



**4. PAYMENTS**

**A. During the Draw Period**

During the Draw Period, Borrower will be billed in arrears twice a year for interest accrued. Notwithstanding any provision in this Note to the contrary, during the Draw Period Borrower may make, free of penalty or minimum interest charge, any number of principal payments on any business day. Required interest payments may be made from a funds advance, provided the verified funds request for such advance specifies such a purpose in whole or in part for the requested funds. In addition, the periodic payment will include any late charges and other charges authorized by this Note, including, without limitation, any expenses or advances incurred by Lender under the security instrument.

Notwithstanding the foregoing, all amounts other than interest accruing over the period from the last date through which interest was last billed due under the terms of this Note, including but not limited to principal and all other interest, shall be due and payable in full upon the earlier of Lender’s billing or the Maturity Date. Interest accruing over the period from the last date through which interest was billed until the later of (a) the actual date of payment of all other amounts or (b) the Maturity Date shall be billed promptly after all such other amounts have been received by Lender.

**B. After the Draw Period**

Unless Borrower has exercised Borrower’s conversion option set forth in Section 9(C) of this Note, the day after the Draw Period ends the repayment period (“Repayment Period”) begins. Borrower must then repay the unpaid and outstanding loan account balance in the manner described in this Section. Borrower must repay this amount in substantially equal periodic installments with interest at the then-current annual interest rate, as set forth in Section 9(A)(1) of this Note. The periodic payment will be an amount that would be sufficient to repay the unpaid and outstanding loan account balance in full by the Maturity Date indicated in Section 9(A)(7) of this Note. The amount of the periodic payment may change as a result of changes in the Current Index indicated in Section 9(A)(7) of this Note. In addition, the periodic payment will include any late charges and other charges authorized by this Note, including, without limitation, any expenses or advances incurred by Lender under the security instrument.

**C. Prepayments after the Draw Period**

Any prepayments of scheduled installments that are made on a date that is not an installment payment date must be accompanied by interest to the next installment payment date and such prepayment will not be credited to the Borrower's account until such installment payment date.

Any prepayments, partial or in whole, other than scheduled installment payments must be accompanied by unpaid interest accrued on such principal amount from the date to which interest was last paid to the next installment payment date, and such prepayment shall not be considered as having been received and will not be credited to the Borrower's account until such installment payment date. If the Borrower makes a prepayment there will be no delays in the due dates of Borrower's installment payments unless the Lender agrees in writing to those delays and unless the Borrower and Lender agree otherwise, the Lender at its sole discretion may reamortize the Note on the basis of the new principal balance; otherwise the making of a prepayment will operate only to discharge the Note at an earlier date.

**5. APPLICATION OF PAYMENTS**

**A. During the Draw Period**

Notwithstanding any provision in this Note to the contrary, all payments during the Draw Period, other than a regularly scheduled payment of interest, will be applied first to:

- (1) Principal; and then to
- (2) All other amounts owed other than late charges; and then to
- (3) Late charges; and then to

- (4) Accrued interest.

B. After the Draw Period

All payments received after termination of the Draw Period will be applied first to:

- (1) Interest due; and then to
- (2) Principal; and then to
- (3) All other amounts owed other than late charges; and then to
- (4) Late charges

The term “late charges” is intended to include both flat fees associated with late payments, if any, and any incremental increase in interest rate as a result of maturity or default.

**6. EARLY TERMINATION**

During the Draw Period, Borrower may terminate the revolving line of credit Loan represented by this Note by (i) providing written notice to Lender of the intent to do so, (ii) paying the outstanding principal balance in full and by (iii) agreeing to pay accrued but unbilled interest promptly upon being billed. Borrower will be billed for the amount of accrued interest and all other amounts owed (if any) other than interest within fifteen (15) days after the later of Lender’s receipt of the notice terminating the Loan and the payment in full of the principal. The recorded Loan Documents including the Security Instrument will then be released of record upon receipt of the final payment of all amounts owed under this Note. Amounts that might be owed other than interest include, but are not limited to, late charges, standby fees, taxes and other amounts advanced by Lender and attorney fees. So long as the Borrower is not in default, the Loan will not terminate simply because the outstanding principal balance may be zero at any given time. Notwithstanding any provision in this Note to the contrary, no prepayment penalty or minimum interest charge shall be due in the event of early termination as provided in this paragraph.

