

Joe Farmer (age 52) and his wife, Jane (age 49), have 2 children, (Jessica and James), and farm 2,900 acres near Anytown, Minnesota. Jessica has just entered her first year of college and does not have a declared major. James will finish his third year of college pursuing an Agronomy degree with an Agriculture Business minor at the local college. Joe and Jane are good, hardworking people who are well respected in the community. They own 685 tillable acres (720 deeded acres) and rent about 2,200 acres from relatives including 1,000 acres rented from Joe's mother at a reasonable rental rate. They have farmed since 1996 and have raised a variety of crops over the years that include wheat, Roundup Ready soybeans, conventional soybeans, and corn. Their conventional soybeans have been sold as a food grade Natto bean and have been priced at \$2.00 over the current market. Joe and Jane carry Multi-Peril Crop Insurance (MPCI), and hail insurance to mitigate risk against crop disasters.

Joe's parents have been instrumental in Joe's farming career. They rented Joe 640 acres to get him started in 1996. Once his parents had fully retired from their farming operation, Joe rented their remaining 1,000 acres. Joe's father passed away unexpectedly in 2011. As a result of his parent's estate planning, the 640 acres that Joe had already been renting were passed on to Joe and Jane. Joe's mother is 82, currently in good health, and continues to own the 1,000 acres that Joe currently rents. The remainder of this land will one day be left to his three sisters upon the death of his mother. One of the sisters is not happy that Joe received his inheritance earlier than the rest of the siblings and that relationship is strained. In an effort to improve that relationship, he borrowed money to the sister and her husband for a home. He believes he is in good standing with the other two sisters, but he is not entirely sure of their plans with the land when his mother passes away. He does know that once the land is inherited by his sisters, the land rent will increase. He has very good relationships with his other landlords, but some of them are getting up in age as well.

Joe and Jane love to travel and have been part of a partnership on condos in Maui for many years. Recently, they contributed to improvements of the property and have been spending more and more time there. They have been able to do this with the help of two, very capable, hired men on the farm. Their son, James, also assists on the farm in the summer months to help pay for his schooling.

Joe and Jane started business with AgCountry in 2009 with a loan to purchase a combine. After several years of getting to know this operation, you were successful in getting the rest of the business. Joe and Jane left their previous lender for your organization in January of 2012. The lending relationship started with two loans.

January 2012

The first loan was for operating needs. An \$800,000 revolving line of credit, (RLOC), was approved to be used to finance crop inputs for the upcoming 2012 year. The loan was for one year with a maturity date of April 1, 2013.

The newly inherited 640 acres was also the basis for a new real estate loan. The new real estate loan allowed Joe to consolidate higher interest rate credit to a lower rate which saved him interest and lowered his overall payments. In addition, this improved working capital by taking \$200,000 from the real estate loan and adding that back in as cash to use for the operation of the farm. The new real estate loan totaled \$525,000 and was amortized over 20 years with a 20 year fixed rate of 5.50%. Two new JD combines and a tractor were purchased and financed at JD Credit at 0% for the first 18 months. Total purchases for 2012 were \$979,000.

January 2013

With the operation showing earnings of \$428,904, you were able to renew the operating loan for the same amount (\$800,000) for the 2013 crop year. Joe and Jane were happy with how promptly the loan was renewed. Several capital purchases were discussed for 2013. A \$225,000 5-year machinery loan was approved to allow Joe to refinance a current JD loan to get a better rate and to finance the boot price of a used JD sprayer in the amount of \$151,000.

Joe and Jane have a hired firm to do record keeping for the farm. This is needed to provide accurate and timely financial information, not only to you, but to their tax accountant as well. Joe and Jane are concerned about their potential tax liability due to the higher than expected earnings from 2011 and 2012.

#### January 2014

Production for 2013 turned out to be an average crop year with lower than expected prices, resulting in a loss of \$108,054 for the year 2013. Working capital decreased due to the value of the crop, but also due to machinery purchases made during the year. Total purchases for 2013 were \$595,351 of machinery and \$115,360 in home improvements. Joe has listed several items for sale that will total \$73,000 that will inject some working capital back into the operation.

The operating loan is renewed for another year at the same \$800,000. No capital purchases are planned for 2014.

#### August 2014

Joe has made a request for \$507,675 to refinance the current balance owed on two existing JD loans that were made in 2012 for the purchase of two combines and a tractor. The loans have come off of 0% and the new rate is 4.35% for each loan. AgCountry is able to offer a 5 year rate at 3.90%. The request provides the customer a better rate which will have a positive impact to the operation. In addition, AgCountry gains some additional collateral in those three items previously held by JD Credit.

You have requested an interest only payment to be made on April 1, 2015 with full payments beginning April 1, 2016. The reason you make the first payment an interest only payment is that 2014 has not started out good for the operation. About 1,000 acres were flooded out due to excess rain the area received this spring. Production will be very minimal on those acres. An insurance claim will be turned in to their crop insurance agent on those acres. In addition, a mid-summer hail storm affected another 1,000 acres of their crop. Joe had purchased hail insurance and is waiting for hail adjusters to determine the damage to those acres. The new loan is approved by the credit committee, with the understanding that this account may have more loan servicing actions in the future due to the poor crop conditions the operation is experiencing in 2014.

#### January 2015

2014 was a tough year for Joe and Jane's operation. The wet spring that led to the flooding of the 1,000 acres along with the hail storm on the other 1,000 acres has had a major impact to the operation. The farm is showing a loss of \$361,662.

Machinery purchase were less in 2014 (only \$62,200), but more money was spent on a home improvement project and \$55,529 was injected into the Maui Condo investment in Hawaii. Below is a copy of the past four years of purchases made by the operation.

