

[00:00:00.160] - Speaker 1

Here at Texas Farm Credit, we're committed to rural America, which includes supporting debt capital needs within the country's commercial agricultural lending space. This financial support often comes through syndicated or participated arrangements with other lending institutions. These participations diversify association credit risk concentrations and contribute to maximizing association stockholder value. The association syndicated loan activity involves buying or selling portions of large AG, real estate production, AG or agribusiness loans. These purchases and sales occur between other Farm Credit associations, farm Credit District banks, or commercial lenders.

[00:00:38.880] - Speaker 1

Purchasing and selling participation interests in loans is a risk mitigation tool used to manage risk concentrations and improve geographic and commodity diversification within the association's loan portfolio. This may sound a bit like inside language, so let's break it down a little more. In a loan participation, the originating lender makes a loan and then subsequently sells a portion of the loan to one or more participating lenders. Under the Participation agreement, the participating lenders agree to assume the risks and rewards of the portion of the loan they are purchasing by transferring funds to the originating lender in return for the rights to receive their pro rata portion of loan payments. The department has expertise in agribusiness loans and works alongside branch team members to ensure even the most complex commercial AG operations within our territory are well served by the association.

[00:01:33.430] - Speaker 1

When financing large agribusiness operations, the association may leverage its relationship with other Farm Credit associations, farm credit district banks or commercial lenders through the sale of participation interest in these loans. These relationships ensure that there is no commercial AG operation in our territory too large for the association to serve. Our capital markets and Agribusiness Lending Department has seasoned professionals who understand the complexities of large scale commercial AG operations. They know how to structure credit facilities to effectively meet these operations unique needs. We dedicate significant resources to understand the industries our members take part in, their business operations, and the internal and external factors that affect them.

[00:02:17.130] - Speaker 1

Because of this, Texas Farm Credit is able to offer solutions that add value to your company or operation as well as recognize opportunities that can contribute to your success. Please reach out to your preferred Texas Farm Credit Branch. If you would like to start a discussion about your agribusiness financing needs.