



REAL ESTATE LENDING: GUIDELINES & PROCEDURES

Guidelines

To ensure a smooth lending process, AgriCap recently revised its real estate lending guidelines. We consider many real estate scenarios, but specialize in:

- Lending area: AZ, CA, CO, FL, ID, MT, NC, NM, NV, OR, UT, VA, WA, WY
- Property type: All agricultural land and commercial properties considered
 - Property must be income producing
- Loan amount: \$250,000 to \$5 million; based on "all-in" loan amount
- Full documentation only
- Interest rate: Prime +
- No prepay penalties
- Terms up to 36 months
- Loan To Value: 65%
- FICO: 600+

Application Process

If you have a real estate transaction that fits the guidelines above, the next step is to move through the application process.

The initial application process is quick, painless, and free. We require the following documents so that we can properly assess your situation and recommend the best course of action. Sometimes this means we can work together; other times we might recommend a lender who can better serve your needs. Whichever the case, we're here to help.

The application process requires:

- A completed & signed application
- An Executive Summary
- Year-to-date financial statements
- Federal Tax Return, last 3 years (individual and corporate)
- A current Appraisal Report (must be within last 90 days)
- A current Preliminary Title Report

For more information, please visit www.agricap.com/real-estate-lending.

FINANCING OPTIONS FOR PRODUCE COMPANIES

The Produce Supply Chain

Supply chain /n/: *the group of companies who move a product from its original source producer to its end user.*

In the world of produce, there are two broad categories of supply chains: Food Service and Retail. Although these chains have some differences, their members often overlap.

A typical produce supply chain can or will include the following types of entities: Grower, Grower-Shipper, Importer, Distributor, Co-packer, Broker, and Retailer. Because of the perishable nature of produce, the supply chain of agricultural products is often in a state of flux. Relationships change annually, or even more frequently, based upon numerous factors, including weather, market conditions, governmental rulings and law, USDA and Homeland security requirements, to name a few. This characteristic of constant change in produce supply relationships is a feature that distinguishes this supply chain from others which generally have longer term relationships and firm contracts defining price and quantity agreements.

Supply Chain Financing Complications

In general, the more defined the buy-sell agreements are in a supply chain, the better the financing options. For example, a supplier with a 5-year contract to provide parts to GE at fixed prices and quantities will have little difficulty obtaining financing for its operations. This, however, is not the world our clients live in. In general our clients may have supply agreements with their vendors or customers, but prices and quantities can vary wildly and unpredictably, resulting in uncertain cash flows and very nervous lenders. Lenders and "Acts of God" do not mix well!

Another complication for lenders to the

produce supply chain is the ramification of the USDA and PACA regulations to lenders. PACA is a federal law and consequently PACA cases are heard in District Federal Courts. These courts have been inconsistent in their rulings, but have generally proven very unfriendly to lenders of clients subject to the PACA statutory trust. Accordingly, lenders have by and large elected not to provide financing to members of the produce supply chain. The PACA federal law was intended to protect the produce supply chain (most notably growers) from bad acting by their trading partners. Although the law achieves this, the unfortunate consequence has been fewer financing options for produce companies.

Financing the Supply Chain

Contrary to these other lenders, AgriCap has committed to providing financing for members of the produce supply chain. AgriCap focuses specifically on financing food companies located in the U.S. and



Latin America. AgriCap's financing is delivered via two services: accounts receivable financing and Free On Board (F.O.B.) financing of shipments.

Accounts receivable financing (also known as Receivable factoring or factoring) is one of the oldest and most frequently used world-wide trade financing vehicles. Clients using this service sell their accounts receivable to

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FINANCING OPTIONS FOR PRODUCE COMPANIES (CONTINUED)

AgriCap, thereby receiving greatly enhanced liquidity which allows them to pay their accounts payable quickly. By doing so, our clients' credit ratings and vendor relationships improve. Additionally, this product provides an excellent financing vehicle for companies who are growing rapidly. And, by factoring their receivables, clients remove credit risk from their operations and outsource the credit and collection function, thereby reducing their overhead.

Free On Board (F.O.B.) financing is a product principally targeted at Latin American clients who are selling to good credit-quality customers located in Europe or the United States. These relationships are managed from AgriCap's Ecuador office. Clients using this service present shipping documents



to AgriCap at the time a shipment leaves F.O.B. Latin America. AgriCap verifies the shipment with customer and freight line, and then advances directly to the client a portion of the value of the shipment. AgriCap then collects the payment for the shipment from the customer.

F.O.B. financing is designed enhance client liquidity. Like factoring, this type of financing is an excellent tool for growing companies who need additional financing to fuel their growth.

In summary, AgriCap focuses on providing trade financing specifically to members of the food supply chain, with services such

as factoring and F.O.B. shipment financing. AgriCap offers these services in flexible and innovative ways to help our clients grow their sales and profits.



IF YOU MISSED US AT THE POWER OF 5

PLEASE MAKE PLANS TO SEE US AT THIS OCTOBER'S PMA SHOW

Comments? Questions? Want a Free Subscription? Contact Us at 213.542.5232 or info@agricap.com.

The AgriCap Gazette would like to thank the contributions of Rick Jones and Peter Tam. It was through their time, energy, and effort that the AgriCap Gazette came to be published.

Finances Getting Away From You?

AgriCap Financial Corporation specializes in providing financial and real estate solutions, packaging solutions tailor-made to your specific needs.

Our services help you:

- Improve cash flow
- Manage credit risks
- Grow your business
- Purchase land or property
- Cash-out land or property
- Refinance land or property



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