



FSA Farm Lending NEWS California

“FSA is the Lender of First Opportunity for the farmer in need”

Capitalize on “First Opportunity” Lending

- **\$87.3 million in Ag Loans - FSA California Loan Volume (2007)**
- **3.6% rate of delinquencies - first year direct loans FSA California (current)**
- **Farm Ownership Loans (FO)**
- **Farm Operating Loans (OL)**
- **Guarantees on Ag Loans (FO, OL)**
- **Emergency Loans, Youth Loans, Socially Disadvantaged Loans**

Carolyn Cooksie describes FSA’s Farm Lending Program as “The Lender of First Opportunity” for farmers in need. As FSA’s **Deputy Administrator for Farm Loan Programs**, she manages a nationwide loan portfolio that helps with exceptional capital needs for family-size farms and ranches.

FSA’s Farm Loan products are meeting the needs of ag producers who are unable to obtain credit elsewhere. Uses include options for purchase of property and equipment, ongoing operating capital and refinance of current loans.

“We are focusing on the mission to provide professional financial services in a changing world.” stated Deputy Administrator Cooksie at a recent conference for FSA Farm Lending staff in California, Nevada and Arizona. These low-interest loans help ag operations to recover in times of need by providing excellent terms and rates for up to \$200,00 for direct loans and \$949,000 for guaranteed loans.

Call 530-792-5567 or visit www.fsa.usda.gov/ca for more information.



Carolyn Cooksie, surrounded by dedicated Farm Lending staff at the recent *Creating the Future* Conference.

Guarantees: Banks, Credit Unions Team with FSA

FSA in California provides commercial ag lenders the exceptional opportunity to partner with FSA on ag loans. These guaranteed loan partners make the loans to clients who meet program credit criteria, then FSA provides a loan guarantee of up to 95%.

“California commercial lenders appreciate several advantages the FSA Guaranteed Lending program provides,” according to **Nels Christensen, Farm Loan Chief** in FSA’s Davis office. FSA

Guaranteed Partners enjoy the benefits of:

- **Guarantees reduce risk**
- **Loans made to wider range of credit customers**
- **Lenders can re-sell loans, retain servicing, boost income**
- **Local FSA staff assistance throughout process**

For more Guaranteed Loan information, see *Why Umpqua Bank Is an FSA Partner* and *Market Math* on page 3.

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Farm Lending Success - Swank Family Farm

“I think LaVon was the only one who didn’t think we were crazy.”



Bonnie and Dick Swank thank FSA Farm Lending and LaVon Treasure for believing in their farm.

“You gave Swank Farms the opportunity to keep growing and become successful. . . Something we wouldn’t have been able to do if LaVon and the USDA hadn’t believed in us.” These are the words of **Bonnie Swank** who has written a fascinating story about their success with USDA and the faith that Merced **Farm Loan Manager LaVon Treasure** had in their operation.

Read this entire story on the FSA - CA website including the marriage of

Dick and Bonnie Swank, a haunted Corn Maze, hard times when banks declined to lend them capital and finally the successful repayment of several USDA operating loans by the Swanks.

In 1928 Dick’s grandfather bought the Hollister property for a ranch and in 1974, Dick’s father moved the family and their dairy cows there from Calistoga. The dairy where Dick’s father worked shut down, prompting the return to the original homestead.

The cows were sold in 1986 and they turned to hay and alfalfa. Dick started tomatoes like his grandfather grew. And in 2000, Dick added a corn maze for Halloween and started a successful expansion of vegetables with the help of Bonnie and several USDA Operating Loans over a period of years.

“I think LaVon was the only one who didn’t think we were crazy. . .” said Bonnie.

It’s an inspirational and true short story that you’ll enjoy at www.fsa.usda.gov/ca.

Local Lending - FSA Staff Insights

Rosie Pombo has been doing great things as a **Farm Loan Tech** in the Stockton office. She attended *Creating the Future* April 8-10 and came home very excited about marketing FSA’s lending options in her area. According to **District Director Jacque**

Johnson, Rosie made a convincing presentation at the NRCS staff morning meeting with **Farm Loan Manager Belle Davis’** blessing. Then Rosie put up *Remember To Ask About Farm Loans* posters in every cubicle in every agency in the Service Cen-

ter. What happened? Before the close of business that day, Rosie got two referrals from her NRCS colleagues.

Way to go Rosie! You are a true Farm Loan champion. For the rest of us:

Remember to Ask About Farm Loans!

Financial Assistance - Capitalize on FSA



As of May 1, 2008	Maximum	Terms	Rates
Farm Ownership Loan (FO)	\$200,000	Up to 40 years	Now 4.875%
Operating Loan (OL)	\$200,000	1 to 7 years	Now 3.125%
Emergency Loan	\$500,000	1 to 40 years	Now 3.750%
Guaranteed Loan (FO & OL)	\$949,000	By lender	By lender, commercial

Why Umpqua Bank is an FSA Lending Partner

“Banks don’t loan money, we rent it,” according to **Brad Eidman, Vice President and Senior Ag Lender for Umpqua Bank.**

Eidman explains that “Umpqua Bank likes the FSA Guaranteed Loan program for two reasons - credit purposes and fiscal purposes.”

