

COUNTRY LINE DISCLOSURE

RETENTION OF INFORMATION: This disclosure contains important information about our Country Line Account ("Country Line"). You should read it carefully and keep a copy for your records.

AVAILABILITY OF TERMS: All of the terms described below are subject to change. If these terms change (other than the annual percentage rate) and you decide, as a result, not to enter into an agreement with us, you are entitled to a refund of any fees you paid to us or anyone else in connection with your application.

SECURITY INTEREST: We will take a mortgage on your home. You could lose your home if you do not meet the obligations in your Country Line Account Agreement ("Agreement") with us.

POSSIBLE ACTIONS: Under certain circumstances, we can terminate your Country Line Account, require you to pay us the entire outstanding balance in one payment, and charge you certain fees if:

- You commit fraud or make a material misrepresentation in connection with the Country Line Account.
- You fail to make any payment required by the Agreement when it is due.
- Any action you take, or fail to take, adversely affects our security interests for the Country Line Account or our rights in the collateral.

We can refuse to make additional extensions of credit or reduce your credit limit if:

- The value of the dwelling securing the Country Line Account declines significantly below the appraised value it had when you opened your Country Line Account.
- We reasonably believe you will not be able to make the payments required by the Country Line Account Agreement as they come due because of a material change in your financial circumstances.
- You are in default of a material obligation in the Agreement.
- We are precluded by government action from charging the annual percentage rate provided for in the Agreement.
- A government action adversely affects our security interest or mortgage in your home so that the value of the security is less than 120% of your credit limit.
- We have been notified by a governmental authority that continued advances may jeopardize our solvency and constitute an unsafe and unsound business practice.
- The maximum annual percentage rate is reached.

MINIMUM PAYMENT REQUIREMENTS: If you qualify for a ten year term, you can obtain advances of credit throughout the ten year term of your Country Line Account (the "Draw Period"). During the Draw Period, payments will be due monthly. [YOUR MINIMUM MONTHLY PAYMENT WILL DEPEND UPON THE PAYMENT OPTION SELECTED WHEN YOU OPENED YOUR COUNTRY LINE ACCOUNT.] The minimum monthly payment for each option is shown below:

- **Interest Only Program:** For Accounts in the Interest Only Program, the Minimum Line Payment is the sum of: (1) the amount the finance charges accrued on the outstanding balance (excluding any amounts included in a Fixed Rate Partition) shown on the billing statement, plus (2) any fees and insurance premiums charged to your account by us in

accordance with this Agreement, plus (3) any amount that is past due, plus (4) any amount by which your account balance exceeds your Maximum Credit Limit. Under the Interest Only Program, the Minimum Line Payment during the Draw Period will not repay the principal that is outstanding on your Country Line Account.

- **Percent of Principal Program:** For Accounts in the Percent of Principal Program, the Minimum Line Payment is the sum of: (1) One percent (1)% of the principal balance of your account (excluding any amounts in a Fixed Rate Partition), plus (2) any finance charges that accrued on the outstanding balance (excluding any amounts included in a Fixed Rate Partition) during the statement period, plus (3) any fees and insurance premiums charged to your account by us in accordance with this Agreement, plus (4) any amount that is past due, plus (5) any amount by which your account balance exceeds your Maximum Credit Limit. Under the Percent of Principal Program, the Minimum Line Payment may not repay the principal balance that is outstanding on your line during the Draw Period.

OTHER PRODUCTS: If you ask, we will provide you with information on our other available Home Equity Lines.

TAX DEDUCTIBILITY: You should consult a tax advisor regarding the deductibility of interest and charges for the Country Line Account.

MINIMUM PAYMENT EXAMPLE:

- **Under the Interest Only Program.** If you made only the minimum monthly payments on a ten year term line and took no other credit advances, the principal amount of your Country Line Account would not be reduced and it would take you 120 months with a balloon payment of \$10,070.83 to pay off a credit advance of \$10,000 at an ANNUAL PERCENTAGE RATE of 8.50%. During that period, you would make 119 payments of \$70.83 and one final monthly payment of \$ 10,070.83.
- **Under the Percent of Principal Program.** If you made only the minimum monthly payments and took no other credit advances, it would take you 120 months to pay off a credit advance of \$10,000 at an ANNUAL PERCENTAGE RATE of 8.50%. During that period, you would make 119 payments varying between \$170.83 and \$52.19 and one final monthly payment of \$3,045.46.

FEES AND CHARGES: To open and maintain a Country Line Account of credit, you must pay the following fees to us:

- **Annual Fee.** You must pay a nonrefundable Annual Fee (**FINANCE CHARGE**) of \$100.00 on each anniversary of your Country Line Account. We will waive the Annual Fee for each year that it is due if the average outstanding balance of your Line of Credit during the twelve months preceding the anniversary date on your Country Line Account is equal to or greater than \$10,000.00.
- **Late Charges.** Prior to maturity, if a payment is late, you will be charged simple interest on the entire unpaid principal balance and all advancements from the date of delinquency until paid at a rate which

is equal to the then current interest rate plus two (2) percent per annum (the "default rate") and the amount of such interest in excess of interest otherwise accruing shall be immediately due and payable.

- **Returned Items Fee.** You agree to pay us a \$25.00 fee for any payment (whether by check, other payment instrument, or electronic payment request) that is returned or dishonored.
- **Over Limit Fee.** You agree to pay us an over limit fee of \$25.00 for each item or advance that causes your account to exceed your Maximum Credit Limit.
- **Stop Payment Fee.** A Stop Payment Fee of \$25.00 for each stop payment that you request.