**7. PROTECTIVE COVENANTS**

Borrower (including any cosigner or guarantor) shall provide a current financial statement, and the most recent annual income statement or federal tax return, upon request by Lender. (Forms are available upon request, but Lender may accept alternative forms in its sole discretion.)

**8. GENERAL PROVISIONS**

A. Notwithstanding any provision of this Note to the contrary, any choice of law provision includes applicable Federal law and such provision is not intended to prevent the application of Federal law. In addition to any other statutory authority listed in this Note, the terms of this Note and the interest rate and fees set forth herein are authorized by Title 12 of the United States Code, section 2279aa-12 as amended from time to time.

B. Notwithstanding any provision of this Note to the contrary, interest will be calculated in any reasonable manner determined solely by the holder of this Note based on an assumed 30-day month, and a 360-day year.

C. Notwithstanding any provision of this Note to the contrary, the whole of the principal sum and any accrued interest and any other sums advanced to protect and/or enforce the Note holder’s interest in this Note and the Security Instrument (including reasonable costs of recovery and attorney’s fees and expenses) shall bear interest from and after maturity, whether or not resulting from acceleration, at a rate equal to five percent (5.00%) per annum above the rate of interest under this Note had such maturity not occurred.

D. During the Draw Period, notwithstanding any provision of this Note to the contrary, in the event any scheduled payment of principal or interest shall not be received by the fifteenth day of the month in which it is due and payable, interest shall be payable on such defaulted payment at a rate which is equal to five percent (5.00%) per annum above the rate of interest which would have existed from time to time under this Note but for such nonpayment, subject to a minimum interest charge of five percent (5.00%) of such defaulted payment.

After the Draw Period, notwithstanding any provision of this Note to the contrary, in the event any scheduled payment of principal or interest shall not be received by the tenth day of the month in which it is due and

payable, interest shall be payable on such defaulted payment at a rate which is equal to five percent (5.00%) per annum above the rate of interest which would have existed from time to time under this Note but for such nonpayment, subject to a minimum interest charge of five percent (5.00%) of such defaulted payment.

E. Borrower shall, as required by paragraph 7, provide current financial statements to the holder of this Note. If Borrower obtains financial statements which are audited or reviewed by an independent certified public accountant for the relevant period, such financial statements provided hereunder shall be such reviewed or audited statements. Borrower authorizes Note holder to make or have made any credit inquiries Note holder feels are necessary. Borrower also authorizes the person or agencies to whom Note holder makes these inquiries to supply Note holder with the information Note holder requests.

F. The holder of this Note from time to time is free to distribute or share all documents and information which such holder now has or may hereafter acquire relating to the indebtedness represented by this Note or any other indebtedness otherwise secured by the Security Instrument, or relating to the Borrower, any guarantor, any indemnitors and/or the property securing such indebtedness (from whatever source obtained) as said holder determines necessary or desirable in order to facilitate a possible sale, transfer, assignment, or hypothecation of this Note, the Security Instrument, any security instruments and/or any or all servicing rights with respect thereto, or to grant participations therein or to issue, whether in a public offering or private placement, Security Instrument, pass-through certificates or other securities evidencing a beneficial interest in this Loan.

G. In the event Borrower defaults hereunder, or in the event any action is brought to enforce the terms of this Note or any document related thereto, or in the event of Borrower's bankruptcy, then the holder of this Note shall be entitled to recover all attorneys fees and costs incurred as a result of such default and/or enforcing the terms of this Note and related documents.

H. The Borrower represents and agrees that at the time of making any and all requests for funds hereunder that none of the borrowers, guarantors and owners of the real and personal property security will be delinquent on any taxes (federal, state, or local) of any kind. This representation is material to the making of each advance.

I. The Borrower represents and agrees that any and all requests for funds hereunder will be used only for agricultural or other business purposes and not for personal, family, or household purposes.