First, Umpqua can make guaranteed loans to clients that it normally would have to reject.

“The FSA guarantee on a loan means we can accept

that new client whose history may not meet our criteria, and keep the existing client with the when they

have a temporary credit issue,” said Eidman.

Fiscal advantages to Umpqua include the ability to “free up” the Bank’s capital since now up to 95% less “reserve” needs to be set aside

against this guaranteed loan. Eidman explains further “In addition, most smaller banks love to resell these guaranteed loans to secondary market buyers,

like Farmer Mac. Resale moves the loan off the books while retaining servicing fees. It’s a good deal all around.”

Because Umpqua prefers to keep all their loans at the local level, they do not “package” and resell their guaranteed loans.

And Brad should know the business. He’s logged 20 years in the Farm Credit system and now as an Umpqua VP, he handles a \$35 million ag loan portfolio in the region from Modesto north to the Oregon border.

“Umpqua Bank likes the FSA Guaranteed Loan program for two reasons - credit purposes and fiscal purposes.”



Panelists at the recent FSA Farm Lending Conference **Brad Eidman**, (left) VP Umpqua Bank and **Mikki Larrick**, FSA Farm Loan Manager in the Glenn County office shared their farm lending insights.

Market Math - Advantage to Lenders on Secondary Market Loan Sales

Banks and credit unions have benefits as FSA Guaranteed Loan Partners (see story page 1.) Here’s a brief illustration of the financial return on **resale of the Guaranteed segment of the loan on the Secondary Market:**

- 1) Original FSA Guaranteed Loan of \$100,000 loan, 7 yrs @ 7.25% fixed, 90% FSA Guarantee - 10% Lender
- 2) 5.25% Farmer Mac retained net yield after sale
- 3) 2.00% servicing spread to Lender after sale

Income to Lender after Secondary Sale:

\$10,000 x 7.25 % = \$725 (lender retained segment)
 \$90,000 x 2.00% = \$1,800 (servicing on sold segment)
 \$10,000 investment = \$2,525 or **25.25% return**

Bottom Line: Smart lenders utilize the FSA Guaranteed Loan for reduced risk, improved liquidity management, and **RETURN ON INVESTMENT.**

Top Volume Guaranteed Lenders

The list of banks and credit unions partnering with FSA in California on Guaranteed Loans is growing every day. To learn more, contact FSA - CA Farm Lending staff at 530-792-5521 or e-mail nels.christensen@ca.usda.gov

- California Coastal, RDC
- Gold Country Bank
- Farm Credit Services of Colusa-Glenn
- Sutter Community Bank
- American AgCredit
- Pacific State Bank
- Umpqua Bank
- Sac Valley Farm Credit
- Northern California FLBA
- Butte Community Bank
- Community Bank of San Joaquin
- Placer-Sierra Bank
- Farmers & Merchants Bank
- Fresno-Madera Farm Credit
- Valley Small Business Development Corp.

Thank you to these lenders and others for participating the FSA Guaranteed Lending Program.



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The Farm Lending Team assembled for *Creating the Future* a training conference concentrating on marketing, lending process improvement, customer service and team-building. Keynote speaker **Carolyn Cooksie, Deputy Administrator of Farm Loan Programs** (center) provided focus and motivation in her inspirational opening presentation.



State Executive Director John Smythe and **Farm Loan Chief Nels Christensen** conducting *Creating the Future* conference proceedings.

Creating The Future - FSA Lending Plans to Succeed

Why Customer Service?, Your Marketing Plan - Simplified - These highly interactive team planning sessions were integral to the tri-state *Creating The Future* conference April 8-10.

“Our Lending Team is top notch but we’re finding ways to get even better,” said **John Smythe, FSA-CA State Executive Director**. “With this additional training and planning we are raising our service level for producers who are unable to obtain credit elsewhere.”

Lending industry speakers included **Steve Neader, Regional AVP for Colusa-Glenn Farm Credit** and **Brad Eidman, VP - Senior Ag Lender, Umpqua Bank**.

Farm Lending staff from Nevada and Arizona also attended this conference and heard opening presentations by **State Executive Directors Smythe** from California and **Roger Van Valkenburg** from Nevada.

Solutions workshops were led by **Monique Kristofors, Outreach Coordinator** and **Paul Lehman, Public Affairs Officer**.

“We’re focusing on strategies and skills in customer service and marketing, two imperatives to succeed in today’s competitive financial marketplace,” said **Nels Christensen, Farm Loan Chief** in California.

A special panel on *Marketing Best Practices* included **Farm Loan Managers Mikki Larrick, LaVon Treasure, Ehab El Liessy** and **County Executive Director Chris Lauppe**.

Workshops focused on planning for marketing, customer service and community lending partnerships.

