

Leader

A Colonial Farm Credit Member Publication

Winter 2010



Greg Farmer

President's Message

The recent global economic recession has seen the failure of over 180 banks (\$558 billion in assets), and numerous other high-profile companies have either failed or have had

to depend on government assistance to stay afloat. In contrast, the Farm Credit System will post profits in 2009 of approximately \$2.9 billion, remaining solidly profitable and financially sound. Why has Farm Credit's experience been so different from other financial institutions? Three reasons: Our history, our people and our values.

Our History:

The Farm Credit System ("System") had its challenges during the farm crisis of the 1980's. Stronger System associations (such as Colonial and its predecessor associations) sent millions of dollars of their stockholders' capital to struggling associations in other parts of the country to keep them in business. Colonial's contribution was approximately \$8 million, three-quarters of which has been repaid. The System associations and banks emerged from that crisis as better managers of credit, liquidity, interest rate and financial risks. We learned the value of maintaining stronger capital and liquidity. The System adopted a comprehensive set of "borrowers' rights" to insure that our customer-owners are treated equitably and fairly, and to insure that foreclosure is always a last resort. We were put under the supervision of a strong, independent safety and soundness regulator, with substantial enforcement powers. And, finally, the System established a self-funded insurance pool of 2% of total liabilities (currently \$3 billion), to protect investors of System obligations, providing long-term System stability and continued access to funds at reasonable rates.

Our People:

We are blessed to have employees, directors and customers with above-average work ethic, integrity and honesty. Most of our employees grew up in rural areas, many on farms. They possess good judgment and are truly interested in helping our customers succeed. Our directors are farmers and good business managers. They provide valuable insight and guidance to management and are motivated by a dedication and desire to see the System thrive so that it will be around to serve their children and grandchildren. They also understand the value of keeping some "dry powder" in the form of excess capital and liquidity to draw upon during tough economic times. Our customers, by virtue of their rural backgrounds, are hardworking and honest. When they have a problem, they let us know so that we can work through it together. They do not run and hide in an attempt to avoid their obligations.

Our Values:

Our structure and standards are products of our values. Our underwriting standards are conservative and sensible. We do not want to put people in a position in which they are unlikely to succeed, or one that will require us to sell their assets to pay their obligations. (We watched with amazement and concern as FannieMae and FreddieMac, for political and social purposes, continually lowered their standards in the years leading up to the recent recession, thus putting many borrowers in debt well beyond their ability

to repay.) Our credit officers understand that they will be the ones responsible for collecting loans that they make, thus providing more accountability and responsibility to make sound loans to begin with. We only sell conforming, residential mortgage loans; all other loans (the bulk of our business) we hold on our books—again providing great motivation to make only sound, high quality loans. Our employee compensation plan is predicated on balancing asset quality, credit management, asset growth, earnings and customer service. We recognize that over-emphasizing or under-emphasizing any individual area leads to unacceptable risk-taking and undesirable consequences.

The above-mentioned attributes are what set Farm Credit apart from many other businesses and allow us to not only survive economic downturns, but thrive during them without government subsidies or assistance. The most tangible example of our success is the return of profits in the form of cash patronage refunds. Over \$5 million will be paid to Colonial stockholders from our 2009 earnings, amounting to 14% of the interest you paid on your loans last year. ■

HOLIDAY

Farm Credit Offices are Closed

Memorial Day

Monday, May 31



The board of directors for Colonial Farm Credit recently met in Keysville, Virginia, and toured the area including a very informative stop at Morgan Lumber Company in Red Oak, Virginia.

Leader is published for stockholders, directors and friends of Colonial Farm Credit.

Address changes, questions, comments or requests for copies of our financial reports should be directed to Colonial Farm Credit by writing P.O. Box 727, Mechanicsville, VA 23111, or calling 1-800-777-8908. Contact us by email: dwheeler@colonialfarmcredit.com. Our quarterly financial report can also be obtained on our Web site www.colonialfarmcredit.com.

2010 Customer Appreciation Dinners

Our customers are invited to attend one of our regional customer appreciation dinners. Registration will begin at 6:00 p.m. and dinner follows at 6:30 p.m. at the following locations:

Monday, May 10	Richmond Raceway Complex Richmond, Virginia
Tuesday, May 11	Mechanicsville Volunteer Fire Department Mechanicsville, Maryland
Wednesday, May 12	Airfield Conference Center Wakefield, Virginia
Thursday, May 13	Longwood University Farmville, Virginia

CFC Donates Computers to Richmond Outreach Center

Colonial Farm Credit recently donated computers to the Richmond Outreach Center (ROC) to be used in their computer classes.