#### Trend of Capital Purchases

2014	2013	2012	2011
------	------	------	------

Machinery	\$ 62,200	\$595,351	\$ 979,974	\$ 118,647
Farmland	\$ 0	\$ 0	\$ 0	\$ 0
Farm Bldgs/Bins	\$ 0	\$ 0	\$ 0	\$ 124,698
Home Improve	\$ 39,489	\$ 115,360	\$ 0	\$ 0
Maui Condo Inv.	\$ 55,529	\$ 0	\$ 0	\$ 0
Totals	\$ 157,218	\$ 710,711	\$ 979,974	\$ 243,345

Insurance money was received from Federal Crop and Hail, but it did not turn out as good as getting a crop. A lot of money was already invested in fertilizer and seed on the 1,000 acres that were flooded. The hail acres even had more dollars invested with very little return.

Calculations show that Joe and Jane are going to be about \$80,000 short of being able to repay the operating loan to zero. In addition, they will not be able to make their term loans payments. With two years of losses and excessive spending, the operation still has a good equity position as land values remain very stable. Joe and Jane want to continue to farm and have indicated that they will do everything possible that they can to be profitable for 2015.

After many meetings, a final plan was presented to loan committee. You are requesting approval for a \$1,300,000 consolidation loan that includes a restructure of all AgCountry intermediate and long term debt that will extend term debt payments for viability for the operation. Loan term will be for 25 years. This builds back working capital to a slightly positive position. Due to very little working capital, an increase in operating is requested from \$800,000 to \$1,000,000, to finance expenses for the 2015 crop year.

An additional quarter of land is pledged for collateral to AgCountry. A total of 480 crop acres are mortgaged for this request. The land appraises for \$4,000 per acre for a total value of \$1,878,000. This is slightly outside of AgCountry standards at 69% loan to collateral value, ( $\$1,300,000 / \$1,878,000$ ). Joe and Jane agree to sell additional equipment to get the loan paid down to \$1,200,000 which would improve the loan penetration to 64%.

The operating request and consolidation loan are approved by credit committee.

This does put all farm related debt against real estate and gives Joe and Jane the best option to succeed at this time. Weather issues greatly affected the operation in 2014. Prior to 2013, this operation had seen a good trend of earnings. Joe has updated numerous pieces of equipment over the past several years and will not need to upgrade any machinery in the near future.

June 2015

The area has been experiencing dry conditions. Spring planting was early due to the dryer than normal weather pattern. Coming off of a wet 2014, the crops have gotten off to a good start and are progressing quite well despite the dry conditions.

March 2016

Joe and Jane have been working with their farm accountant compiling information and you are just seeing the information for the first time. In addition to a current balance dated 12-31-15, Joe and Jane have supplied you with a projection for their plan for 2016. The information is presented to you later than normal due to Joe and Jane being in Hawaii to check on their Maui Condo investment. They are requesting the renewal of their operating loan for 2016 and are open to any suggestions you might have for their operation.

## Lending Guidelines

- 50% Owner Equity
- 15% WC/AGI (Working Capital to Adjusted Gross Income)
- A Positive Term Debt Coverage Ratio
- 115% CDRC (Capital Debt Repayment Capacity)
- 1:1 Capital Debt to AGI
- 65% LTV (loan to collateral value) on short-term and IT debt
- 75% LTV on LT debt
- Operating Expense Ratio - look at trend to validate the projection

### Area Yield and Expense Averages Per Acre\*

	CORN	SOYBEANS	WHEAT
<b>Yield</b>	<b>132</b>	<b>38.64</b>	<b>67.66</b>
Seed	98.97	69.69	22.70
Fertilizer	126.65	24.45	102.78
Chemicals	18.09	23.99	27.08
Crop Insurance	24.20	21.58	15.11
Drying	18.30	0.00	0.00
Fuel & Oil	35.73	20.74	19.47
Repairs	35.77	24.10	21.29
Custom Hire	0.00	4.71	12.14
Land Rent	129.60	125.70	122.13
Labor	22.35	12.08	10.48
Farm Insurance	6.74	6.91	5.89
Utilities	5.85	3.23	3.94
Dues & Fees	4.34	3.17	2.41
Miscellaneous	3.62	4.61	2.58
Operating Interest	10.11	2.86	3.42
Term Interest	5.63	1.67	2.41
Depreciation	56.27	31.60	29.63
<b>Total Expenses</b>	<b>602.22</b>	<b>381.09</b>	<b>403.46</b>
Machinery Cost	144.02	82.45	80.84

\*Info gathered from <http://finbin.umn.edu/>

# Balance Sheet

12/31/2015

NACTA  
CIF #

<u>Current Assets</u>	<u>Value</u>	<u>Current Liabilities</u>	<u>Value</u>
Cash & Equivalents	26,735*	Accounts Payable	81*
Notes Receivable-Current	23,818*	Current Notes Payable - Ours	715,447*
Crop Inventory	494,000*	Current Notes Payable - Other	653*
		Cur. Portion Term Debt - Ours	36,337*
		Cur. Portion Term Debt - Other	26,067*
		Accrued Interest	66,039*
<b>Total Current Assets</b>	<b>544,553</b>	<b>Total Current Liabilities</b>	<b>844,624</b>
<u>Intermediate Assets</u>		<u>Intermediate Liabilities</u>	
Machinery & Equipment	907,695*	Intermediate Term Debt - Other	49,851*
Vehicles	345,750*		
Notes Receivable-IT	115,406*		
Not Readily Mkt. Bonds & Sec.	68,489*		
Ownership Related Entities-IA	174,514*		
<b>Total Intermediate Assets</b>	<b>1,611,854</b>	<b>Total Intermediate Liabilities</b>	<b>49,851</b>
<u>Long Term Assets</u>		<u>Long Term Liabilities</u>	
Real Estate - Land	1,849,419*	Long Term Debt - Ours	1,263,663*
Ag Buildings & Improvements	372,951*	Long Term Debt - Other	60,049*
Personal Residence	251,040*		
Other Long Term Assets	30,000*		
<b>Total Long Term Assets</b>	<b>2,503,410</b>	<b>Total Long Term Liabilities</b>	<b>1,323,712</b>
<b>TOTAL ASSETS</b>	<b>4,659,817</b>	<b>TOTAL LIABILITIES</b>	<b>2,218,187</b>
		<b>TOTAL EQUITY</b>	<b>2,441,630</b>

