

**KANZA COOPERATIVE ASSOCIATION
IUKA, KANSAS
CREDIT AGREEMENT**

THIS AGREEMENT is made and entered into on the date stated below by the undersigned Paton and Kanza Cooperative Association (the "Cooperative") and, to the extent applicable, pursuant to the Consumer Credit Protection Act (Federal Truth in Lending Act, 15 U.S.C. § 1601 *et seq.*, as amended) and the Kansas Uniform Consumer Credit Code (K.S.A. 16a 1-101 *et seq.*, as amended). The Cooperative agrees, if this agreement is approved by it, that it shall allow the Credit Patron to purchase goods and services on credit and Patron agrees to pay for any goods and services in accordance with this agreement. Patron agrees and warrants by signing this agreement that he, she, or it is bound by this agreement and no further signature is required for the Cooperative to enforce its rights under this agreement in the event Patron defaults or fails to pay for any quantity of future goods or services provided pursuant to this agreement. Credit will not be extended until a credit agreement is received and approved. The Patron agrees that the Cooperative or its agents may request financial statements, credit reports, consumer credit reports or investigative consumer reports from one or more credit reporting agencies in connection with your application and the administration of your account. The Patron also authorizes the Cooperative to exchange credit information concerning their account with (and answer questions and requests from) others, such as the Patron's credit references, merchants and credit reporting agencies.

DUE DATE: All purchases made on credit during the month that are reflected on the periodic billing statement for such month are due and payable upon receipt of the statement.

CONVENIENCE CREDIT: If all purchases are paid in full before the last business day of the month following the month of purchase, the account shall not be subject to any FINANCE CHARGE. The Patron agrees Cooperative shall not waive FINANCE CHARGE after such charges accrue except as may otherwise be provided by law.

FINANCE CHARGE: Any balance not paid before the close of the business month, will be subject to a FINANCE CHARGE OF 1.5% per month, which is an ANNUAL PERCENTAGE RATE of 18%. Said FINANCE CHARGE to apply to the unpaid balance on the account on the first day of the next billing cycle carried over from the prior month, and the minimum amount of such charge shall be \$.50 per month.

TERMINATION OF CREDIT: The Cooperative reserves the right to terminate credit sales to Patron at any time without prior notification, and in addition thereto, no additional credit purchases will be allowed to any account that is over 30 days past due.

CHANGE IN TERMS: This agreement may be changed by the Cooperative to increase the FINANCE CHARGE, change the due date, change the billing cycle, change the method of calculating the FINANCE CHARGE, or change matters of a similar nature within the limitations of applicable law. Notice of any such change shall be given to the patron 30 days prior to the effective date of charge. No waiver, amendment, release, or modification of this agreement shall be established by conduct, custom, or course of dealing, but solely by a written document executed by both parties except as otherwise provided in this section.

PERSONAL GUARANTEE: The Cooperative reserves the right, in its sole discretion, to obtain one or more personal guarantees from the principal(s) of any entity before approving this credit agreement or at such later time as it may deem necessary.

SECURITY FOR AGRICULTURAL PRODUCER AND COMMERCIAL ACCOUNTS:

To secure payment and performance of all the Patrons' obligations under this Agreement and all other liabilities, guarantees, covenants and duties owed by the Patron to the Cooperative, whether or not evidenced by this or by any other agreement, absolute or contingent, due or to become due, now existing or hereafter and howsoever created, the Patron hereby grants the Cooperative a security interest in and to all of the following property ("Collateral") to the extent applicable:

- A. Farm Products including but not limited to : Crops, whether annual or perennial, whether grown, growing or to be grown, and whether harvested or unharvested, the products thereof and stored grain, including all of the foregoing designated as inventory; also any negotiable or nonnegotiable documents, scale tickets and the like resulting from the storage thereof; also seed, fertilizer, chemicals, and other supplies used or produced by Patron in farming

operations; also accounts, contract rights (including proceeds from insurance policies covering the Collateral), instruments, documents and general intangibles, whether now owned or hereafter acquired and wherever located, hedging and commodity accounts or agreements, now or hereafter in effect, together with all rights in and to such accounts or agreements and all payments due or to become due thereunder; also all poultry , livestock, born or unborn, including aquatic goods produced in aquacultural operations, along with their products, produce or replacements in their finished or unfinished states including all of the foregoing designated as inventory.

- B. Inventory including but not limited to all inventory now owned or hereafter acquired by the Patron, including, but not limited to, all raw materials, work in process, finished goods, inventory leased to others or held for lease, merchandise, parts and supplies of every kind and description, including inventory temporarily out of the Patron’s custody or possession, together with all returns on accounts (the “Inventory”).
- C. Capital Investments in the Cooperative including but not limited to all common stock, preferred stock, also non-stock capital accounts including but not limited to stock credits, participation certificates, ledger credits, revolving fund credits, per-unit retains, qualified and nonqualified allocation credits and such other book credits for which provision is now or hereafter may be made for in the Articles and Bylaws of the Cooperative.

The Cooperative’s security interest in the Collateral shall be a continuing lien and shall include the proceeds and products of the Collateral including, but not limited to, the proceeds of any insurance thereon. Patron hereby consents to Cooperative filing financing statements as Cooperative deems appropriate in its sole discretion in all locations deemed appropriate by the Cooperative. The security interest granted to Cooperative in the Collateral shall not secure or be deemed to secure any credit extended to the Patron which is, at the time of its creation, subject to the provisions of any state or federal consumer credit or truth-in-lending disclosure statutes.

COLLECTION/ATTORNEY FEES: Patron agrees to pay the reasonable costs of collection, including, but not limited to, attorney fees, collection agency fees, and court costs. In cases where K.S.A. 16a-2-507, as amended, applies, Cooperative may recover attorney fees or collection agency fees, but not both, and such fees may not exceed 15% of the unpaid debt after default.

AGENCY: Until notified in writing to the contrary by the Patron, Patron authorizes Patron’s spouse, children over the age of sixteen years, and employees, if any, to purchase goods or services and charge them to the Patron’s account.

SIGN HERE IF CREDIT PATRON(S) IS AN INDIVIDUAL:

Patron Signature: _____ Co-Patron Signature: _____
Printed Name: _____ Printed Name: _____

SIGN HERE IF CREDIT PATRON IS A BUSINESS ENTITY:

The person executing this agreement has authority to bind the credit Patron and is authorized by the credit Patron to enter into the terms and conditions set forth in this Charge Account Agreement.

Name of Patron: _____
Signature of Officer: _____ Title: _____
Printed Name and Position

NOTE: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract), because all or part of the applicant’s income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with the law concerning this creditor is Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.