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www.FCUiversity.com



A Message from the Director



As eLearning continues to become a more mainstream method of training, Farm Credit University (FCU) constantly strives to be the preeminent venue for high-tech, high-touch, agricultural lender and producer training. Over 90 percent of participants consistently rate FCU classes as good, very good and excellent on course evaluations.

This edition of the FCU Connection will update you on what has been happening with FCU classes and our future projects. With five curricula available and an additional curriculum in development, FCU provides a variety of classes designed for new-hires and board members, lenders, analysts, and even farmers and ranchers.

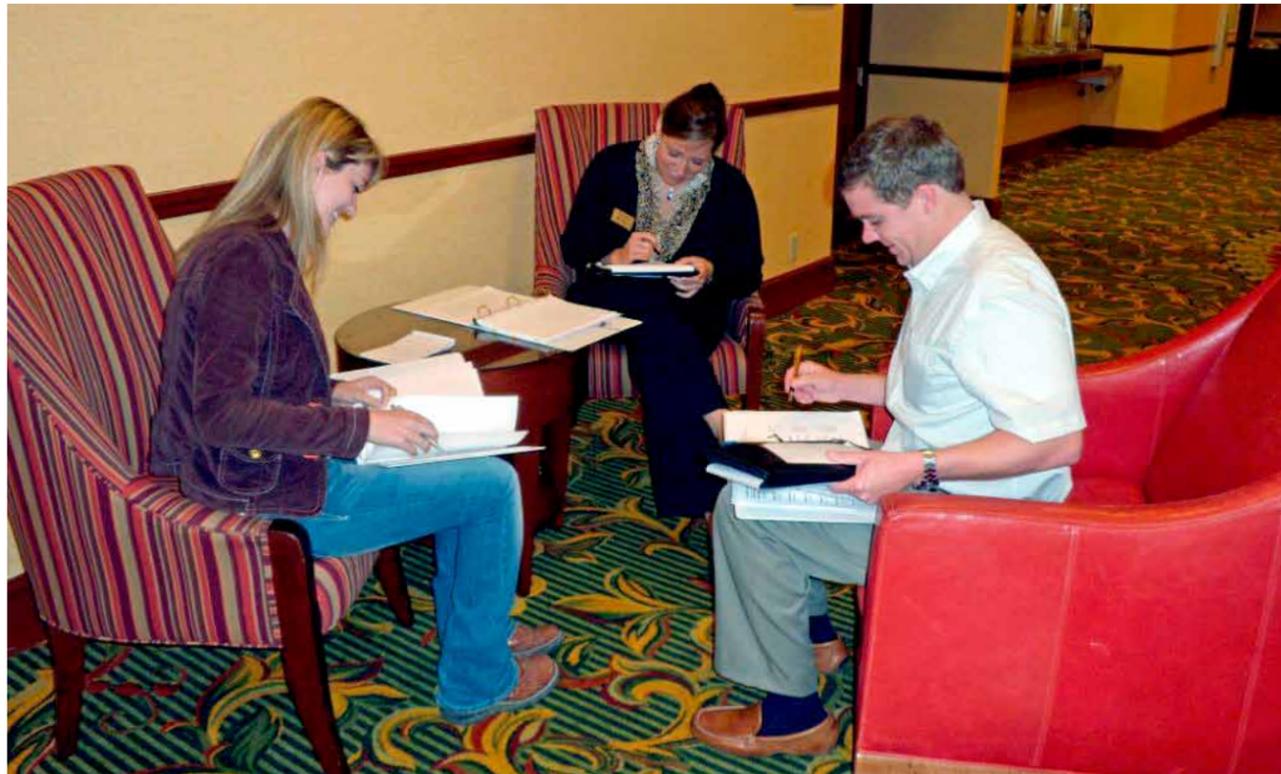
This newsletter is information-packed! You are invited to read further to:

- Discover how FCU has grown and developed over the past nine years in “Views from the Classroom to the Road.”
- Get Dr. Dave Kohl’s take on the economy, key signs interest rates may increase, and perspectives from his recent travels.
- Hear how the Mastering Sales Magnetism program has motivated loan officers to excel, and glean tips for motivating your sales team.
- Learn how one association has collaborated with local ag organizations to develop a blended learning program for YBSM farmers and ranchers, using Ag Biz Planner as a backbone.

