**Advanced Agricultural Lending, AGEC 356**

**North Dakota State University**

**Spring 2020 (Draft)**

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| **Instructor Information** | **Course Information** | | |
| Instructor: Erik Hanson | Day: | |
| Office: 628 Barry Hall | Time: | |
| Office Hours: | Room: | |
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**Course Description**

Application of credit analysis principles including loan structure, financial analysis, borrower-lender relationship, legal aspect of lending, collateral valuation, and role of financial intermediaries in agriculture.

**Course Learning Objectives**

After the completion of this course the student will be able to:

* Understand:
  + Lenders expectation for borrower information
  + Borrower-lender relationship
  + Importance of historical and pro forma financial statements
  + Risk and uncertainty associated with pro forma analysis
  + Risks associated with agricultural lending
  + Importance of interacting with customers
  + How to prepare and present a loan application packet
* Analyze:
  + Borrower risk
  + Lender risk
  + Actual farm/ranch loan application packet
* Communicate financial analysis both orally and in writing

These learning objectives support Agribusiness and Applied Economics Programmatic Learning Outcome (PLO) #4: Finance, Risk and Strategy.[[1]](#footnote-1) PLO #4 will be assessed through a major final project that requires students to complete financial ratio calculations, a written analysis, and an oral summary for an agricultural lending case study (from the lender’s perspective). A series of formative assessments leading to the final project will build the requisite skills. A pre-test and post-test will also be used to gauge student learning.

**Course Resources and Materials**

There is no required textbook for this course.

NDSU’s Blackboard site (<https://bb.ndsu.nodak.edu/>) will be used for functions such as posting course content, collecting assignments, and managing grades. The Blackboard site will also contain the most recent version of the course syllabus.

**Course Overview**

The course begins by exploring farm balance sheets, income statements, and cash flow statements. After covering these basics, loan applications will be analyzed through various case studies. These case studies will prepare students for the final project, which is a written and oral analysis of a loan application.

**Grading Components**

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| --- | --- | --- |
| Item | Number | Percentage of final grade |
| In-class assignments1 | Variable | 20% |
| Homework assignments2 | Variable | 25% |
| Exams3 | 2 | 25% |
| Final case study4 | 1 | 30% |
| *Total* |  | *100%* |

1 *In-class assignments and participation:* In-class assignments will be used to enhance student learning. Assignments will be based on lecture material, previous homework assignments, and assigned readings. Points may also be awarded for participation and attendance.

2 *Homework assignments:* Homework assignments will be assigned throughout the semester.

3 *Exams:* Two in-class exams will be given.

4 *Final case study:* Classes and experiences at AgCountry will prepare students for a final case study. The final case study involves analyzing a generic loan application. The analysis consists of both a written and oral presentation. It will be evaluated by the instructor and representatives of AgCountry FCS.

**Grading Scale**

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| --- | --- |
| Final grade | Letter grade |
| > 89.9% | A |
| 80.0% - 89.9% | B |
| 70.0% - 79.9% | C |
| 60.0% - 69.9% | D |
| < 60.0% | F |

**Student-Instructor Communication**

Office hours are a great opportunity for additional instruction or clarification. Students are encouraged to arrange a meeting time with the instructor if they are in need of assistance but have conflicts with office hours listed on page 1.

Although e-mail can be a reliable method of contacting the instructor remotely, it is important to remember that e-mails may not be replied to as rapidly as students would hope. Please keep this in mind when sending last-minute e-mails. Also, note that the instructor will generally respond most quickly to e-mails received between 8:00 AM and 5:00 PM. Please include the phrase “AGEC 356” in the subject line of any e-mails pertaining to the course.

Important information for students will also be communicated via the Blackboard site. Students should check this resource regularly for class announcements and other important information.

**Attendance Policy**

According to NDSU Policy 333 (<https://www.ndsu.edu/fileadmin/policy/333.pdf>), attendance in classes is expected. Only the course instructor can excuse a student from course responsibilities. Students are responsible for informing course instructors of absences. If absences are known (e.g., university sanctioned activity, such as student government, judging, clubs, athletic competition, fine arts performances), course instructors shall be informed with written notification as far in advance as possible (preferably a two-week notice). Where advance notification is not possible (e.g., illness, family emergency), students should contact their course instructor as soon as possible about the absence. Veterans and student service members with special circumstances or who are activated, to include State Active Duty, are encouraged to notify the instructor as soon as possible, provide Activation Orders if possible, and inform the NDSU Office of Military and Veterans Services to facilitate a smooth exit from and successful re-entry to the University. When a student misses class for any reason, the student is responsible for contacting the instructor to make arrangements to follow the course instructor's policy in making up any missed assignments, if permitted.

In this course, in-class assignments are offered to encourage daily classroom engagement. These points cannot be made up if a student is absent. If legitimate absences cause a student to miss in-class participation points, the student’s participation grade will be calculated based on the participation opportunities they did have rather the course’s total. Legitimate absences include those caused by university-sponsored events, illness, or family emergency. Students may be asked to provide verification to determine the legitimacy of absences.

Homework assignment due dates are known well in advance and many assignments can be submitted remotely. Therefore, unless extenuating circumstances exist, students with known absences should turn in assignments by the due date. Some unforeseen absences may make it impossible to turn in an assignment by the due date. In these cases, students should contact the instructor as soon as they are able in order to discuss a possible extension to the due date.

**Late Work Policy**

Assignment due dates are prescribed by the instructor based on the course’s content and pacing. As a result, it is recommended that students follow the assignment due dates. However, late homework assignments can still provide valuable learning opportunities for students. Unless otherwise noted, late homework assignments turned in less than 48 hours after the original deadline will be eligible for 75% credit and late homework assignments turned in less than one week after the original deadline will be eligible for 50% credit. This policy is not applicable to in-class assignments and participation, exams, or the final case study. Homework received one week or more after the original deadline is not eligible for credit. This policy does not apply if an assignment is turned in late due to a legitimate excuse (see attendance policy in the previous section).

**Copyrights Statement**

Please note that all handouts and supplements used in this course are copyrighted. This includes all materials generated for this class, including (but not limited to) syllabi, in-class materials, and lecture

notes. Materials may be downloaded or photocopied for personal use only, and may not be given or sold to other individuals.

**Confidentiality Acknowledgement**

All students in the Farm Credit Fellows Program will be required to sign a Confidentiality Acknowledgement agreement with AgCountry Farm Credit Services prior to the start of class.

1. Students are expected to understand principles, risks and strategies of agricultural finance and associated applied risk analysis. Integrate the identification and quantification of sources of risk (e.g., market, policy and environmental), and concept of risks with financial statements (e.g., develop financial ratios to analyze and evaluate risks). Additional topics includes performance measures; investment analysis; valuation; cost of financial capital; capital budgeting methods; financial analysis, planning and control; capital structure; leverage; and risk management; and strategic decision making. Risk management tools include portfolio analysis (e.g., probability analysis and distribution, payoff tables, and value at risk) and crop insurance. [↑](#footnote-ref-1)