



CONTERRA

FINANCING AMERICAN AGRICULTURE

Conterra Ag Capital

Conterra supports American Agriculture through creative financial solutions.



- Providing industry leading agricultural loan servicing and wholesale lending to lending partners nationwide
 - Focused solely on agriculture
 - Experienced team of ag finance professionals
 - Headquartered in Des Moines, Iowa
 - National footprint
 - \$2.8 billion of assets

Conterra Across America

Home office: West Des Moines, Iowa



Field Offices: Missouri, Illinois, North Carolina, and Arizona

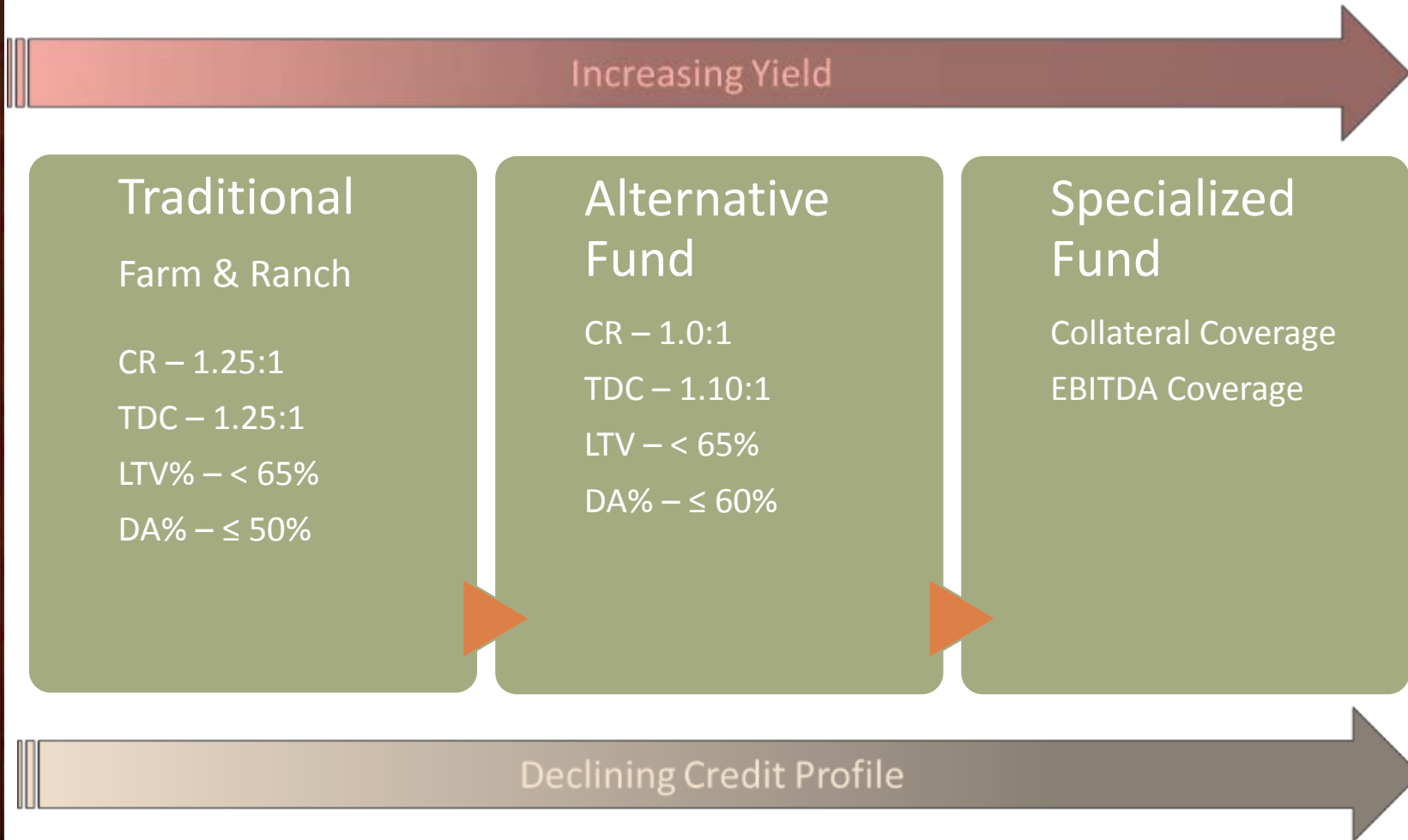
Conterra Ag Capital

Our understanding of agricultural finance has driven us to develop knowledge-based lending programs that offer tailored solutions for borrowers across the risk spectrum.

- Traditional Lending
- Alternative Lending
- Specialized Lending



Financing Options



**A list of abbreviations can be found on slide 12: Underwriting Guidelines*

Farmer Mac Seller and Central Servicer



Farmer Mac Loans

Farmer Mac
Seller

- Loan packaging with no additional fee

Non-Farmer
Mac Seller

- Sell to Farmer Mac through Conterra

Alternative/Specialized Lending



Alternative Lending

- **Conterra has established several funds with a focus on loans that do not meet traditional lending standards**
 - Transitional financing
 - Debt restructures
 - Bridge loans and special circumstances
