

APPLICATION PROCEDURE MANUAL



TABLE OF CONTENTS

GETTING STARTED	3
PREFACE	5
ZIONS AGRICULTURAL FINANCE LOAN PROGRAM	
GENERAL LOAN TERMS	6
UNDERWRITING GRID	7
LOAN SUBMISSION TO LOAN CLOSING PROCESS	9
“FAST TRACK” LOAN APPROVAL	11
AG EQUITY PROGRAM	13
LIFESTYLE RANCH LOAN	16
SEASONED LOAN PROGRAM	17
LOAN PRODUCT CONVERSIONS	18
APPLICATION FORMS & INSTRUCTIONS	
LOAN NARRATIVE	19
FARM MORTGAGE APPLICATION	21
AMORTIZATION SCHEDULE	26
ARM INTEREST RATE SHOCK & PAYMENT DATA	28
BALANCE SHEET	30
INCOME AND EXPENSE STATEMENT	49
LOAN SUMMARY	58
ENVIRONMENTAL DISCLOSURE	62
IRRIGATION AND DRAINAGE SUPPLEMENT 1013A	65
REQUEST FOR CREDIT INFORMATION	68
PRELIMINARY LOAN APPROVAL CHECKLIST	70
APPRAISAL & SUPPLEMENTAL FORMS	
ELECTRONIC APPRAISAL/LOAN SERVICING FILES AND DESCRIPTION	72
SECONDARY MARKET APPRAISAL REQUIREMENTS	73
GUIDE NOTES TO FARMER MAC COLLATERAL VALUATION REPORT	74
FARMER MAC APPRAISAL ENGAGEMENT LETTER	76
WORK SHEET	80
COLLATERAL INSPECTION REPORT	82
APPENDIX A	
LOAN SUBMISSION REMINDERS	85

GETTING STARTED

Application forms and their file names located in the **ZAF Loan Application folder** on the enclosed CD:

Application1e.xltn	ver 4.0
Sample1e.xlsm	ver 4.0
Application5e.xltn	ver 4.0
Sample5e.xlsm	ver 4.0
Application procedure rev 2-14.docx	This instruction manual

System software requirements: Loan docs use MS Excel 2007, and word docs use MS Word 2007. All are Windows XP based. These files may not work with other versions of Excel or Word.

Enclosed is a CD with Zions application files. Application1e.xltn is the file template for a formset for a single entity borrower. Sample1e.xlsm is a completed sample formset for a single entity borrower. Application5e.xltn is the file template that can be used for up to five borrowers and complete a consolidation. Sample5e.xlsm is a completed sample forms set for multiple borrowers.

Copy Excel and Word **template** files (.xltn & .dotx) to your default template directory (typically *C:\Program File\Microsoft Office\Templates*). Copy the document files (.xlsm & .docx) to your default document directory (typically *C:\My Documents*).

LOAN APPLICATION INFORMATION

You can use your Tab key or Enter key to move between cells that require data input. It is easier to use the Tab key to move the cursor on forms where data is entered from left to right (Application Form). Use the Enter key to move the cursor down in columnar forms (Income and Expense Statement).

Most of the input that can be repeated is done automatically, and most of the calculations are done through the program. In order for this automation to be done correctly it is important that certain forms be completed first so information is available for calculations.

Order of completion:

- Application
- Balance Sheets
- Income and Expense Statement
- Loan Summary
- Other Forms

All numbers should be input as positive numbers except when making changes or elimination on the comparative or consolidated balance sheets.

VIEW ONLINE

This manual can be viewed on your computer screen (application procedure rev 2-14.docx) or printed out. To locate the topic on screen you wish to view go to the TABLE OF CONTENTS and Ctrl & click to follow the link to the appropriate page number.

NOTE: Cash Flow Coverage

In calculating the Total Pro Forma Annual P&I our forms use as the default the total estimated pro forma interest which requires you to input an annualized current debt balance and rate on the Balance Sheet. The Pro Forma Total Annual P&I is input and then included in prior years P&I in **unprotected cells**. This format is prescribed for loans that involve refinancing of debt. If the loan is for purchase it is recommended that you overwrite prior years P&I with actual payment information if available or use the P&I from the current Balance Sheet (not the Pro Forma Balance Sheet).

The misc. information & checklist forms (and Balance Sheets and Income and Expense sheets when you have less than 5 applicants) when not needed often clutter up the screen. They can be hidden by selecting “Sheet” from the “Format” menu and selecting “Hide”.

PREFACE

The purpose of this reference manual is to assist you in the preparation of loan application packets through Zions Agriculture Finance. It is designed to provide a detailed explanation of the forms, required data input, and the flow of information for your Zions Application forms. Persons using Zions' forms need to have a working understanding of Excel. Completing the application forms thoroughly and accurately will greatly enhance the efficiency of the application process.

For questions regarding the application procedure, do not hesitate to contact Zions Ag Finance at our office in Ames, Iowa:

Zions Agricultural Finance
500 5th Street
Ames, Iowa 50010

Office:	(515) 232-7310
Fax:	(515) 232-3002
800 No:	(800) 641-9619
E-Mail Address	
Gary Guy:	Gary.Guy@zionsbank.com
Website address:	www.zionsag.com

GENERAL LOAN TERMS

See Rate Sheet for specific loan terms.

UNDERWRITING GRID

ZIONS AG FINANCE - UNDERWRITING GRID										
Farm and Ranch Loans										
	Full Underwrite					Standard ND, SD, MN, IA, IL, IN, OH, MO, NE	Standard All Other States		Choice Loans	Cow/Cal Ranch Loans
	Lifestyle Ranch	Fast Track	Seasoned Loan	Ag Equity	Ag Equity		Standard All Other States	Choice Loans		
TDC - Proforma Total Debt Coverage	N/A	≥ 1.00	N/A	≥ 1.35	≥ 1.25	≥ 1.25	≥ 1.25	≥ 1.50	≥ 1.50	≥ 1.25
Annual P&L/Gross Income	≤ 39%									
CR - Proforma Current Ratio	≥ 1.00	≥ 1.00	N/A	≥ 1.25	≥ 1.25	≥ 1.25	≥ 1.25	≥ 1.50	≥ 1.50	≥ 1.25
DA - Leverage: Proforma Debt/Asset Loan Size	≤ 55%	≤ 40%	N/A	≤ 50%	≤ 50%	≤ 50%	≤ 50%	≤ 40%	≤ 40%	≤ 50%
LTV	≤ 70%	≤ 55%	≤ 60%	≤ 50% 10 yr draw ≤ 50% 5 yr draw	≤ 60%	≤ 60%	≤ 60% > 60%	≤ 60%	≤ 60%	≤ 60%
FACTORY if: Value of collateral from agriculture improvements	Not for defined Facility loans	Not for defined Facility loans	Not for defined Facility loans	Not for defined Facility loans	Not for defined Facility loans	Not for defined Facility loans	Not for defined Facility loans	Not for defined Facility loans	Not for defined Facility loans	≤ 60%
LTV - New Facilities	Loan not Eligible - if more than 25% of AV	Loan not Eligible - if more than 40% of AV								
LTV - Existing Facilities	≥ 700	≥ 720	no minimum	≥ 680	≥ 680	≥ 680	≥ 680	≥ 680	≥ 680	≥ 680
Credit Score	10, 15, 20, 25 or 30	10, 15, 20, 25 or 30	10, 15, 20, 25 or 30	30	10, 15, 20, 25 or 30	10, 15, 20, 25 or 30	10, 15, 20, 25 or 30	10, 15, 20, 25 or 30	10, 15, 20, 25 or 30	10, 15, 20, 25 or 30
Term (in Years)	10, 15, 20, 25 or 30	10, 15, 20, 25 or 30	10, 15, 20, 25 or 30	20 or 25	20 or 25	20 or 25	20 or 25	20 or 25	20 or 25	20 or 25
Contract required	Amortization (in Years)	10, 15, 20, 25 or 30	10, 15, 20, 25 or 30	20 or 25	20 or 25	20 or 25	20 or 25	20 or 25	20 or 25	20 or 25
Amortization (in Years)	10, 15, 20, 25 or 30	10, 15, 20, 25 or 30	10, 15, 20, 25 or 30	20 or 25	20 or 25	20 or 25	20 or 25	20 or 25	20 or 25	20 or 25
Cashout Limitation	No cash out	not limited	≤ 5%	not limited	≤ 25%	≤ 25%	≤ 25%	≤ 25%	≤ 25%	≤ 25%
Permanent Parting Loan Security	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Other	Monthly payments only. Highest and best use can not be influenced by subdivision or commercial development potential. LTV max of 60% in ND, SD, MN, IA, IL, IN, OH, MO, NE. Most recent wage statement. No proforma income analysis. Minimum acreage size is 60 acres.	Operation must demonstrate that it is viable. Recent 2 years tax returns needed.	Original loan 5 years with no late pay/last 3 years. CAR required. No material restructuring or modification since original loan closed. New Environmental Disclosure required.	Value of any improvements, including permanent planting will be deleted from AV to determine LTV.	Unlimited cashout if amortization is 5 years or less and LTV is less than 60% (50% if loan exceeds \$30mm) with compensating strengths	Unlimited cashout if amortization is 15 years or less and LTV is less than 60% (50% if loan exceeds \$30mm) with compensating strengths	Unlimited cashout if amortization is 15 years or less and LTV is less than 60% (50% if loan exceeds \$30mm) with compensating strengths	Unlimited cashout if amortization is 15 years or less and LTV is less than 60% (50% if loan exceeds \$30mm) with compensating strengths	Unlimited cashout if amortization is 15 years or less and LTV is less than 60% (50% if loan exceeds \$30mm) with compensating strengths	It is recommended that appraisals be completed with a market analysis on an Annual Unit (AU) year round capacity basis. Federal and State grazing leases, that constitute an integral part of the ranching unit will be required.

PLEASE NOTE: THIS UNDERWRITING GRID IS FOR REFERENCE PURPOSES ONLY.

		Facility Loans						Total Debt Coverage Calculation	Lifestyle Ranch Debt Coverage Calculation
		Timber	Poultry	Swine	Feedlot Dairy	Packing Houses Other Facilities, etc.	NUMERATOR	NUMERATOR	
TDC - Proforma Total Debt Coverage	≥ 1.25	≥ 1.50	≥ 1.25	≥ 1.25	≥ 1.35	≥ 1.35	≥ 1.50	+Net Farm Income	+P&I on debt
Annual P&I/Gross Income								+Depreciation	+Capital Lease Payments
CR - Proforma Current Ratio	≥ 1.25		≥ 1.25	≥ 1.25	≥ 1.25	≥ 1.25		+Interest on Debt	
DA - Leverage: Proforma Debt/Asset	≤ 50%	≤ 50%	≤ 65%	≤ 60%	≤ 50%	50% of LTD/NW	80%	+Capital Lease Payments	
Loan Size	> 5 mm	≤ 5mm		≤ 5 mm	> 5 mm	≤ 5 mm < 65%, > 5 mm 60%	> 60% and ≤ 65%	+Net off-farm income	
LTV	≤ 60%	> 60% ≤ 70%	see detail below	see detail below	≤ 65% ≤ 60%	≥ 60%	≥ 60%	-Living expense	1040 Tax Return
FACILITY if: Value of collateral from agriculture improvements			≥ 60%	≥ 60%				-Income and SS tax	Salaries
LTV - New Facilities			≤ 75%	≤ 75% or ≤ 80%**	See Below	See Below		DENOMINATOR	Interest Income
LTV - Existing Facilities			≤ 65%	≤ 70% or ≤ 75%**	See Below	See Below			Dividends
Credit Score	≥ 680		≥ 680	≥ 680	≥ 680	≥ 680		+P&I on debt	Business Inc Sch C
Term (in Years)	10, 15, 20, or 30		10-15 years	10	10-15 years	10-15 years		+Capital Lease Payments	Cap Gains/Loss Sch D
Contract required	yes	yes	yes	yes					Rental Inc Sch E
Amortization (in Years)	10, 15, 20, 25 or 30	10-existing; 15 new		10	10/15 year & REL	15 years and REL			Farm Inc Sch F
Cashout Limitation	≤ 5%	No Cash-Outs	No Cash-Outs	No Cash-Outs	No Cash-Outs	No Cash-Outs			Other Inc Sch B
Permanent Planting Loan Security									Other Inc Sch C
Other									Plus Adjustment
		30 year terms loans must use 10 or 15 year VRM. Appraiser must be registered forester and include a timber cruise or appraiser must engage forester to provide timber valuation which is to be integrated into the appraisal.	Operation must be large enough to be economically viable. Borrower must have a production processor or processor insuring occupancy or use of the facility as an integrator. Contract must be standard to industry with payments assigned. Operation must conform to all environmental rules and regulations. Manure easement may be needed.	Operation must be large enough to be economically viable. Borrower must have a contract with processor for entire term of loan with take or pay provisions for product or pig space. Must be non-cancelable & assignable. Operation must conform to all environmental rules and regulations. Manure easement may be needed. *Higher maximum LTV available to only approved integrators.	Operation must be large enough to be economically viable. Evidence of permits for waste disposal and herd capacity usually required.	Operation must be large enough to be economically viable.			Farm Dep Sch F
									Non Farm Dep
									Farm Int Sch F
									Non Farm Int Sch C, E
									Minus Adjustments
									Non-Recurring
									Complete 3 years tax return history, proforma not required. Do not include in cash flow, taxes, family living or Sch A Int.

LOAN SUBMISSION TO LOAN CLOSING PROCESS

Step 1: Meet with the customer, assemble “Preliminary Approval” package.

The loan application must contain sufficient information typically needed for the credit decision. The following is an itemized list of required information for the Preliminary Approval package:

Information for Loan Submissions:

1. Signed Loan Application.
2. Minimum of three years Balance Sheets.
3. Current signed Balance Sheet and Pro Forma.
4. Minimum of three years signed Income Statements (signed tax returns acceptable).
5. Pro Forma Income and Expense Statement and total debt service.
6. Narrative description of farming/ranching operation.
7. Single Credit Report.
8. Narrative “5 C’s of Credit”.
9. Amortization schedule of principal and interest payments using maximum interest rate requested.
10. Loan Summary.
11. Preliminary Approval Checklist.
12. Completed Environmental Disclosure.
13. Asset and Liability verification.