The best parts of my involvement with FCU are the relationships I’ve built across the country with ag lenders, and seeing participants form peer groups with other lenders from varying institutions and regions. I look forward to getting to know participants in the upcoming classes this year as well!



Managing Director of FCU and Dean of Students
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May 2012 Commercial Ag Lender class in Charlotte, N.C.

“ I consistently hear comments of appreciation for providing this System-wide forum where peers from around the country can come together to learn and share ideas, and I’m always impressed by how much we have in common.”



May 2012 Commercial Ag Lender class in Charlotte, N.C.



May 2012 Lifestyle Lender class in Charlotte, N.C.



May 2012 Commercial Ag Lender class in Charlotte, N.C.

Views from the Classroom to the Road

by Ronnie Hucks, Vice President Relationship Lending, AgFirst Farm Credit Bank
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I have had the opportunity to work on the Farm Credit University (FCU) project since its inception in January 2004.

I’ve seen this program grow and develop from a flip-chart filled with “brainstorming” ideas in Charlotte, N.C., to a full-fledged blended learning program that is being used by Farm Credit lenders, analysts and customers nationwide. In those beginning stages, I can confidently say that none of us could envision how encompassing and widely-used the program would become.

Since its beginnings, there have been over 2,000 enrollments in FCU! Additionally, over 400 association mentors



May 2012 Lifestyle Lender class in Charlotte, N.C.

have been trained. Components of the program have been licensed to Farm Credit institutions, USDA and others. In May 2012, the 14th Commercial Ag Lender class graduated in Charlotte, N.C. That same month, the 21st Lifestyle Lender

class met for their traditional “Halftime Session,” also in Charlotte. Today, roughly 20 percent of student enrollments for these two curriculums are from outside the AgFirst district (and for some classes this percentage is significantly higher).

Overall, FCU enrollment has represented 70 lending institutions from 37 different states. I consistently hear comments of appreciation for providing this System-wide forum where peers from around the country can come together to learn and share ideas, and I’m always impressed by how much we have in common.

In 2010, FCU rolled-out the Ag Biz Planner program; and for the first time our Young, Beginning, Small and Minority farmer-ranchers have an educational program that helps them understand and navigate the changing and sometimes volatile landscape of agricultural production, prepare a well-designed business plan and address key strategic business issues in their own operations (such as marketing, succession, tax planning and preparing for their lenders).

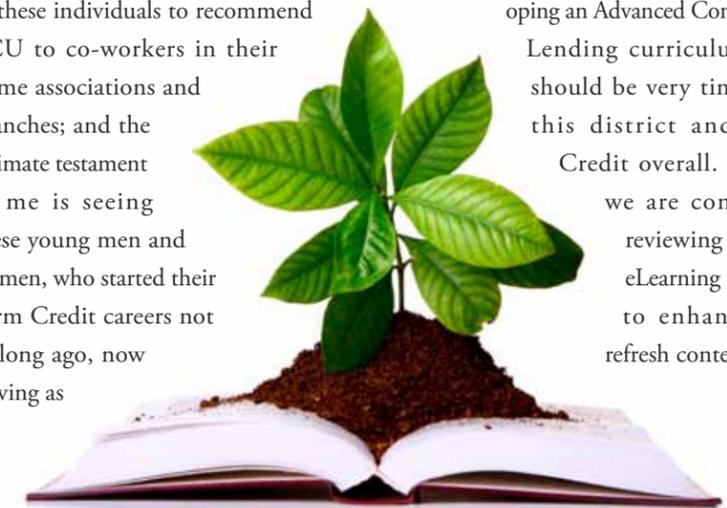
I am always impressed in my travels to district and System events by how many individuals I recognize as being former

FCU students (although I must admit that frequently I can’t recall all of the names; but that’s an article for another newsletter). Invariably they will come up and greet me, and mention FCU. Most agree that certainly the training material was relevant and beneficial; however, it was the relationships and time spent with peers and mentors that perhaps provided the most value. I am struck by the willingness of these individuals to recommend FCU to co-workers in their home associations and branches; and the ultimate testament to me is seeing these young men and women, who started their Farm Credit careers not so long ago, now serving as

mentors and coaches to a fresh group of newly-hired ag lenders.

