

## **Farm Credit University**

### *Lifestyle Lending Degree*

#### Online Modules:

1. Lending to Lifestyle Borrowers: Eligibility, Scope of Lending & Customer Knowledge
2. Lifestyle Portfolio Segmentation & Layering of Risk
3. Small Loan Analysis & Credit Evaluation
4. Tax Return Analysis
5. Consumer Compliance/Legal Instruments & Title Concepts
6. Technology, Alliances in Marketing & Loan Pricing
7. Successful Selling
8. Strategic Prospecting
9. Call Preparation
10. The Sales Process

*Each Module includes Flash content, text content, objective test, discussion forum response, module rating, and application exercises reviewed by mentor.*

#### Curriculum also includes:

*Face-to-Face training session*

*Final Case Study Analysis*

## **Objectives of Each Lifestyle Lending Module**

### **Lending to Lifestyle Borrowers: Eligibility, Scope of Lending & Customer Knowledge**

The objectives of this module are to:

- Understand the difference between “eligibility” and “scope of lending” (“person” and “purpose”) and the eligibility requirements for each of the groups of borrowers
- Calculate “non-ag” financing parameters for Other Than Full-Time Farmers
- Understand the customer and business from a dynamic lifecycle process and from a products and services standpoint.
- Utilize database marketing and the concept of wallet share in targeting specific products and services to customers in a proactive manner.
- Utilize the tool of psychographics to uncover motivations and value systems in financial purchase decisions.

### **Portfolio Segmentation & Layering of Risk**

The objectives of this module are to:

- Identify the various characteristics and specific aspects of the lifestyle segment from an individual loan and total portfolio perspective.
- Examine the layers of risk or primary and secondary environmental factors that are imperative in sound loan and marketing decisions and strategy.
- Follow a systematic process that includes general benchmarks and guidelines to help quickly quantify and assess the status of credit risk and marketing opportunities on an individual or portfolio as it relates to the economic environment
- Establish linkages to existing and projected conditions for the conceptual components identified in the module through application exercises.

### **Small Loan Analysis & Credit Evaluation**

The objectives of this module are to:

- Analyze small loans using benchmarks.
- Evaluate credit scores and apply the analysis to loan customers.
- Read a credit report and determine whether a customer can handle additional debt.
- Evaluate subjective measures about customers in order to estimate their credit risk to the organization.
- Determine the credit risk of a loan using an objective system.

## **Tax Return Analysis**

The objectives of this module are to:

- Discuss the benefits and limitations of utilizing tax returns and simple balance sheets in the credit and business development decision making process;
- Identify specific areas of the various tax forms that can provide clues to the ability to repay, cross checks to balance sheet items, and possible credit risk and marketing opportunities;
- Utilize practical examples of tax returns and balance sheets to illustrate how an agrilender can use tax filing information in sizing up a smaller loan applicant from a cash flow and credit risk standpoint.

## **Consumer Compliance/ Legal Instruments & Title Concepts**

The objectives of this module are to:

- Present an overview of key consumer compliance laws including the Truth-in-Lending Act (TILA), Equal Credit Opportunity Act (ECOA) and the Real Estate Settlement Procedure Act (RESPA).
- Provide an overview and background on legal instruments and title concepts such as security instruments, promissory notes and title concepts.
- Illustrate situations and conditions that frequently confront lenders and others that are involved in application analysis and execution of loans and financial services.

## **Technology, Alliances in Marketing & Loan Pricing**

The objectives of this module are to:

- Discuss the role of technology and automation in credit and marketing strategies for ag lending institutions.
- Examine which individuals and organizations are important in influencing decisions on lifestyle businesses and how influences change depending upon customer and business lifecycle.
- Provide practical examples of how alliances have been effective in marketing and business development and identify key characteristics of effective alliance building.
- Have a basic understanding of pricing of credit from an institution's competitive standpoint and understand how the local environment influences pricing strategy.

## **Successful Selling**

The objectives of this module are to:

- Identify skills and traits of successful agrilenders.
- Differentiate between sales and marketing, as well as price versus relationship selling.
- Learn how the 4 P's of marketing can help a lender be successful.
- Identify "key accounts" and pursue them.
- Use techniques, like recognizing verbal and non-verbal communication cues, which appeal to customers and allow you to differentiate yourself.

## **Strategic Prospecting**

The objectives of this module are to:

- Go through the systematic process of finding new customers for the business.
- Identify sources of information about prospective customers.
- Compile customer information for future reference.
- Determine which prospects to pursue by using a qualifying process.
- Analyze data, such as financial statements, to identify marketing opportunities.