Other Information:

(Typically provided after Preliminary Loan Approval.)

1. Complete Appraisal in Summary Report conforming to USPAP and, if applicable, Secondary Market standards.
2. Commitment for Title Insurance from a company with a Demotech rating of “A”, with the exception of Iowa.
3. UCC Search of all borrowers in appropriate filing locations if collateral for the new Zions loan includes personal property or fixtures

If Applicable Information:

1. Analysis of water supply and quality of water for irrigated land and evidence of lienable water rights and/or entitlements (generally included in the appraisal).
2. Description of fixtures and personal property needed to operate the mortgaged property upon which Zions will perfect appropriate UCC filings prior to closing.
3. Water or grazing rights.
4. Copies of material contracts, leases, sales contracts, etc.
5. Hazard insurance, if improvements or irrigation equipment are located on mortgaged property.
6. Verification of non-farm income (two most recent pay stubs or written verification from employer).

Step 2: Submit package to Zions for Preliminary Approval.

1. Approval is always subject to the appraisal meeting minimum appraised values, net property income, and evidence of clear title.

Step 3: After Preliminary Approval, complete appraisal, title work, and interest rate lock.

1. Upon Preliminary Approval, a complete appraisal is obtained in accordance with USPAP Standards and, if applicable, Secondary Market requirements.
2. Title work is completed.
3. UCC Search of all borrowers in appropriate filing locations if collateral for the new Zions loan includes personal property or fixtures
4. Originator calls Zions to initiate rate lock commitment to purchase.

Step 4: Funds are wired - loan closing complete.

1. Zions closing instructions to the closing agent requires that they submit a HUD-1 Closing Statement prior to funding. The HUD-1 disbursement of funds must agree with the Use of Funds Exhibit as attached to the Preliminary Loan Approval.
2. Funds are wired per Zions' instruction.
3. The Originator will provide field servicing which may require an annual inspection and report on the mortgage security as well as obtaining annual financial information. Zions will do payment billings and receipt of funds as well as monitor taxes, insurance, and other required servicing. In the case of default, the Field Servicer will act as the contact for a proposed workout, and consult with Zions with regard to collateral and local counsel.

“FAST TRACK” LOAN APPROVAL (Secondary Market)

What is “Fast Track”?

The “***Fast Track***” loan program through the Secondary Market is an alternative loan packaging option providing fast processing and loan approval requiring minimum documentation when originating low-risk ag mortgage loans.

FAST TRACK

Eligible Loan Qualifications

Loan Size: \$1,000,000 maximum.

- Multiple Fast Track loans per borrower are permissible.

Credit Score: 720 minimum – Single reports acceptable.

Loan-to-Value: 55% maximum.

Current Ratio: 1.00:1

Debt-to-Asset Ratio: 40% maximum.

- Based on current (proforma) Balance Sheet.

Facility loans: Properties with improvements are eligible only if the contributory value of all improvements, excluding the primary dwelling, does not exceed 40% of the total appraised value.

Properties with commodities that are permanent plantings are eligible.

Terms:

Payment frequency options: Monthly, Semi-Annual or Annual.

Pricing: “Standard” only.

Credit and Documentation Requirements

- Detailed Current Market Value Balance Sheet, completed and signed for all applicants, guarantors, co-makers and formal entities.
- ProForma Market Value Balance Sheet, consolidated for all applicants, guarantors, co-makers and formal entities.
- Verification of cash and investment accounts and significant assets and liabilities.

Loan Narrative

- Basic background information relative to the application and the Fast Track program.
- Statement on qualifying credit score for each applicant.
- Specific use of loan funds.

- Statement(s) identifying all written direct credit verifications or the last two years of IRS 1098 for all mortgage debt not included in the credit report.
- Any derogatory information in the credit report during the previous 24 months must be explained.

Income Information

- A complete copy (including original signatures) of IRS tax return (including all schedules) for the two most recent tax years for each applicant.
- Copies of the two most recent pay stubs, if applicant(s) is employed off-farm.

Credit Report.

- Minimum score for each individual applicant of 720.
- If outstanding mortgage debt is not documented on the credit report then:
 - (1) verification of mortgage debt and payment history is required or
 - (2) the last two years of IRS 1098 for all mortgage debts provided.

Items “Not” Required

- Pro-Forma Income Statements and Total Debt Coverage.
- ARM Interest Rate Stress Test

“Fast Track” Loan Submission – Reminders! ! !

All original signatures must be obtained and submitted with the original application packet on all required application documents (Application, Tax Returns, Financial Statements, Environmental Disclosure).

The “Loan Summary” is to be completed and submitted with the application packet only as to those areas that apply to the “Fast Track” program.

If, upon review of the loan package, it is determined that the applicant’s operation has marginal viability, it would be denied as a “Fast Track” loan.

AG EQUITY PROGRAM

Ag Real Estate Revolving Line-of-Credit

Highlights

- Revolving line of credit loan secured by a 1st 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 proforma 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 (e.g. First American Title Company F.A. 28.2 or comparable) 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.
- **1st 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 1st 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.

LIFESTYLE RANCH LOAN

What is Lifestyle Ranch Loan?

The “Lifestyle Ranch” loan program through the Secondary Market is an alternative loan product option for the individual “wage earner” who is financing a minimum of 60 acres in which use is considered recreational or hobby farm in purpose. With this product, underwriting is based on regular non farm income and has monthly payments.

Eligible Loan Qualifications

Max Loan Size:	\$3,000,000
Loan To Value:	Up to 70% (60% in nine designated Mid-West states)
Debt To Asset Ratio:	55%
Current Ratio:	1:1
Minimum Annual Debt Obligations:	39% (calculated total annual P & I / Gross Income)*
Credit Score:	Minimum 700
Purpose:	Purchase or Refinance - Cash Out Is Not Allowed
Other:	Dwelling and any other improvements must not exceed 25% of total value

Terms

Payment frequency options:	Monthly
Product Terms:	All loan types, terms and amortizations available except Ag Equity
Pricing:	Standard Pricing only

Credit and Documentation Requirements

- On AgPower LOS Application screen, select “Lifestyle Ranch” in the “UW Type” drop down box.
- Detailed Current Market Value Balance Sheet, completed and signed for all applicants.
- Full income documentation; all obligors – 3 years tax returns; Wage Earners – most recent paystub.
- Appraisal Highest and Best Use and Market Sales used to influence value of the property must not include land subdivision or commercial development potential.
- Loan Narrative to include basic background information relative to the application and the “Lifestyle Ranch” program.

**(see Zions Ag Finance Underwriting Grid for Lifestyle Ranch Debt Coverage Calculation)*

SEASONED LOAN PROGRAM

What is a Seasoned Loan?

A Secondary Market refinance loan that is primarily based on payment history with minimal underwriting conditions.

Step One to Consider a Seasoned Loan

- 1) contact Danielle Kraehling (515/232-7310 ext. 211) for a payment history; if not a prompt history will not qualify for a Seasoned Loan

Loan Standards for a Seasoned Loan Approval

- 1) current loan has to be closed for at least five years
- 2) prompt payment history (no payment more than 30 days past due during the past three years)
- 3) partial releases are allowed on the collateral if they have been well documented
- 4) loan amount up to 105% of the current principal balance
- 5) same borrowers that were part of original existing loan
- 6) credit report on each borrower (no minimum score outlined in the program)
- 7) LTV can't exceed 60% based on the value of the remaining collateral from the original appraisal
- 8) loan application
- 9) brief narrative
- 10) from current loan need to provide – note, appraisal, balance sheet, proforma balance sheet, income statement, narrative and environmental survey
- 11) loan origination fee the same as all other loan applications (1/2 of 1% of the new loan amount)

Items Required Before Rate Lock

- CAR Report 1047
- environmental survey signed by all applicants
- title commitment

LOAN PRODUCT CONVERSIONS

What is a Loan Product Conversion?

This is a procedure where the borrower can change their loan product type without doing a refinancing of the loan.

Loan Product Conversion Advantages

Cost and time! This simple process can be completed in a short time frame without the costs of an appraisal or new title.

What Changes?

The product type and payment amount.

What Doesn't Change?

- The mortgage's maturity date and the current amortization term.
- Your Field Servicing spread

Loan Products that Qualify for Conversion

- 30 day, 1 year, 3 year and 5 year ARM's as well as 10 year and 15 year fixed rate loans. These products can potentially convert to a 10 year VRM or the above 4 ARM products on any payment date.
- Zions 3/1, 5/1, 7/1 and 10/1 ARMs can only be converted on interest rate adjustment dates and product conversion options are limited to these potential products.

Loan Product Conversion Costs

- Generally, loan product conversion cost for 30 day, 1 year, 3 year, 5 year ARMs, 10 year and 15 year Fixed, as well as Zions 3/1, 5/1, 7/1 and 10/1 loan product is .5% of the principal loan balance or \$1,000, whichever is greater, with a cap of \$5,000. Conversion terms may vary with older loans – See Promissory Note.

Loan Product Conversion Process

- Borrower sends Zions Ag Finance signed request for a loan product conversion, 30 days prior to the conversion date, indicating the loan product they wish to convert to. Conversion request must be accompanied with the payment for the appropriate loan product conversion cost.
- Regular schedule mortgage payment must be made.
- A Note Modification Agreement, outlining the new loan product and payment, is sent for signature.

LOAN NARRATIVE

(1) **CREDIT INQUIRIES / CHARACTER**

John and Alice Borrower are both U.S. citizens. A credit report revealed an open account in the amount of \$6,000 on an auto loan with My Bank and a small balance due on a credit card not shown on the Balance Sheet. All reported trades show payments made “as agreed.” There were no judgments or collection items listed. I.M. Money, Vice President of My Bank, reported a very good credit experience with the Borrowers. Mr. Money stated the Borrowers currently have carryover debt from their 2010 operating line; however, this will be liquidated with the marketing of their remaining 2010 crop. ABC Insurance Co. was not contacted at this time since their debt will be refinanced.

(2) **BACKGROUND**

The Borrowers are lifelong residents of the Evergreen area. They are experienced farmers. They own 540 acres of farm ground of which 460 acres is tillable. It consists of three non-contiguous tracts. This is a cash grain and livestock operation with the primary crop raised being wheat and beans. In 1997, the Borrowers incorporated their operation to include the Land Holding Corp. and the Operating Corp. Both are C-Corporations and are 100% owned by the Borrowers. John is President of both entities while Alice is Vice President/Secretary.

The Borrowers marketing approach consists of utilizing forward contracts for some of their crops as well as carrying over crops in storage to maximize marketing potential. Their management ability appears to be quite sound.

The Borrowers have an adequate filing system with a well-kept set of cash records. Mr. Borrower tracks each commodity and keeps detailed records on each entity. The subject properties are believed to be located in a highly desirable farm area and is close to markets, employment, shopping, etc.

(3) **CAPACITY**

This farm operation is very stable. Earnings have been quite consistent over the last three years. Non-farm income has been verified from the tax returns. Non-farm includes Alice’s off-farm employment and rental income paid by the Operating Corp. and from their condo. Pro Forma total debt coverage projections are in line with historical performance. TDC utilizing the ARM shock at 200 bps is 1.54x. The Net Property Income of the subject property is sufficient to service the requested loan.

(4) **GUARANTEES** (*Names, Background, Financial Strengths*)

John and Alice Borrower, Land Holding and Operating Corporation will sign the note, and all supporting documents.

(5) **CAPITAL**

The personal financial statements for the Borrowers were internally prepared. The financials on the Land Holding and Operating Corporations were accountant prepared. All financial statements are based on market values. Three years of tax returns on the various entities were obtained and spread. Assets were viewed and debts verified by the Originator. Asset value appears to be accurate. The farm machinery is in good repair and its value is to be considered conservative. Financial information is presented in a consolidated format with the related entities. Working capital and liquidity are adequate for this operation. Net worth has increased every year over the last four years. This is primarily due to appreciation in real estate holdings. The performance of this farm operation has been consistent.

(6) **COLLATERAL**

The loan will be secured by 420 acres of farmland and improvements. The subject property consists of 400 tillable acres with the remaining balance being timber/pasture, roads, and building site. The building site consists of grain storage facilities and various out buildings. The 400 acres are irrigated, therefore, the irrigation equipment, consisting of a pivot sprinkler, pump and motor, will also be included as collateral and included in the mortgage and financing statement. Irrigation water is believed to be ample for the security and will be verified in the appraisal. The appraised value of the subject property with improvements is \$610,000 which makes a loan-to-value ratio of 67%.

(7) **USE OF LOAN FUNDS**

The source and use of funds for this request are as follows:

<u>Use</u>		<u>Source</u>	
Refinance 320 ac. - ABC Ins. Co.	\$240,000	Loan Proceeds	\$400,000
Refinance 100 ac. - My Bank	100,000		
Refinance Pivot - XYZ Equip. Co.	35,000		
Accrued Interest	14,500		
Operating Capital	<u>10,500</u>		
Total	\$400,000	Total	<u>\$400,000</u>

(8) **POLICY EXCEPTION(S) / JUSTIFICATION(S)**

The loan request meets or exceeds all standards. There is sufficient working capital and more than adequate liquidity. I recommend the approval of the request as submitted.

(9) **RESIDENCE ON SECURITY (Yes or No): No**

FARM MORTGAGE APPLICATION

For individual/joint applications, select file Application1e.xltn. When an application involves multiple borrowing entities, select file Application5e.xltn. This example assumes there are multiple entities. The application asks for general information regarding the borrower(s) and the loan and requires your input. The application consists of 3 pages.

Most of the input that can be repeated is done automatically, and most of the calculations are done through the program. In order for this automation to be done correctly it is important that certain forms be completed first so information is available for calculations.

Order of completion:

1. Application
2. Balance Sheets
3. Income and Expense Statement
4. Loan Summary
5. Other Forms

Principal Borrower(s):

Simply complete the information about the borrower(s) that is applicable to the specific loan request.