I remain proud to be associated with the FCU program. We have quite a few exciting new projects that are being developed. By the end of 2012, most of the existing FCU curriculums will have been transferred to, and will reside in the future on, the AgFirst Career Café Learning Management System. We are also developing an Advanced Commercial Lending curriculum that should be very timely for this district and Farm Credit overall. Finally,

we are constantly reviewing existing eLearning modules to enhance and refresh content.



Vision to Reality

by Dr. David M. Kohl, Chancellor, Farm Credit University and Professor Emeritus, Virginia Tech
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With a view out of the corner office as Chancellor of Farm Credit University (FCU), it has been a pleasure sitting back and reflecting on how a seed of vision and a concept was swept up by the winds of opportunity, fertilized by forward thinking individuals and institutions in the creation, development and evolution of FCU.

Farm Credit University is university research that has paid dividends to an agricultural lending industry where loan officers and staff were in transition from one generation to another in need of training with cutting-edge 21st Century technology and learning environment techniques. From its conceptualization on a series of Delta Airlines napkins, it has become a foundation training base of many in the Farm Credit System, and it is embarking on the eve of the ninth year of existence. FCU may not have the number one football or basketball team, but it has trained and graduated some of the top future lenders, analysts, agricultural producers, and leaders that will be in position to serve more demanding agriculture and rural customers whose businesses, livelihoods, and success are interconnected with global economic trends, challenges and opportunities.

FCU's curricula were developed based upon input from the board of visitors and needs identified by the industry that were quite broad and expansive. Ranging from the introductory primer that discusses the foundation, history, and the future of the Farm Credit System to the lifestyle and



commercial ag lending courses interspersed with a sales and relationship lending course, FCU provides a venue for the agricultural lending knowledge workers of the future. At the other end of the spectrum, the course for the young, beginning, small and minority producers is designed to increase business acumen and aid in the development of a business plan. It has been instrumental in providing education to our customers and leaders of tomorrow.

FCU and various associations have twice received national accolades for innovative approaches to serving the agricultural community by the Farm Credit Council. Two graduates of the Ag Biz Planner education program, along with Alicia Morris, Director of FCU, have been featured on the American Agri-Women Show, which aired on RFD-TV. Recently, one couple who graduated from the Ag Biz Planner program was recognized at the White House along with seven other business leaders as a Champion of Change for their leadership in corporate

environmental sustainability.

The combination of high tech online training, and high touch face-to-face interaction provides an innovative approach to lifelong learning and networking, positioning the agricultural lending field to deliver financial products and services in a globally competitive environment. FCU is a venue for providing a solid foundation to the new leadership of the Farm Credit System as it journeys to its 100th year.

To the participants, graduates, mentors, creators of subject matter, reviewers, oversight, and technology development experts, I would like to thank you for all the work, sacrifice, positive attitude and approach to education. Remember, commencement is actually the start of the journey of education and learning, where the vision and attainment are only limited by one's desire and dedication to the educational process.

Creating a Top-Notch Sales Team

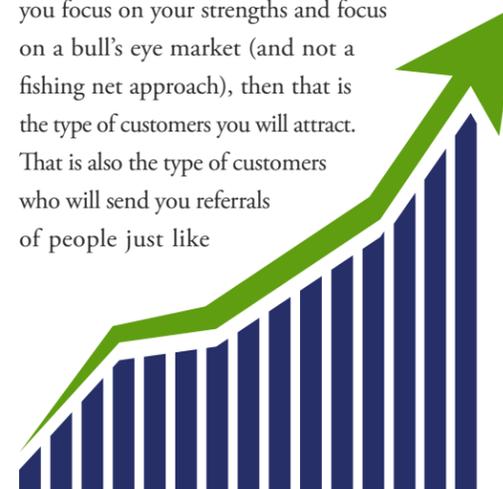
by Will Turner, President, Seeding Growth
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Want results year after year? Meet Matt, a loan officer from Virginia. He recently shared his sales results with me:

Year	Sales Result
2008	Finished 126.11% higher than goal set by Management.
2009	Finished 215.78% higher than goal set by Management.
2010	Finished 190.38% higher than goal set by Management.
2011	Finished 95.64% higher than goal set by Management.