\* Scheduled Account

Are there any judgments of record against you?  Yes  No  
 Have you been a debtor in bankruptcy in the last 10 years?  Yes  No  
 Are you a party to a lawsuit?  Yes  No  
 Are any of your taxes delinquent or under dispute?  Yes  No  
 Are you obligated to pay alimony, child support, or separate maintenance?  Yes  No  
 Are you obligated as a cosigner or guarantor on any other obligations?  Yes  No  
 Does anyone else own an interest in the property listed on the balance sheet?  Yes  No

I (We) hereby certify that the foregoing information together with any accompanying schedules is a true, correct and complete statement of my (our) financial condition as of the date shown above. I (We) consent to any credit investigation necessary to act on or verify the forgoing statements, and acknowledge that I (We) may be asked to supply additional information. It is a federal offense to knowingly make a false statement for the purpose of influencing a credit decision or action.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

# Balance Sheet Schedules

12/31/2015

NACTA  
CIF #

<b>Cash &amp; Equivalents</b>	<b>Value</b>	<b>Col.</b>
Farm Checking	24,676	
Personal Checking	2,059	
	<b>26,735</b>	

<b>Notes Receivable-Current</b>	<b>Value</b>	<b>Col.</b>
Note Rec - Sister	23,818	
	<b>23,818</b>	

Crop Inventory	Measure	# Units	Per Unit	Calc. Basis	Value	Col.
Soybeans - Conventional	Bu.	26,000.00	11.50	Unit	299,000	
Soybeans - GMO	Bu.	7,000.00	10.00	Unit	70,000	
Wheat - Hard Red Spring	Bu.	25,000.00	5.00	Unit	125,000	
		<b>58,000</b>			<b>494,000</b>	

Machinery & Equipment	Qty	Cond.	Year	Serial	Acc. Depr.	Value	Col.
Gravity Boxes	2					1,200	Yes
Brandt 1360 Auger			2012			10,125	Yes
Westgo Brush-Type Gate 1305 Auger			1999			450	Yes
Brandt 1370 Auger			2008			10,125	Yes
Brent 1080 Grain Cart			2008			23,000	Yes
DK Vacuvator						900	Yes
JD 635 35' Flex Header w/Air			2010			15,000	Yes
JD 635 35' Flex Header w/Air			2011			16,500	Yes
JD 1222 Corn Head						15,300	Yes
Master Products Pit Express Dump Pit						7,300	Yes
Brandt 1545 Conveyor			2008			10,125	Yes
JD 9770 STS Combine w/RWA - 1000 hrs			2009			86,500	Yes
JD 9770 STS Combine - 800 hrs			2010			94,100	Yes
Alloway 22' Shredder			1994			2,000	Yes
Raven Cold Flow - 50%						675	
Fuel Tank						450	Yes
Motorola Two Way Radios						1,850	Yes
Shop Built 14' Box Scraper						900	Yes
Shop Built Rotary Ditcher						900	Yes
Auto Steer						7,500	Yes
Farm King 1080 Snowblower			2010			6,500	Yes
Zero Turn Mowers	2					7,695	Yes
RTK FM1000 w/ Ditch Pro			2010			23,000	Yes
Ditch Pro						8,500	Yes
Oday 15,000 Gal Upright Tank						3,500	Yes
AMS Equipment						9,000	Yes
JD HX20 Batwing Mower			2013			14,000	Yes
JD 2665 Mowers w/60" Decks	2		2013			8,000	Yes
Auto steer equipment						26,500	Yes
DMI 45' Crumbler						5,500	Yes
Laptop and printer						800	
45' Riteway Roller						18,000	Yes
Moisture Tester						900	Yes
Safe						1,000	
VR-642 Telehandler						24,000	Yes
Flexicoil S95 Packer			1990			450	Yes
JD 1890 Air Drill - 50%			2002			43,000	
Kuhn 42' Drill Tansport						1,800	Yes
JD 1780 24 Row 22" Planter						3,000	Yes
Flexicoil S62 Sprayer						2,000	Yes
JD 4920 SP Sprayer w/132' Booms - 1200 Gal			2006			81,600	Yes
DMI 730B Disk Ripper						8,000	Yes

# Balance Sheet Schedules

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NACTA  
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Kongskilde 40' Triple K						3,300	Yes
DMI Tigermate 45' Field Cultivator						6,500	Yes
Summers 42' Chisel Plow						40,500	Yes
CIH DMI 50.5' Crumbler						9,000	Yes
CIH DMI Tigermate II 50' Field Cultivator			1998			20,000	Yes
Drags for 50' DMI						8,200	Yes
Unverferth 30' Header Trailer						1,150	Yes
Maurer 36' Header Trailer			2004			2,500	Yes
Skidsteer Trailer						4,200	Yes
1,000 gal tank trailer						1,000	Yes
NH LX885 Skid Steer			1997			6,000	Yes
JD 7930 FWA Tractor - 1200 hrs			2008			65,500	Yes
JD 8360RT			2011			138,200	Yes
						907,695	

