

WHITE RIVER COOPERATIVE, INC.

CREDIT POLICY

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I. INTRODUCTION

The Management Team along with the Board of Directors of White River Co-op, Inc. (hereinafter referred to as "White River"), recognizes that issuing credit has inherent risks and that issuing credit by any retailer in agribusiness is a necessary business activity. Further, it is the viewpoint of the Management Team and Board of Directors that White River will carry a given amount of credit risk from time to time, and that the risks must be managed. It is the intent of this policy to set forth the guidelines to be followed by the management of White River in managing credit risk.

The extension of credit is a privilege. The Board of Directors and Management Team of White River reserves the right and has sole discretion to discontinue the extension of credit at any time to any customer who violates the credit policy.

Payment in full is expected on or before the date when due.

Simply stated, credit is the power or ability to obtain goods or services in exchange for a promise to pay for them later. All sales, except those made under terms of Cash In Advance, Cash Upon Receipt of Delivery, or Cash With Order, shall be deemed a credit sale. We are frequently reminded that a sale is not complete until it is paid for. It is also important that a profit be earned. Profits depend not only on getting goods shipped, but also on prompt payments to get the cash back into circulation to buy, produce and sell more goods. Unpaid sales are simply called "receivables".

Good credit and collection relations begin with the first sale. A straightforward and clear introduction to White River's credit terms will avoid any misunderstanding later. Personal contact must be made with each customer to sell him/her on paying his/ her account according to our terms.

Credit administration at White River involves a system of branches, departments, and terms. White River strives to maintain a strong system of accountability within this setup. Therefore, these procedures have been established to provide guidance to White River personnel involved in credit administration within the White River organization.

Board of Directors: The Board of Directors is responsible for approving the overall credit policy of White River, including the specifications of credit risk limits.

Chief Executive Office: The Chief Executive Officer of White River is responsible for keeping the Board of Directors informed of the overall credit risk status and any deviations from the established credit policy; for approval of certain types of transactions as specified in the credit policy; and for overall management of the credit function.

Controller: The Controller is responsible for the operations, and internal controls associated with the credit-accounts receivable accounting system; for establishing policies and procedures related to the recording, entry, billing, and settlement of accounts receivable; and for monitoring overall credit (outstanding receivables) positions and financing capacity to insure that White River policies and procedures are being followed and that financial capacity for financing credit (receivables) is not exceeded.

Credit Manager: The Credit Manager is responsible for granting credit and managing credit risk in accordance with the policies and procedures established by White River; for developing relationships with outside credit providers, lending institutions, collection agencies and legal counsel; for assisting branch personnel with the establishing of credit limits and collecting accounts; and for initiating collection procedures for past due accounts.

Branch Managers: Branch Managers are responsible for obtaining a credit application from the customer; for gathering needed customer information, including spousal information if opening a joint account, tax identification and banking information; for the direct issuing of credit to their customers in the normal course of business; for developing customer relations so that current customer information may be obtained and sound credit decisions may be made; for billing sales on a timely basis in accordance with established policies and procedures; and for assuring that their customers are informed of the credit policies of White River.

Credit Committee: The Credit Committee is responsible for reviewing the credit policy on an annual basis to ensure that the policy is current with White River goals and objectives, as well as industry practices; for establishing overall credit risk limits; and for general oversight of the credit policy, including a periodic review of accounts.

II. CREDIT APPLICATIONS

Before any credit can be extend on a permanent basis, a credit application must be filled out, completed, and signed. Applicants will be put into one of the following categories:

INDIVIDUAL, BUSINESS, FARM, EMPLOYEE

The credit application must be completed and signed by all parties involved to allow an effective credit evaluation. Each applicant must be eighteen years of age. If applicant is under eighteen (18) years of age, the application will not be approved. White River may require a credit report of applicant, including assessment of applicant's credit score, prior to credit approval.

A. INDIVIDUAL CREDIT APPLICATION

All individual credit requests, the applicant must sign and date, in ink, the credit application.

B. BUSINESS CREDIT APPLICATION

If an application for a corporation is being evaluated, there must be signatures from two (2) corporate officers. If the business is a sole proprietorship, limited liability company or partnership, then all owners, members or general partners must sign. A personal guarantee by one or more of the principal owners, officers, members or general partners of the business will be required unless otherwise waived by the Credit Department. White River will not enter into a guaranty agreement with any customer, unless approved by the Credit Committee.

C. FARM CREDIT APPLICATION

Farm credit requests will adhere to the same guidelines established for business requests in the section above.