These eight week long classes give adults and youth from low-income families training on the use of computers including typing and word processing instruction. At the end of the class, each student receives a free refurbished computer. These computers are often the first computers in the home.

The ROC serves over 5,500 people each week through over 130 programs and services serving the inner city of Richmond. All of the ROC's programs and services are provided at no cost including a health clinic, after school and summer programs, marriage and parenting classes, and a food pantry. ■

Don Costello (right), Senior Information Systems Specialist for Colonial Farm Credit, loads computers into a van for distribution at the Richmond Outreach Center



From the left: David Broad, President; Linda E. Lumpkin, Executive Secretary; Patricia H. Gallagher, Recording Secretary; Phillip Kersey, Treasurer

Kersey Elected to Chamber Position

Phillip Kersey, a loan officer in the Tappahannock office, was elected as Treasurer of the Tappahannock-Essex Chamber of Commerce for 2010 at its annual Christmas dinner held on December 8, 2009. The Chamber has a notable presence in Essex and the surrounding counties, sponsoring monthly speakers from around the state, a dinner cruise on the Rappahannock River during the

summer, and RivahFest, an annual showcase of local businesses. Colonial Farm Credit has been a longstanding supporter of the Tappahannock-Essex Chamber of Commerce and its officer team, most recently with Ronnie Gill, regional lending manager, serving as President in 2008 and 2009. ■

Colonial Agricultural Educational Foundation

The Colonial Agricultural Educational Foundation was established by Colonial Farm Credit in 1990 to provide scholarships to students in our area and to support educational youth groups:

Mission Statement

- Provide financial support for higher education that will enable deserving students to grow, prosper, and contribute to their communities.
- Support youth groups (FFA, 4H, Scouts, etc.), agricultural commodity groups (dairy, beef, hogs, grain, tobacco, peanuts, timber, etc.), and farm and rural organizations as they promote their missions through education and research.
- Create a foundation that will enable individuals, corporations, foundations, associations, etc., to participate in the development of their communities through financial contribution.

Colonial Agricultural Educational Foundation

Fundraiser

The Foundation will be selling Yankee Candles and candle accessories as a fundraiser event from March 1 through March 19. The catalog can be viewed online at www.colonialfarmcredit.com then click the Scholarships link or in any Colonial Farm Credit office. Orders will be shipped in time for Mother's Day!

Scholarships

Selection committees will meet late March through early April to select the 2010-2011 scholarship recipients. Be sure to check out the May edition of the Leader for a complete list of our recipients!

Donations

If you'd like to make a tax-deductible donation to assist the foundation in its mission, please mail donations to Colonial Agricultural Educational Foundation, Attn: Sue Nicely, PO Box 1162, Mechanicsville VA 23111. Donations may be made in memory or in honor of someone and will be acknowledged in the Foundation's annual report.

Recycling

Additionally, the Foundation collects newspapers, magazines, catalogs, cell phones and toner cartridges for recycling to support its fundraising efforts and to protect the environment. Please consider dropping these items off at any Colonial Farm Credit office.

Thank you for supporting the Foundation as we support our youth! ■

All you want to know about Farm Credit—and More!

If you have questions about Farm Credit, where do you go? If your questions are about your local association, you go to www.colonialfarmcredit.com. There you will find information on our office locations, our products, property for sale, scholarships—and a whole lot more.

The new national Farm Credit Web site, www.farmcredit.com, is designed to serve a variety of

audiences—customers, job-seekers, investors, agricultural organizations and policymakers. The careers section serves as a one-stop job bank for anyone interested in Farm Credit job opportunities anywhere in the United States.

Sit back, log on and take a tour—it's a world of information at your fingertips. ■



Local Farmers Win Farm Bureau Awards

Steve and Jordan Berryman of Surry were named Virginia Farm Bureau Federation Young Farmer Achievement Award winners for 2009. The Berrymans operate College Run Farms, a pick-your-own operation in Surry, where they grow a variety of fruits and vegetables. In addition to other awards, the Berrymans received \$500 courtesy of Virginia Farm Credit Associations.

Southampton County grain grower **David Worsham** was this year's runner-up. Worsham grows cotton, corn and soybeans on a former peanut farm.

The young farmers were honored December 1 at the VFBF 2009 Annual Convention in Richmond. The Achievement Award recognizes farmers who

are successful in production agriculture and provide leadership on and off the farm

Chris and Jennie Simms of Southampton County were this year's Excellence in Agriculture Award runners-up and received a travel package to the 2010 AFBF Annual Convention in Seattle.

