



**FARMER  AC**

***“Your Partner for Successful  
Ag Real Estate Lending”***



**BankBeat**

## *Presenters*

***Patrick Kerrigan***

**FARMER  AC**

***Vice President of Business Development***



***Sarah Prince***

**FARMER  AC**

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



***Scott Steveson***

**FARMER  AC**

***Assistant Manager- Credit and Operations***



## *Farmer Mac 2019 Results*



### **Farmer Mac Reports 2019 Results**

***- Grew Outstanding Business Volume to \$21.1 Billion -***

***- Announces 14% Dividend Increase -***

#### ***2019 results include:***

Net growth \$1.4 billion, including a \$688 million increase in Farm & Ranch loan purchases and a \$104 million increase in USDA loan purchases

Core earnings growth of 12% year-over-year to \$93.7 million

Core capital of \$815 million, \$185 million above minimum

Farm & Ranch loan portfolio 90 day delinquencies of \$61 million or 0.78%

1Q 2020 dividend of \$0.80 per share



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# COVID-19 UPDATES



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# *The Seven Reasons Why Banks Use Farmer Mac*

**1- There is no labor costs until a loan request is ready to process**

**2 - There is no credit or interest rate risk to the bank**

**3 - Does not tie up any of the bank's capital**

**4 - Is profitable to the bank**

**5 - Allows the bank to assist their customers with a loan term and interest rate they are seeking**

**6 - Reduces the chance customers will contact competitors which opens the door for them to solicit all of the customer's business**

**7 - Vehicle to attract new customers**



# 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

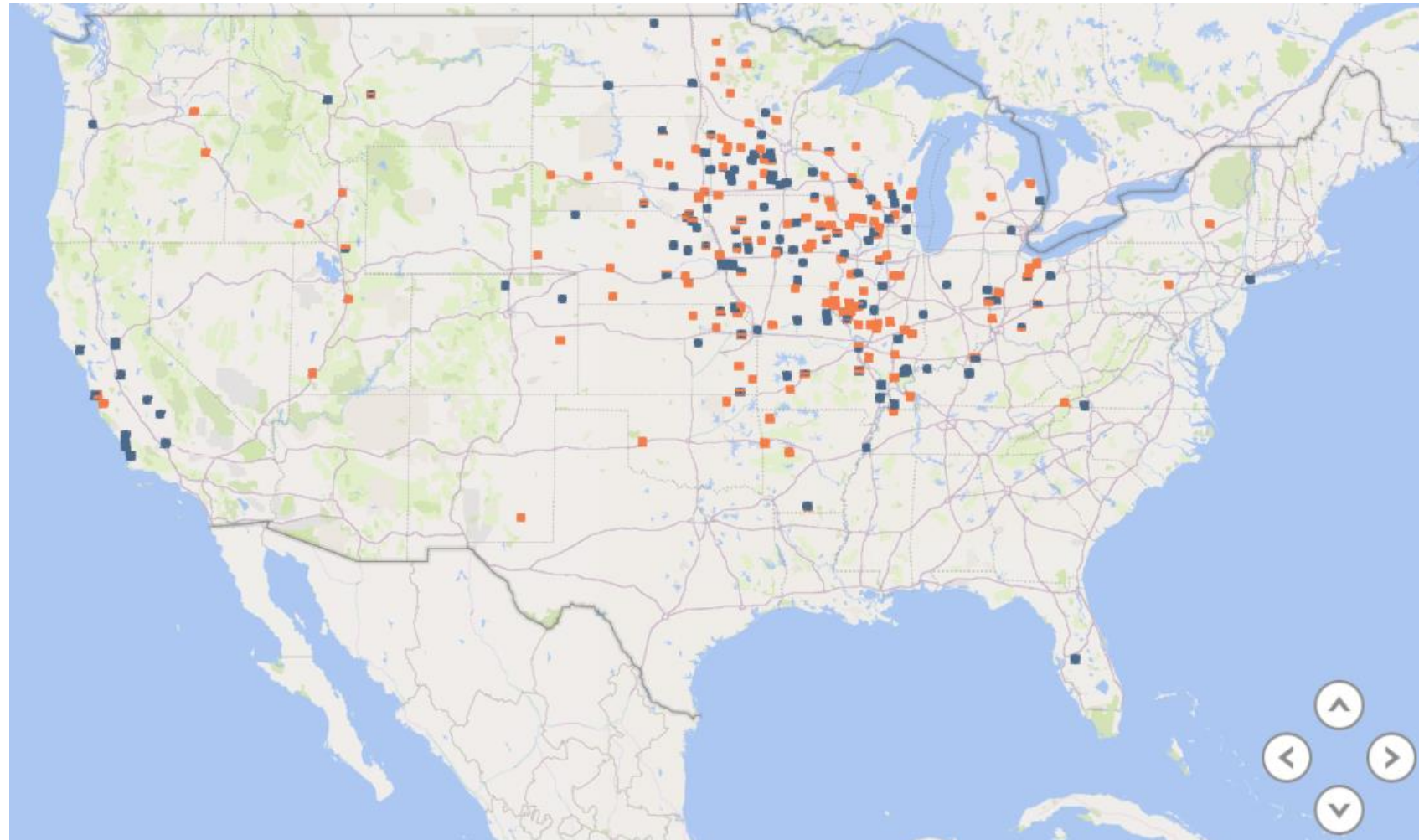
Choose from a guaranteed security solution or a purchase commitment option. With a security solution, we will securitize a set of eligible loans and provide a credit guarantee that ensures payment to the holder of the security. Under the purchase commitment option, you pay an annual fee and we will commit 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 (1.1.19– 1.1.20)*



