
Disclosure of Loan Information

INTRODUCTION

This disclosure of loan information has been developed to provide you as an applicant or borrower with timely and meaningful information regarding your loan. Included are statements of CONFIDENTIALITY OF BORROWER INFORMATION, LOAN OPTIONS and TERMS available to borrowers, and an explanation of your BORROWER RIGHTS.

CONFIDENTIALITY OF BORROWER INFORMATION

Your privacy is important to us. We want you to know that we hold your financial and other personal information in strict confidence. Since 1972, Farm Credit Administration regulations have forbidden the directors and employees of Farm Credit institutions from disclosing personal borrower information to others without your consent. We do not sell or trade our customers' personal information to marketing companies or information brokers.

FCA rules allow us to disclose customer information to others only in these situations:

- We may give it to another Farm Credit institution that you do business with.
- We can be a credit reference for you with other lenders and provide information to a credit bureau or other consumer reporting agency.
- We can provide information in certain types of legal or law enforcement proceedings.
- FCA examiners may review loan files during regular examinations of our association.
- If one of our employees applies to become a licensed real estate appraiser, we may give copies of real estate appraisal reports to the State agency that licenses appraisers when required. We will first remove as much

personal information from the appraisal report as possible.

As a member/owner of this institution, your privacy and the security of your personal information are vital to our continued ability to serve your ongoing credit needs.

LOAN OPTIONS and TERMS

Farm Credit associations offer a full range of credit and financially related services to meet the needs of their member-owners.

Loans are available to farmers and fishermen, and to farm-related businesses.

Loans to full-time bona fide farmers and fishermen can be made for essentially any purpose. Loans to less than full-time farmers and fishermen as well as to farm related businesses are available for a variety of purposes to meet their particular financing needs.

Loans may be unamortized, however, generally are amortized over a short or intermediate term (ranging from repayment within the current season to as long as 15 years), or long term loans (5 to 40 years). While the proceeds from long term loans and many short or intermediate term loans are disbursed at the time of closing, lines of credit are available for qualified borrowers providing a reserve of credit that can be drawn on as needed over a period of time.

Loan repayment scheduling is flexible to allow for matching of obligations with the cash flow of your business. Short and intermediate term loans generally have repayment schedules tied to cash flow. Monthly, quarterly, semi-annual or annual repayment programs are available for long term loans.

Collateral required, if any, to secure a short or intermediate term loan is determined by the strengths and weaknesses of the other credit factors. Long term loans must be secured by a first lien on real estate.

Loans are priced competitively with both fixed and adjustable interest rate programs available. Differential interest rates are used to reflect the level of risk associated with a loan and the time required to service it.

The interest rate loan program and rate for which you will qualify will depend upon various factors and considerations including the purpose, amount, and term of the loan, your financial condition, repayment ability, and the value of collateral pledged.

Prior to loan closing you will be provided with specific information regarding the loan options and interest rate you have qualified for/selected.

BORROWER RIGHTS

Regardless of which loan options and terms you qualify for and then select, you are afforded as an applicant or borrower, various rights under the Farm Credit Act of 1971, as amended and the regulations of the Farm Credit Administration. A brief explanation of those rights follows.

Notice of Action on Applications. You can expect to receive prompt written notice of the decision on your loan application or on a request for distressed loan restructuring. If an adverse credit decision is made, the notice will include: the specific reasons for the action, any critical assumptions and relevant information upon which the reasons for denial of a distressed loan restructuring decision are based, notice that you can request a review of the decision, and an explanation of the process for seeking a review.

Credit Review Committee. A credit review committee will reconsider an adverse credit decision made on your completed loan application or request for distressed loan restructuring provided you have made a timely request in writing for a review of the decision. The committee will include farmer board representation. You may appear before the committee and may be accompanied by counsel or by any other representative of your choice. Any documents or other evidence to support the information contained in the unsuccessful loan or restructuring application may be submitted. As a part of a request for a review, you may request an independent appraisal, by an independent evaluator, of property securing the loan. On receiving such a request, the committee will provide you with a list of three independent evaluators approved by the lender to select from.

The committee will provide you with a copy of the evaluations, the cost of which must be borne by you, and will consider the evaluations in its determination. The credit review committee will notify you in writing of its decision and the reasons for the decision.

Disclosure of Loan Information. If your loan is subject to the Truth in Lending Act you will be provided with timely disclosures of loan information called for in that Act. If your

loan is not subject to the Truth in Lending Act, loan information will be disclosed to you in accordance with requirements of the Farm Credit Act of 1971, as amended.

We will disclose to you in writing, not later than the time of loan closing, the current rate of interest on your loan and in the case of an adjustable rate loan:

- (1) The amount and frequency by which the interest rate can be adjusted during the term of the loan or, if there are no limitations on the amount or frequency of such adjustments, a statement to that effect; and
- (2) An identification of the specific standard adjustment factors that are taken into account in making adjustments to the interest rate on the loan.

That disclosure will include the current effective interest rate on the loan with one or more representative examples of the impact of stock or participation certificate ownership and applicable loan origination charges on the current interest rate computed on an annualized basis.

If the interest rate on your loan is adjusted we will advise you of the new interest rate on the loan and the effective date of the change as well as furnish you with a statement of any factors other than the standard adjustment factors which were taken into account in establishing the new rate.