D. EMPLOYEE CREDIT APPLICATION

All employees applying for credit will be required to adhere to the same guidelines and requirements as any other potential applicant. Credit may be extended to any director, officer, or employee. In no case, however, shall the total amount of credit extended to any director, officer or employee exceed that which would be extended under like conditions to any other customer. No director shall have a vote or voice in any matter affecting his/her own account.

E. CREDIT LIMITS

The following are guidelines for approved credit limits, which will be for internal use only.

- | | |
|-----------------|-------------|
| 1. Individual | \$1,000.00 |
| 2. Business | \$50,000.00 |
| 3. Agricultural | \$50,000.00 |
| 4. Employee | \$300.00 |

III. CREDIT APPLICATION PROCEDURES

A. CREDIT APPROVAL

If a credit application is approved, the applicant will be notified by letter within ten (10) business days.

B. CREDIT DENIAL

If a credit application is denied, the applicant must be notified by letter within ten (10) days from the receipt of the credit application.

If a Individual Credit Application is denied and White River obtained a credit report of the applicant, White River must notify the applicant in writing within ten (10) days from the

receipt of the credit application stating the reason why the applicant was denied credit to ensure compliance with the Equal Credit Opportunity Act, as implemented by Regulation B, and the Fair Credit Reporting Act. Additionally, White River shall furnish a copy of the credit report relied upon to the applicant.

C. MAXIMUM CREDIT LIMIT

The present maximum credit limit is \$50,000.00. If a request is made for monies in excess of this amount, the following guidelines will be followed:

1. Approval must be obtained from the Credit Department. If a credit limit request is substantially higher, Board of Directors approval may also be required.
2. If an account exceeds the established maximum credit limit without prior approval, then this account must be brought into compliance immediately by collection of monies or approval.
3. Credit approvals above \$50,000.00 will require a financial statement, two (2) years tax returns and a cash flow projection.

D. CUSTOMER FINANCE OPTIONS

It is not in the best interest of White River to be used as a primary lending source by any of our customers. Whenever possible, all customers are encouraged to obtain financing from sources outside White River. White River acknowledges that in order to maintain growth, it will need to assist White River customers from time to time with financial resources. As a result of this concern, White River has developed an alliance with John Deere Financial, First Financial Bank, and a couple of other approved sources who are able to provide resources to qualified customers. White River may refer customers to various credit providers with whom a relationship has been established.

E. LINE OF CREDIT

Under certain approved conditions, White River may choose to assist in the funding of farm input expenses with an established customer. This will be accomplished by the use of a pre-approved note that will set a maximum dollar limit and an established maturity date. This note will be secured with farm assets, co-applicants if needed, a recorded UCC filing, and a personal guarantee signed and dated.

IV. FUEL AND GAS

A. FUEL OIL AND LP GAS BUDGET PROGRAMS

A budget program is offered to White River customers to help control annual charges of heating products. The conditions of the budget program are as follows:

1. Budget program begins July 1 and ends June 30. Monthly payments are made and expected during this program.
2. Only customers approved by Credit Manager or Branch Manager can be on the budget program.
3. A budget customer's account must be current at the beginning of the budget program period in order for the customer to be eligible to enroll in the program.
4. A budget customer will be removed from the program if their account payments become sixty (60) days in arrears and/or two (2) budget payments are missed.

B. ONE DUMP FUEL OIL AND LP GAS

If this type of credit is extended, a fuel oil delivery or LP gas delivery must be paid for prior to the next delivery or within thirty (30) days from original purchase.

V. PAYMENTS AND PAST DUE CHARGES/FEES

A. PAYMENTS

Payments can be mailed to White River's central office at PO Box 461 – Loogootee, IN 47553. Payments mailed by customers shall be deemed paid upon actual receipt of the payment in White River's central office. It is the responsibility of the customer to ensure that mailed payments are made in a timely fashion such that White River receives such payment before the Customer's due date.

Payments may also be made at any White River location. Cash or check will be accepted as payment. If customer wishes to pay by credit card for purchases other than fuel, customer may call White River's central office. Payment of fertilizer, chemicals, seed, etc., in crop production shall be cash or check only.

All fuel stations shall accept credit cards as payment.

B. TERMS AND DUE DATES

All accounts, unless identified above, are due and payable in full on the last day of the month following the month of purchase. Special terms may, from time to time, be set up for special circumstances as determined by the Chief Executive Officer.

C. FINANCE CHARGES AND OTHER FEES

1. A finance charge will be added on all open end and revolving charge accounts for all merchandise not paid for by the due date.
2. All charge accounts may be paid at any time before the date payment is due without incurring a penalty.
3. The finance charge will be added on the account balance that remains at the end of each succeeding monthly period. The "account balance" as used herein means that

amount financed or charged to the account and any unpaid finance charge less all payments or credits to the account.