- Farmer Mac 2
- Farm & Ranch





# *Farm & Ranch Loan Purchase Solution*

# *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



# Underwriting Matrix Snapshot


Most popular programs include:

Loan Program	Fast Track	Full Underwrite	Full Underwrite	AgEquity RLOC
Eligible Pricing Type	Choice	Standard	Choice	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
Current Ratio	≥ 1.00	≥ 1.25	≥ 1.50	≥ 1.25
Debt to Asset	≤ 40%	≤ 50%	≤ 40%	≤ 50%
Loan-to-Value	≤ 55%	<70%*	≤ 60%	≤ 50%**
Credit Score (FICO) (Individual borrowers/guarantors)	≥ 720	≥ 680		
D&B PAYDEX Score (required if no individual borrowers/guarantors)	N/A	≥ 70		



# AgXpress Program Parameters

- **Max loan size: \$750,000 per applicant**
  - 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 (include value of permanent plantings)**
- **Minimum credit score of 720 for all applicants**
- **Choice pricing**
- **No restrictions on use of funds, commodity types or eligible loan products**
- **Monthly or semi-annual payment frequencies**


**APPLICATION PROCESS**

**FARM & RANCH AGXPRESS**

**FARMER MAC**

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.

**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](mailto:ClientServices@FarmerMac.com) for assistance.

**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**

**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](http://efarmermac.com)
- ☐ Log into [efarmermac.com](http://efarmermac.com) and click on AgPower. Complete only the "Application" and "Borrower" tabs

**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

**3 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.

**4 CONTINUE**

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

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**QUESTIONS?** [ClientServices@FarmerMac.com](mailto:ClientServices@FarmerMac.com) | 866.452.2617 | [farmermac.com](http://farmermac.com)





## *Measurable Benefits*

- *Four page application for loans \$750,000 and below*
- *Average time for most clients to submit an AgXpress loan: **15 minutes***
- *Average time for FAMC to review and approve an AgXpress loan: **1 hour***
- *Strong client and banker adoption rate.*



