

## **Ag-Land FS, Inc. Credit Policy**

This credit policy has been revised and approved by the Ag-Land FS, Inc. Board of Directors and will be effective August 1, 2002.

1. All statements will be prepared at the end of each month showing the purchases and payments for that month and the balance carried forward.
2. All accounts are due and payable on the 25<sup>th</sup> day following the date of the monthly statement unless different terms have been noted on the sales invoice.
3. Payments made at the end of the month must be received by mail or in person in our offices on or before the last full working day of that month. A full working day shall be considered as Monday-Friday, 8:00 a.m. to 4:30 p.m. (excluding all company holidays). This will allow payment to be included in that month's billing statement.
4. Payments are applied first to FINANCE CHARGES accrued prior to the current month, and then to the oldest balance unless a check specifies which invoices it is to be applied towards.
5. A FINANCE CHARGE, determined at the rate of 1.8% per month (Annual Percentage Rate of 21.6%), will begin thirty (30) days after date of statement and continue until balance is paid. Payments and other credits are applied before a FINANCE CHARGE for the current month is determined. Minimum FINANCE CHARGE will be \$.50. Service charge for any returned checks will be \$25.00.
6. All patrons must have their account paid within thirty (30) days from the date of the original monthly statement. Accounts will be considered "Past Due" on the thirty-first (31<sup>st</sup>) day from the date of the original monthly statement. After this period, no further credit will be extended and any purchases made after this date will be on a "Cash Only" basis, until the past due balance is paid in full or back to thirty (30) days or less. The definition of "Cash Only" shall be as follows: PAYMENT MUST BE RECEIVED before any product is loaded onto a patron's vehicle, picked up at any Ag-Land FS, Inc. location or delivered to the patron. Furthermore, any "Past Due" account will be subject to legal action for collection of the account including FINANCE CHARGES and to the extent permitted by law, court costs and reasonable attorney's fees.

7. All "home heating" accounts are due as stated above or before the next delivery whichever comes first. "Home heating" accounts may also utilize our even payment plan.
8. All new patrons are subject to credit approval prior to the first charge sale and will therefore be served on a "Cash Basis" until credit is established.
9. Cash discounts, when available, will be on the sales invoice. Payments must be received within the indicated time period to qualify for the cash discount offered. No cash discounts will be allowed on any product if there is a balance on the statement past due.
10. Ag-Land FS, Inc. reserves the right to establish maximum credit limits for patrons and when this limit is reached, payment must be made in order to receive further service.
11. To be eligible for patronage refund, all regular accounts must be in a 1-30 day status (July charges only) on the last full business day of Ag-Land FS, Inc.'s fiscal year, which ends July 31. All Deferred and Prepaid Accounts are subject to the terms and conditions outlined in the related marketing programs.
12. Ag-Land FS, Inc. reserves the right when necessary to request patrons or prospects to provide a current financial statement, or fill out a new credit application/agreement.
13. Ag-Land FS, Inc. urges patrons and prospects to make use of the company's Agri-Finance program in order to maintain the highest degree of profitability in their operation as well as that of their cooperative.
14. This credit policy supersedes all previous policies.

*For the mutual benefit of all patrons, we appreciate your understanding and adherence to this policy. Thank you!*