Since completing the Mastering Sales Magnetism Program and going through quarterly sales training for the past four years, Matt has exceeded his annual sales goal by 157 percent on average. It's an even more impressive feat given the fact that each year Matt's manager has increased his sales goals. So what makes Matt a loan superstar?

According to Matt, "Since joining your Sales Magnetism class, my production numbers have been off the charts! With your guidance and nudging along the way I have become a true sales magnet. You have taught me that sales is truly a mindset and if you think and want to make yourself successful then it is within your reach. If you focus on your strengths and focus on a bull's eye market (and not a fishing net approach), then that is the type of customers you will attract. That is also the type of customers who will send you referrals of people just like



"Since joining your Sales Magnetism class, my production numbers have been off the charts! With your guidance and nudging along the way, I have become a true sales magnet..."

~ Matt

them. With this type of business model it has been easy for me to focus on the folks I would like to deal with. I can truly say that since joining your program the sales part of my job has become the easiest."

While I appreciate the accolades, I agree with his assessment that he has the right "mindset" which needs to be a common thread in any training. In other words, it's important to teach sales skills and strategies to loan officers; it's also critical that it's done in a way that builds on their personal beliefs systems, motivation styles and attitudes.

I also know that what makes Matt special is that he gets things done. He listens, he learns and he applies. He looks for proactive ways to help his clients while helping his association.

In years of working with Matt, I always light up when I see him enter the room. Matt is a big guy with a formidable physical presence. But it's more than his size that fills the room. He has an even bigger personality and heart. He truly is a shining example of being present and being of service, always adding value and bringing what he can to the table. His energy is infectious and others sense that immediately.

I love to call on Matt during a training session. I know when others

are bemoaning why something is hard or can't be done, he'll prove them wrong. He'll share a story of how he is beating the odds, implementing strategies, surpassing goals and serving his customers. Of course, he does it in typical Matt-style, with confidence but without cockiness. He's affable and humble, so others are forced to take note even when they would rather cling-on to their excuses.

While Matt is certainly a special guy, his proactive approach makes him a winner. He applies what he learns and makes himself valuable to his customers. The fact that his association invests in his training which includes accountability measures and follow-up, leads to successful and sustainable outcomes year after year.



SEEDING GROWTH

Will Turner is the President of Seeding Growth, a company that specializes in sales and leadership development for Farm Credit Associations. He developed and facilitates the Mastering Sales Magnetism Course offered by Farm Credit University.

AgChoice's AgBiz Masters Prepares YBSM Farmers for the Future

by Rachel Sattazahn and Gary Heckman, AgChoice Farm Credit
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It is difficult to ignore that across the nation, the age of farmers is climbing higher and higher. Combined with the volatility in the agricultural and general economies and the ongoing need to manage margins, it is critical that today's young, beginning, small and minority (YBSM) farmers have business and financial management skills to manage profitable, sustainable businesses.

In January 2010, AgChoice Farm Credit spearheaded the launch of a truly unique program aimed to tackle the needs of today's YBSM farmers. AgBiz Masters was created through collaboration with 20 other agricultural organizations and used information gathered in YBSM focus groups to structure a program specifically suited for the audience. Supporters include Penn State Cooperative Extension, Land O'Lakes, Center for Dairy Excellence and MidAtlantic Farm Credit, to name a few. Bringing many organizations together allows AgBiz Masters to offer the highest quality business management education possible through its vast amount of resources, in the form of marketing power, industry knowledge and financial support.

AgBiz Masters takes a blended learning approach. Farm Credit University's Ag Biz Planner uses a 10-module series, developed by Dr. David Kohl, and plays a pivotal role in offering e-Learning capabilities at participants' convenience. The program spans two years, and participants complete five modules and attend several face-to-face workshops during each year. Workshops are held in 10–12 locations simultaneously across Pennsylvania and neighboring states, and speakers present to all locations through video-conference technology. The workshops offer participants the chance to network with other YBSM farmers, building a sense of fraternity among participants and graduates.

In the two years of AgBiz Masters' existence, it has had a tremendous impact on YBSM farmers in Pennsylvania and beyond. More than 300 participants have been involved in the program with approximately 100 graduating from the two-year series. In January 2012, AgChoice was honored to receive the Phelps-Martin Award for Service to the Agricultural Community from the Farm

Credit Council because of the impact that AgBiz Masters has had in securing a strong future for agriculture.