Additional Borrower:

To be completed if there are borrowers in addition to the principal borrower(s), i.e., other individuals, partnership, trust, corporation, etc. Page 3 of the application provides space for additional applicants.

Loan Terms:

Complete the loan amount requested, term in years, maximum interest rate, amortization years, Fixed or ARM, adjustable frequency, payment frequency and purpose of loan request.

Security:

Complete the information requested including any additional security that may be involved as well as a brief description of the subject property and any improvements. Please list how the subject property is or will be titled.

Proceeds:

List how the proceeds of the loan will be used. The total proceeds must equal the amount of the loan request. The applicant must answer all the questions in the section adjacent to the proceeds section. If the applicant answers **YES** to any of the questions, he/she needs to provide a written explanation.

Miscellaneous:

If applicable, provide information for the two questions immediately below the loan proceeds box.

Agreement:

Applicant must read this section. The appropriate “Loan Origination Fee” must be submitted with the loan packet.

Include the date where indicated on the application.

ALL APPLICANTS MUST SIGN THE APPLICATION FORM WHERE INDICATED.

ZIONS AG FINANCE

A Division of Zions First National Bank

FARM MORTGAGE APPLICATION

Principal Borrower

Business Structure (corp., trust, individual, part.):		
Individual		
Name John Borrower	birth date 12/14/49	Tax ID # 504-69-3695
Spouse Alice Borrower	birth date 8/17/50	Tax ID # 513-36-4982
Street 1246 Dayton Rd.		Home Phone 515-235-4788
City, State, Zip Evergreen, Wisconsin 56749		Bus. Phone 515-235-4789
Are you a U.S. Citizen or Permanent Resident Alien? yes		Fax 515-232-4755

Additional Borrower

Business Structure (corp., trust, individual, part.):		
Name	birth date	Tax ID #
Spouse	birth date	Tax ID #
Street		Home Phone
City, State, Zip		Bus. Phone
Are you a U.S. Citizen or Permanent Resident Alien?		Fax

Loan Terms

Loan Amount Requested \$ 400,000	Term in Years 15	Maximum Interest Rate 9.50%
Payment Frequency (payments per year) 2	Amortization Years 25	Fixed/ARM/VRM ARM
Payment Month(s) Jan. 1 & July 1		Adjustable Frequency 1, 3, 5, 7 etc. 3
Loan Product Description 3 year ARM		

Security

Acres 420	County Blue Earth	State Wisconsin
Legal Description: part of N1/2 and the SW1/4 Section 35-12-7		
Additional Security (Include federal & state grazing leases, irrigation equipment, water rights & other equipment necessary to the operation of the security): Pivot sprinkler, irrigation motor and pump		
Description of property and improvements: 160 acres feed grain, 250 acres wheat and bean farm, 10 acres of building improvements		

Title is/will be vested in: Borrower Land Holding Corporation

The proceeds of the loan will be used as follows:		These questions apply to all applicants. If yes to any, please explain.	
refinance 420A.	340,000	Are any assets pledged as security for debts of others?	None
Refinance Pivot sprinkler	35,000	Have you had a bankruptcy? (past 7 years)	None
accrued interest	14,500	Do you have any judgments against you?	None
Operating Capital	10,500	Are you a party to any law suit?	none
		Do you have any contingent liabilities?	25,000
		Have you endorsed or guaranteed notes for others?	None
		Are you obligated to pay alimony or support?	None
Total	<u>400,000</u>	Property foreclosed or deed in lieu? (past 7 years)	None
I/we intend to engage in agricultural production on the real property which is the security for this application? (yes/no)			yes

Describe any labor performed, materials furnished or contracts made in connection with the erection or alteration or other improvements on the offered security within the past six months:

None

List all leases on the security, including lessees, amounts, property leased and the lease expiration dates:

Annual lease to Borrower Operating Corporation

Agreement

The undersigned applicants apply for the loan indicated on this application to be secured by a first mortgage or deed of trust on the property described herein. All persons and companies owning an interest in the property will sign all loan documents required by Zions First National Bank (Lender) for closing. Applicant represents that it has no claims against, or defenses to obligations owing by applicant to Lender or its affiliates or waives all such claims and defenses to the extent allowed by law. This provision is subject to claims for performance of express contractual obligation owing to applicant by Lender or its affiliates. All disagreements arising as a result of this application or processing of the application shall be resolved by binding arbitration in accordance with Commercial Arbitration Rules of the American Arbitration Association. Everything stated in the application is true and correct to the best of my knowledge. Lender will retain this application whether or not it is approved. Lender is authorized to check credit and employment history and answer questions about my credit experience with Lender.

Lender will require the reconveyance, termination or subordination of any junior lien holders, leases, or other liens as considered by the Lender necessary in perfecting its security position. All improvements presently and hereafter attached to the real estate are and will be part of the security. Applicant will carry hazard insurance on the improvements in an amount satisfactory to the lender and with a loss payable clause in favor of the Lender.

Applicant is required to pay all fees, taxes and expenses in connection with closing the loan including title and escrow fees, credit report, UCC search, appraisal, attorney fees, and the cost of preparation, filing and recording of all loan documents. Applicant is required to pay all payoff fees on loans that are rate locked with the Lender.

Applicant is required to submit to Zions Ag Finance a loan origination fee. The fee will be refunded only if a Preliminary Loan Approval Notice is not issued.

Loan Origination Fee: \$4,000

All applicants must sign

Date

10/15/2011

John Borrower

Alice Borrower

Borrower Land Holding Corporation

Additional Borrower

Business Structure (corp., trust, individual, part.): C Corporation		
Name Borrower Operating Corporation	birth date	Tax ID #
Spouse	birth date	Tax ID #
Street	Home Phone	
City, State, Zip	Bus. Phone	
Are you a U.S. Citizen or Permanent Resident Alien?		Fax

Additional Borrower

Business Structure (corp., trust, individual, part.):		
Name	birth date	Tax ID #
Spouse	birth date	Tax ID #
Street	Home Phone	
City, State, Zip	Bus. Phone	
Are you a U.S. Citizen or Permanent Resident Alien?		Fax

Additional Borrower

Business Structure (corp., trust, individual, part.):		
Name	birth date	Tax ID #
Spouse	birth date	Tax ID #
Street	Home Phone	
City, State, Zip	Bus. Phone	
Are you a U.S. Citizen or Permanent Resident Alien?		Fax

All applicants must sign

Date 10/15/2011

Borrower Operating Corporation

AMORTIZATION SCHEDULE

A majority of the information needed for this document flows directly from the application.

Loan Amount:	flows from application
Annual interest rate:	flows from application
Amortization:	flows from application
Payments per year:	flows from application
Term:	flows from application
Term, Payment and Schedule:	all will automatically calculate

**ESTIMATE ONLY AND NOT TO BE CONSIDERED THE
FINAL PAYMENT SCHEDULE FOR THIS LOAN!**

Initial Data

LOAN TYPE (ARM or Fixed)? ARM (If ARM, see additional Amortization Schedule)

LOAN DATA

Loan amount: **\$400,000**
 Annual interest rate: **9.50%**
 Amortization: **25**
 Payments per year: **2**
 Term (Years): **15**
 First full payment due: **7/1/2012**
 Maturity date: **1/1/2027**
 Annual principal reduction: **no**
 Annual principal reduction: **0.000%**
 Balloon: **\$276,185.91**

TABLE DATA

Table starts at date: **1**
 or at payment number: **1/1/2012**
 Loan date: **360**
 Interest Only date:
 Year: **15**
 Months: **-**
 First Year's Payment **\$42,139.92**

PERIODIC PAYMENT

Entered payment: **\$21,069.96** The table uses the calculated periodic payment amount,
 Amortized payment: unless you enter a value for "Entered payment."

CALCULATIONS

Use payment of: **\$21,069.96** Beginning balance at payment 1: **\$400,000.00**
 1st payment in table: **1**

Table

No.	Payment Date	Beginning Balance	Interest	Principal	Ending Balance	Cumulative Interest
1	7/1/2012	400,000.00	19,000.00	2,069.96	397,930.04	19,000.00
2	1/1/2013	397,930.04	18,901.68	2,168.28	395,761.76	37,901.68
3	7/1/2013	395,761.76	18,798.68	2,271.28	393,490.48	56,700.36
4	1/1/2014	393,490.48	18,690.80	2,379.16	391,111.32	75,391.16
5	7/1/2014	391,111.32	18,577.79	2,492.17	388,619.15	93,968.95
6	1/1/2015	388,619.15	18,459.41	2,610.55	386,008.60	112,428.36
7	7/1/2015	386,008.60	18,335.41	2,734.55	383,274.05	130,763.77
8	1/1/2016	383,274.05	18,205.52	2,864.44	380,409.61	148,969.29
9	7/1/2016	380,409.61	18,069.46	3,000.50	377,409.11	167,038.75
10	1/1/2017	377,409.11	17,926.93	3,143.03	374,266.08	184,965.68
11	7/1/2017	374,266.08	17,777.64	3,292.32	370,973.76	202,743.32
12	1/1/2018	370,973.76	17,621.25	3,448.71	367,525.05	220,364.57
13	7/1/2018	367,525.05	17,457.44	3,612.52	363,912.53	237,822.01
14	1/1/2019	363,912.53	17,285.85	3,784.11	360,128.42	255,107.86
15	7/1/2019	360,128.42	17,106.10	3,963.86	356,164.56	272,213.96
16	1/1/2020	356,164.56	16,917.82	4,152.14	352,012.42	289,131.78
17	7/1/2020	352,012.42	16,720.59	4,349.37	347,663.05	305,852.37
18	1/1/2021	347,663.05	16,513.99	4,555.97	343,107.08	322,366.36
19	7/1/2021	343,107.08	16,297.59	4,772.37	338,334.71	338,663.95
20	1/1/2022	338,334.71	16,070.90	4,999.06	333,335.65	354,734.85
21	7/1/2022	333,335.65	15,833.44	5,236.52	328,099.13	370,568.29
22	1/1/2023	328,099.13	15,584.71	5,485.25	322,613.88	386,153.00
23	7/1/2023	322,613.88	15,324.16	5,745.80	316,868.08	401,477.16
24	1/1/2024	316,868.08	15,051.23	6,018.73	310,849.35	416,528.39
25	7/1/2024	310,849.35	14,765.34	6,304.62	304,544.73	431,293.73
26	1/1/2025	304,544.73	14,465.87	6,604.09	297,940.64	445,759.60
27	7/1/2025	297,940.64	14,152.18	6,917.78	291,022.86	459,911.78
28	1/1/2026	291,022.86	13,823.59	7,246.37	283,776.49	473,735.37
29	7/1/2026	283,776.49	13,479.38	7,590.58	276,185.91	487,214.75
30	1/1/2027	276,185.91	13,118.83	276,185.91	0.00	500,333.58

ARM INTEREST RATE SHOCK & PAYMENT DATA

This form is needed if the requested loan requires an interest rate shock. This calculation is used to determine the revised loan payment and assess debt coverage based on a higher interest rate.

Enter the appropriate interest rate shock as required.

ARM Interest Shock & Payment Data

Loan amount:	\$400,000
Initial ARM Rate:	9.50%
Interest rate margin for Shock Analysis:	2.00%
Amortization:	25
Payments per year:	2
Term (Years):	15
First full payment due:	7/1/2012
Maturity date:	1/1/2027
Annual principal reduction	no
Annual principal reduction	0
Balloon:	\$276,185.91
Amortized payment:	\$24,496.53

First Year's Payment	\$48,993.06
----------------------	-------------

BALANCE SHEET

The balance sheet information reflects the applicant's current financial condition. Begin completing the schedules (A through K) first. This information will flow back to the proper schedules on the first page of the balance sheet. When completing the schedules, be as detailed as possible. The applicant's names will flow from the application.

Liabilities in Schedule A & B need to be identified as Farm (f) or Non-Farm (n) as this information is used in P&I calculation in the Income and Expense Statement. Farm income normally appears in tax schedule F. In cases where farm income is reported in tax schedule E you should consider this farm income and input the data in the farm section of the Income and Expense Statement. The farm liability, where income is reported on schedule F or E should be identified with an (f). Other non-farm income shown on schedule E should be reported as rental income in the non-farm section of the Income and Expense Statement and should be identified with an (n). Any liability whose interest is reflected on a tax schedule A (i.e., home mortgage) should be identified as (a).

Annualized farm current liabilities and rate have to be estimated to compute cash flow. Pro Forma total debt should be compared with prior years to determine the relationship between past and pro forma interest as a verification of accuracy.

For multiple applicants, a separate balance sheet is prepared for each entity. There are five separate balance sheets available on the diskette for the various borrowing entities. For an individual applicant(s), only one balance sheet is prepared.

The **Consolidated/Pro Forma Balance Sheet** combines information from the various separate balance sheets. After the BALANCE SHEET (1) through (5), (if needed), is completed with their schedules BS (1a...etc.) the numbers flow to CONSOLIDATED BS (1, 2,...) except for the items in the schedules A, B, C, and J BS (1a...etc.). You should Copy/Paste those individual items from the individual balance sheets schedules BS (1a...etc.) to the consolidated schedules A, B, C, and J in the CON BS (1a...etc.) then make any eliminations. All numbers then flow to the CON BS PRO FORMA except for the items on schedules A, B, C, and J. Then click on the "Transfer Data" button to copy the entire consolidated schedule sheet to the CON BS PF (1a...etc.) and then make the changes on the schedules A, B, C, and J only for the pro forma.

To assist in completing the "Annual Totals" for the new Zions debt, scroll right to Column R on the pro forma schedules sheet to view proposed loan payment terms.

Method of consolidation

Zions requires the consolidation of all assets and liabilities of co-borrowers. Entities owned by the borrower that are not considered co-borrowers need to be substantiated by providing a current Balance Sheet.