Vehicles	Qty	Cond.	Year	Serial	Acc. Depr.	Value	Col.
Arctic Cat Ranger 900			2013			13,500	
XR250 Honda			1997	2012 Pur		2,170	
Polaris Ranger			2013	2013 purch		14,400	
Freightliner FLD120 Semi Truck			1990			22,150	
IHC 9400 Semi Truck			1991			7,300	
Kenworth T600			2001	2012 Pur		25,250	
KW T800			2007	2014 purch		40,000	
Loadline 34' End Dump Trailer			2002			23,500	
Fruehauf Tanker Trailer - w/5000 Gal SS Tank			1968			4,950	
Wilson Hopper Trailer			2008	2012 Pur		23,400	
Wilson Trailer			2009	2012 Pur		22,550	
Timpte Hopper Trailer			2012	2014 purch		30,750	
Chevy Pickup			2002			4,950	
Chev Silverado 3500 Pickup			1999			8,100	
Chev Suburban			2012	2012 Pur		32,400	
Chev Duramax Diesel Pickup - 200,000 mi.			2001			9,100	
Chev 1/2 T. Extended Cab Pickup			2003			4,950	
Chevy 2500HD			2001	2013 purch		10,550	
Chevy Silverado			2003	2013 purch		4,950	
Chevy Silverado			2014	2013 purch		35,830	
Chevy Pickup			1999	2014 purch		5,000	
						345,750	

<b>Notes Receivable-IT</b>						<b>Value</b>	<b>Col.</b>
Note Rec - Sister						115,406	
						115,406	

<b>Not Readily Mkt. Bonds &amp; Sec.</b>						<b>Value</b>	<b>Col.</b>
Coop Stock - 0						68,489	
						68,489	

<b>Ownership Related Entities-IA</b>						<b>Acc. Depr.</b>	<b>Value</b>	<b>Col.</b>
Maui Condos LLC-25% Interest							174,514	
							174,514	

Real Estate - Land	Total Acres	Crop Acres	Per Acre	Calc. Basis	Year Pur.	Assessed Value	Acc. Depr.	Value	Col.
319 Acres from Dad	319	312.57	2,700	Crop A.				843,939	Yes
320 Acres from Dad	320	313.87	2,700	Crop A.				847,449	
80 Acres	80	58.53	2,700	Crop A.				158,031	
	719	684.97						1,849,419	

# Balance Sheet Schedules

12/31/2015

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Ag Buildings & Improvements	Year Pur.	Assessed Value	Acc. Depr.	Value	Col.
1-9000 Bu. Bin				1,900	
2-12500 Bu. Bins				66,500	
2-24000 Bu. Bins	2011			117,800	
2-2500 Bu. Hopper Bins				950	
2-8000 Bu. Bins				2,850	
Cones for Bin 2013				36,658	
Shed 2013	2013			136,000	
Shop Lighting 2015				10,293	
				<u>372,951</u>	

Personal Residence	Year Pur.	Assessed Value	Acc. Depr.	Value	Col.
Home				95,500	
Home Improvements				155,540	
				<u>251,040</u>	

Other Long Term Assets	Acc. Depr.	Value	Col.
Household Furnishings		30,000	
		<u>30,000</u>	

Accounts Payable	Value
Credit Cards	81
	<u>81</u>

Loan Schedule	Purpose	Int. Rate	Accrued Interest	Cur. Port. Prin. Due	Non-Cur. Prin. Bal.	Total Prin. Bal.	P & I. Pmt.	Pmt. Date	Mature Date
AgCountry FCS <i>Operating</i>	Cur. Opr	3.15	22,131		715,447	715,447	25,550		03/01/2016
Fed Tax <i>Payroll Tax</i>	Cur.	0.00			653	653			
FSA <i>Bin Note #2</i>	Int. Bin Note #2	2.875	800	14,567	44,984	59,551	16,279		08/01/2018
GMAC <i>Pickup</i>	Int.	0.00		7,000	4,867	11,867	7,000		
AgCountry FCS <i>Real Estate</i>	L.T. Refinance	6.00	43,108	36,337	1,263,663	1,300,000	98,945		04/01/2040
US Bank <i>Home</i>	L.T.	3.75		4,500	60,049	64,549	6,974		
			<u>66,039</u>	<u>62,404</u>	<u>2,089,663</u>	<u>2,152,067</u>	<u>154,748</u>		

R = Refinanced Loans  
P = Prior Liens

# AgCountry Credit Presentation

Credit Action Description

**March Discussion**

## General Information

Company Name (Legal Name)

Applicant Name First - Middle - Last

**NACTA**

Address 1

City, St/Prov, Zip/PC

**Anytown, Minnesota 55555**

Contact Phone

**() -**

Mobile Phone

**() -**

Fax Phone

**() -**

Customer #

Entity Type

**Individual**

Contact E-mail Address

Marital Status

Number of Dependents in household?

**0**

What is your Birth Date?

Credit Bureau Score Applicant

**745**

Date Completed?

**01/14/2016**

Credit Bureau Score

Co-Applicant

**787**

Date Completed?

**01/14/2016**

Type of Operation - Primary

Year Started Farming?

**1996**

## Related Entities

## Lender Information

Lender Location / Department

**Training 1900 - 44th St S Fargo, North Dakota 58103**

Lender Staff

### Credit Relationship

Loan#	Purpose	Loan Type	Principal Balance	Present Commit.	Incr. / Decr.	Fees Finan.	Proposed Commit.	Int. %	Pmt Amt # P & I	Pmts /Yr	Term Amort.	Orig. Date Mat. Date
<b>NACTA ,</b>		<b>Total</b>	<b>2,015,447</b>	<b>2,123,317</b>			<b>2,123,317</b>		<b>124,495</b>			
<b>NACTA ,</b>	<i>Existing</i>											
Operating	Opr	Cur.	715,447	859,654			859,654	3.150	25,550	1		04/17/2013 03/01/2016
Real Estate	Refinance DCR=0.00	L.T.	1,300,000	1,263,663			1,263,663	6.000 V- F-20 yr	98,945	1		06/04/2015 04/01/2040
	<b>Totals</b>		<b>2,015,447</b>	<b>2,123,317</b>			<b>2,123,317</b>		<b>124,495</b>			
	<b>NACTA , Totals</b>		<b>2,015,447</b>	<b>2,123,317</b>			<b>2,123,317</b>		<b>124,495</b>			