J. The making of any false or misleading representation will constitute an Event of Default, entitling Lender to exercise remedies for default, including but not limited to acceleration of the indebtedness.

K. Borrower will make payments at «37», «38», «39» «40» or at a different place if required by Lender.

L. If Borrower does not pay the full amount of each installment on the date it is due, Borrower will be in default.

M. If Borrower is in default and if allowed by applicable law, Lender may send Borrower a written notice telling Borrower that if Borrower does not pay the overdue amount by a certain date Lender may require Borrower to pay immediately the full amount of Principal which has not been paid and all the interest that Borrower owes on that amount.

N. Even if, at a time when Borrower is in default, Lender does not require Borrower to pay immediately in full as described above, Lender will still have the right to do so if Borrower is in default at a later time.

O. If Lender has required Borrower to pay immediately in full as described above, Lender will have the right to be paid back by Borrower for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. If allowed by applicable law those expenses include, for example, reasonable attorneys' fees.

## 9. REVOLVING LINE OF CREDIT VARIABLE RATE PROVISIONS

### A. Payment of Principal and Interest.

(1) Interest shall accrue on the unpaid balance of this Note until the Loan is repaid in full or until the Borrower exercises the option to convert the variable rate to another rate as provided in subsection (9C) below.

(2) The Initial Variable Rate (defined below) will be established at loan registration and upon the receipt of the Commitment to Purchase – AgEquity. Thereafter, the Variable Rate shall change according to the Rate Change Date at a rate equal to the sum of the Current Index (defined below) (the "Variable Rate").

(3) A payment of interest calculated at the Variable Rate on the outstanding principal balance represented under this Note from the date of the first advance hereunder shall be due on the First Interest Payment Date. Thereafter, consecutive semi-annual installments of interest, each in the amount required to pay the unpaid interest accruing through the applicable period, shall be due on each January 1 and July 1 at the Variable Rate until the Maturity

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Date (as defined below) or the Conversion Date (as defined below) as the case may be. Any remaining indebtedness, if not sooner paid, shall be due and payable on the Maturity Date (as defined below).

(4) If Lender at any time determines, in its sole but reasonable discretion, that it has miscalculated the amount of any interest payment (whether because of a miscalculation of the Variable Rate or otherwise), then Lender shall give notice to Borrower of the corrected amount of the interest payment (and the corrected Variable Rate, if applicable) and (i) if the corrected amount of the installment payment represents an increase, then Borrower shall, within 30 calendar days thereafter, pay to Lender any sums that Borrower would have otherwise been obligated under this Note to pay to Lender had the amount of the installment payment not been miscalculated, or (ii) if the corrected amount of the installment payment represents a decrease thereof and Borrower is not otherwise in breach or default under any of the terms and provisions of this Note, the security instrument or any other Loan Document evidencing or securing this Note, then Borrower shall thereafter be paid the sums that Borrower would not have otherwise been obligated to pay to Lender had the amount of the installment payment not been miscalculated.

(5) Borrower may make payments of principal in any amount on any business day of Lender during such time as the principal is accruing interest at the Variable Rate.

(6) If Borrower timely exercises Borrower's option to (i) convert the interest rate on this Note to another rate and (ii) cancel the Revolving Line of Credit provisions of this Note pursuant to Section C ("Conversion Option") of this Note, the applicable interest rate under this Note, beginning on the date the conversion becomes effective and continuing until the Maturity Date, shall not be the rate determined in accordance with subsection (1) of this Section A above, but shall be the rate established in accordance with Section C "Conversion Option" below. Such rate shall be reflected in an "Agreement to Convert" substantially in the form attached as Exhibit A to this Note. If Borrower has not earlier exercised the Conversion Option, the Revolving Line of Credit Provisions will expire on «414» and the Conversion Option will be deemed to be exercised by selecting the loan terms indicated in subparagraph (7) below.

(7) The following definitions shall apply to this Note:

**Current Index:** 1-month *VRM servicing released net yield for 8-week delivery* then being required by the Federal Agricultural Mortgage Corporation.