THE BALANCE SHEET(S) MUST BE SIGNED BY ALL APPLICANTS

Balance Sheet - Market Basis

Statement of : John Borrow er		Signature _____	
Date: 10/15/2011		Signature _____	
ASSETS		LIABILITIES	
CURRENT ASSETS		CURRENT LIABILITIES	
Cash	8,000	Accounts Payable(one year)	
Savings	12,000	_____	
Marketable Bonds & Securities	10,000	_____	
Cash Value Life Insurance	11,000	Current Debt - Mkt. LS, Crop Credit <i>Schedule C</i>	
Accounts Receivable <i>Schedule D</i>	16,000	Income Taxes Payable	5,000
Current Portion Notes Receivable <i>Schedule E</i>	10,500	Real Estate Taxes Due	2,000
Harvested Crops <i>Schedule G</i>		Rents	
Grow ing Crops (at cost) <i>Schedule F</i>		Accrued Interest <i>Schedule A,B,C</i>	700
Livestock held for sale (at market) <i>Schedule I</i>		Current Mat. of Non-Curr. Debt <i>Schedule A,B</i>	4,500
Prepaid Expenses & Supplies		Other Current Liabilities	
<u>Other Current Assets:</u>		_____	
_____		_____	
_____		_____	

Total Current Assets	\$67,500	Total Current Liabilities	\$12,200
NON-CURRENT ASSETS		NON-CURRENT LIABILITIES	
Livestock - Breeding <i>Schedule H</i>		Chattel Debt & Notes Payable <i>Schedule B</i>	6,000
Machinery and Vehicles <i>Schedule K</i>			
<u>2 cars</u>	25,500		
_____		<i>Less Current Portion</i> <i>Schedule B</i>	(1,500)
Investments in Cooperatives		Other Non-Current Liabilities	
Other Investments: _____		_____	
<u>100% Land Corp.</u>	501,500	_____	
<u>100% Operating Corp.</u>	165,750	_____	
Notes and Contracts Receivable <i>Schedule E</i>	65,000		
<i>Less Current Portion</i>	(10,500)		
Real Estate Ow ned <i>Schedule A</i>	590,000	Real Estate Mortgages <i>Schedule A</i>	125,000
_____		_____	
_____		<i>Less Current Portion</i> <i>Schedule A</i>	(3,000)
Total Real Estate Ow ned	590,000	Total Non-Current Real Estate Liabilities	122,000
Total Non-Current Assets	\$1,337,250	Total Non-Current Liabilities	\$126,500
Total Assets	\$1,404,750	Total Liabilities	\$138,700
		Net Worth	\$1,266,050
		Total	\$1,404,750

SCHEDULE A - REAL ESTATE AND DEBT

X	Prop. Security		Purchase Price	Market Value	Payable To	(a f n)	Balance	Rate	Accrued Interest	Annual Totals	
	Acres	Year								Interest	Principal
	120	1965	12,000	240,000		f					
	house	1966	25,000	125,000	Local S&L	a	25,000	7.50%		1,875	2,000
	rental										
	condo	1987	150,000	225,000	Aspen S&L	n	100,000	9.50%	500	9,500	1,000
	120		187,000	590,000	Total Real Estate		125,000		500	11,375	3,000

SCHEDULE B - Chattel Debt (Machinery, Breeding Livestock, etc.) & Notes Payable

Holder	Security	(a f n)	Balance	Rate	Accrued Interest	Annual Totals	
						Interest	Principal
My Bank	07 Auto	f	6,000	11.00%	200	660	1,500
Total Chattel Debt - Notes Payable			6,000		200	660	1,500

(f = int. appears in tax sched. F or farm inc. & exp. in this submission) (n = int. appears on non-farm tax sched. C or E) (a = int. appears on tax sched.)

SCHEDULE C - Current Debt - Operating Lines, Market Livestock, Due in 12 Months

Holder	Security	Balance	Rate	Accrued Interest	
Total Current Debt					
Annualized Farm Curr. Bal. and Rate					
TOTAL FARM NON-CURRENT P&I, ACCRUED INTEREST				700	660
TOTAL NON-FARM NON-CURRENT P&I, (excluding tax shed. A, P&I)					9,500
TOTAL ANNUAL P&I (CASH FLOW REQUIRED)					16,535

SCHEDULE D - Accounts Receivable		SCHEDULE E - Notes Receivable					
Receivable From:	Amount	Receivable From:	Amount	Rate	Interest	Principal	Ann. Total
Rent - Operating Corp.	16,000	son	25,000	5.00%	1,250	2,500	3,750
		Borrower Land Corp.	40,000	10.00%	4,000	8,000	12,000
Total	16,000	Total	65,000		5,250	10,500	15,750

SCHEDULE F - Growing Crops (at Cost)				SCHEDULE G - Harvested Crops				
Crop	Ac.	Cost/Ac.	Value	Crop	Amount	Units	Price	Value
		Total		Total				

SCHEDULE H - Breeding Livestock				SCHEDULE I - Market Livestock			
Type	No.	Price	Value	Type	No.	Price	Value
		Total		Total			

SCHEDULE J - Leased Machinery, Equipment and Vehicles				
Lessor	Description	Purchase Option	No. Payments	Ann. Lease Payment
Total				

Balance Sheet - Market Basis

Statement of : Borrower Land Holding Corpor		Signature _____	
Date: 10/15/2011		Signature _____	
ASSETS		LIABILITIES	
CURRENT ASSETS		CURRENT LIABILITIES	
Cash	15,000	Accounts Payable(one year)	
Savings		_____	
Marketable Bonds & Securities		_____	
Cash Value Life Insurance		Current Debt - Mkt. LS, Crop Credit <i>Schedule C</i>	
Accounts Receivable <i>Schedule D</i>	21,000	Income Taxes Payable	
Current Portion Notes Receivable <i>Schedule E</i>		Real Estate Taxes Due	5,000
Harvested Crops <i>Schedule G</i>		Rents	
Grow ing Crops (at cost) <i>Schedule F</i>		Accrued Interest <i>Schedule A,B,C</i>	14,500
Livestock held for sale (at market) <i>Schedule I</i>		Current Mat. of Non-Curr. Debt <i>Schedule A,B</i>	33,000
Prepaid Expenses & Supplies		Other Current Liabilities	
<u>Other Current Assets:</u>		_____	
_____		_____	
_____		_____	

Total Current Assets	\$36,000	Total Current Liabilities	\$52,500
NON-CURRENT ASSETS		NON-CURRENT LIABILITIES	
Livestock - Breeding <i>Schedule H</i>		Chattel Debt & Notes Payable <i>Schedule B</i>	75,000
Machinery and Vehicles <i>Schedule K</i>			

_____		<i>Less Current Portion</i> <i>Schedule B</i>	(18,000)
Investments in Cooperatives		Other Non-Current Liabilities	
Other Investments: _____		_____	
_____		_____	
_____		_____	
Notes and Contracts Receivable <i>Schedule E</i>			
<i>Less Current Portion</i>			
Real Estate Ow ned <i>Schedule A</i>	900,000	Real Estate Mortgages <i>Schedule A</i>	340,000
_____		_____	
_____		_____	
		<i>Less Current Portion</i> <i>Schedule A</i>	(15,000)
Total Real Estate Ow ned	900,000	Total Non-Current Real Estate Liabilities	325,000
Total Non-Current Assets	\$900,000	Total Non-Current Liabilities	\$382,000
		Total Liabilities	\$434,500
		Net Worth	\$501,500
Total Assets	\$936,000	Total	\$936,000

SCHEDULE D - Accounts Receivable		SCHEDULE E - Notes Receivable					
Receivable From:	Amount	Receivable From:	Amount	Rate	Interest	Principal	Ann. Total
Rent operating Corp.	21,000						
Total	21,000	Total					

SCHEDULE F - Growing Crops (at Cost)				SCHEDULE G - Harvested Crops				
Crop	Ac.	Cost/Ac.	Value	Crop	Amount	Units	Price	Value
		Total		Total				

SCHEDULE H - Breeding Livestock				SCHEDULE I - Market Livestock			
Type	No.	Price	Value	Type	No.	Price	Value
		Total		Total			

SCHEDULE J - Leased Machinery, Equipment and Vehicles				
Lessor	Description	Purchase Option	No. Payments	Ann. Lease Payment
Total				

Balance Sheet - Market Basis

Statement of : Borrower Operating Corporation		Signature _____	
Date: 10/15/2011		Signature _____	
ASSETS		LIABILITIES	
CURRENT ASSETS		CURRENT LIABILITIES	
Cash	2,000	Accounts Payable(one year)	
Savings		_____	
Marketable Bonds & Securities		_____	
Cash Value Life Insurance		Current Debt - Mkt. LS, Crop Credit <i>Schedule C</i>	60,000
Accounts Receivable <i>Schedule D</i>	21,000	Income Taxes Payable	10,000
Current Portion Notes Receivable <i>Schedule E</i>		Real Estate Taxes Due	
Harvested Crops <i>Schedule G</i>	56,250	Rents	37,000
Grow ing Crops (at cost) <i>Schedule F</i>	30,000	Accrued Interest <i>Schedule A,B,C</i>	6,000
Livestock held for sale (at market) <i>Schedule I</i>	32,000	Current Mat. of Non-Curr. Debt <i>Schedule A,B</i>	22,000
Prepaid Expenses & Supplies		Other Current Liabilities	
<u>Other Current Assets:</u>		_____	
_____		_____	
_____		_____	

Total Current Assets	\$141,250	Total Current Liabilities	\$135,000
NON-CURRENT ASSETS		NON-CURRENT LIABILITIES	
Livestock - Breeding <i>Schedule H</i>	20,000	Chattel Debt & Notes Payable <i>Schedule B</i>	107,500
Machinery and Vehicles <i>Schedule K</i>	225,000		

_____		<i>Less Current Portion</i> <i>Schedule B</i>	(22,000)
Investments in Cooperatives		Other Non-Current Liabilities	
Other Investments: _____		_____	
_____		_____	
_____		_____	
Notes and Contracts Receivable <i>Schedule E</i>			
<i>Less Current Portion</i>			
Real Estate Ow ned <i>Schedule A</i>		Real Estate Mortgages <i>Schedule A</i>	
_____		_____	
_____		_____	
		<i>Less Current Portion</i> <i>Schedule A</i>	
Total Real Estate Ow ned		Total Non-Current Real Estate Liabilities	
Total Non-Current Assets	\$245,000	Total Non-Current Liabilities	\$85,500
		Total Liabilities	\$220,500
		Net Worth	\$165,750
Total Assets	\$386,250	Total	\$386,250

SCHEDULE A - REAL ESTATE AND DEBT							Transfer Data				
X	Prop. Security		Purchase Price	Market Value	Payable To	(a f n)	Balance	Rate	Accrued Interest	Annual Totals	
	Acres	Year								Interest	Interest
	120	1965	12,000	240,000		f					
x	320	1970	120,000	600,000	ABC Ins. Co.	f	240,000	11.00%	10,000	26,400	10,000
x	100	1987	160,000	300,000	My Bank	f	100,000	7.50%	3,000	7,500	5,000
	house	1966	25,000	125,000	Local S&L	a	25,000	7.50%		1,875	2,000
	rental										
	condo	1987	150,000	225,000	Aspen S&L	n	100,000	9.50%	500	9,500	1,000
	540		467,000	1,490,000	Total Real Estate		465,000		13,500	45,275	18,000

SCHEDULE B - Chattel Debt (Machinery, Breeding Livestock, etc.) & Notes Payable

Holder	Security	(a f n)	Balance	Rate	Accrued Interest	Annual Totals	
						Interest	Principal
My Bank	07 auto	f	6,000	11.00%	200	660	1,500
XYZ Equipment Co.	Pivot Sprinkler	f	35,000	12.00%	1,500	4,200	10,000
John Borrow er	unsecured	f					
My Bank	50 cow s	f	7,500	10.00%	1,000	750	2,000
My Bank	Machinery	f	100,000	11.00%	2,000	11,000	20,000
Total Chattel Debt - Notes Payable			148,500		4,700	16,610	33,500

(f = int. appears in tax sched. F or farm inc. & exp. in this submission) (n = int. appears on non-farm tax sched. C or E) (a = int. appears on tax sched.