Chris Simms has been employed by Colonial Farm Credit for 10 years and is a relationship manager in the organization's Commercial Loan Group. He previously served as VFBF young farmer liaison. Simms is pursuing a master's degree in agribusiness at Kansas State University. Jennie Simms has held administrative positions for Smithfield Foods Inc. and is a licensed Realtor. The couple is active in their community and on the

VFBF Young Farmers Committee.

Eric Brittle, Fisheries Biologist for the Virginia Department of Game and Inland Fisheries, was recently recognized as a State Finalist for the 2009 Virginia Farm Bureau Young Farmers Environmental Stewardship Award. This award recognizes outstanding environmental stewardship efforts by Young Farmers while increasing public awareness of the agricultural community's commitment to environmental stewardship. Through the use of cost-sharing programs, Eric has worked to establish over 20 acres of field borders for the improvement of quail habitat and water quality on his family's farm near Wakefield. ■

Employee News



Kevin Robertson



Leslee Hampshire



Ruth Ann Casey



Pam Pantschyschak

New Hires

The Country Mortgage Unit is pleased to announce two new mortgage loan originators:

Kevin Robertson began employment on January 4, 2010 in our Hughesville office. Kevin has over five years of mortgage lending experience and is a lifetime resident of southern Maryland.

Leslee Hampshire joined the department on January 13, 2010 in our West Point office. Leslee comes to us with fourteen years of banking and lending experience with Bank of Essex.

Please join us in welcoming Kevin and Leslee to the Farm Credit family!

Retirements

On December 31, **Ruth Ann Casey** retired from the association after completing 23 years of service to our customers. Ruth Ann served as a Loan Processor and Branch Operations Coordinator for the Windsor office (formerly the Suffolk office). We wish Ruth Ann and her husband, Doug, a long, enjoyable retirement!

Position Changes:

Congratulations to **Pam Pantschyschak** on being named as successor to Ruth Ann Casey as Branch Operation Coordinator of the Windsor office effective January 1. Pam joined the association in August 2008 as a loan processor.



At the Anne Arundel County Farm Bureau Annual Banquet, Earl Griffith, Colonial Farm Credit Director from 1989 to 2004, was presented with a picture book illustrating some of his life accomplishments. The book was assembled by senior loan officer, Joan Hill Bearden with the assistance of Earl's family. Earl is a cornerstone to southern Maryland agriculture. He was inducted in the Maryland Ag Hall of Fame in February 2009 and was 2007 Mid Atlantic Master Farm Award recipient. ■

USDA Beginning Farmer Downpayment Program

FSA has a special loan program to assist socially disadvantaged and beginning farmers in purchasing a farm. It offers very attractive interest rates and special guarantees that may assist a beginning farmer (a farmer with 10 years or less farming experience) to purchase property that they may not have been able to finance through a conventional loan.

The applicant must make a cash down payment of at least 5 percent of the purchase price. FSA will provide a low interest rate loan for 45% of the loan amount up to \$225,000 with Farm Credit providing the remainder of the loan.

For more details on the program, contact your local Farm Credit loan officer or the FSA Web site at: www.fsa.usda.gov. ■

What's Cookin' in Colonial?

Super Bowl may be over—but bring on the snacks!



CHOCOLATE MICE

- Hershey kisses
 - Maraschino cherries with stems
 - Slivered almonds
 - Chocolate chips (semi-sweet or milk)
 - Small amount of paraffin wax
(about 1/8 of a bar to one bag of chocolate chips)
 - One white chocolate candy bar or white chocolate chips (don't use icing – you will end up with crying mice as below)
 - Wax paper
1. Melt chocolate chips and paraffin wax
 2. Unwrap Hershey kisses
 3. One kiss at a time, use toothpick to apply melted chocolate “glue” to the back of kiss and stick on two slivered almonds as ears—set each one aside to set up
 4. Once all “heads” have “ears”, dip one cherry at a time into melted chocolate, lay on wax paper and immediately set kiss against it and hold for a couple of seconds
 5. Once all mice are put together, melt a small amount of white chocolate in a separate pan (or in microwave) and use toothpick to apply eyes to each mouse
 6. Allow to set up in the refrigerator for at least a couple of hours before attempting to pull off wax paper

Yield: about 50-60 mice with one bag of chocolate chips, one bag of Hershey kisses and one small bag of almonds. ■



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