



### *Highlights*

- Revolving line of credit loan secured by a 1<sup>st</sup> mortgage on Ag real estate with a revolving (draw) period of 10 or 5 years and a total loan term of 30 years.
- Semi-annual interest due on January 1 and July 1 during the draw period.
- 30 day Variable Rate based on 1-month Libor, convertible to other available fixed or adjustable products during or after expiration of the draw period (if converted during the draw period, revolving feature is eliminated).
- Upon termination of the draw period, either as scheduled or by the action of the borrower or lender, borrower may select an amortizing interest rate product from those available at that time.
- Limited number of draws and unlimited number of repayments during the draw period.
- Applicant must certify that the loan is a business loan and draws are used for business purposes.
- Loan Correspondents may add a Field Servicing Spread of up to 50 basis points.

### **10 or 5 Year Draw Period**

The loan term is 30 years with a draw period of 10 or 5 years. At the end of the draw period the outstanding principal is amortized over the remaining term. Interest only payments will be made during the draw period by way of ACH withdrawals.

### **Underwriting Requirements**

The following credit standards apply to Zions AgEquity loans, with all ratios calculated on a pro-forma basis as though the loan is fully disbursed:

	<u>5 or 10 Year Draw</u>
(1) Debt-to-Asset Ratio:	≤ 50%
(2) Total Debt Coverage (TDC)	≥ 1.35:1
(3) Current Ratio:	≥ 1.25:1
(4) Credit Score:	≥ 680
(5) Loan-to-Value (LTV):	≤ 50%

## General Information

- **Minimum Loan Size:** \$200,000
- **Maximum Loan Size:** Up to Secondary Market's limit for loans secured by properties larger than 1,000 acres, regardless of the number of acres in the proposed security.
- **Product Type:** The loan product that applies during the draw period is the 1-month LIBOR variable interest rate. Conversion to other available fixed or adjustable rate products is allowable.
- **Closing:** Zions AgEquity loans must fund at closing at a minimum amount of \$15,000.
- **Management of Funds:**
  - **Request for Funds:** Borrower sends Zions Agricultural Finance a draw request form during business hours and funds are wired to borrower within one business day. Requests for funds received by 12:00 Noon (Central Time) will result in the funds being delivered to the borrower's bank account the next day. Requests after this time will be delivered one business day later.
  - **Draw Frequency:** Two draws permitted per month.
  - **Draw Restrictions:** Minimum draw amount per transaction is \$15,000 (rounded to nearest \$1,000).
  - **Use of Loan Proceeds:** Borrower must represent that the proceeds are intended for agricultural or business use.
  - **Loan Balance:** A loan balance must be maintained. A zero loan balance will result in loan being paid in full and RLOC terminated.
  - **Fees:** None during the draw period.
- **Title Policy Requirement:** A title insurance policy endorsement insuring future advances and adjustable interest rates under Revolving Line of Credit Product (future advance priority ALTA 14-06, variable rate provision ALTA 6-06) is required.
- **Repayment Terms During Draw Period:** Repayments will consist of semi-annual interest-only payments (January 1 & July 1) throughout the draw period by way of ACH withdrawals and pulled from the borrower's bank account on January 15 and July 15. During the draw period an unlimited number of payments per year are allowed on principal in any amount on any business day. Principal payments may be by wired funds or check.
- **Repayment Terms After Draw Period:** Repayments will consist of semi-annual principal and interest payments due each January 1 and July 1. Scheduled payments will be made only through the ACH process and pulled from the borrower's bank account on January 15 and July 15. Non-scheduled payments can be made by check or wire transfer. Unscheduled principal payments and payment in full will require interest to be paid to the next payment due date.
- **Payment Grace Period:** 15 days.
- **Conversions:** The borrower has the option to convert the Zions AgEquity loan to other available fixed or adjustable interest rate products either during or at the scheduled termination of the draw period. Conversions may occur only on scheduled payment dates and in accordance with provisions in the Note. Conversion to an amortizing product during the draw period will terminate the draw feature to the loan. If the borrower takes no action with regard to conversion at the end of the draw period, the loan will remain on the 1-month variable LIBOR for the scheduled amortized loan term. No fee will be charged for the conversion at the termination, scheduled or not, of the draw period. Subsequent loan product conversions will require a fee.
- **Collateral Requirements:** Loan security must be a first mortgage position. If the offered security includes improvements or permanent plantings, the contributory value of such will be deducted from the Appraised value, with the result used for Zions AgEquity qualification. Irrigation equipment may be included in the property value if properly secured.
- **1<sup>st</sup> Mortgage Position:** Borrowers that have an existing Secondary Market loan may have a Zions AgEquity loan secured by the same collateral as long as the Zions AgEquity loan is in a 1<sup>st</sup> mortgage position. The LTV for such will be considered on a consolidated basis. Cross-collateralized and cross-default wording will be required.
- **Fast Track Underwriting:** Zions AgEquity loans are not allowed for Fast Track Underwriting.
- **Miscellaneous:** Zions AgEquity loans will not be counted toward Correspondent's total yearly loan volume. ZAF's required loan origination fee with the AgEquity loan application will be one-half of one percent of the approved loan amount.