SCHEDULE C - Current Debt - Operating Lines, Market Livestock, Due in 12 Months

Holder	Security	Balance	Rate	Accrued Interest		
My Bank	100 Steers	10,000	10.00%	1,000		
My Bank	2009 operating	20,000	11.00%	2,000		
My Bank	2010 operating	30,000	11.00%			
Total Current Debt		60,000		3,000		
Annualized Farm Curr. Bal. and Rate		25,000			2,500	
TOTAL FARM NON-CURRENT P&I, ACCRUED INTEREST				21,200	50,510	48,500
TOTAL NON-FARM NON-CURRENT P&I, (excluding tax shed. A, P&I)					9,500	1,000
TOTAL ANNUAL P&I (CASH FLOW REQUIRED)					115,885	

Pro Forma Consolidated Balance Sheet - Market Basis

Statement of : John Borrower
 Alice Borrower
 Borrower Operating Corporation
 Date: Borrower Land Holding Corporation

ASSETS				LIABILITIES			
	Consolidated	Change	Pro-forma		Consolidated	Change	Pro-forma
CURRENT ASSETS				CURRENT LIABILITIES			
Cash	25,000	10,500	35,500	Accounts Payable(one year)			
Savings	12,000		12,000				
Marketable Bonds & Securities	10,000		10,000				
Cash Value Life Insurance	11,000		11,000	Current Debt - Mkt. LS, Crop Credit C	60,000		60,000
Accounts Receivable D	21,000		21,000	Income Taxes Payable	15,000		15,000
Current Portion Notes Receivable E	2,500		2,500	Real Estate Taxes Due	7,000		7,000
Harvested Crops G	56,250		56,250	Rents Due			
Growing Crops (at cost) F	30,000		30,000	Accrued Interest A,B,C	21,200	-14,500	6,700
Livestock held for sale (at market) I	32,000		32,000	Current Mat. of Non-Curr. Debt A,B	51,500	-20,762	30,738
Prepaid Expenses & Supplies				Other Current Liabilities			
Other Current Assets:							

Total Current Assets	199,750		210,250	Total Current Liabilities	154,700		119,438
NON-CURRENT ASSETS				NON-CURRENT LIABILITIES			
Livestock - Breeding H	20,000		20,000	Chattel Debt & Notes Payable B	148,500	-35,000	113,500
Machinery and Vehicles K	225,000		225,000				
_____	25,500		25,500				

Investments in Cooperatives				<i>Less Current Portion</i> B	(33,500)	10,000	(23,500)
Other Investments: _____				Other Non-Current Liabilities			

Notes and Contracts Receivable E	25,000		25,000				
<i>Less Current Portion</i>	(2,500)		(2,500)				
Real Estate Owned A	1,490,000		1,490,000	Real Estate Mortgages A	465,000	60,000	525,000

_____				<i>Less Current Portion</i> A	(18,000)	10,762	(7,238)
Total Real Estate Owned	1,490,000		1,490,000	Total Non-Current RE Liabilities	447,000		517,762
Total Non-Current Assets	1,783,000		1,783,000	Total Non-Current Liabilities	562,000		607,762
				Total Liabilities	716,700		727,200
				Net Worth	1,266,050		1,266,050
Total Assets	1,982,750	10,500	1,993,250	Total	1,982,750	10,500	1,993,250

SCHEDULE A - REAL ESTATE AND DEBT											
X	Prop. Security		Purchase Price	Market Value	Payable To	(a f n)	Balance	Rate	Accrued Interest	Annual Totals	
	Acres	Year								Interest	Principal
	120	1965	12,000	240,000		f					
x	320	1970	120,000	600,000	Zions	f	400,000	9.50%		38,000	4,238
x	100	1987	160,000	300,000	Zions	f					
	house	1966	25,000	125,000	Local S&L	a	25,000	7.50%		1,875	2,000
	rental										
	condo	1987	150,000	225,000	Aspen S&L	n	100,000	9.50%	500	9,500	1,000
	540		467,000	1,490,000	Total Real Estate		525,000		500	49,375	7,238

SCHEDULE B - Chattel Debt (Machinery, Breeding Livestock, etc.) & Notes Payable								
Holder	Security	(a f n)	Balance	Rate	Accrued Interest	Annual Totals		
						Interest	Principal	
My Bank	07 auto	f	6,000	11.00%	200	660	1,500	
XYZ Equipment Co.	Pivot Sprinkler	f						
John Borrow er	unsecured	f						
My Bank	50 cow s	f	7,500	10.00%	1,000	750	2,000	
My Bank	Machinery	f	100,000	11.00%	2,000	11,000	20,000	
Total Chattel Debt - Notes Payable			113,500		3,200	12,410	23,500	

(f = int. appears in tax sched. F or farm inc. & exp. in this submission) (n = int. appears on non-farm tax sched. C or E) (a = int. appears on tax sched.

SCHEDULE C - Current Debt - Operating Lines, Market Livestock, Due in 12 Months						
Holder	Security	Balance	Rate	Accrued Interest		
My Bank	100 Steers	10,000	10.00%	1,000		
My Bank	2009 operating	20,000	11.00%	2,000		
My Bank	2010 operating	30,000	11.00%			
Total Current Debt		60,000		3,000		
Annualized Farm Curr. Bal. and Rate		25,000			2,500	
TOTAL FARM NON-CURRENT P&I, ACCRUED INTEREST				6,700	50,410	27,738
TOTAL NON-FARM NON-CURRENT P&I, (excluding tax shed. A, P&I)					9,500	1,000
TOTAL ANNUAL P&I (CASH FLOW REQUIRED)					95,023	

INCOME AND EXPENSE STATEMENT

Change year heading to the appropriate tax year when necessary. Changing the headings for the first applicant changes heading on all other schedules.

This information is gathered from the applicant's tax returns. List the number of years (minimum of 3) of tax returns you are spreading in the years cell at the top right corner of the form. For multiple borrowers, a separate Income and Expense Statement needs to be prepared for each borrowing entity. This information will flow and combine on the **Consolidated Income and Expense Statement**. Eliminations on the Consolidated Report have to be input.

Method of consolidation

Zions requires the consolidation of all Income and Expense of co-borrowers. Entities owned by the borrower that are not considered co-borrowers need to be substantiated by providing a current tax return.

For new land purchases, insert gross income and expense on the lines provided.

Enter appropriate data for each applicable cell. The average column will automatically calculate based on the number of years input above.

Most cells in the pro forma column will require your input; however, the calculations are done automatically.

Annual P&I payments flow from the pro forma balance sheet.

Cash Flow Coverage

In calculating the Total Annual P&I our forms use as the default the total estimated pro forma interest which requires you to input an annualized current debt balance and rate on the Balance Sheet. The Pro Forma Total Annual P&I is input and then included in prior years P&I in **unprotected cells**. This format is prescribed for loans that involve refinancing of debt. If the loan is for a purchase it is recommended that you overwrite prior years P&I with actual payment information if available or use the P&I from the current Balance Sheet (not the Pro Forma Balance Sheet).

THE TAX RETURNS MUST BE SIGNED BY TAX PAYER(S)

INCOME AND EXPENSE STATEMENT

Applicant: John Borrower
 Alice Borrower

Cash	x
Accrual	
Years	3

Source of Information: tax returns

FARM INCOME	2007	2008	2009	2010	Average
Net Purchased LS & other					
Raised Farm Products					
Cooperative Distributions					
Ag Program Payments					
CCC Loans					
Crop Insurance					
Custom Hire					
Gross Farm Income					
FARM EXPENSES					
Car & Truck					
Chemicals					
Conservation					
Custom hire					
Depreciation					
Feed					
Fertilizer					
Freight					
Gasoline, Fuel					
Insurance					
INTEREST:					
Mortgage/Non Current					
Other Interest/Current					
Total Interest					
Labor					
Rent/Lease, Machinery					
Rent/Lease, Land					
Repairs					
Seed					
Storage					
Supplies					
Taxes					
Utilities					
Veterinary fees					
Total Farm Expenses					
NET FARM INCOME					
NON FARM INCOME					
Salaries		32,000	33,000	35,000	33,333
Interest income		7,800	7,600	7,500	7,633
Dividends		500	300	200	333
Business Inc. (Sch C)					
Capital Gain/Loss (Sch D)					
Other Gains/Loss (4797)					
Rental Income (Sch E) 120A		32,000	31,000	30,000	31,000
Rental Income (Sch E) Condo rent		3,200	3,300	3,400	3,300
Total Non Farm Income		75,500	75,200	76,100	75,599
TOTAL PRE-TAX INCOME		75,500	75,200	76,100	75,599

Cash Flow Coverage

Year	2007	2008	2009	2010	Average
TOTAL PRE-TAX INCOME		75,500	75,200	76,100	75,599
<u>Plus Adjustments:</u>					
Farm Depreciation					
Non-Farm Depreciation		2,400	2,600	2,500	2,500
Farm Current/Non-Current Int. (F)					
Non-Farm Non-Curr. Interest (C,E)		9,600	9,500	9,500	9,533
Capital Lease Payments					
<u>Minus Adjustments:</u>					
Income & FICA taxes		13,000	12,000	10,000	11,667
Family Living		20,000	20,000	20,000	20,000
Non-Recurring Income					
CASH FLOW AVAILABLE		54,500	55,300	58,100	55,965

Comments:

INCOME AND EXPENSE STATEMENT

Applicant: Borrower Land Holding Corporation

Cash	x
Accrual	
Years	3

Source of Information: tax returns

FARM INCOME	2007	2008	2009	2010	Average
Net Purchased LS & other					
Raised Farm Products					
Cooperative Distributions					
Ag Program Payments					
CCC Loans					
Crop Insurance					
Custom Hire					
Rent		72,000	74,000	76,000	74,000
Gross Farm Income		72,000	74,000	76,000	74,000
FARM EXPENSES					
Car & Truck					
Chemicals					
Conservation					
Custom hire					
Depreciation					
Feed					
Fertilizer					
Freight					
Gasoline, Fuel					
Insurance					
INTEREST:					
Mortgage/Non Current		32,000	30,000	29,000	30,333
Other Interest/Current		9,000	7,500	8,500	8,333
Total Interest		41,000	37,500	37,500	38,666
Labor					
Rent/Lease, Machinery					
Rent/Lease, Land					
Repairs					
Seed					
Storage					
Supplies					
Taxes		3,200	4,500	4,700	4,133
Utilities					
Veterinary fees					
Total Farm Expenses		44,200	42,000	42,200	42,799
NET FARM INCOME		27,800	32,000	33,800	31,201
NON FARM INCOME					
Salaries					
Interest income		2,800	2,500	1,000	2,100
Dividends					
Business Inc. (Sch C)					
Capital Gain/Loss (Sch D)					
Other Gains/Loss (4797)					
Rental Income (Sch E)					
Total Non Farm Income		2,800	2,500	1,000	2,100
TOTAL PRE-TAX INCOME		30,600	34,500	34,800	33,301

Cash Flow Coverage

Year	2007	2008	2009	2010	Average
TOTAL PRE-TAX INCOME		30,600	34,500	34,800	33,301
<u>Plus Adjustments:</u>					
Farm Depreciation					
Non-Farm Depreciation					
Farm Current/Non-Current Int. (F)		41,000	37,500	37,500	38,667
Non-Farm Non-Curr. Interest (C,E)					
Capital Lease Payments					
<u>Minus Adjustments:</u>					
Income & FICA taxes		200	100	300	200
Family Living					
Non-Recurring Income					
CASH FLOW AVAILABLE		71,400	71,900	72,000	71,768

Comments:

INCOME AND EXPENSE STATEMENT

Applicant: Borrower Operating Corporation

Cash	x
Accrual	
Years	3

Source of Information: tax returns

FARM INCOME	2007	2008	2009	2010	Average
Net Purchased LS & other		40,000	46,000	36,000	40,667
Raised Farm Products		207,000	200,000	215,000	207,333
Cooperative Distributions		1,600	2,000	3,600	2,400
Ag Program Payments		26,000	23,000	26,400	25,133
CCC Loans					
Crop Insurance		3,600	2,500	3,700	3,267
Custom Hire		1,500	3,500	2,500	2,500
Gross Farm Income		279,700	277,000	287,200	281,300
FARM EXPENSES					
Car & Truck		2,900	2,500	7,800	4,400
Chemicals		6,600	7,000	6,500	6,700
Conservation					
Custom hire					
Depreciation		10,000	12,000	17,000	13,000
Feed		3,200	2,500	3,600	3,100
Fertilizer		28,000	17,000	28,000	24,333
Freight		2,600	1,600	1,000	1,733
Gasoline, Fuel		12,000	13,000	14,000	13,000
Insurance		1,000	1,200	2,500	1,567
INTEREST:					
Mortgage/Non Current					
Other Interest/Current		32,000	33,000	34,500	33,167
Total Interest		32,000	33,000	34,500	33,167
Labor		32,000	33,000	35,000	33,333
Rent/Lease, Machinery				15,000	5,000
Rent/Lease, Land		104,000	105,000	106,000	105,000
Repairs		4,200	4,300	4,500	4,333
Seed		2,500	2,700	2,100	2,433
Storage		1,200	1,300	1,400	1,300
Supplies					
Taxes					
Utilities		1,000	1,200	1,000	1,067
Veterinary fees		200	300	400	300
Total Farm Expenses		243,400	237,600	280,300	253,766
NET FARM INCOME		36,300	39,400	6,900	27,534
NON FARM INCOME					
Salaries					
Interest income		2,500	1,200	1,800	1,833
Dividends					
Business Inc. (Sch C)					
Capital Gain/Loss (Sch D)					
Other Gains/Loss (4797)					
Rental Income (Sch E)					
Total Non Farm Income		2,500	1,200	1,800	1,833
TOTAL PRE-TAX INCOME		38,800	40,600	8,700	29,367

Cash Flow Coverage

Year	2007	2008	2009	2010	Average
TOTAL PRE-TAX INCOME		38,800	40,600	8,700	29,367
<u>Plus Adjustments:</u>					
Farm Depreciation		10,000	12,000	17,000	13,000
Non-Farm Depreciation					
Farm Current/Non-Current Int. (F)		32,000	33,000	34,500	33,167
Non-Farm Non-Curr. Interest (C,E)					
Capital Lease Payments				15,000	5,000
<u>Minus Adjustments:</u>					
Income & FICA taxes		6,000	5,100	1,000	4,033
Family Living					
Non-Recurring Income					
CASH FLOW AVAILABLE		74,800	80,500	74,200	76,501

Comments:

CONSOLIDATED INCOME AND EXPENSE STATEMENT

Applicant: John Borrower
 Borrower Land Holding Corporation
 Borrower Operating Corporation