## Recent AgXpress Examples

State	Arkansas	Missouri	Wisconsin	Ohio	Alabama
Commodity	Grain	CRP	Alfalfa	Grain	Ranch Cattle
Program	AgXpress	AgXpress	AgXpress	AgXpress	AgXpress
Purchase Date	5/15/20	6/2/20	6/3/20	5/11/20	5/8/20
Loan (\$)	\$400,000	\$217,000	\$238,200	\$750,000	\$175,500
LTV	19%	28%	46%	43%	26%
Loan Product	15-Yr Fixed	30-Yr Fixed	15-Yr Fixed	10-Yr Reset	15-yr Fixed
Pay Freq	Semi-annual	Monthly	Monthly	Semi-annual	Monthly
Net Yield	3.81%	4.25%	4.65%	4.40%	4.30%
Note Rate	3.25%	3.60%	3.15%	3.19%	3.22%
Servicing Fee	0.56%	0.65%	1.50%	1.21%	1.08%
Maturity Date	7/1/35	8/1/50	8/1/35	7/1/45	6/1/35



## Farm & Ranch Rates – June 3, 2020

<i>Products</i>	<i>Term</i>	<i>Amortization</i>	<i>Standard Rates</i>	<i>Choice Rates</i>
AgEquity VRM	25   30	15   20   25	2.14%	N/A
1-month VRM	15   20   25   30	15   20   25   30	2.13%	1.78%
1-year VRM	15   20   25   30	15   20   25   30	2.40%	2.05%
3-year VRM	15   20	15   20	2.93%	2.58%
3-year VRM	25   30	25   30	2.92%	2.57%
5-year VRM	15   20	15   20	3.12%	2.77%
5-year VRM	25   30	25   30	3.18%	2.83%
7/1 ARM	15	15   25	3.58%	3.45%
10/1 ARM	15	15   25	3.71%	3.58%
10-year VRM	15   20	15   20	3.75%	3.40%
10-year VRM	25   30	25   30	3.85%	3.50%
15-year VRM	20	20	3.96%	3.61%
15-year VRM	25   30	25   30	4.01%	3.66%



## *Farm & Ranch Rates – June 3, 2020*

<i>Products</i>	<i>Term</i>	<i>Amortization</i>	<i>Standard Rates</i>	<i>Choice Rates</i>
7-year Fixed	7	15   25	3.04%	2.69%
10-year Fixed	10	10	3.54%	3.19%
15-year Fixed	15	15	3.83%	3.48%
15-year Fixed	15	25	3.89%	3.54%
20-year Fixed	20	20	4.21%	3.86%
25-year Fixed	25	25	4.24%	3.89%
30-year Fixed	30	30	4.31%	3.96%





## Recent Farm and Ranch Loan Examples

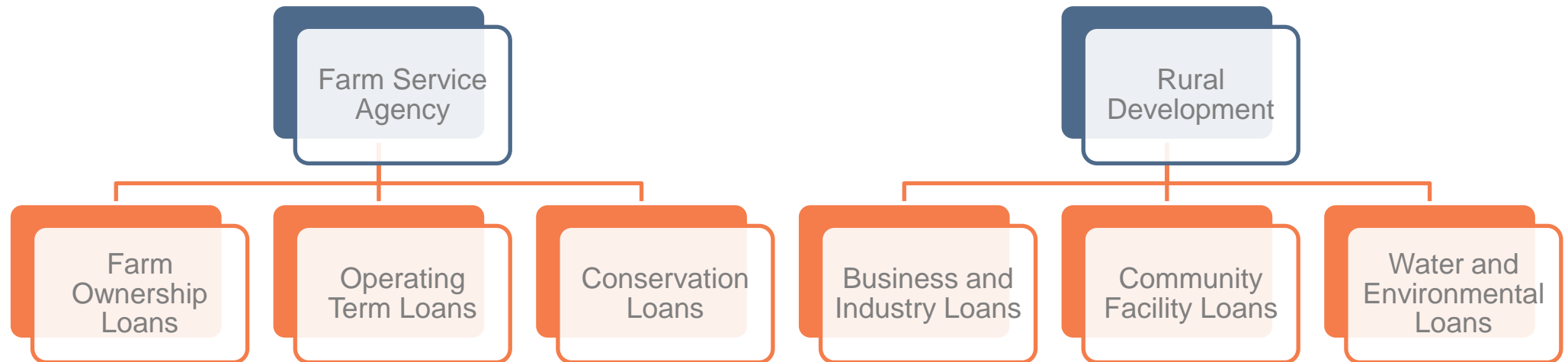
State	Minnesota	Iowa	Nebraska	Missouri	Illinois
Commodity	Grain	Grain	Ranch Cattle	Chicken Eggs	Grain
Program	Full Underwrite	Fast Track	AgXpress	Full Underwrite	AgEquity
Purchase Date	5/29/20	5/12/20	5/12/20	5/22/20	5/21/20
Loan (\$)	\$2,550,000	\$1,400,000	\$232,000	\$924,000	\$1,200,000
LTV	49%	46%	36%	53%	47%
Loan Product	30-Yr Fixed	15-Yr Fixed	10-Yr Reset	15-Yr Fixed	Revolving LOC
Pay Freq	Semi-Annual	Semi-Annual	Semi-Annual	Monthly	Semi-annual
Note Rate	4.55%	3.50%	3.65%	3.75%	2.72%
Net Yield	4.10%	3.19%	3.25%	3.50%	2.12%
Servicing Fee	0.45%	0.31%	0.40%	0.25%	0.60%
Maturity Date	7/1/50	7/1/35	7/1/40	6/1/35	7/1/2050