- **All Conterra Fund loans are held in portfolio and managed by Conterra**



Conterra Fund

The predominant alternative lending program and is intended as transitional finance:

- Loans are secured by first mortgages on ag real estate
 - Can take a subordinate position to Farmer Mac for loans
- Loan size range from \$500,000 - \$10,000,000
- Working capital can be built into the structure
- Analysis weighted on post-close financials and a supported proforma
- Lending partner shares in origination fees and field servicing fees over the life of the loan

Rates and Terms

Conterra Fund loans are individually priced, recognizing the circumstances of each borrower

- Loans are priced to risk
- Up to 5-year terms, variable or fixed rates
- Monthly, quarterly, semi-annual payment frequencies
- Amortizations up to 30 years, level principal payments or **interest-only options**
- All loans require a first lien position on agricultural real estate, or second lien position behind Farmer Mac

Conterra Fund – Underwriting Guidelines

- Current Ratio (CR): 1.0:1
- Debt to Asset Ratio (DA): <60%
- Total Debt Coverage Ratio(TDC): 1.1:1
- Loan to Value (LTV): $\leq 65\%$
- FICO(all borrowers): ≥ 660
- Primary Residence of Total Appraised Value: $\leq 30\%$
- It is preferred the Borrower be a legal entity and the majority of collateral must be owned by the entity
- May include case-specific covenants

