

FCS Offers New Programs for Communities

As part of our mission to advance rural America's success, Farm Credit Services of Western Arkansas has initiated a new program to provide financing for economic development, infrastructure, community development and revitalization in rural areas.

UNDER AUTHORITY GRANTED to the Farm Credit System, FCS of Western Arkansas, along with a number of FCS institutions across the nation, now feature programs that allow FCS to finance a variety of agricultural, community and/or rural development projects.

This authority comes under the Farm Credit System's "Investments in Rural America" program. The Investments in Rural America program is designed to strengthen the System's mission to provide for an adequate and flexible flow of capital to agriculture, agribusinesses and rural communities across the country. The program gives greater flexibility to partner with agriculture and rural lenders to increase the availability of affordable funding to rural communities to improve infrastructure and quality of life and to stimulate economic growth and development.

"We take pride in our ability to fulfill our public purpose in serving farmers, ranchers, rural home owners and agribusinesses in western Arkansas," says Executive Vice President Tom Peebles. "The creation of the ARC Bond program gives Farm Credit the opportunity to support both rural and community development."

Western Arkansas CFO Lori Schumacher adds, "Most Farm Credit customers are already aware that FCS is one of the most competitive lenders in our marketplace. The competitiveness is based on FCS funding coming from the sale of Systemwide securities to investors, and national and international money markets. Because of marketplace acceptance and attractiveness of Farm Credit securities and the volume of funds

raised, we can consistently offer competitive interest rates for those in western Arkansas and across America."

Agricultural and Rural Community Securities Program (ARC Bonds)

Agricultural and Rural Community (ARC) Securities are investment instruments issued by public and private enterprises, cooperatives and other financial institutions, purchased by FCS of Western Arkansas to provide affordable funds for community projects and businesses in rural areas. ARC Securities, or bonds, are similar to traditional loans in that both have structured repayment and investment return rates.

Eligibility

ARC bonds are eligible for investments in rural communities which are defined as

1. an area located outside standard Metropolitan Statistical Area (MSA);
2. Within a community that has a population of 50,000 or less;
3. Within a territory of an MSA that is not within an urbanized area.

Tax Status

Securities are either tax exempt (municipal) or taxable (corporate).

Types of Financing

- Equipment Finance
- Real Estate Finance
- Refinance of existing debt
- Project finance (bridge and permanent financing)

Project Purpose

The types of projects FCS can finance include, but are not limited to the following:

- Agriculture and Agribusiness
 - Value-added food and fiber processors and marketers



- Projects qualifying under the 2002 Farm Bill –Renewable Energy and Energy Efficiency Program

- Infrastructure for production, storage, shipping and trade

Rural Infrastructure

- Water
- Waste
- Utilities

Rural Housing

- Projects providing for low or moderate income individuals living in rural areas (i.e. state or local housing finance authority bond issuances).

Community and Rural Development



Essential Community Facilities

- Schools
- Libraries
- Childcare
- Hospitals
- Medical and health facilities
- Assisted living
- Fire and rescue stations
- Police stations
- Community Centers
- Public buildings
- Professional services

Rural Business Concerns

These are entities that create or preserve jobs in rural areas OR that provide products or services to rural areas and do not otherwise service a broad market of both urban and rural areas.

Eligible entities include:

- Private enterprises
- Nonprofit organizations
- Cooperatives
- Rural Lenders

Ineligible entities

- Publicly traded entities
- Religious organizations
- Gaming operations

Community Revitalization and Development

- Rural development projects identified by local, state, tribal or federal governments.
- Rural areas declared natural disaster areas by the federal government.

Terms and Conditions

Bond terms are up to 25 years.
Government guaranteed projects

can be funded on fixed rates for up to 30 years. All bonds must be adequately collateralized with proven repayment capacity.

Pricing

Rates may be variable or fixed. Rates and fees will depend upon risk, collateral and repayment factors. Payments can be monthly, quarterly, semi-annual or annual.

“Our objective is to increase the availability of affordable funding to enhance the lives of people living in rural Arkansas. We will work with individuals, businesses and community organizations and will partner with other lenders who do so,” said Bob Williams, senior vice president of credit.

To learn more about this exciting new opportunity that can assist your local community, contact your local Farm Credit Loan officer at 800-444-3276 or visit www.myaglender.com