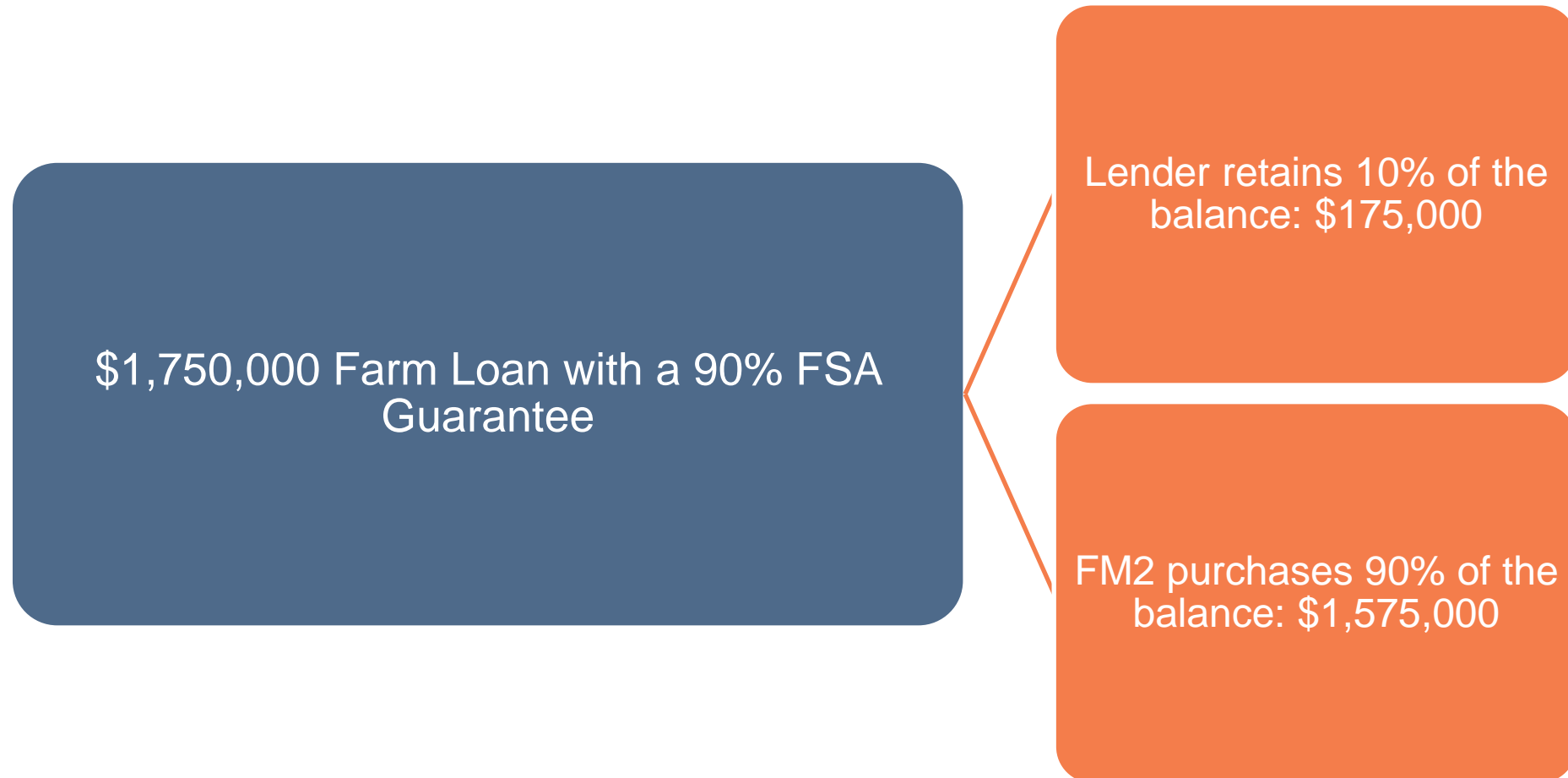


*USDA Guaranteed Loan  
Purchase Solution (Farmer Mac 2)*

## *Eligible USDA Programs*



## *How Farmer Mac 2 Works*



***Lender retains 100% of the Loan Servicing***





## USDA Rates – June 3, 2020

<i>Products</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
Farmer Mac 3-Mo COFI	1.48%	N/A
Farmer Mac 5-Yr Reset COFI; 20-, 25-, 30-Yr Am	2.37%	2.46%
Farmer Mac 10-Yr Reset COFI; 20-, 25-, 30-Yr Am	3.05%	3.14%
Farmer Mac 15-Yr Reset COFI; 20-, 25-, 30-Yr Am	3.22%	3.31%
7-Yr Fixed Rate, 7-Yr Am	2.34%	2.43%
7-Yr Fixed Rate, 15-Yr Am	2.44%	2.53%
10-Yr Fixed Rate, 10-Yr Am	2.64%	2.73%
15-Yr Fixed Rate, 15-Yr Am	3.08%	3.17%
15-Yr Fixed Rate, 25-Yr Am	3.14%	3.23%
20-Yr Fixed Rate, 20-Yr Am	3.36%	3.45%
25-Yr Fixed Rate, 25-Yr Am	3.45%	3.54%
30-Yr Fixed Rate, 30-Yr Am	3.50%	3.59%



Recent USDA Loan Purchase Examples

State	Minnesota	Iowa	Illinois	Nebraska	Wisconsin
Guarantee	FSA – Farm Ownership	FSA – Farm Ownership	FSA – Term Operating	FSA – Farm Ownership	FSA – Term Operating
Purchase Date	4/2/2020	4/2/2020	4/2/2020	4/2/2020	4/2/2020
Loan (\$)	\$375,000	\$202,500	\$333,000	\$255,000	\$310,500
Loan Product	15-Yr Fixed	25-Yr Fixed	7-Yr Fixed	30-Yr Fixed	7-Yr Fixed
Note Rate	3.88%	3.70%	3.50%	3.94%	2.66%
Servicing Fee	1.50%	1.27%	1.00%	1.00%	0.50%
Maturity Date	3/1/2035	4/1/2045	3/1/2027	3/15/2050	3/6/2027



