

FARMER AC

Farmer Mac purchases loans secured by farm and ranch properties from lenders across the country under the program known as the *Farmer Mac I Farm and Ranch Program*.

ELIGIBLE PROPERTIES

Eligible properties include farmland and rangeland. Properties may be improved by buildings (including houses), fixtures and equipment or other structures permanently attached to the real estate. No minimum or maximum acreage is required. If the property is less than five acres there must be \$5,000 minimum annual gross sales of agricultural products from the property.

BORROWER ELIGIBILITY

Eligible borrowers include U.S. citizens or nationals or aliens lawfully admitted for permanent U.S. residence. Private corporations or partnerships are also eligible 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.

PRODUCT OPTIONS

The *Farmer Mac I Farm and Ranch* loan program offers a variety of products as listed below. The term of the loan can be as short as 7 years with other options being 10, 15, 20, 25, and 30 years; amortization options start at 10 years and extend to 30. All of the products listed here, except the 5-year VRM, are prepayable without penalty although they do require payment of interest to the next payment date if the loan is prepaid between payment dates.

LOAN-TO-VALUE RATIO (LTV)

Maximum Loan-to-Value Ratios (LTV) are:

- 60% for land loans up to and including \$5.0 million;
- 60% for land loans greater than \$5.0 million;
- 65% for facility loans such as dairies, feedlots, storage units or processors

PREQUALIFY FOR A MORTGAGE

Qualification for a *Farmer Mac* loan requires the borrower to contact a lender approved by *Farmer Mac*. However, if you can answer “yes” to the following questions, there is a greater likelihood that you will qualify for a *Farmer Mac* loan.

QUALIFICATION QUESTIONS

- I am a U.S. citizen or permanent resident alien.
- I am offering as security for the loan a first mortgage on farm or ranch land.
- The loan amount will be less than or equal to 60% of the fair market value of the proposed security.
- The loan amount is less than \$12 million (or less than \$30 million on highly valued properties of fewer than 1,000 acres).
- After the loan is in place, the market value of all my assets will be at least twice my total debt.
- The income generated from all my sources will repay this loan, other scheduled loan installments, taxes, and my living expenses. In addition, I will have profits left over sufficient to buffer my cash flow during challenging times.

REQUIREMENTS TO APPLY FOR FARMER AC

- 3-years of tax returns
- Current market value balance sheet with schedules for each entity
And two prior years balance sheets with schedules if available
- Copies of asset and liability verifications (401k, billing statements, 1099 etc.)
- Non-farm income verifications (2 month paystubs or W-2)
- Projected Cash Flow for coming year
- Copies of signed agreements / contracts (rental, purchase / livestock, etc.)
- Signed credit release authorization