## **Call Preparation**

The objectives of this module are to:

- Discuss elements of a successful initial contact.
- Make effective cold calls to gain information about a prospect.
- Demonstrate how to reverse the sales process to prevent overselling.
- Describe and develop an effective field call plan.

## **The Sales Process**

The objectives of this module are to:

- Conduct an effective sales call using the sales process.
- Determine appropriate questions to ask that reveal information to help you solve the customer's problem.
- Determine what it takes to be successful in sales.
- Understand the three ways to test for fit.

## **Outline of Each Lifestyle Lending Module**

### **Lending to Lifestyle Borrowers: Eligibility, Scope of Financing & Customer Knowledge**

- Introduction
- Eligibility
  - Eligibility of Legal Entities
- Scope of Lending
  - Guidelines
  - Definitions
  - Home Loans to Rural Residents
  - Further Resources
- Customer Knowledge
  - Lifecycle of the Customer
  - Database Marketing
  - Wallet Share
  - Psychographics

### **Portfolio Segmentation & Layering of Risk**

- Lifestyle Portfolio Segmentation
  - Country Home
  - Rural Property
  - Farmette
  - Farmland Investment
  - Youth, Young & Beginning Producers
- Layering of Risk
  - Customer Profile
  - Industry Concentration and Status
- Rural Community Profile
  - Rural Affluent Zones
  - Declining Rural Communities
- Macro Economy Tracker
  - Housing Starts
  - Interest Rates
  - Growth Forecasting
  - Mortgage Rates
  - Unemployment
  - Factory Utilization
  - Oil Prices
  - Stock Market
  - Composite Leading Index
  - Purchasing Manager Index
- Final Analysis

## **Small Loan Analysis and Credit Evaluation**

Consumer and Agricultural Lifestyle Loans

The Small Agricultural Loan

Credit History

The Score

What Impacts Credit Scores?

Types of Credit

Dealing with Errors

Reading A Credit Report

Outside The Numbers

Achievers

Hotshots

Strugglers

Miners and Coasters

Other Factors

Small Loan Risk Rating System

## **Tax Return Analysis**

Introduction

Benefits of Tax Returns

Limitations of Tax Returns

Objectives of Tax Return Analysis

Tax Return and Balance Sheet Journey

Balance Sheet Verification

Tax Return Analysis Objective

3 Case Examples

Conclusion

## **Consumer Compliance/Legal Instruments & Title Concepts**

Overview of Key Consumer Compliance Laws

Truth-in-Lending Act (TILA) and Regulation Z

Equal Credit Opportunity Act (ECOA) and Regulation B

Real Estate Settlement Procedures Act (RESPA) and Regulation X

Legal Instruments and Title Concepts

Security Instruments

Promissory Notes

Title Concepts

## **Technology, Alliances in Marketing & Loan Pricing**

### Technology & Alliances in Marketing

- Technology
- Streamlining & Automation
- Creative Marketing Strategies
- Alliances in Ag and Rural Lending
- Spheres of Influence
- Lifestyle Segment Alliances
- Key Points in Alliance Relationships
- Challenges and Marketing Strategies

### Loan Pricing

- Impact of Local Environment on Pricing
- Overview of Customer Profitability Systems
- Sources and Uses of Funds
- Revenues or Income
- Expenses
- Risk
- Profit Objective
- Five Components of Pricing

## **Sales and Marketing: Successful Selling**

- Skill Base of the Agrilender
- 21st Century Agrilender
- Sales versus Marketing
  - Product
  - Place
  - Promotion
  - Price versus Relationship
- Being Persistent
- Activity versus Results
- Differentiating Yourself as a 21st Century Agrilender
  - High Tech High Touch
  - More than a Lender
  - Message for New Agrilenders
  - Listening and Observing: Emotional Intelligence
  - Brand Called You

### **Sales and Marketing: Strategic Prospecting**

- Prospect Database
- Information Sources
- Prospect Profile
- Qualifying Prospects
- Data Mining for the 21<sup>st</sup> Century Agrilender
  - Trigger Events for Marketing Opportunities
  - Balance Sheet
  - Credit Cards, Auto Loans & College Loans
  - Income Statement
- Other Financial and Miscellaneous Information

### **Sales and Marketing: Call Preparation**

- Introduction
- Initial Contact
  - Keys in the Initial Contact
  - Initial Contact Methods
- Cold Call
- Reversing the Sales Process
- Developing Field Call Objectives
- Developing a Field Call Plan
- Steps in the Sales Process
- Sample Field Call Plan

### **Sales and Marketing: The Sales Process**

- Opening and Relationship Building
- Testing for Fit
- Presentation and Problem Solving
- Determining the Next Step