Partnership with Conterra

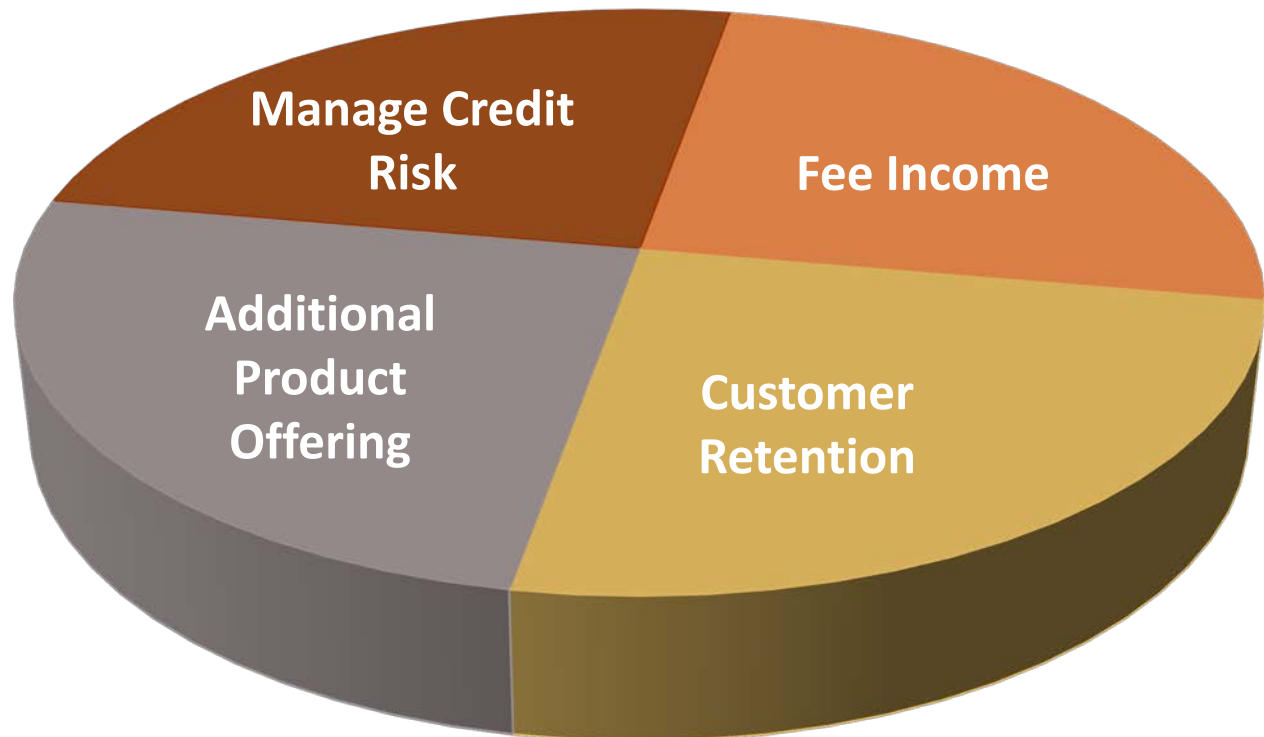
- **Referral Relationship**

- Introduce the borrower to Conterra
- Conterra pays a portion of the origination fee to the lending partner

- **Correspondent Relationship**

- Gather financial information from borrower
- Write narrative
- Collect information per loan covenants
- Inspections (as requested)
- Conterra splits origination fee with the lender and pays field servicing over the life of the loan

How We Enhance Your Business:




Benefits to Lender:

- Manage credit risk and improve portfolio quality
- All Conterra loans are held in portfolio and managed by Conterra
- Conterra finances real estate, lender retains operating loans and other business with the client
- Fee income through shared origination fees and servicing fees
- Online portal that allows lender to monitor the loan's performance
- Custom billing options allow you to stay in front of your customer

How it Works:

1. Lender submits loan application and supporting documents
2. Conterra reviews and underwrites
3. Conterra holds Credit Committee for loan approval
4. Upon approval, a Preliminary Loan Approval (PLA) will be issued by Conterra
5. Borrower agrees to terms and conditions set forth in PLA, signs and returns to Conterra
6. Borrower remits due diligence fee
7. Conterra orders USPAP-conforming appraisal and title
8. Conterra reviews title and appraisal
9. Conterra completes all loan documentation and schedules closing
10. Loan closes in the name of Conterra Agricultural Capital LLC
11. Conterra services loan and sends billing
12. Field servicing fees are paid to Lender upon payment received from Borrower

Required Documents for Application



Conterra Loan Application

- Loan Application
- Proof of Identification
- Credit Authorization Form



Financial Information

- Balance Sheet
- Audited Financial statements (3 yrs min)
- Tax Returns (3 yrs min)
- Proforma Income and Expense



Credit Verifications

- Paystubs or W2 for off-farm income (2 most recent)
- Balance statements from major lenders
- Asset verifications

Access Loan Application and Checklist at www.conterraaq.com
Contact underwriting team for assistance.

Conterra Fund: Loan Example #1

- Midwest row crop operation: debt restructure to reduce annual total principal and interest. Relief of cash flow pressures and consolidation of outstanding debt.
- The applicants were profitable in the early 2010s and expanded their operation and purchased equipment as commodity prices rose. As commodity prices decreased, the applicants' cash flow became strained.
- Restructure decreased annual debt service obligations by more than \$250,000.
- Applicants sold excess equipment and switched more acres to seed bean production.