If we offer, on loans like yours, more than one rate of interest to borrowers, upon your request, we will provide a review to determine if the proper interest rate has been established. We will, at that time, explain in writing the basis for the interest rate charged and explain how your credit status may be improved to receive a lower interest rate on the loan.

As an applicant, if your loan request will be secured by a first lien on a residential dwelling, we may order an appraisal to determine the value of the property and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.

When your loan closes or when your loan contract is later modified or amended, you will be provided with a copy of all loan documents you have signed. Subsequently, upon written request, a copy of those documents as well as other documents, which you have provided that we have made or used will be given to you. There may be a charge for obtaining copies of these documents.

Protection of All Borrowers Who Meet All Obligations. If your loan is current with respect to all payments of principal, interest and penalties, we may not 1) foreclose for

failure to provide additional collateral or 2) accelerate payment of your entire obligation due to your not having made one or more principal and/or interest payments. We will not require you to reduce the principal balance on your loan in a manner which exceeds the regularly scheduled principal installment payment unless 1) you sell or otherwise dispose of part or all of the collateral and the proceeds from the sale or disposition are not applied to the loan or 2) you agree otherwise in a written agreement.

If your loan is placed in nonaccrual status resulting in adverse action being taken against you, we will notify you in writing of this change of status and the reasons for it. If your loan was current at the time of such action and a request from you to have the loan placed back into accrual status is denied, you will be entitled to a review of such denial before the credit review committee provided you have made a timely request in writing for a review.

Distressed Loan Restructuring. The position of Farm Credit System securities in national money markets is predicated upon an underlying commitment by System institutions to extend credit and to service and collect loans on a sound and constructive basis. Farm Credit associations then have an obligation to investors as well as borrowers and stockholders to collect all obligations. That does not mean, however, that we will not work with you should you experience financial difficulty and your loan become distressed, provided you've presented a restructuring plan showing a reasonable probability that orderly debt retirement will occur as a result of the restructuring, you're applying all income over and above necessary and reasonable living expenses to the payment of primary obligations etc. In fact, if at any time we identify that your loan is distressed, and before we initiate foreclosure proceedings, we'll provide you with a copy of our policy governing the restructuring of distressed loans together with materials necessary to enable you to submit an application for restructuring.

Further, we'll offer you an opportunity to meet personally with us to review the status of your loan, your financial condition, and the suitability of your loan for restructuring. If your loan is in nonaccrual status we will work with you at that meeting to develop a plan for restructuring if your loan is found to be suitable for distressed loan restructuring.

If you apply for distressed loan restructuring, we will determine whether or not to restructure the loan taking into consideration whether the cost of restructuring is equal to or less than the cost of foreclosure considering all relevant factors. If these factors (so long as we have no grounds to believe that action is necessary to avoid the dissipation of assets or the destruction, diversion, or deterioration of collateral) are favorable and we determine that the cost of restructuring to the lender is equal to or less than the cost of foreclosure, we will restructure your loan in accordance with the restructuring plan.

State Mediation Programs. We will, either concurrently with consideration of distressed loan restructuring or at any other appropriate time, when initiated by you, participate in certified State mediation programs and explore debt restructuring proposals advanced in the course of such mediation. We will cooperate in good faith with requests for information or analysis of information made in the course of mediation. We will not ask you to waive any right under the agricultural loan mediation program of any State as a condition for obtaining a loan secured by a mortgage or lien on agricultural property.

Right of First Refusal. We would hope that circumstances never arise whereby we would find ourselves having acquired property pledged as collateral for your loan. In the event, however, that you lack the financial resources to avoid foreclosure and we do acquire your agricultural real estate as a result of foreclosure or voluntary conveyance, you will be notified of our decision to subsequently sell or lease the property.

Should we elect to sell or lease the property through a public auction, competitive bidding process, or other similar public offering, you will be notified of the minimum amount, if any, required to qualify a bid as acceptable and any terms or conditions to which the sale or lease will be subject. We will accept your offer if you submit a qualified bid which matches or exceeds other bids received.

Should we elect to sell the property through other than a public offering, we will provide you with notice of our decision to sell the property, of the appraised fair market value of the property and instructions for properly exercising your right to purchase the property at that value or to offer to purchase the property at a price less than the appraised value. We will accept your timely offer to purchase the property at the appraised value. We will also consider a timely offer to purchase at a price less than the appraised value, and notify you of our decision. If you offer to purchase the property at a price less than the appraised value, we will not sell the property to another person at a price equal to or less than that offered by you or on different terms or conditions than those that were extended to you without first providing you an opportunity to purchase at such price and under such terms and conditions (Note: financing by us shall not be considered a term or condition of the sale of acquired property).

Should we elect to lease the property or any portion of it, through other than a public offering, a right of first refusal will be extended to you similar to that described above for a sale.

**FARM CREDIT
THE FIRST CHOICE OF
FARMERS AND FISHERMEN**

for credit .. and more ...

- **Credit Life Insurance**
- **Leasing**
- **Appraisals of Real Estate and Personal Property**
- **Record Keeping**
- **Tax Preparation and Planning**
- **Farm Business Consulting**

The address of your local office is:

**Farm Credit East, ACA
7397 State Highway 80
Cooperstown, NY 13326
800-762-3276**

**Disclosure of
Loan
Information**

**A statement of Loan Options
and Terms Available**

**An explanation of Borrower
Rights**