\* Refinanced  
\*\* Post Close

### Collateral Analysis Detail

Balance Sheet Date:12/31/2015

#### Our Loans

LOANS				COLLATERAL						
Loan #	Description	Type	Amt	Type	Value	Coll %	Prior Lien	Amt	Margin	LV%
Operating	* Chattels Opr	Cur. 3	859,654							
				2015 Soybeans - 26k bu @ \$8/bu	208,000	90%		187,200		
				2015-Seed Soybeans - 7k bu @ \$8/bu	56,000	100%		56,000		
				2015-Wheat - 25k bu @ \$4/bu	100,000	100%		100,000		
				Machinery & Equipment	862,220	100%		862,220		
	<b>Total</b>		<b>859,654</b>				<b>Total</b>	<b>1,205,420</b>	<b>1.40</b>	<b>71.32%</b>
Real Estate	* MN OE Mtg: 2/15/2012 Refinance	L.T. 3	1,263,663							
				469.6 crop acres - 5/14/15 AV	1,878,000	100%		1,878,000		
	<b>Total</b>		<b>1,263,663</b>				<b>Total</b>	<b>1,878,000</b>	<b>1.49</b>	<b>67.29%</b>
	<b>Total (Scoring / Rating)</b>		<b>2,123,317</b>				<b>Total (Scoring / Rating)</b>	<b>3,083,420</b>	<b>1.45</b>	<b>68.86%</b>
	<b>Total (Ours)</b>		<b>2,123,317</b>				<b>Total (Ours)</b>	<b>3,083,420</b>	<b>1.45</b>	<b>68.86%</b>

1=Principal Balance 2=Present Commitment 3=Proposed Commitment \* To Scoring & Rating \*\* Denotes New Loans \*\*\* Denotes 3rd Party Asset

## Balance Sheet

Balance Sheet Description	12/31/2015	12/31/2014	12/31/2013	12/31/2012	12/31/2011	12/31/2010
Balance Sheet Dates						
Current Assets	544,553	477,894	1,133,154	1,396,274	1,140,486	863,323
Current Liabilities	844,624	754,806	973,933	588,835	926,403	596,416
Working Capital	-300,071	-276,912	159,221	807,439	214,083	266,907
Liquidity Ratio	0.64	0.63	1.16	2.37	1.23	1.45
Intermediate Assets	1,611,854	2,148,354	2,467,886	1,927,451	909,271	795,640
Long Term Assets	2,503,410	2,566,728	2,471,713	2,174,919	2,174,919	344,740
Total Assets	4,659,817	5,192,976	6,072,753	5,498,644	4,194,676	1,973,703
Intermediate Liabilities	49,851	633,059	717,439	720,823	215,797	238,761
Long Term Liabilities	1,323,712	581,821	608,391	584,884	144,603	151,479
Total Liabilities	2,218,187	1,969,686	2,299,763	1,894,542	1,286,803	986,656
Total Equity	2,441,630	3,223,290	3,772,990	3,604,102	2,907,873	987,047
Equity to Assets	52.40%	62.07%	62.13%	65.55%	69.32%	50.01%
Capital Debt	1,673,634	1,491,792	1,166,609	498,268	146,317	123,333

## Earned Equity Summary

EE-Beg Bal Date			12/31/2014	12/31/2013	12/31/2012	12/31/2011	12/31/2010
EE-End Bal Sht Date	5 Yr Avg.	Projected	12/31/2015*	12/31/2014*	12/31/2013*	12/31/2012*	12/31/2011*
Equity Change	275,580		-781,660	-549,700	168,888	619,548	1,920,826
Value Adjustment This Year	-348,110		343,173	188,489	-276,942	-201,208	-1,794,062
Cumulative Valuation Adj	-1,977,163		-1,740,550	-2,083,723	-2,272,212	-1,995,270	-1,794,062
Total Earned Equity	1,209,477		701,080	1,139,567	1,500,778	1,562,151	1,143,811
Earned Equity Change	-72,530		-438,487	-361,211	-108,054	418,340	126,764
EE-Term Interest & Depr	43,365		216,824				
Capital Debt Rep Capacity	-29,165		-221,663	-361,211	-108,054	418,340	126,764
Total Demands	66,375		331,877				
EE-Debt Service Margin	-95,540		-553,540	-361,211	-108,054	418,340	126,764
CDRC	-44%		-67%				

## Income Statement

Inc. & Exp Descr	Projection					
	01/01/2016	01/01/2015	01/01/2014	01/01/2013	01/01/2012	01/01/2011
Beg Date	12/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012	12/31/2011
End Date	1,145,870	952,521	1,071,103	1,831,591	2,473,048	1,629,354
Gross Revenues	1,145,870	952,521	1,071,103	1,831,591	2,473,048	1,629,354
Farm Production	976,727	1,004,281	1,058,669	1,490,751	1,623,549	1,189,280
Operating Expense	85.24%	105.43%	98.84%	81.39%	65.65%	72.99%
Operating Expense Ratio	193,084	193,084	243,682	234,883	190,582	76,612
Depr. Expense	16.85%	20.27%	22.75%	12.82%	7.71%	4.70%
Depr Exp Ratio	92,344	94,139	63,724	20,068	72,346	46,015
Interest Expense	8.06%	9.88%	5.95%	1.10%	2.93%	2.82%
Int Exp Ratio	0.25	0.19	0.19	0.32	0.51	0.53
Asset TurnOver						
Net Income	-116,285	-338,983	-294,972	85,889	586,571	317,447
Net Inc Op Ratio	-10.15%	-35.59%	-27.54%	4.69%	23.72%	19.48%
Return on Assets	-2.66%	-8.11%	-6.38%	-0.45%	10.81%	8.94%
Return on Equity	-8.86%	-17.42%	-12.10%	-1.25%	13.86%	11.79%
Oper Profit Margin	-10.82%	-41.93%	-33.57%	-1.42%	21.04%	16.92%
Capital Gain/Loss						
Net Income After Family Living	-160,343	-437,859	-361,662	-108,054	428,904	225,817
WC / AGI	-24.97%					
WC/Cash Farm Expenses	-28.07%	-25.21%	14.19%	53.44%	12.62%	21.61%