Cash	x
Accrual	
Years	3

FARM INCOME	2007	2008	2009	2010	Average	Pro-Forma
Net Purchased LS & other		40,000	46,000	36,000	40,667	23,000
Raised Farm Products		207,000	200,000	215,000	207,333	200,000
Cooperative Distributions		1,600	2,000	3,600	2,400	6,000
Ag Program Payments		26,000	23,000	26,400	25,133	19,000
CCC Loans						
Crop Insurance		3,600	2,500	3,700	3,267	3,300
Custom Hire		1,500	3,500	2,500	2,500	2,300
Rent		72,000	74,000	76,000	74,000	74,000
Income From New Property						
<i>Eliminations on consolidation:</i>		72,000	74,000	76,000	74,000	74,000
Gross Farm Income		279,700	277,000	287,200	281,300	253,600
FARM EXPENSES						
Car & Truck		2,900	2,500	7,800	4,400	4,000
Chemicals		6,600	7,000	6,500	6,700	6,600
Conservation						
Custom hire						
Depreciation		10,000	12,000	17,000	13,000	12,500
Feed		3,200	2,500	3,600	3,100	3,100
Fertilizer		28,000	17,000	28,000	24,333	25,000
Freight		2,600	1,600	1,000	1,733	1,900
Gasoline, Fuel		12,000	13,000	14,000	13,000	10,000
Insurance		1,000	1,200	2,500	1,567	1,400
INTEREST:						
Mortgage/Non Current		32,000	30,000	29,000	30,333	50,410
Other Interest/Current		41,000	40,500	43,000	41,500	2,500
Total Interest		73,000	70,500	72,000	71,833	52,910
Labor		32,000	33,000	35,000	33,333	35,000
Rent/Lease, Machinery				15,000	5,000	15,000
Rent/Lease, Land		104,000	105,000	106,000	105,000	105,000
Repairs		4,200	4,300	4,500	4,333	4,200
Seed		2,500	2,700	2,100	2,433	2,400
Storage		1,200	1,300	1,400	1,300	1,200
Supplies						
Taxes		3,200	4,500	4,700	4,133	3,800
Utilities		1,000	1,200	1,000	1,067	1,000
Veterinary fees		200	300	400	300	700
Expense From New Property						
<i>Eliminations on consolidation:</i>		136,000	138,000	141,000	138,333	140,000
Total Farm Expenses		151,600	141,600	181,500	158,232	145,710
NET FARM INCOME		128,100	135,400	105,700	123,068	107,890
NON FARM INCOME						
Salaries		32,000	33,000	35,000	33,333	35,000
Interest income		13,100	11,300	10,300	11,567	12,000
Dividends		500	300	200	333	400
Business Inc. (Sch C)						
Capital Gain/Loss (Sch D)						
Other Gains/Loss (4797)						
Rental Income (Sch E)		32,000	31,000	30,000	31,000	30,000
		3,200	3,300	3,400	3,300	3,500
<i>Eliminations on consolidation:</i>		64,000	64,000	65,000	64,333	65,000
Total Non Farm Income		16,800	14,900	13,900	15,200	15,900
TOTAL PRE-TAX INCOME		144,900	150,300	119,600	138,268	123,790

Consolidated Cash Flow Coverage

Year	2007	2008	2009	2010	Average	Pro Forma
TOTAL PRE-TAX INCOME		144,900	150,300	119,600	138,268	123,790
<u>Plus Adjustments:</u>						
Farm Depreciation		10,000	12,000	17,000	13,000	12,500
Non-Farm Depreciation		2,400	2,600	2,500	2,500	2,400
Farm Current/Non-Current Int. (F)		73,000	70,500	72,000	71,833	52,910
Non-Farm Non-Curr. Interest (C,E)		9,600	9,500	9,500	9,533	9,500
Capital Lease Payments				15,000	5,000	15,000
<u>Minus Adjustments:</u>						
Income & FICA taxes		19,200	17,200	11,300	15,900	16,000
Family Living		20,000	20,000	20,000	20,000	20,000
Non-Recurring Income						
CASH FLOW AVAILABLE		200,700	207,700	204,300	204,234	180,100
TOTAL ANNUAL P&I		95,023	95,023	95,023	95,023	95,023
ANN. CAPITAL LEASE PAYMENTS				15,000	5,000	15,000
TOTAL CASH FLOW REQUIRED		95,023	95,023	110,023	100,023	110,023
Excess Cash Available		105,677	112,677	94,277	104,211	70,077
Pro Forma Total Debt Coverage	#DIV/0!	2.11	2.19	1.86	2.04	1.64

Comments:

LOAN SUMMARY

Seller information: Cells are already completed.

Originator information: Requires your input. To be completed by individual or company submitting the application on behalf of the applicant.

Borrower information: This section flows from the application. The question asking whether the applicants have other Zions related loans requires your input.

Loan Requested: This section flows from the amortization schedule. **Loan Purposes** requires your input indicating the use of funds in the appropriate categories. Secondary market loans limits “Cash Out” (use of loan funds not identified as real estate purchase, refinance principal balances of existing real estate loans and amounts for capital improvements of real estate) to a maximum of 25% of the loan amount.

Real Estate Security: Total acres, county, and state flow from the application. All other cells in this section require your input. **Commodities Grown** requires your input with the total equaling 100%.

Appraisal Information: Contains information taken directly from the appraisal. Each cell requires your input.

Balance Sheet Trend Analysis: Working from left to right, the first four columns require your input. The fifth column flows from the balance sheet. The pro forma column flows from the pro forma balance sheet. The ratios will automatically calculate.

Income Statement Trend Analysis: Working from left to right, the first four columns flow from the Income and Expense Statement. The average column will automatically calculate by entering the number of trend years in the year cell. The pro forma column flows from the Income and Expense Statement.

Comment section: Provided to discuss any information pertinent to the request.

Underwriting standards: The ratios will automatically calculate.

Pro Forma Current Ratio: Automatically calculated from previous input.

Pro Forma Debt-Asset Ratio: Automatically calculated from previous input.

Pro Forma Total Debt Coverage Ratio: Automatically calculated from previous input.

TDC Shock for ARM Loans: Automatically calculates from previous input.

Loan-to-Value Ratio: Automatically calculated from previous input.

Balloon Payment/Original Appraised Value: Flow from Amortization Schedule and inserted data on the Secondary Market Summary.

Comments: Used for listing strengths and weaknesses of the requested loan.

LOAN SUMMARY

Seller Information

Name Zions Ag Finance
 Contact Name Steve Burrier
 Address _____
 Street Address 500 Fifth St.
 City, State, Zip Ames, IA 50010-6063
 Telephone Number 515-232-7310
 Fax Number 515-232-3002

Originator Information

Name Your Name
 Contact Name _____
 Address _____
 Street Address _____
 City, State, Zip _____
 Telephone Number _____
 Fax Number _____

Borrower Information

Name John Borrower
 Borrower Type Individual (Individual, Partnership, Corporation, Trust, Other)
 TIN/SSN 504-69-3695
 Billing Address 1246 Dayton Rd. Is borrower or are its partners or stockholders U.S.
 City, State, Zip Evergreen, Wisconsin 56749 Citizens or Nationals yes (Yes/No)
 Business Phone No. 515-235-4789 Loan Guarantors _____ (Yes/No)
 Home Phone Number 515-235-4788 Loan Co-Applicants _____ (Yes/No)
 Fax Number 515-232-4755
 Do Applicants Have Other Related Loans _____

Loan Requested

Principal \$ 400,000.00
 Billing Frequency 2 Payments per year
 Description ARM (Fixed, ARM, VRM)
 Max. Rate Req. 9.50%
 Max. Rate Payment \$42,139.92 (Annual Amount)
 Balloon \$ 276,185.91 (<50% of Appr.)
 Term 15 Years
 ARM/VRM 3 Years
 Amortization 25 Years

LOAN PURPOSE*		
Purchase RE		
Refinance RE	340,000	
Improvements		
Refi Non-RE	35,000	9%
Cash out	25,000	6%
Closing fees		0%
Total/Cashout %	400,000	15%

*Allocate the loan amount by its purpose, in dollars

Real Estate Security

Total Acres 420.00
 Tillable 400.00
 Irrigated Acres 400.00
 County Blue Earth
 State Wisconsin
 Estimate of Value \$ 600,000 (Not yet Appraised)
 Est. of Property Inc. \$ 100,000 (Not yet Appraised)
 UCC Required on yes

COMMODITIES GROWN ON SEC.	PERCENT OF TOTAL
corn	75
potatoes	25
TOTAL	100

Appraisal Information

Total Value \$ 610,000
 Value Land* \$ 500,000
 Value Improvements \$ 10,000
 Value Other \$ 100,000
 Insurance Req. \$ 110,000 (Yes/No; In \$ if Yes)

Appraisal Date 12/2/2011
 Orig. Pur. Price \$ 280,000
 Orig. Pur. Date 1970 & 1987
 Improve. Since Pur. \$ 10,000
 Net Property Inc.** \$ 110,000

Lease Pymt. on equip./fixtures necessary to operate the real property _____

Is borrower's principal residence on the property securing the loan? No (Yes or No)

* Including permanent plantings

** As determined by Appraiser

LOAN SUMMARY

Consolidated Balance Sheet Trend Analysis

Date	12/31/2007	12/31/2008	12/31/2009	12/31/2010	10/15/2011	Pro-Forma
Current Assets	183,000	185,000	187,000	175,000	199,750	210,250
Other Non-Curr Ass.	269,000	270,000	275,000	295,000	293,000	293,000
Real Estate	1,370,000	1,375,000	1,425,000	1,465,000	1,490,000	1,490,000
Total Assets	1,822,000	1,830,000	1,887,000	1,935,000	1,982,750	1,993,250
Current Liabilities	119,000	120,000	125,000	130,000	154,700	119,438
Other Non-Curr Liab.	119,000	120,000	120,000	100,000	115,000	90,000
Real Estate Liabilities	449,000	450,000	450,000	435,000	447,000	517,762
Total Liabilities	687,000	690,000	695,000	665,000	716,700	727,200
Net Worth	1,135,000	1,140,000	1,192,000	1,270,000	1,266,050	1,266,050
Change In Net Worth		5,000	52,000	78,000	(3,950)	0
RE Appreciation -		5,000	50,000	40,000	25,000	
-						
+						
Earned Gain		0	2,000	38,000	(28,950)	0
Current Ratio	1.54	1.54	1.50	1.35	1.29	1.76
Debt/Asset Ratio	.38	.38	.37	.34	.36	.36
Contingent Liabilities	25,000	25,000	25,000	25,000	25,000	25,000

Consolidated Income Statement Trend Analysis

Year	2007	2008	2009	2010	Average	Pro-Forma
+ Total Farm Income	0	279,700	277,000	287,200	281,300	253,600
- Total Farm Expenses	0	151,600	141,600	181,500	158,233	145,710
= Net Farm Income	0	128,100	135,400	105,700	123,067	107,890
+ Net Non-Farm Inc.	0	16,800	14,900	13,900	15,200	15,900
+ Depreciation*	0	12,400	14,600	19,500	15,500	14,900
+ Total Interest*	0	82,600	80,000	81,500	81,367	62,410
+ Ann. Cap. lease*	0	0	0	15,000	5,000	15,000
+ Other	0	0	0	0	0	
- Income & FICA Tax	0	19,200	17,200	11,300	15,900	16,000
- Family Living	0	20,000	20,000	20,000	20,000	20,000
- Non-Recurring	0	0	0	0	0	
- Other	0	0	0	0	0	
= Cash Flow (CFA)	0	200,700	207,700	204,300	204,234	180,100
+Annual P&I	0	95,023	95,023	95,023	95,023	95,023
+Ann. Cap. Lease	0	0	0	15,000	5,000	15,000
	0	0	0	0	0	0
=CFR	0	95,023	95,023	110,023	100,023	110,023
Excess cash	0	105,677	112,677	94,277	104,210	70,077
TDC	#DIV/0!	2.11	2.19	1.86	2.04	1.64

* Includes Farm & Non-Farm

Comments:

LOAN SUMMARY

Underwriting Standards

Pro Forma Current Ratio:

Current Assets	210,250
Current Liabilities	119,438
CA/CL	1.76

Pro Forma Debt - Asset Ratio:

Total Liabilities	727,200
Total Assets	1,993,250
TL/TA	.36

Pro Forma Total Debt Coverage Ratio:

+ Net Farm Income	107,890
+ Net Non-Farm Inc.	15,900
+ Depreciation*	14,900
+ Total Interest*	62,410
+ Ann. Cap. Lease	15,000
- Income & FICA Taxes	16,000
- Family Living	20,000
= Cash Flow Available (CFA)	180,100
+ Annual P&I*	95,023
+ Ann. Capital Lease Payments	15,000
= Cash Flow Required (CFR)	110,023
CFA/CFR	1.64

* Includes Farm & Non-Farm

TDC Shock (if required)

CFR	116,876
CFA/CFR	1.54

Loan to Value Ratio:

Loan Amount	400,000
Appraised Value	600,000
Loan Amount/Appraised Value	.67

Balloon Payment/Original Appraised Value

Balloon Payment	276,186
Value (Estimate or Appraised?)	600,000
BP/AV	46%

ENVIRONMENTAL DISCLOSURE

The Environmental Disclosure is required on all loan requests. Each question needs to be completed and, if applicable, any supporting documentation must be included.

All underground storage tanks less than 1,100 gallons in size must be removed in accordance with any governing requirements.

Any tanks 1,100 gallons or larger are regulated and routinely tested. Evidence of registration and the most recent testing is required.

The tests are to be conducted by EPA-approved firms in accordance with all governing procedures. Zions requires written confirmation of removal or testing and required testing reports. If the tank had leakage, full remediation must be completed before any loan closes.

THE ENVIRONMENTAL DISCLOSURE MUST BE SIGNED BY THE APPLICANTS AND THE APPRAISER.

ENVIRONMENTAL DISCLOSURE

(Supplement to Application for Loan or Loan Servicing Request)

Name John Borrower

Please answer ALL questions:

Real Property Security

Statement applies to all of the subject property*

Yes No

Parcels only, Describe: _____

*If this statement does not apply to all parcels, complete a separate Hazardous Waste Statement for each different parcel.

Use Permit and Government Notices

1. Do you have a Use Permit for pesticides?

Yes No

If yes, what is the permit no.? _____

2. Have you received notice from any governmental authorities concerning the removal of any toxic or hazardous waste material or substance from the property?

Yes No

If yes, briefly describe which authority, when notice was received and the nature of the notice.