**Index.** Beginning with the Initial Rate Change Date, The variable interest rate shall change to a rate that shall be determined 2 business days prior to the Initial Adjustment Date and any subsequent Adjustment Dates and be based upon the 1-month *AgEquity VRM servicing released net yield for 8-week delivery* then being required by the Federal Agricultural Mortgage Corporation, adjusted for credit quality, plus «1603» field servicing fee. If the Index is no longer available, the Note Holder will choose a new index that is based on comparable information.

**First Interest Payment Date:** «202».

**Revolving Loan Provisions Termination Date:** «414».

**First Principal Payment Date:** «550»

**Maturity Date:** «1452».

**Rate Change Date:** «1601» and on the 1<sup>st</sup> of every month thereafter

**Initial Variable Rate:** «1602»

## **B. Prepayment.**

Prior to the Conversion Date (as defined below), Borrower may prepay all or part of the unpaid principal balance of this Note on any business day.

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**C. Interest Rate Conversion Option.**

**(1) Option to Cancel Multiple Advance Provisions and Convert to Another Interest Rate.**

Borrower may exercise the Conversion Option unless Borrower is in default under this Note or the security instrument if the conditions of this subsection C(1) are met. Borrower will be conclusively deemed to have exercised the Conversion Option upon the date of the Revolving Loan Provisions Termination Date. The “Conversion Option” is the Borrower’s option to (i) cancel and convert the interest rate specified in this Note from a variable rate with no interest rate limits to the rate calculated under Section C(2) below; and (ii) terminate and cancel the Revolving Loan provisions.

The conversion can only take place on a date a scheduled payment is due. The date on which the Borrower converts the variable interest rate to the converted rate is called the “Conversion Date.”

The Borrower’s ability to exercise the Conversion Option is conditioned upon and no conversion shall be effective without: (i) the Borrower giving the Lender written notice at least 21 days prior to the Conversion Date (at 11:00 a.m. Louisville, Kentucky time) that the Borrower wants to exercise the Conversion Option; (ii) at the Conversion Date, the Borrower must not be in default under the terms of this Note or the security instrument; (iii) payment to the Lender at or prior to the Conversion Date of all of Lender’s out of pocket expense of completing such Conversion while maintaining its lien priority, and (iv) the Borrower’s completion and execution of any documents the Lender requires to effect the conversion.

**(2) Calculation of Converted Rate.** Upon request from the Borrower, the Lender shall provide a list of the loan products then offered by the Federal Agricultural Mortgage Corporation (“Farmer Mac”) with a maturity date similar to the Maturity Date of this Note subject to a four week mandatory delivery commitment, including any prepayment restrictions and yield maintenance provision applicable to such products. The description of loan products shall contain the then current rates applicable to such products, but the actual rate may be higher or lower and will be set as described in this paragraph. The Borrower may then give written notice of the Borrower’s election to convert this Note to one of those products for the remaining term of this Note to the Maturity Date by selecting one of the listed products and requesting conversion of this Note to the selected product. The interest rate in effect for this Note after Conversion (“Converted Rate”) will be an interest rate equal to the Farmer Mac required net yield for the selected loan product with a maturity similar to the Maturity Date of this Note subject to a four week mandatory delivery commitment, plus «239» (the “Modification Note Rate”), subject to any yield maintenance provision applicable to such product. The converted rate in effect as of the Conversion Date will be equal to the rate calculated in the immediately preceding sentence as of 11:00 a.m. Louisville, Kentucky time, on the later of (a) the date which is four weeks prior to the Conversion Date and (b) the day lender receives Borrower’s election to convert this Note. If this required net yield is not available, the Lender will determine the Converted Rate by using comparable information.

If Borrower elects to convert this Note, or is required to convert this Note by the terms hereof, but does not select a particular product from the list of available products by the date specified in the list of products, the product designated by Lender as the Default Product on the list of available products will be deemed to have been selected by Borrower.

**(3) Calculation of New Payment.** Upon the Borrower’s exercise of the Conversion Option, the Lender will determine the amount and payment schedule of the installments, which will be calculated to repay the unpaid principal (net of any principal payment due on the Conversion Date) in full over the period from the Conversion Date to the Final Amortization Date at the new interest rate in substantially equal payments applied first to interest and then to principal. Any remaining indebtedness, if not sooner paid, shall be due and payable on the Maturity Date.