## Repayment Capacity

Inc. & Exp Descr	Projection					
	01/01/2016	01/01/2015	01/01/2014	01/01/2013	01/01/2012	01/01/2011
Beg Date	12/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012	12/31/2011
End Date	-116,285	-338,983	-294,972	85,889	586,571	317,447
Net Income	55,942	55,942	35,748	24,225	2,150	
IE-Tot_NonFarmInc	66,794	23,740	13,582	59,859	51,408	17,537
IE-TermInt	193,084	193,084	243,682	234,883	190,582	76,612
Depr. Expense		317	-25,835	86,154	21,174	3,845
IE-Total Income Tax	100,000	154,501	128,273	132,014	138,643	87,785
IE-Total Family Living Expense						
IE-Total NonFarm Expense	99,535	-221,035	-104,398	186,688	670,894	319,966
CapRpITdebtRepay	66,794	23,740	13,582	59,859	51,408	17,537
IE-TermInt	62,404	201,092	230,750	137,587	109,728	111,278
IE-Term Principal	-29,663	-445,867	-348,730	-10,758	509,758	191,151
IE-Margin After Debt Servicing	0.77	-0.98	-0.43	0.95	4.16	2.48
Term Debt Coverage Ratio	120,086	107,045	1,702			
Working Capital Deficiency			43,405	53,547		
Capital Asset Replacement	-149,749	-552,912	-393,837	-64,305	509,758	191,151
CDRC Margin After Debt Serv.	40%	-67%	-36%	74%	416%	248%
CDRC						

### Working Capital Deficiency

Adjusted Current Assets		544,553
Adjusted Current Liabilities	-	844,624
<b>Adjusted Working Capital</b>	-	<b>-300,071</b>
Adjusted Gross Income		1,201,812
15 % for a Full Time Farmer	X	15%
Working Capital Target	=	180,272
Adjusted Working Capital	=	-300,071
W/C Deficiency	=	480,343
25 % (1/4 of Deficiency)	X	25%
<b>Work Cap Def. Coverage</b>	=	<b>120,086</b>

### Capital Asset Replacement

Adjusted Value of Machinery		907,695
Adjusted Value of Vehicles	+	345,750
Total Adjusted Value	=	1,253,445
Mach. & Veh. Replacement %	X	10%
<b>Mach. &amp; Veh. Use Cost/Depr.</b>	+	<b>125,345</b>
Adjusted Value of Building & Improv.		623,991
Bldg. & Impr. Replacement %	X	5%
<b>Bldg. &amp; Impr. Use Cost/Depr.</b>	=	<b>31,200</b>
Total Mach/Veh/Bldg. & Impr. Use Cost		156,545
TACO on Depreciable Capital Loans	-	21,567
<b>Capital Asset Replacement Allowance</b>	=	<b>0</b>

## Customized Ratios

Inc. & Exp Descr	Projection					
Beg Date	01/01/2016	01/01/2015	01/01/2014	01/01/2013	01/01/2012	01/01/2011
End Date	12/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012	12/31/2011
# of Acres Farmed	2,865	2,875	3,175	3,193	3,165	3,000
# of Acres Owned	719	719	685	685	685	56
% of Acres Owned	25.10%	25.01%	21.57%	21.45%	21.64%	1.87%
Average Cash Rent/Acre	93.45	84.50	88.43	97.15	148.46	102.45
<b>Profitability</b>						
Net Farm Income/Acre Farmed	-40.59	-117.91	-92.90	26.90	185.33	105.82
Net Earnings/Acre Farmed	-55.97	-152.30	-113.91	-33.84	135.51	75.27
VFP/Acre Farmed	399.95	331.31	337.36	573.63	781.37	543.12
Operating Expenses / Acre Farmed	340.92	349.32	333.44	466.88	512.97	396.43
<b>Debt Servicing</b>						
CDRC Margin/AGI	-12.46%	-54.83%	-35.58%	-3.47%	20.59%	11.73%
Principal Payments/Acre Farmed	21.78	69.95	72.68	43.09	34.67	37.09
Principal Payments/AGI	5.19%	19.94%	20.85%	7.41%	4.43%	6.83%
IT Debt Retirement %	30.20%	21.50%	21.37%	18.56%	36.36%	29.57%
LT Debt Retirement %	2.99%	4.55%	4.33%	3.72%	41.66%	6.79%
Total Debt Retirement %	4.35%	14.20%	14.37%	12.52%	38.60%	22.19%
Average Term Debt Repayment Years	23.01	7.04	6.75	10.49	4.28	4.51
Interest Expense/Acre Farmed	32.23	32.74	20.07	6.29	22.86	15.34
<b>Core Debt</b>						
Adjusted Capital Debt	1,853,906	1,643,061	1,332,637	776,640	517,597	367,736
Adjusted Capital Debt / Acre Owned	2,578.45	2,285.20	1,945.46	1,133.78	755.62	6,566.72
Adjusted Capital Debt/AGI	154.26%	162.93%	120.40%	41.85%	20.91%	22.57%
Capital Debt	1,673,634	1,491,792	1,166,609	498,268	146,317	123,333
Capital Debt / Acre Owned	2,327.72	2,074.82	1,703.08	727.40	213.60	2,202.38
Capital Debt/AGI	139.26%	147.93%	105.40%	26.85%	5.91%	7.57%
<b>Equipment Costs</b>						
Machinery & Veh./Acre Farmed	437.50	634.10	690.95	544.53	245.85	215.83
Depreciation Expense/Acre Farmed	67.39	67.16	76.75	73.56	60.22	25.54
Custom Hire/Acre Farmed	18.15	18.04	16.63	29.58	23.25	25.61
Repairs Expense/Acre Farmed	20.00	34.55	22.84	64.51	50.08	26.49
Fuel Expense/Acre Farmed	13.99	15.55	14.26	23.45	23.08	30.78
<b>Family Living &amp; Labor Costs</b>						
Labor Expense/Acre Farmed	53.85	53.63	36.42	37.60	32.46	19.51
Family Living/Acre Farmed	34.90	53.74	40.40	41.34	43.81	29.26
Family Living & Labor/Acre Farmed	88.75	107.37	76.82	78.94	76.26	48.77
Family Living Expense/AGI	8.32%	15.32%	11.59%	7.11%	5.60%	5.39%
<b>Other</b>						
Ag Program Payments	19,000	19,510		36,560	40,000	40,000
Gov't Payments/VFP	1.66%	2.05%		2.00%	1.62%	2.46%
Gov't Payments/Net Farm Income	-16.34%	-5.76%		42.57%	6.82%	12.60%
Working Capital/Acre Farmed	-104.74	-96.32	50.15	252.88	67.64	88.97
<b>Sensitivity Analysis</b>						
Sens. An FI Dec	-13.07%	-58.05%	-36.77%	-3.51%	20.61%	11.73%
Sens. Anal Farm Exp Inc.	-15.33%	-55.06%	-37.20%	-4.31%	31.40%	16.07%
Sens. Anal Int Rate Increase	-6.96%	-28.79%	-17.57%	-3.48%	44.84%	21.23%
20% Sens. Analysis - Net Earnings	-377,917.00	-616,520.20	-482,636.80	-408,439.80	-48,034.40	-82,428.80
20% Sens. Analysis - CDRC Margin	-367,323.00	-731,573.20	-514,811.80	-364,690.80	32,819.60	-117,094.80
20% Sens. Analysis - CDRC%					120.37%	9.10%