Conterra Fund – Loan Example #1

Midwest Operation (at submission)

- Current Ratio: 1.10
- Debt-to-Asset Ratio: 50%
- Avg TDC Ratio: 1.05
- FICO: 502, 614, 634, 702, 686
- Situation: A debt restructure to reduce annual total principal and interest for relief of cash flow pressures and consolidation of outstanding debt.

Midwest Operation (post-close)

- Loan Amount: \$5,427,5000
- Loan to Value: 65.00%
- Current Ratio: 1.78
- Debt-to-Asset Ratio: 50%
- TDC Ratio: 1.20
- Terms: 8.00% fixed, 3-year term with 30-year amortization, semi-annual payments
- Collateral: +/- 1,587 acres farmland

Conterra Fund – Loan Example #1

Use of Proceeds:

- Refinance Real Estate Debt - \$4,851,382
- Refinance Non-Real Estate - \$502,643
- Closing Fees - \$20,000
- Origination Fee - \$53,475
- Correspondent received 0.50% field servicing fee and a 50/50 split of origination

Conterra Fund – Loan Example #1

Conditions Prior to Funding

- First lien on real estate
- Appraisal providing a loan-to-value of 65% or below
- Operating commitment from bank with terms acceptable to Conterra
- Other standard conditions and review of entity and trust documents

Loan Covenants

- Borrowers to maintain compliance with all environmental and regulatory laws
- Borrowers are required to receive written approval from lender for all annual capital expenditures, in total exceeding \$25,000
- Borrowers and guarantors to provide lender with annual financial statements within 90 days of year-end
- Other standard covenants

Conterra Fund – Loan Example #2

- Applicant owned large tracts of land and unsuccessfully tried to grow dryland cotton for several years, as production was not viable after the first year.
- Applicant wished to return to cattle production, but the current lenders would not assist in this transition.
- Applicant's existing debt structure had several loans with short amortizations.
- Debt service requirements were decreased and working capital was freed up for the borrower through the Conterra Fund loan.

Conterra Fund – Loan Example #2

Southern Operation (at submission)

- Current Ratio: 0.28
- Debt to Asset Ratio: 14%
- Avg TDC Ratio: 0.57
- FICO: 662
- Situation: Southern Cattle Operation with debt restructure to reduce annual total principal and interest. Cash flow pressures relieved and outstanding debt consolidated.

Southern Operation (post-close)

- Loan Amount: \$753,424
- Loan to Value: 37%
- Current Ratio: 3.71
- Debt to Asset Ratio: 15.79%
- Avg TDC Ratio: 1.27
- Terms: 8.50% gross rate, 2-year fixed, Interest only semi-annual payments.

Conterra Fund – Loan Example #2

Use of Proceeds

- Refinance Real Estate Debt - \$661,963
- Refi Non-Real Estate Debt - \$63,329
- Closing Fees - \$10,000
- Origination Fees - \$18,132
- Correspondent received 0.50% field servicing fee and a 50/50 split of origination

Conterra Fund – Loan Example #2

Conditions:

- Personal Guarantees
- A qualified appraisal indicating a LTV of 40% or less
 - Should LTV exceed 60%, the proposed loan would amortize over 25 years and require principal payments
- Insurable first lien on subject property
- Receipt and satisfactory review of physical legal/insurable access easement to collateral property
- Receipt and satisfactory review of a complete budget of revenue and expenses
- Other standard and customary conditions and review of entity documents

Loan Covenants:

- Borrowers to maintain compliance with all environmental and regulatory laws
- Assignment of Rents required in an amount no less than the Conterra loan payment amount
- Borrowers are required to remain current with all property and income taxes
- Borrowers and guarantors to provide lender with annual financial statements within 120 days of year-end
- Other standard covenants

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