

**To:** Farm Bureau Agents

**Subject:** Farm Bureau Bank Loan Policy Amendment

**Effective:** February 22, 2016

Dear Agent,

FB Bank Underwriting Bulletin: 16-1 referred to a change to household income on the application. We received several valuable responses from agents and after careful consideration; we are working to further clarify rules regarding household income. We will not implement this policy on February 22<sup>nd</sup>. The household income will remain business as usual until further notice. All remaining items from Underwriting Bulletin: 16-1 will be effective on February 22<sup>nd</sup>.

Included in this bulletin are the following changes:

1. Horse trailers with living quarters
2. Loan to value parameters on Boats and Recreational Vehicles
3. New Dealer Guidelines
4. Loan Matrix

We appreciate your attention to these important changes and value your continued support.

*Your Farm Bureau Bank Team*

**1. Horse Trailers with Living Quarters**

- Horse Trailers with living quarters will now be listed under loan type *Motorhome/RV/Travel Trailer* and receive RV Terms and Loan to Value parameters
- Livestock trailers will continue to receive Equipment Terms and Loan to Value parameters listed under loan type *Equipment*.
- Refer to the Loan Matrix

**2. Loan to Value Parameters on Boats & Recreational Vehicles**

- Boats & Recreational Vehicles Loan to Value will be reduced by 5%
- Refer to the Loan Matrix

**Reminder:****Annual or Quarterly Loan Payments**

*To qualify for annual or quarterly payments, the member must meet policy guidelines:*

- *Must be an existing Farm Bureau Member or current Farm Bureau Bank customer for at least 90 days*
- *At least 51% of the income must be from seasonal sources, i.e. agriculture*
- *Minimum Credit Score of 730*
- *\$25,000 minimum amount financed*
- *Eligible Collateral: Autos/Trucks, Equipment, Commercial Vehicles*
- *Reimbursement for cash based purchases are only for purchases made within the last 90 days*

**Existing Policy**

- *Guarantors are reported to the Credit Bureau for business loans and business credit cards.*

**3. New Dealer Guidelines**

The purpose and expectation of the Farm Bureau Bank Dealer Program is to identify and develop profitable Farm Bureau Insurance and Farm Bureau Bank relationships.

Farm Bureau Bank relies on the agent's assistance in screening our potential customers. These potential customers should be qualified Farm Bureau Insurance members or high potential prospects.

**Application and Process Requirements**

- Dealer must be located in the referring agent's direct local market, generally within one hour of the agent's office
- The loan application must be entered by a Farm Bureau insurance agent, staff member or applicant
- The agent or staff member must validate proper identification
- Collateral, sales price and amount financed information must be supplied.
- Purchase Order is recommended for accuracy.
- Farm Bureau Bank will not consider Pre-Approvals from Dealer Customer applications
- Loans must be closed in person at the agents office by the agent or agent's staff
- Agent or agent's staff are responsible for accurately completing and returning all required documentation

For questions regarding these guidelines, please contact Farm Bureau Bank at 866-601-1140, Monday through Friday, 7:00 a.m. to 7:00 p.m. CST. Saturday 8:00 a.m. to 12:00 p.m. CST.

**4. Loan Matrix**

Vehicles and Motorcycles				Recreational Vehicles			
Loan Amount	Year Model	Terms	Loan to Collateral Value	Loan Amount	Year Model	Terms	Loan to Collateral Value
\$50,000 and more	2011 - 2016	12 to 96 months	Up to 110%	\$20,000 - \$150,000	2011 - 2016	12 to 120 months	Up to 100%
	2009 - 2010	12 to 72 months	Up to 100%		2009 - 2010	12 to 72 months	Up to 95%
\$5,000 - \$49,999	2006 - 2008	12 to 60 months	Up to 100%	\$10,000 - \$19,999	2006 - 2008	12 to 60 months	Up to 95%
	2015 - 2016	12 to 72 months	Up to 110%		2011-2016	12 to 72 months	Up to 100%
	2012 - 2014	12 to 72 months	Up to 110%		2009-2010	12 to 72 months	Up to 95%
	2009-2011	12 to 72 months	Up to 100%		2006 - 2008	12 to 60 months	Up to 90%
Motorcycles: Add 1% to Vehicle Rates				Farm Bureau Bank does not finance Commercial Boats, Yachts or Ships			
Motorcycles: Add 1% to Vehicle Rates				Monthly payment plans only			
Other Consumer Vehicles				Light Weight Commercial Vehicles			
ATVs, Personal Watercrafts, Golf Carts, Snowmobiles and Lawn Mowers				Up to 1 Ton (i.e. F450, 4500 - Flatbed & Chassis) and Cargo Vans			
Loan Amount	Year Model	Terms	Loan to Collateral Value	Loan Amount	Year Model	Terms	Loan to Collateral Value
\$5,000 and more	2015 - 2016	Up to 60 months	Up to 110%	\$50,000 and more	2011 - 2016	12 to 96 months	Up to 110%
	2009 - 2014	Up to 48 months	Up to 100%		2009 - 2010	12 to 72 months	Up to 100%
Monthly payment plans only				\$5,000 - \$49,999	2006- 2008	12 to 60 months	Up to 100%
Add 1% to Vehicle Rates					2015 - 2016	12 to 72 months	Up to 110%
					2012 - 2014	12 to 72 months	Up to 110%
					2009-2011	12 to 72 months	Up to 100%
				2006-2008	12 to 60 months	Up to 100%	
				Add 1% to the Vehicle Rates			
Heavy Duty Commercial Vehicles				Equipment			
Over 1 Ton, Semi-trucks, Buses, Septic Trucks, Dump Trucks, Tow Trucks, Butane Delivery Trucks and Any Truck Transporting Hazardous Materials and requires to be placarded				Tractors, Combines, Skid Steers, Bulldozers, Forklifts, Plows, Livestock Trailers			
Loan Amount	Year Model	Terms	Loan to Collateral Value*	Loan Amount	Year Model	Terms	Loan to Collateral Value*
\$5,000 and more	2015 - 2016	Up to 72 months	Up to 90%	\$50,000 and more	2015 - 2016	Up to 84 months	Up to 90%
	2011 - 2014	12 to 60 months	Up to 85%		2011 - 2014	Up to 84 months	Up to 85%
	2006 - 2010	12 to 48 months	Up to 80%		2006 - 2010	12 to 72 months	Up to 85%
Maximum mileage of 500,000; Proof of current insurance and current commercial drivers license required; First payment due date within 60 days; Existing Farm Bureau member; Need to obtain location information where vehicle will be stored when not in use. Additional documents may be required. Equipment rates apply				\$5,000 - \$49,999	2015 - 2016	12 to 72 months	Up to 90%
					2015 - 2016	12 to 72 months	Up to 90%
					2006 - 2014	12 to 72 months	Up to 85%
				* Collateral Value for Heavy Duty Commercial Vehicles and Equipment is considered the lesser of purchase price or retail value as found in a nationally recognized valuation guide.			

2/22/2016