AgBiz Masters is unlike any other educational program for YBSM farmers. It leverages technology to be able to meet the needs of its YBSM farmer participants, brings together many partnering organizations to achieve the greatest impact and has been a complementary program to SmartStart, AgChoice's incentive program for YBSM farmers that awards them with a reduced interest rate for participation in educational activities. For more information, visit www.AgBizMasters.com.

AgChoice Farm Credit is one of several Farm Credit Associations that have used Farm Credit University's Ag Biz Planner series in local efforts to educate YBSM farmers. More information on Ag Biz Planner is available at www.FCUniversity.com.

Collaborative Learning Yields Superior Results for YBSM Farmers

Collaboration has been a recipe for success for two groups of associations' YBSM farmer outreach and training efforts. AgChoice Farm Credit and MidAtlantic Farm Credit have partnered with industry organizations to deliver their AgBiz Masters program in Pennsylvania and Maryland (highlighted in the previous article). Carolina Farm Credit, Cape Fear Farm Credit, AgCarolina Financial, Farm Credit of the Virginias and Colonial Farm Credit partnered to provide Ag Biz Planner training to producers in North Carolina, Virginia and West Virginia. A combination of video conferences, e-Learning modules, and working with mentors culminated with the whole group meeting face-to-face to learn and network in Raleigh, N.C. this spring. Participants value the rich interchange of ideas, issues, tips and techniques relating to business planning from producers outside their immediate areas. Some producers shared their business

plans for critique by instructors and peers. They enjoyed learning about issues facing commodities in other areas, and developed friendships across state lines that are invaluable for providing leadership of the ag industry of the future.

Both of these groups have been honored to receive Phelps-Martin Awards for Community Service from the Farm Credit Council for their efforts. In the words of a graduate of the program, "The Ag Biz Planner was extremely inspiring and continues to be a part of the success of our farming operation. This program provides an opportunity to plant a seed and make a difference in the lives of real people that are the roots of agriculture."

This collaboration is made possible by open-minded presidents, hard working marketing managers and association mentors whose planning and follow through have ensured success.