Existing Internal PD 9	Proposed Internal PD 9
Existing External PD 9	Proposed External PD 9

If proposing a PD change, or a new customer, comment on PD.

If PD is 10 or worse, is the loan distressed?

Yes,  No,  N/A

If yes, has a May Be Distressed or a Distressed Packet been sent?

Yes,  No,  N/A

If no, document the reasons why the borrower is not considered to be distressed.

## Loan Proposal

## General Comments

## Character/Management

## Capital

## Capacity

## Risk Chain

## Collateral

## Conditions

## Loan Service Plan

## New Request/Additional Advance/Review

## Credit Request Details

Existing Internal PD

9

Proposed Internal PD

9

Existing External PD

9

Proposed External PD

9

If multiple loans with different PD's, list differences.

Existing LGD?

A

Proposed LGD? (if more than one please note below)

A

If multiple loans with different LGD codes, list differences.

Proposed Commitment? \$

0

Aggregation Comments

Recommendation/Loan Officer Approval

Recommend for Approval

Recommending/Approving Loan Officer

## Credit Department Approval

Approving Officer

Approval Information

Approving Officer(s):

Date Approved:

Action: ( ) Approved ( ) Denied

Credit Class Change: ( ) Yes ( ) No PD Change: ( ) Yes ( ) No LGD Change: ( ) Yes ( ) No

All Loans: ( ) Yes ( ) No (See Below)

Probability of Default:

LGD:

Pre-Approval Amount for Capital:

\$0

Approval Comments/Conditions:

# Income Statement

Description Statement Date	Projection					
	01/01/2016 - 12/31/2016 No Adj.	01/01/2015 - 12/31/2015 Adjusted	01/01/2014 - 12/31/2014 Adjusted	01/01/2013 - 12/31/2013 Adjusted	01/01/2012 - 12/31/2012 Adjusted	01/01/2011 - 12/31/2011 Adjusted
<i>VFP Ag -</i>						
Crop Cash Sales	1,087,870	808,106	700,274	2,090,086	2,092,352	1,386,559
+or- Change in Inventories		85,200	-95,400	-588,157	292,340	154,670
Gross Revenues from Crops	1,087,870	893,306	604,874	1,501,929	2,384,692	1,541,229
Market Lvstk/Poultry Cash Sales						
+or- Change in Inventories						
Gross Revenues from Livestock						
Lvstk Prod. Sales						
+or- Change in Inventories						
Gross Revenues from Lvstk Prod						
Government Program Payments	19,000	19,510		36,560	40,000	40,000
Raised Breeding Stk Value Change						
Gain/Loss from Breeding Stock						
Change in Acct. Rec. (< 12 mo.)			-161,438	161,438		
Other Farm Income	39,000	39,705	627,667	131,664	48,356	48,125
+or- Accrual Adjustments						
Gross Revenues Other Farm Inc	39,000	39,705	627,667	131,664	48,356	48,125
<b>Gross Revenues</b>	<b>1,145,870</b>	<b>952,521</b>	<b>1,071,103</b>	<b>1,831,591</b>	<b>2,473,048</b>	<b>1,629,354</b>
Less - Purchases for Resale						
- Cost of Purch. Feed/Grain						
<b>Value of Farm Production</b>	<b>1,145,870</b>	<b>952,521</b>	<b>1,071,103</b>	<b>1,831,591</b>	<b>2,473,048</b>	<b>1,629,354</b>
Cash Farm Oper. Expenses	976,727	987,741	639,529	1,657,180	1,695,028	1,223,780
+or- Accrual Adjustments						
Growing Crops, Prepaids, Supplies, Oth. Cur. Assets		16,500	419,221	-166,742	39,521	-85,500
Accts Pay, RE Tax, Oth. Cur. Liab.		40	-81	313	-111,000	51,000
Depreciation Expense	193,084	193,084	243,682	234,883	190,582	76,612
Total Operating Expenses	1,169,811	1,197,365	1,302,351	1,725,634	1,814,131	1,265,892
Cash Interest Paid	92,344	44,896	18,953	65,452	61,968	17,537
+or- Change in Accrued Interest						
Total Interest Expense	92,344	49,243	44,771	-45,384	10,378	28,478
<b>Total Expenses</b>	<b>1,262,155</b>	<b>1,291,504</b>	<b>1,366,075</b>	<b>1,745,702</b>	<b>1,886,477</b>	<b>1,311,907</b>
<b>Net Farm Income From Oper.</b>	<b>-116,285</b>	<b>-338,983</b>	<b>-294,972</b>	<b>85,889</b>	<b>586,571</b>	<b>317,447</b>
Gain/Loss on Farm Assets						
<b>Net Farm Income</b>	<b>-116,285</b>	<b>-338,983</b>	<b>-294,972</b>	<b>85,889</b>	<b>586,571</b>	<b>317,447</b>
Wages & Other Non-Farm Income	55,942	55,942	35,748	24,225	2,150	
+or- Accrual Adjustments						
Wages & Other Non-Farm Inc.	55,942	55,942	35,748	24,225	2,150	
Cash Income Tax Expense		317	29,165	31,154	21,174	19,545
+or- Change in Tax Accruals			-55,000	55,000		-15,700
Total Tax Expense		317	-25,835	86,154	21,174	3,845
<b>Net Income</b>	<b>-60,343</b>	<b>-283,358</b>	<b>-233,389</b>	<b>23,960</b>	<b>567,547</b>	<b>313,602</b>
Less - Owner Withdrawals	100,000	154,501	128,273	132,014	138,643	87,785
+or- Accrual Adjustments						
Total Owner Withdrawals	100,000	154,501	128,273	132,014	138,643	87,785
Less - Dividends Paid						
<b>Net Inc. After Owner Withdrawals</b>	<b>-160,343</b>	<b>-437,859</b>	<b>-361,662</b>	<b>-108,054</b>	<b>428,904</b>	<b>225,817</b>
Plus - Depreciation and Term Int.	259,878	216,824	257,264	294,742	241,990	94,149
<b>Cap Rplc &amp; Term Debt Repay Cap</b>	<b>99,535</b>	<b>-221,035</b>	<b>-104,398</b>	<b>186,688</b>	<b>670,894</b>	<b>319,966</b>
Less - Term Debt Payments	129,198	224,832	244,332	197,446	161,136	128,815
Working Capital Deficiency	120,086	107,045	1,702			
Capital Asset Replacement			43,405	53,547		
<b>CDRC - Margin After Debt Servicing</b>	<b>-149,749</b>	<b>-552,912</b>	<b>-393,837</b>	<b>-64,305</b>	<b>509,758</b>	<b>191,151</b>
<b>CDRC%</b>	<b>40%</b>	<b>-67%</b>	<b>-36%</b>	<b>74%</b>	<b>416%</b>	<b>248%</b>