3. Is subject property on a national or state hazardous waste site priority list?

Yes No

If yes, indicate which list(s) and any numerical score or rating assigned

Water Management

Describe the source(s) and location of water for the property (if cropland is irrigated, complete Irrigation Supplement):

Storage Tank(s)

1. Are there any underground or aboveground storage tanks on the security?

Yes No

If yes, for each tank provide the following information (for more than three tanks, use additional page)

Tank #1

Above ground

Underground ** Testing or removal required

Age: _____ Size: _____

Contents: _____ Location: _____

Is tank permitted? _____ (Yes/No) Permit No. _____

Has tank been tested? _____ (Yes/No) Attach test report

Has tank leaked? _____ (Yes/No) If Yes give details: _____

Tank #2

Above ground

Underground ** Testing or removal required

Age: _____ Size: _____

Contents: _____ Location: _____

Is tank permitted? _____ (Yes/No) Permit No. _____ (attach copy)

Has tank been tested? _____ (Yes/No) Attach test report

Has tank leaked? _____ (Yes/No) If Yes give details: _____

Tank #3

Above ground

Underground ** Testing or removal required

Age: _____ Size: _____

Contents: _____ Location: _____

Is tank permitted? _____ (Yes/No) Permit No. _____ (attach copy)

Has tank been tested? _____ (Yes/No) Attach test report

Has tank leaked? _____ (Yes/No) If Yes give details: _____

Collection Sites

- 1. Are there any open pits, sumps or dumps on the property? Yes No
- 2. Are there any drain water evaporation ponds? Yes No
- 3. Are there any holding ponds with chemical wastes or effluent? Yes No

If yes, for each site provide the following information:

Age: _____ Use: _____
 Contents: _____ Location: _____
 Is site permitted? _____ (Yes/No) Permit No. _____ (attach copy)
 Has site been tested? _____ (Yes/No) Attach test report _____
 Distance to wells, stream or drainage ditch: _____

Handling, Storage/Disposal of Hazardous Substances, Materials, Waste

- 1. Are pesticides or other hazardous substances stored on the property? Yes No
 - a. Briefly describe where they are located (e.g., in the shed 150 feet SE of the farm residence):

 - b. Briefly describe the contents:

 - c. Have you disposed of hazardous substances on this property? Yes No
 If yes, specify where and how you disposed of them: _____

Miscellaneous

- 1. Is there any knowledge of contamination or threat of contamination from adjacent or nearby properties (e.g., security is located next to a dumpsite or an industrial plant with chemical holding ponds)? If yes, briefly describe problem: Yes No

- 2. Are you aware of any hazardous waste problem existing on the real property offered as security (whether from your operation or previous owner's operations) that has not already been described above? If yes, briefly describe problem: Yes No

- 3. Has any environmental audit, assessment or survey been conducted on the property? If so, please attach a copy. Yes No

Certification and Acknowledgment of Applicant/Owner and Appraiser

The undersigned hereby certify that the foregoing is true and complete to the best of his/her knowledge and is given for the purpose of obtaining this loan or this continuation of the extension of credit.

Applicant's/Owner's Signature Date

Applicant's/Owner's Signature Date

Appraisers Signature Date

Applicant's/Owner's Signature Date

IRRIGATION AND DRAINAGE SUPPLEMENT 1013A

If the subject property is irrigated, the irrigation form must be completed. The only information that flows to this form is the applicant's name. All pertinent information on the form is to be completed.

THE FORM MUST BE COMPLETED AND SIGNED BY THE APPLICANT, REVIEWED AND VERIFIED BY THE APPRAISER AND INCLUDED IN THE APPRAISAL REPORT.

IRRIGATION AND DRAINAGE SUPPLEMENT

Borrower Number 1: _____

Borrower Number 2: _____

all information must be provided, attach additional sheets.

WELL DATA	WELL #1	WELL #2
Location:	_____	_____
Date the well was placed in service:	_____	_____
Depth of well in feet:	_____	_____
Static water level:	_____	_____
Drawdown at normal pumping volume:	_____	_____
Recession over last 5 years (+ / -):	_____	_____
Normal Delivery in GPM or CFS:	_____	_____
Could the well be successfully deepened?	_____	_____
Diameter and gauge of casing:	_____	_____
Date pump was installed:	_____	_____
Make and type:	_____	_____
Serial number of pump or gearhead:	_____	_____
Diameter of column:	_____	_____
Length of column:	_____	_____
Diameter of discharge pipe:	_____	_____
Rated capacity of bowls or pump in GPM:	_____	_____
Date power unit was installed:	_____	_____
Type of fuel:	_____	_____
Rated horsepower:	_____	_____
Make and Model of Motor or Engine:	_____	_____
Serial Number of Motor or Engine:	_____	_____
Plant efficiency (if known):	_____ %	_____ %
Date of most recent pump test (month-year):	_____	_____
Tested by:	_____	_____
Original or replacement cost of well inc. casing:	\$ _____	\$ _____
Original or replacement cost of pump:	\$ _____	\$ _____
Original or replacement cost of power unit:	\$ _____	\$ _____
Estimated total replacement cost of well:	\$ _____	\$ _____
Water right certificate number (attach certificate):	_____	_____
Allowable delivery in GPM under right:	_____	_____
Number of acres in water right:	_____	_____
Is well located off property offered as collateral?	_____	_____
Is a pump and well agreement in effect? (attach)	_____	_____

OTHER SOURCES OF IRRIGATION WATER	Source #1	Source #2
Name of source	_____	_____
Any shortage of water in last 5 years?	_____	_____
Reason:	_____	_____
Acres irrigated last growing season from water sources other than the wells described above:	_____	_____
Acres allowed under rights and entitlements:	_____	_____

Water Rights or Entitlements (attach copy): _____
 (ditch co. stock, riparian, appropriated or adjudicated rights, _____
 permits, licenses, district entitlements, etc.) _____
 Total water available during peak use period in GPM: _____
 District subject to federal or state reclamation law? _____
 Address of Irrigation or Drainage Districts _____

Water Toll and Stand-by Charge / Acre-Foot: \$ _____ \$ _____
 O & M / Acre-Foot: \$ _____ \$ _____
 District assessed valuation of property: \$ _____ \$ _____
 District tax Year: _____ \$ _____ \$ _____

Type of Tax: _____
 Discuss debt structure for each district. Address bonded indebtedness against property, debt retirement, delinquencies, etc.

WATER DELIVERY SYSTEM

Water delivery system (furrow, solid-set, pivot, etc.): _____
 (Provide specific info under comments or on attached sheet _____
 Make & type of sprinkler system (if applicable): _____
 Serial number: _____
 Acres irrigated by the system: _____
 Date system was installed: _____
 Will system be offered as part of the loan collateral? _____
 Can irrigated land be watered without the system? _____

WATER COST SUMMARY

Water cost per acre-foot: \$ _____
 Water cost per acre: \$ _____
 Expense Breakdown:
 Electricity, Diesel, Natural Gas, etc. \$ _____
 Water Tolls & Stand-by Charges \$ _____
 Well and / or Water Distribution Expenses \$ _____
 O & M Charges \$ _____
 Bonded Indebtedness Assessments \$ _____
 Irrigation System Maintenance \$ _____
 Depreciation \$ _____
 Other (explain): \$ _____
Total Water Cost for Farming Operation: \$ _____

COMMENTS:



WATER QUALITY AND DRAINAGE

Any known water quality problems? (explain) _____

 Is your property artificially drained? _____ Cost per acre: \$ _____
 Do potential drainage problems present a future hazard (Yes / No)? _____
 Describe drainage system: _____

IF FURTHER COMMENT OR EXPLANATION IS WARRANTED, PLEASE ATTACH ADDITIONAL SHEETS AS NECESSARY.

The foregoing is to the best of my / our knowledge true and reflects the current and anticipated status of available water, water quality and drainage for the farm / ranch I / we offer as security for the requested loan.

 Applicant Signature Date Applicant Signature Date

REQUEST FOR CREDIT INFORMATION

This form is used to obtain the credit history of the applicant from a specific creditor. The only information that flows to this form is the applicant's name and address.

THE APPLICANT(S) MUST SIGN THE FORM AUTHORIZING THE CREDITOR TO RELEASE THE INFORMATION.

THE REQUEST FOR CREDIT INFORMATION FORM MUST BE DATED AND SIGNED BY ALL APPLICANTS PRIOR TO REQUESTING A CONSUMER CREDIT REPORT ON THE APPLICANT.

PRELIMINARY LOAN APPROVAL CHECKLIST

This form serves as a reference guide indicating pertinent documents needed for loan processing. This would include forms furnished on the CD as well as other supporting documents.

The applicant name, loan amount, and interest rate information flow to this form from the application.

PRELIMINARY LOAN APPROVAL CHECKLIST

Preliminary Documentation

Applicant: John Borrower

Loan Amount \$ 400,000

	Fast Track	Full Underwrite	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. Loan Application listing all applicants
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. Request for the maximum interest rate for which approval is sought <u>9.50%</u>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3. Schedule of proposed principal and interest payments (amortization schedule)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4. Credit Report with credit score on each primary obligor. (FT 720) (FU 680)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5. Current market value balance sheet(s) with schedules (including debt schedule)
		<input type="checkbox"/>	6. Previous three years of market value balance sheets and schedules
		<input type="checkbox"/>	7. Signed Tax Returns/Income statements for previous three years
<input type="checkbox"/>			8. Signed Tax Returns/Income statements for previous two years
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. Proforma balance sheet and schedules (including debt schedule)
		<input type="checkbox"/>	10. Historical income and expense spread with proforma projections for Income Statements
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. Verification, non-farm income(copies of the 2 most recent paystubs or most recent W-2 for each applicant employed off-farm)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. Credit verifications from major lender(s) of the borrower
<input type="checkbox"/>			13. Written mortgage verifications outlining outstanding principal balance and payment history (at least 24 mo) or two most recent 1098's for each mortgage not in the Credit Report
		<input type="checkbox"/>	14. Narrative analysis of the ranching or farming operation (5 C's of Credit)
<input type="checkbox"/>			15. Brief narrative detailing borrower's operation, use of funds and collateral for the loan
		<input type="checkbox"/>	16. Completed Loan Summary
The following items may be submitted with the Preliminary Approval file or may be submitted later			
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	17. UCC Lien Search
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18. Current Environmental Disclosure signed by the loan applicants & appraiser
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	19. Evidence of hazard insurance coverage with loss payee endorsement(only if contributory value of improv >20% total appr value)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	20. Analysis of water supply for irrigated land and evidence of lienable water rights and/or entitlements
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	21. Evidence of grazing permits, allotments and leases
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	22. Copies of all material contracts and leases
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	23. Description of fixtures and personal property needed to operate the mortgaged property upon which Seller will perfect appropriate UCC filings prior to or at closing
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	24. Appraisal report conforming to USPAP (and Farmer Mac standards if applicable)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	25. Preliminary Title Report
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	26. Other: _____
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	27. Other: _____

Prepared by: _____

Date: _____

ELECTRONIC APPRAISAL/LOAN SERVICING FILES AND DESCRIPTION

List of files on CD: Folder/FAMC Appraisal-Collateral

File Name	Description
FAMC Appraiser Engagement Letter - NO LETTERHEAD 2-14.dotx	FAMC Appraisal Engagement Letter
FAMC Appraisal Requirements rev 8-15-06.docx	Summary of FAMC appraisal requirements
1027 summary appraisal assignment requirements rev 2-2014.dotx	FAMC appraisal content summary
1037 Assumptions and Limiting Conditions rev 11-2013.docx	FAMC required form
Ch CV 101 FAMC Collateral Valuation - Standards & Guidelines rev 11-22-13.pdf	FAMC Appraisal Guide
FTF Environmental Disclosure 1010A.xlsx	FAMC Environmental Disclosure Form
FTF Irrigation & Drainage Supplement 1013A.xlsx	Supplemental appraisal form
1034 Permanent Planting.xlsm	Supplemental appraisal form
1035 Income Approach.xlsm	Supplemental appraisal form
1036 Sale Data Summary.xlsm	Supplemental appraisal form
CAR Form 1047 rev 7-11.docx	Collateral Assessment Report
Mid West_PAL (10-9-09).xls	Midwest Preferred Appraiser list
NCA-N V PAL (4-17-09).xls	N. CA & Nevada Preferred Appraiser list
Northwest PAL (9-8-09).xls	NW U. S. Preferred Appraiser list
San Joaquin Valley PAL (4-17-09).xls	San Joaquin Valley Preferred Appraiser list

List of files on CD: Folder/FAMC-ZAF Loan Servicing

FAMC Form 1038 – Collateral Inspection Report.docx	Annual FAMC Property Inspection Report
Delinquent Report rev 1-20-04.xltx	30 Day Delinquent Report
ZAF Partial Release Procedure.dotx	Information needed to do a Partial Release

SECONDARY MARKET APPRAISAL REQUIREMENTS

(Farmer Mac)

The appraiser that you engage is to have a thorough understanding of Chapter CV101, Collateral Valuation Standards and Guidelines which is part of the Farmer Mac Seller Guide. The appraiser is required to complete his appraisal based upon the standards in that guide and certifies that his appraisal does, in fact, comply with those standards.

To assist you in engaging appraisers we have included on the enclosed CD a copy in of Chapter CV101 of the Farmer Mac Seller Guide relating to Collateral Valuation Standards and Guidelines.

You will be provided a CD containing copies of the FAMC Appraisal Engagement letter and all supplemental forms. The FAMC Appraiser Engagement letter.dotx template form needs to be copied to your MS Office Template directory. Forms that have a file extension .xlsm and .docx need to be copied to your MS Office file directory. You will need to add your letterhead to the FAMC Appraiser Engagement letter. This will require that the form be unprotected. After the letterhead is added remember to again protect and then save the template.

We do recommend that when engaging an appraiser for the first time that the appraiser be provided with a copy of the appraisal files included on the CD in order that he has available a copy of the Collateral Valuation Standards and Guidelines and all of the supplemental forms that may be needed in completing his assignment.

Due to the complexity of the Collateral Valuation process you may want to consider reviewing with your appraisers these procedures prior to actually engaging their services.

GUIDE NOTES TO FARMER MAC COLLATERAL VALUATION REPORT

Required Supplemental Forms

FTF Environmental Disclosure 1010A
1027 Summary Appraisal Assignment Requirements rev 2-2014
1037 Assumptions and Limiting Conditions rev 11-2013

Additional Forms Required if Applicable

1035 Income Approach (Example*)
1034 Permanent Planting (Example*)
FTF Irrigation and Drainage Supplement 1013A (applicant completed, appraiser reviewed)
1036 Sale Data Summary (Example*)

*Farmer Mac provides Example forms for use by appraisers, as applicable. The use of these forms is at the appraiser's option, but an alternative form or table must provide an equivalent level of data and analysis detail. An appraiser is expected to supplement the data in an example form with narrative or with supporting exhibits (tables, spreadsheets, etc.) as the situation requires.

The appraisal must comply with the Farmer Mac Seller/Service Guide Chapter CV101. This file is provided.