Dr. Kohl reviews the Thompson's business plan



Coordinators from each Association handled all the details

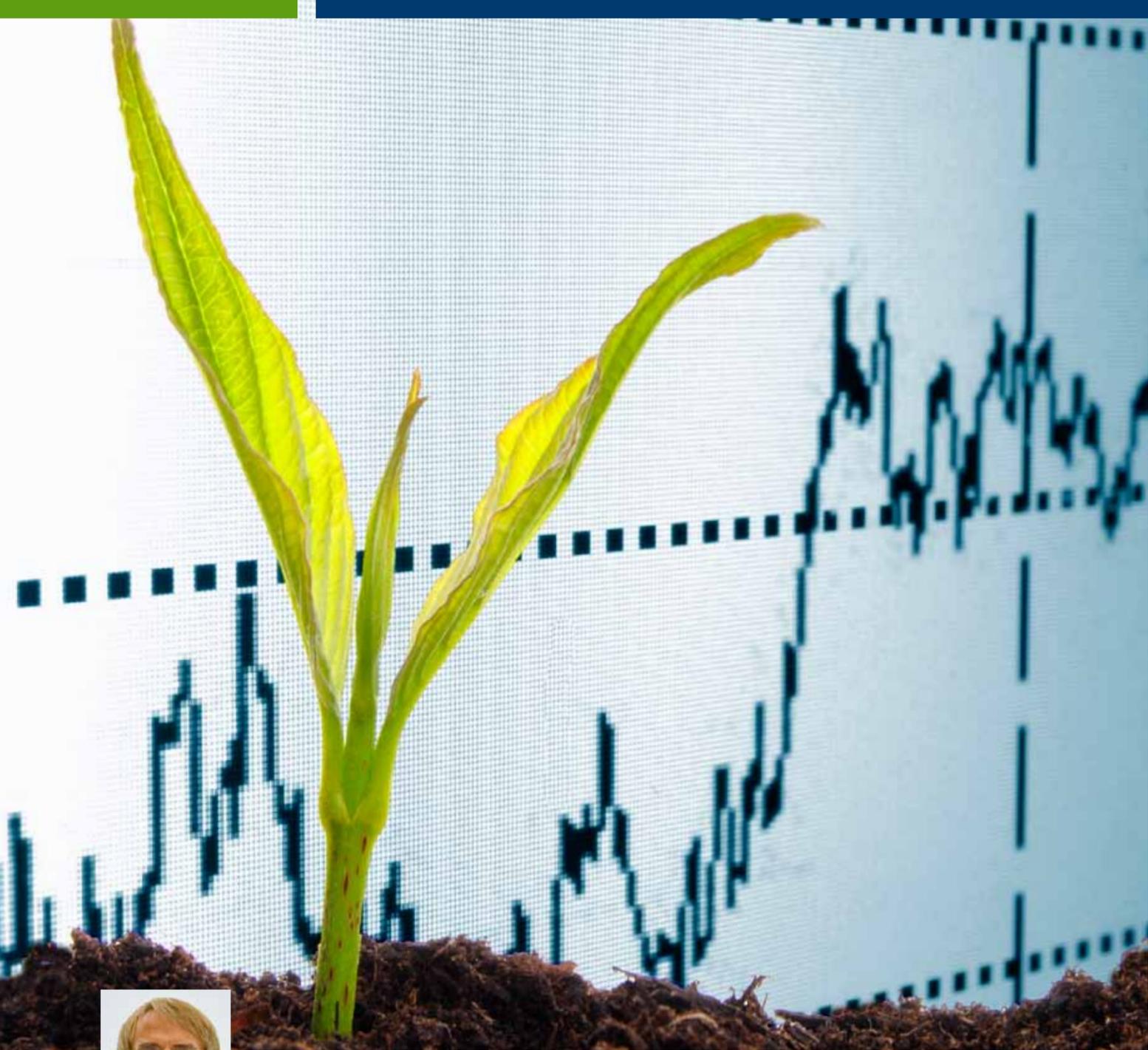


Pat Daystar consults with her mentor, Patrick Chappell



Presidents, marketing staff, and mentors from the five Associations all contributed to Ag Biz Planner's success





The Chancellor's Corner

by Dr. David M. Kohl, Chancellor, Farm Credit University and Professor Emeritus, Virginia Tech
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Welcome to the Chancellor's Corner, a view from my travel and interaction at all levels of the agricultural and economic spectrum.

The agricultural and economic landscapes can be sized up as Swiss cheese economies. The agricultural and rural

economies, in crop and row crop regions, and those blessed with oil, minerals, and gas, have been on a nine-year super cycle fueled by a connection to the growing emerging markets of the BRICS and KIMT nations. That is, Brazil, Russia,

India, China, and South Africa, along with South Korea, Indonesia, Mexico, and Turkey. Asset-rich and cash flow-rich producers' fortunes are dependent on sustained growth in these nations, particularly China. Growth and demand

Should the reported unemployment decline to a 7.0 percent level, this will be another sign the Federal Reserve may tighten policy by raising interest rates.

for commodities are dependent upon the economic health of Europe, which is China's biggest trading partner.

Producers in some regions of the country are experiencing margin compression. Increased variable input costs, along with accelerated fixed cost in land rents and appreciated land values, are moving at a quicker pace than increases in commodity prices, suggesting the late stages of the super cycle.

At the other end of the economic spectrum, in the "dungeons of doom" of agricultural industries, some producers who have been challenged by high and volatile commodity prices and the suppressed housing industry are finally seeing some relief. How long this relief will last and how much relief will be seen is still unknown. Is the economic sunshine the result of federal stimulus or true organic growth, post financial crisis?

I am often asked when and how much interest rates will increase. While it is impossible to forecast the exact time, it is possible to watch for these three key signs.