**10. LENDER ADVANCES**

Lender may make advances under the mortgage or deed of trust, security agreement or other instrument providing security for this Note, to protect the Lender’s interest in any mortgage or deed of trust, security agreement or other instrument providing security for this Note from loss of value or damage. Any money so advanced (including reasonable costs of recovery and attorneys’ fees) plus interest at the default rate stated in Section 8(D) of this Note shall become an obligation due and owing under the terms of this Note immediately upon the date advanced by Lender and is an obligation of Borrower secured by the mortgage or deed of trust, security agreement or other instrument providing

security for this Note.

**11. GIVING OF NOTICES**

Unless applicable law requires a different method, any notice that must be given to Borrower under this Note will be given by delivering it or by mailing it by first class mail to Borrower at the Property Address above or at a different address if Borrower gives Lender a notice of Borrower’s different address.

Any notice that must be given to Lender under this Note will be given by delivering it or by mailing it by first class mail to Lender at the address stated in Section 8(K) above or at a different address if Borrower is given a notice of that different address.

**12. OBLIGATIONS OF PERSONS UNDER THIS NOTE**

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. Lender may enforce its rights under this Note against each person individually or against all of those persons together. This means that any one of the persons signing this Note may be required to pay all of the amounts owed under this Note.

**13. WAIVERS**

Borrower and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. “Presentment” means the right to require Lender to demand payment of amounts due. “Notice of Dishonor” means the right to require Lender to give notice to other persons that amounts due have not been paid.

**14. UNIFORM SECURED NOTE**

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Lender under this Note, a Mortgage, Deed of Trust, or Security Deed (the “Security Instrument”), dated the same date as this Note, protects the Lender from possible losses which might result if Borrower does not keep the promises which Borrower makes in this Note. That Security Instrument describes how and under what conditions Borrower may be required to make immediate payment in full of all amounts Borrower owes under this Note. Some of those conditions are described as follows:

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender’s prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

**15. DOCUMENTARY TAX**

The state documentary tax due on this Note has been paid on the mortgage securing this indebtedness.

**NOTICE IS HEREBY GIVEN TO MAKER THAT ORAL AGREEMENTS OR ORAL COMMITMENTS TO LEND MONEY, EXTEND CREDIT, MODIFY LOAN TERMS OR FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER «90» LAW.**

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**EXHIBIT A TO NOTE**  
**FORM OF AGREEMENT TO CONVERT**  
**[To be Completed at Exercise of Conversion Option]**

This Agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by and between «7» «13» (the “Lender”) and «110» (the “Borrower”) and modifies and amends certain terms of Borrower’s indebtedness evidenced by a Promissory Note (the “Note”) to Lender dated «207», which is secured by a mortgage, deed of trust or security deed or similar instrument (the “Security Instrument”) of the same date and covering the property described in the Security Instrument (the “Property”) and located at:

« 84», « 85», « 90» « 87»  
[Property Address]

In consideration of Borrower’s exercise of Borrower’s option to convert Borrower’s variable interest rate revolving line of credit Loan to another interest rate loan without revolving line of credit provisions pursuant to the provisions of the Note and to the Security Instrument, the Note is hereby modified and amended as follows:

I Sections 9A and 9C of the “Revolving Line of Credit Variable Rate Provisions” of the Note are deleted in full and the following is inserted in its place:

[Insert interest rate provisions of the applicable loan product.]

II Section 9B is changed to read:

III Prepayment.

[Select and insert the appropriate provision associated with the applicable loan product]

In addition to the modifications to the Note stated above, Borrower understands that, upon Borrower’s signing of this Agreement, Lender will have the option to require immediate payment in full of all sums secured by the Security Instrument if all or any part of the Property or any interest in it is sold or transferred without Lender’s prior written consent, as provided in the Security Instrument.

Except as stated in this Agreement, Borrower’s promise to pay and the covenants and agreements under the Note and under the Security Instrument continue without change.

IN WITNESS WHEREOF, Borrower and Lender have executed this Agreement.

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