# *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

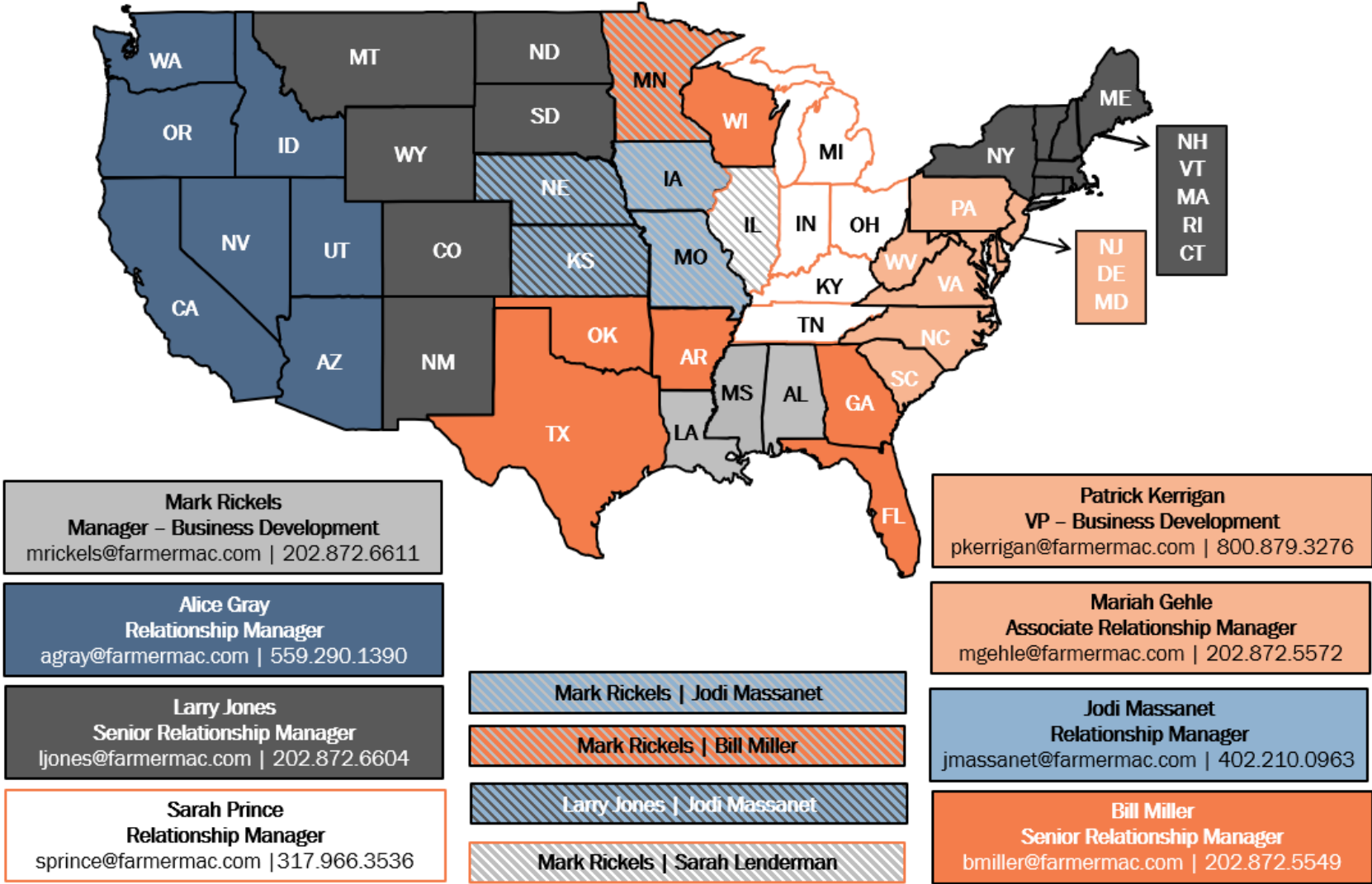
### **Stock Ownership**

- 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 USDA Program***



# 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)





## *Conclusion*

***Farmer Mac can be a dependable partner for your bank***

***One on one training is available for all new lenders***

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

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[pkerrigan@farmermac.com](mailto:pkerrigan@farmermac.com)  
800-879-3276

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800-879-3276





*Thank You*

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

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