- First, watch for increases in core and headline inflation. The Federal Reserve's targets are 2.0 percent core inflation and 4.0 percent headline inflation. Core inflation has doubled over the past year, and as of May it stands at 2.3 percent increase over the last 12 months. Headline inflation has increased 1.7 percent over the last 12 months, impacted by food and energy prices. Should core inflation seek a level of 3.0 percent and headline inflation reach 5.0 percent,

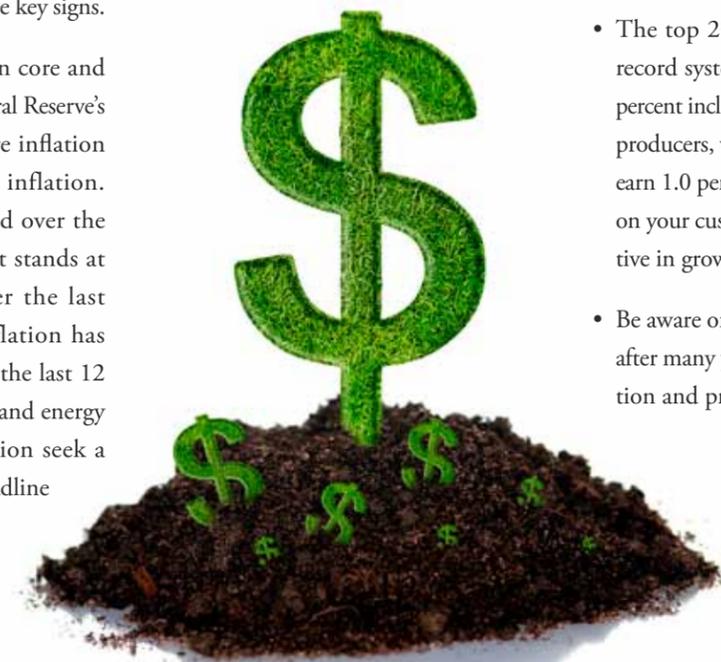
the Federal Reserve will strongly consider raising interest rates.

- Next, maintain a close eye on unemployment rates. This will be a hot topic in the swing states in our federal elections in November. An incumbent president has never been elected with an unemployment rate above 8.0 percent. The Federal Reserve's unemployment rate target is 5.0 percent. As of the May 2012 release, the reported rate is 8.2 percent unemployment, while the true rate including U-1 to U-6 workers is 14.8 percent. Should the reported unemployment decline to a 7.0 percent level, this will be another sign the Federal Reserve may tighten policy by raising interest rates.
- A downgrade of the U.S. federal debt similar to the August 2011 downgrade will be another variable to consider. The U.S. was lucky last time because the European economic situation trumped

the U.S. downgrade. With debt skyrocketing out of control, it is only a matter of time before the economic black swans of too much risk result in higher interest rates on the federal debt.

The following are some general observations of interest to the dedicated participants and graduates of FCU.

- Average family living cost now exceeds \$80,000 for farm families, according to the farm record systems.
- Student university debt exceeds \$1 trillion, larger than students' credit card and auto loan debt.
- When a borrower's cost of interest paid is above 12 percent of revenue, it is a sign of excess debt, and a reduced ability to service the debt.
- There are more family disagreements in areas of skyrocketing land values and riches from oil and minerals. This could be called the "curse of wealth."
- The top 20 percent of producers on record systems earn a return above 10 percent including both crop and livestock producers, while the bottom 20 percent earn 1.0 percent or negative. Be selective on your customers. This will be imperative in growing a healthy portfolio.
- Be aware of large deferred tax liabilities after many years of accelerated depreciation and prepayment of inputs.





Congrats to our FCU Graduates!

Congratulations to all of the recent FCU graduates! We recognize it takes quite a commitment to complete blended course material as well as tackle normal job requirements. These lenders and analysts represent future industry leaders. We applaud them for their hard work and dedication to training and development!



February 2011 Lifestyle Lender Class, graduated September 2011



April 2011 Commercial Ag Lender Class, graduated November 2011



August 2011 Lifestyle Lender Class, graduated March 2012



July 2011 Mastering Sales Magnetism Class, graduated December 2011



March 2012 Mastering Sales Magnetism Class, graduates August 2012



October 2011 Commercial Ag Lender Class, graduated May 2012



February 2012 Lifestyle Lender Class, graduates September 2012

Upcoming 2012 Classes

- **Launch Pad Orientation:**
Enroll Anytime!
- **Lifestyle Lender Class**
August 6
- **Mastering Sales Magnetism Class:**
September 10
- **Commercial Ag Lender Class:**
October 1
- **Ag Biz Planner for YBSM Farmers:**
Enroll Anytime!

Enroll Online at
www.FCUniversity.com!





www.FCUniversity.com