IN ADDITION, YOU MUST CARRY INSURANCE ON THE PROPERTY THAT SECURES THIS COUNTRY LINE ACCOUNT. YOU MAY ALSO BE REQUIRED TO PAY AN APPRAISAL FEE TO A THIRD PARTY. AN APPRAISAL GENERALLY COSTS BETWEEN \$250 AND \$350.

VARIABLE-RATE FEATURE: The Country Line Account has a variable-rate feature. The annual percentage rate (corresponding to the periodic rate) and the minimum payment can change as a result. The annual percentage rate includes only interest and no other costs. The annual percentage rate is based on the value of an index. The Index is the "Prime Rate" in the "Money Rates" table of the *Wall Street Journal* reported for the 10th day of the prior month. If a prime rate is not reported on the tenth day of a month, the "Prime Rate" reported on the first business day preceding the tenth day of the month will be used. If this index is no longer available, we will select a new index which is based on comparable information. The Index Rate is not necessarily the lowest rate that we charge on our loans.

To determine the annual percentage rate that will apply to your Country Line Account, we add a margin to the value of the index. The ANNUAL PERCENTAGE RATE will never be more than eighteen percent (18 %). Ask us for the current Index Rate value, margin, and annual percentage rate. After you open a Country Line Account, we will provide you rate information on periodic statements that we send you.

ASSOCIATION STOCK: The annual percentage rate initially disclosed on your Country Line Account Agreement does not include your required purchase of stock, issued by us or our parent association, as applicable.

OPTION TO CREATE A FIXED RATE SEGMENT

If the original amount of your Country Line Account is \$10,000 or greater, you have the option to place \$5,000 or more into a fixed rate segment under the following conditions:

- To exercise your option, your account must not be in default.
- Your fixed rate segment must have an initial principal balance of at least \$ 5,000.00.
- The fixed rate segment must be for a term of at least 12 months and may not have a term greater than the remaining number of months in your draw period.
- You must pay a fee of \$100.00 to convert to a fixed rate segment.
- The interest rate on each fixed rate segment will be fixed at an index plus a margin on the date we establish your fixed rate segment. The index for the interest rate is taken from the weekly average Farm Credit System Bank estimated intermediate term funding indexes as reported by

the Federal Farm Credit Banks Funding Corporation at its Web site, found in the Publications and Archives section at <http://www.FARMCREDIT-FFCB.com>. The index used will be the FFCB index with a comparable maturity to the term of your Fixed Rate Segment. For example, a one year Fixed Rate Segment will be determined by reference to the one year FFCB index, and a five year Fixed Rate Segment will be determined by reference to the five year FFCB index. The new interest rate will be calculated by adding a margin to the current index and rounding the total to the nearest one-twentieth of one percent. If this index is no longer available, the Lender will select a new index which is based upon comparable information. You will be required to make monthly payments on the fixed rate segments in an amount required to pay the principal and interest owing in substantially equal payments over the term of the term fixed rate segment.

- You may have up to three Fixed Rate Segments.
- THE AMOUNT OF YOUR COUNTRY LINE ACCOUNT BALANCE THAT YOU PLACE IN A FIXED RATE SEGMENT WILL REDUCE THE AVAILABLE CREDIT UNDER YOUR CREDIT LIMIT UNTIL THE SEGMENT IS PAID IN FULL.

RATE CHANGES: The annual percentage rate can change each month. There is no limit on the amount by which the rate can change during any one-year period.

MAXIMUM RATE AND PAYMENT EXAMPLES:

- **Under Interest Only Program:** If you had an outstanding balance of \$10,000 during a ten year Draw Period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 18% would be \$150.00. This annual percentage rate could be reached at the beginning of the second month of the Draw Period. At the end of the Draw Period, if you had an outstanding balance of \$10,000, a balloon payment at the maximum ANNUAL PERCENTAGE RATE of 18% would be \$10,147.95. This annual percentage rate could be reached during the second month of the Draw Period.
- **Under the Percent of Principal Program:** If you had an outstanding balance of \$10,000 during the term of a ten year Draw Period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 18%, would be \$ 247.50. This annual percentage rate could be reached at the beginning of the second month of the Draw Period.

HISTORICAL EXAMPLE: The following table shows how the annual percentage rate and the minimum monthly payments for a single \$10,000 credit advance would have changed based on changes in the index over the past 15 years. The index values are from the first business day of October each year. While only one payment amount per year is shown, payments would have varied during the year. The table assumes that no additional credit advances were taken, that only the minimum payments were made each month, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments will change in the future.

Year	Index (%)	Margin ¹ (%)	Auto Pay Discount	ANNUAL PERCENTAGE RATE (%) ²	Interest Only Program	Percent of Principal Payment Program
2000	9.50	3.00	-0.25	12.25	102.08	202.08
2001	6.00	3.00	-0.25	8.75	72.92	153.27
2002	4.75	3.00	-0.25	7.50	62.50	127.67
2003	4.00	3.00	-0.25	6.75	56.25	108.81
2004	4.75	3.00	-0.25	7.50	62.50	100.31
2005	6.75	3.00	-0.25	9.50	79.17	98.03
2006	8.25	3.00	-0.25	11.00	91.67	92.96
2007	8.25	3.00	-0.25	11.00	91.67	82.40
2008	5.00	3.00	-0.25	7.75	64.58	62.71
2009	3.25	3.00	-0.25	6.00	50.00	50.66
2010	3.25	3.00	-0.25	6.00	50.00	44.91
2011	3.25	2.65	-0.25	5.65	47.08	39.03
2012	3.25	0.65	-0.25	3.65	30.42	30.68
2013	3.25	0.65	-0.25	3.65	30.42	27.19
2014	3.25	0.65	-0.25	3.65	30.42	24.10