# Projected Annual Cash Flow

01/01/2016 - 12/31/2016 Projection

NACTA  
CIF #

## Operating Income

Crop Sales	1,087,870
Ag Program Pmts	19,000
Coop Distributions	39,000

**Total Operating Income** 1,145,870

**GROSS MARGIN** 1,145,870

## Operating Expenses

Chemicals	152,600
Custom Hire Exp.	52,000
Employee Benefits	33,886
Fertilizers & Lime	149,295
Gas / Fuel / Oil	40,068
Insurance Exp.	46,251
Labor Hired	120,390
Machinery & Building Leases	1,500
Rent - Mach / Equip / Vehicle	6,000
Rent - Land	200,550
Repairs & Maintenance	57,300
Seeds & Plants	50,171
Supplies	4,000
Taxes - Real Estate	20,000
Utilities	17,600
Professional Fees	4,943
Other Expenses	20,173

**Total Oper. Expenses (Less Interest & Depr.)** 976,727

**NET OPER. INFLOWS** 169,143

## Non-Operating

Owner Withdrawal	100,000
Salary & Wages	14,228
Other Non-Farm Income	41,714

## Financing

Term Debt - Payments	129,198
Principal-	62,404
Interest-	66,794
Non-Revolving Oper. Pmt.	25,550
Interest-	25,550

## Non-Financial

Acres Farmed	2,865
Acres Owned	719

**Total Cash Inflows** 1,201,812

**Total Cash Outflows** 1,231,475

(Before LOC P. & I.)

**Net Cash Available** -29,663

- LOC Ending Bal.	29,663
Peak LOC Balance	29,663

I (We) certify that the above Income and Expenses are true and correct to the best of my (our) knowledge.

Signature:

\_\_\_\_\_  
Date:

Signature:

\_\_\_\_\_  
Date:

# PROJECTED Income & Expense Schedules

01/01/2016 - 12/31/2016 Projection

NACTA  
CIF #

## Crop Sales

Description	Production				Farm Use	Purchase			Sales			End Inv. Units
	Acres	Yield	%	Units		Units	Per Unit	Total	Units	Per Unit	Total	
Soybeans - Conventional	1,520	35.00	100	53,200					53,200	11.60	617,120	
Wheat - Hard Red Spring	1,345	70.00	100	94,150					94,150	5.00	470,750	
<b>Total Production</b>	<b>2,865</b>			<b>147,350</b>					<b>147,350</b>		<b>1,087,870</b>	

## Loan Payments

Creditor	Type	Purpose of Loan	Princ.	Int. Rate	Pmt/Yr	Interest	Principal	P. & I.	Pmt. Date
<b>Existing Loans</b>									
AgCountry FCS <i>Operating</i>	Cur.	Opr	715,447	3.15	1	25,550		25,550	
Fed Tax <i>Payroll Tax</i>	Cur.		653	0.00	1				
FSA <i>Bin Note #2</i>	Int.	Bin Note #2	59,551	2.875	1	1,712	14,567	16,279	
GMAC <i>Pickup</i>	Int.		11,867	0.00	1		7,000	7,000	
AgCountry FCS <i>Real Estate</i>	L.T.	Refinance	1,300,000	6.00	1	62,608	36,337	98,945	
US Bank <i>Home</i>	L.T.		64,549	3.75	12	2,474	4,500	6,974	
			<b>2,152,067</b>			<b>92,344</b>	<b>62,404</b>	<b>154,748</b>	