General

Appraisal reports may be documented using a published form set, such as the *Uniform Agricultural Appraisal Report (UAAR)*, published by the *American Society of Farm Managers and Rural Appraisers* and distributed with form processing software by AgWare, Inc., or its equivalent, or in a narrative report.

Farmer Mac recognizes appraisers differ in their preference for using a published form set, such as the UAAR, or a narrative style report.

Farmer Mac provides standard forms and example forms to balance the need for consistent reporting of information with an appraiser's freedom to use an appraisal documentation style (form or narrative) that the appraiser prefers. Farmer Mac must also ensure the information that is essential for use in underwriting is consistent and made available in a way that ensures the reader, particularly an underwriter, recognizes and appreciates the significance of the information.

Form 1027 Summary of Appraisal Assignment Requirements rev 2-2014 must accompany the appraisal and be signed by the appraiser. The Originator is required to verify that the information supplied is accurate and also sign the form.

An Environmental Disclosure Form must accompany the appraisal and be signed by the Appraiser.

The appraisal should include a copy of the signed Engagement Letter.

Farmer Mac will not purchase any loan with an appraisal date more than one year prior to the date of purchase by Farmer Mac.

The appraisal must be assigned to Zions Agricultural Finance by the Originator.

FARMER MAC APPRAISAL ENGAGEMENT LETTER

Add your own Letterhead to the top of this form

February 20, 2014

Dear _____:

This confirms our request and, with your acceptance, is the contract for your professional appraisal services in a Appraisal assignment. Upon your acceptance of this assignment we expect you to provide us with a Appraisal Report.

Your Appraisal and Report should include the following approaches to value:

Sales Comparison Approach

Cost Approach

Income Approach (We recommend that the Income Approach to Value be completed on an owner/operator basis. If completed on a rental basis we may require additional documentation.

After due consideration, please confirm your acceptance of this assignment by signing this letter and returning a copy to _____ within seven (7) days of receipt.

I. OBJECTIVE and BUSINESS RELATIONSHIP

Our objective is to obtain candid, impartial, and reliable information about the property to be appraised (subject property) for use in a Farmer Mac loan or servicing action.

Upon your acceptance of this assignment, _____ is your Client. Your work in this assignment is as an independent contractor and not as an employee, partner, principal, or agent of the client.

II. AUTHORIZATION, SUBJECT PROPERTY IDENTIFICATION and INFORMATION

With your acceptance of this assignment, we authorize you to appraise a fee ownership interest in the property identified as: _____.

The following forms are enclosed and are required to be completed in this appraisal assignment:

Required Supplemental Forms

- FTF Environmental Disclosure 1010A
1027 Summary of Appraisal Assignment Requirements
1037 Assumptions and Limiting Conditions
Copy of this Engagement Letter

Additional Forms Required if Applicable or Checked

- 1035 Income Approach (Example*)
1034 Permanent Plantings (Example*)
1036 Sale Data Summary (Example*)
FTF Irrigation and Drainage Supp. 1013A (applicant completed, appraiser reviewed)

*Farmer Mac provides Example forms for use by appraisers, as applicable. The use of these forms is at the appraiser's option, but an alternative form or table must provide an equivalent level of data and analysis detail. An appraiser is expected to supplement the data in an example form with narrative or with supporting exhibits (tables, spreadsheets, etc.) as the situation requires.

III. GENERAL ASSIGNMENT CONDITIONS

Confidentiality -- The results of your assignment are to be communicated only in writing and only to us. All documents and information furnished to you by this company in connection with this assignment are confidential information.

Addition information on assignment and appraisal delivery -- _____.

Access and Communications -- Access to the property and additional information regarding its use, productivity, and history is available from _____, who can be contacted at _____.

Please advise us of the date and time when you have made contact with that party and when you have scheduled the property inspection. Also, please contact us immediately if you encounter unforeseen problems, such as difficulty in making access arrangements or obtaining necessary property information.

Delivery Date -- Your appraisal report shall be delivered to us on or before _____.

Original and Copies -- Two original paper copies, and one PDF electronic copy of your appraisal report are required.

Fee -- The fee for appraisal services rendered, payable upon our acceptance of your report, shall be \$_____. Please include your tax identification number on your invoice.

IV. GENERAL APPRAISAL ASSIGNMENT REQUIREMENTS

All appraisals must comply with the following minimum requirements.

- 1. Standards and Contract Requirements** -- All appraisals must conform to the requirements stated or referenced in this engagement letter, including the applicable requirements in the current edition of the *Uniform Standards of Professional Appraisal Practice* (USPAP).
- 2. Privacy Requirements** – The client believes that the privacy and security of our customer's personal information is of the utmost importance. It is also the law. As an unaffiliated third party, we rely on you to help us protect our customer's financial privacy.

Under current federal law (Gramm-Leach-Bliley Act of 1999) and other laws, information that we provide to you relating to a borrower's financial condition and any other "non-public personal information" shall be handled in a confidential manner. You agree to keep all such information confidential and take reasonable steps to safeguard such information. The information the client furnishes to you can only be used to provide the specific services you are hired to perform.

You agree to notify the client immediately if any confidential information is improperly disclosed by you or those working for you, and to cooperate with the client in investigating such disclosure. Unless otherwise instructed, only the undersigned is entitled to receive the appraisal report or applicable information deemed to be non-public and personal.

- 3. Engagement, Compensation, and Personal Interest** -- An appraisal completed by an appraiser who has a direct or indirect interest, financial or otherwise (except for payment of the appraisal service fee), in the

property appraised or with regard to the parties involved in the assignment (Client, Client's Customer, Property Owner(s), Property Broker(s), etc.) is not acceptable to Farmer Mac. If you are unable to make your report certification with regard to compensation or personal interest consistent with text in the Farmer Mac Seller/Service Guide at Chapter CV101, please return this package to us and do not proceed with this assignment.

4. **Competency** -- Your engagement in this assignment is predicated on your being able to personally complete it in compliance with the assignment requirements. If at any time in the course of this assignment you find that you will not be able to comply with the Competency Rule in USPAP, please contact us immediately and do not proceed with any further effort in this assignment until we have discussed the matter.
5. **Assumptions, Limiting Conditions, Extraordinary Assumptions, and Hypothetical Conditions** -- Except by our prior agreement, the only Assumptions, Limiting Conditions, Extraordinary Assumptions, and Hypothetical Conditions Farmer Mac will accept are those shown in Farmer Mac Form 1037 and described in the Farmer Mac Service Guide Chapter CV101. If you believe there is a need to apply others, please contact the client to discuss obtaining our prior agreement.
6. **Intended Users** -- _____, Zions Agricultural Finance and Farmer Mac are intended users of your assignment results. We may, without your prior authorization or a notice to you, provide your report or elements of it to other parties for their use in lending-related activities.
7. **Intended Use** -- It is our intention to use your assignment results in a Farmer Mac-related loan transaction or servicing action, or in similar lending-related transactions.
8. **Report Note:** If an Income Approach is not completed in the appraisal, the Highest and Best Use section of the report must contain a summary of the appraiser's estimates of Gross and Net Property Income, and indicate the basis for the income estimates (i.e., Cash or Share Rental, or Owner/Operator, or a combination of these). If the income estimates are on a rental basis, the appraiser must also state the relationship, as a ratio, of rental to owner/operator net income (e.g., If Rental Income = \$100/Acre vs. Owner/Operator Net Income = \$150/Acre, the ratio stated would be 150%).
9. The attached *Summary of Appraisal Assignment Requirements* (Farmer Mac Form 1027) has entry areas to indicate where in your report the required information is located. Please use the form as a checklist and complete the entries with page numbers or section references.
10. **Certification** -- Your appraisal report must include your personal certification, with content as described in Farmer Mac Seller/Service Guide Chapter CV101. Your signature must be in a personal capacity as well as in any business capacity and include your state licensing and certification information as well as any professional accreditation.

This assignment is placed with you on the express condition that your certification constitutes your representation that the assignment was accepted and performed by you with knowledge of and in compliance with Farmer Mac's scope of work, report content, and disclosure requirements applicable in the assignment.

V. APPRAISAL ACCEPTANCE, APPRAISAL REVIEW, SUBSEQUENT REQUESTS, and SUPPLEMENTAL ASSIGNMENTS

Acceptance Audit -- Your appraisal report will be read and the result compared to your responses to the requirements stated in this engagement letter and Farmer Mac Seller/Service Guide Chapter CV101.

Appraisal Review -- As part of our collateral valuation quality assurance effort, some appraisal reports are subject to an appraisal review completed in accordance with Standard 3 in USPAP.

Subsequent Requests -- You may be contacted to provide responses to questions resulting from our reading or review of your report. By accepting this assignment, you agree to respond promptly to our subsequent requests. When the cause of our subsequent request is a deficiency in your appraisal or report that was under your control, you agree to cure that deficiency promptly without cost to us.

Supplemental Assignments -- If, during or following completion of your work, we determine a need for additional research, analysis, or supplemental appraisal information, that need may be addressed as a supplemental assignment.

VI. ENGAGEMENT and ASSIGNMENT CONTRACT ACCEPTANCE SIGNATURES

I / We agree to the terms of the assignment stated in this engagement letter:

By:
Client Signature

By:
Signature of Appraiser

Date: _____

WORK SHEET

We have supplied a Work Sheet to assist in the preparation and analysis of complicated Balance Sheet Consolidations and in making Earned Gain adjustments to changes in Net Worth.

WORK SHEET

This work sheet is to assist in comparative and consolidated Balance sheets

Dates						Eliminations	Consolidated
Assets							
Cash							
Savings							
Harvested Crops							
Growing Crops							
Market Livestock							
Total Current Assets							
Breeding Livestock							
Machinery							
Other Investments							
Contracts Receivable							
Real Estate							
Total Assets							
Liabilities							
Accounts Payable							
Taxes Payable							
Rents Due							
Accrued Interest							
Current Maturities							
Total Curr. Liabilities							
Notes Payable							
Real Estate Debt							
Total Liabilities							
Net Worth							
Change in Net Worth							
Adjustments							
Less Appreciation							
Earned Gain							

COLLATERAL INSPECTION REPORT

Loan Originators for Zions Agricultural Finance may be required annually to complete a Collateral Inspection Report during the growing season. Originators should retain a copy of the completed Inspection Report in their file as a basis to compare future Inspection Reports. Comments should be made to identify any negative changes in property conditions, environmental compliance or any other changes that affect the security and its valuation.

Section B – To Be Completed For All Inspections

Summary of Crops Planted:

Crop Type	Acres Planted	Condition	Age	Comments

Discuss Existing and Potential Problems – such as crop maintenance, irrigation improvements, new permanent plantings, new crop rotations, supply of irrigation water, etc:

Environmental Compliance:

Category	Y/N	Category	Y/N
Underground Tanks		Above Ground Tanks	
Garbage Dumps		Drums/Containers	
Hazardous Materials		Other Concerns	

If Yes to any of the above, please provide details and any recommendations:

Property Value, Marketing, Salability Concerns – discuss current land value trends in the area; reasons as to why the market value of the property may have declined; aspects of the collateral property that may cause salability problems and extended marketing times:

Borrower Name: _____ **Loan Number:** _____

Inspected By: _____ **Date:** _____

Number of Pictures Attached: _____

APPENDIX A

Loan Submission Reminders

Title Insurance:

1. Title insurance with a Demotech rating of “A” is required in all states except Iowa.
2. The Title Insurance agent is required to be an approved loan closing agent.
3. On loans with security in more than one county it is preferred to use one title company capable of writing the policy in each county. If this is not possible, the second preference is two title companies writing separate policies but with the same title insurance company. One title company must take the lead in coordinating the closing.
4. The legal description of the offered security in the commitment for Title Insurance must match the legal description of the appraisal.

Environmental Disclosure Form:

1. An Environmental Disclosure Form must be signed by: (a) the Applicants (b) the Appraiser.
2. Environmental Disclosure Forms should be completed by the applicant at the time of loan application. *(If a problem is discovered it is easier to address prior to Preliminary Loan Approval.)*

Verification of Non-Farm Income:

1. When the pro forma Total Debt Coverage (TDC) is dependent upon Non-Farm Income, the income must be verified by two most recent pay stubs or written verification from the employer.

Hazard Insurance:

1. The amount of hazard insurance on improvements that are part of the mortgage security must be equal to or more than the improvement value in the appraisal.
2. Insured coverage amount of irrigation equipment, etc., is in addition to the coverage amount of other improvements.
3. Certificate of Insurance or Policy must be forwarded to the Ames, Iowa office.

Borrower Signatures:

1. The Loan Application, Balance Sheets and Income Statements/Tax Returns should be submitted with original signatures of **ALL** individuals or legal entities that are a part of the application.

Preliminary Loan Approval:

1. Any items that need to be completed as a requirement of the Preliminary Loan Approval should be done immediately in order to provide for a timely closing.

Appraisal Procedure:

1. Loan Originator will obtain a list of certified general real property appraisers in the State where they originate loans. They will verify the appraiser is in good standing with the State. Appraiser cannot be on probation, a watch list, etc.

2. Loan Originator will review a sample appraisal to make sure it meets USPAP Standards.
3. Loan Originator will review the qualifications of the appraiser. This includes education, designations, experience, professional societies, real estate courses completed and appraisal clients.
4. Loan Originator will visit with at least three institutions on the appraiser's client list; institutions that requested USPAP approved appraisals are preferred.
5. Loan Originator will use an Engagement Letter to retain appraiser.
6. Loan Originator will review all appraisals to verify they meet USPAP Standards and, if applicable, Farmer Mac Chapter CV101 requirements.
7. Once three appraisals have been submitted and approved by the Loan Originator and Zions, this appraiser will be classified as an approved appraiser with Zions Agricultural Finance. The appraisers on the approved list will be subject to review to assure that the appraisers maintain the qualifications and standards. This includes periodic reviews by the Loan Originator to verify the appraiser maintains a certified general real property appraisal license with good standing.
8. Loan Originator will forward a copy of the Appraisal to the applicant.
9. Loan Originator will assign appraisal to Zions Agricultural Finance.