	2.19%	2.20%	2.29%
15-Yr Fixed Rate, 15-Yr Am	2.49%	2.58%	2.59%	2.68%
15-Yr Fixed Rate, 25-Yr Am	2.60%	2.69%	2.70%	2.79%
20-Yr Fixed Rate, 20-Yr Am	2.81%	2.90%	2.91%	3.00%
25-Yr Fixed Rate, 25-Yr Am	2.88%	2.97%	2.98%	3.07%
30-Yr Fixed Rate, 30-Yr Am	2.99%	3.08%	3.09%	3.18%

Build Your Rate

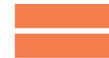
3.18%

30-Yr Fixed Rate



1.00%

Lender Servicing Fee

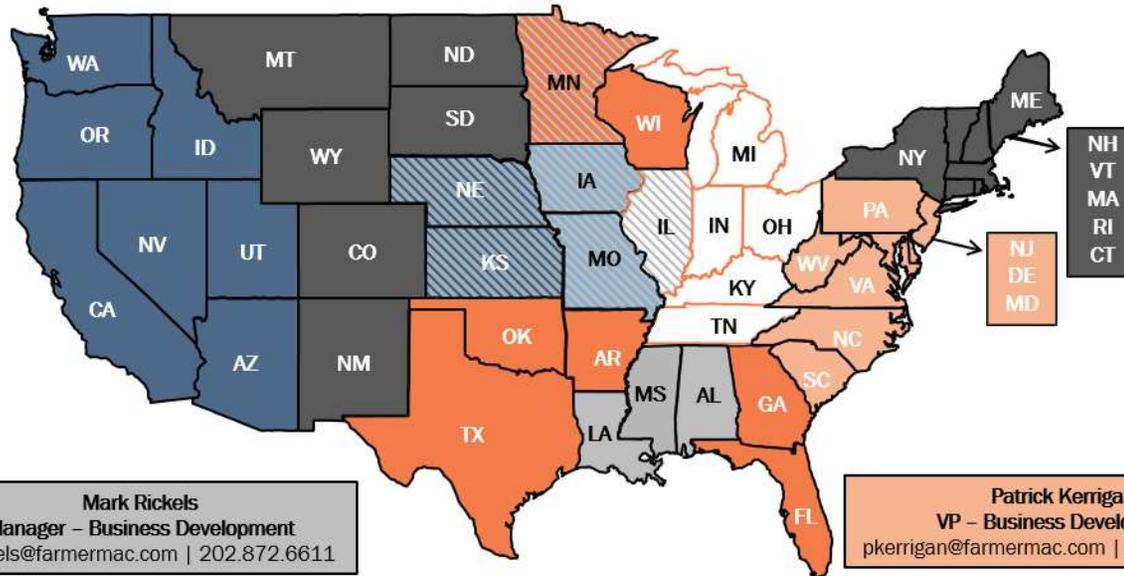


4.18%

Note Rate to the Borrower



Relationship Managers



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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



Conclusion

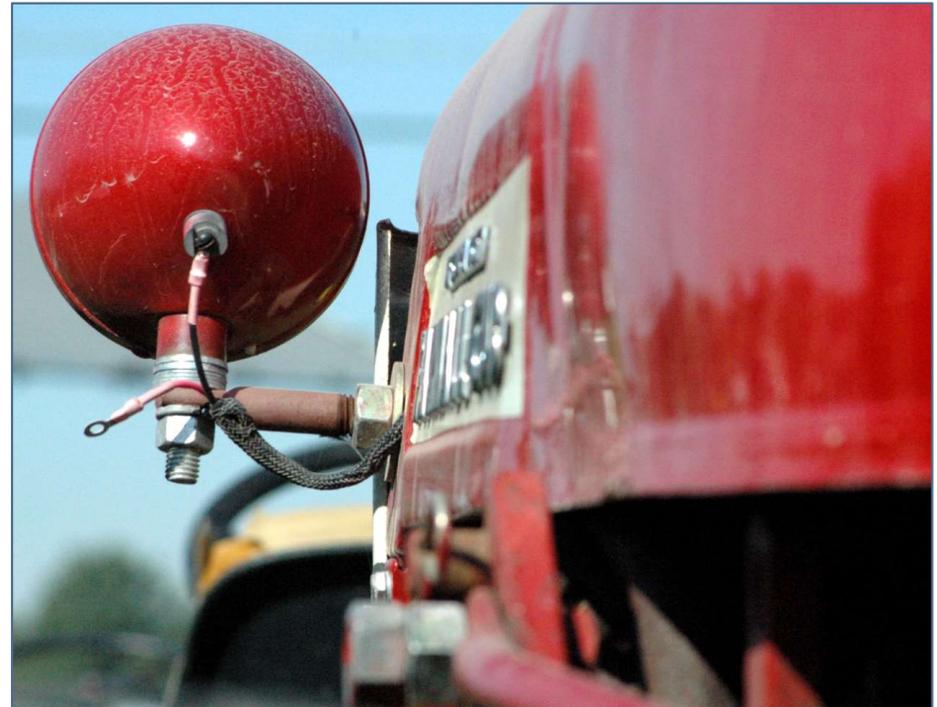
Farmer Mac can be a dependable partner for your bank and assist you in meeting the needs of your farm and ranch borrowers

One on one training is available for all new lenders

For more information, contact:

Patrick Kerrigan
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800-879-3276

Sarah Prince
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Thank You

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