4. The finance charge is One and Three-Quarter percent (1.75%) per month, which is an annual percentage rate of Twenty-One percent (21%). If the unpaid account balance is less than \$28.50 on the last day of the month, a minimum charge of Fifty cents (\$.50) will be added.
5. The Board of Directors of White River reserves the right to change the finance charge rates and other fees as they deem necessary in accordance with the laws of the State of Indiana.

D. FINANCE CHARGE WAIVER

Any finance charge waiver will go through the office of the Chief Executive Officer.

VI. COLLECTIONS

A. COLLECTION PROCEDURE

Each customer that carries a current or active balance shall receive a monthly billing statement. This statement should act as the only payment request. The Credit Manager is responsible for starting collection procedures for past due accounts. Every attempt will be made to handle past due customers in a courteous and professional manner. The Credit Manager will assist the sales staff and/or branch manager in determining the necessary action(s) to be taken on accounts with delinquent status. Customers will be notified through a variety of methods including written past-due letters, telephone calls, and personal visits. Written past-due letters will be mailed to customers as soon as they exceed their payment terms, pursuant to the following steps for collection:

1. A first notice of past due payment is sent to the customer when their account becomes 10 days past due. This letter is general in nature and will remind the customer of the past due account. However, the notice shall inform the customer that their account will be placed on a "cash only" status if the account is not paid in full within the month.
2. A second notice of past due payment is sent to the customer when their account becomes 30 days past due. This letter is stronger in content and informs the customer that they are now on a "cash only" basis. The notice shall state that customer's account could be sent to collections if customer does not contact White River regarding payment.
3. A final notice sent to the customer when their account becomes 60 days past due. The notice shall warn customer of legal collection action if payment is not made immediately or if contact is not made with the Credit Manger regarding repayment.
4. If payment is still not received, the account will be turned over to the attorney and his/her staff for collection. All costs incurred, including reasonable attorneys' fees for collection, will be assessed to the customer's account and become a part of the total balance. White River will cease all in-house collection activity and all future

contact and/or correspondence in regards to the delinquent customer must go through White River's attorney.

In addition to the above collection procedure, if a customer cannot pay their past due balance in a timely manner, the Credit Manager may, in his/her sole discretion, develop a payment plan which may include customer's execution of a written promissory note.

Any fees associated with the account being sent to a collection agency or results in the filing of a lawsuit will be the responsibility of the customer.

B. CASH ONLY

If a customer account carries a balance thirty (30) days past due, this account will be placed on a "cash only" status. No further credit will be extended until the account is paid in full. Once an account has been placed on "cash only" status, a new credit application may have to be submitted before additional credit will be extended.

Commercial accounts will be placed on a "cash only" status upon ten (10) days past due. Transport loads of fuel are due within ten (10) days. Other commercial/farm accounts may have various due rates relative to credit risk, as determined by the Credit Department.

All accounts are subject to credit limits as outlined in Section IIE of the Credit Policy.

C. EMPLOYEE COLLECTION

All directors and employees of White River are subject to the terms and limits as set forth in this policy and are expected to maintain their account in current status at all times. If a White River employee is delinquent, then collection activities should first be addressed by the employee's supervisor. If this proves unsuccessful then normal collection procedures will be implemented.

D. ASSERTION OF LIEN RIGHTS

Pursuant to its bylaws and the Indiana Agricultural Cooperative Act, White River reserves the right to assert paramount lien on all stock and equity held by White River customers who have an outstanding account receivable.

E. INSUFFICIENT FUNDS

Any check returned for insufficient funds will be collected as follows:

Customer shall be contacted and given an opportunity to provide immediate sufficient payment, either by submitting cash, certified check or cashier's check. A telephone call is to be made from the branch where the service was conducted and request the immediate payment. If collection at the branch is not successful, it will then be turned over to the attorney for full

collection in accordance with Indiana Code § 26-2-7, *et seq.* A \$25.00 collection service fee will also be added.

F. BANKRUPTCIES

If White River is notified by legal letter that a customer who is showing a balance due (current or past due) has declared bankruptcy, the following steps must be taken:

1. Customer account balance must be placed in Terms 19.
2. All direct collection communication with the customer must be terminated.
3. Legal assistance must be acquired immediately.

VII. CREDIT REPORTING, WRITE-OFFS, LITIGATION

A. MONTHLY CREDIT REPORTS

All delinquent activity must be monitored on a regular basis, which will be orchestrated through the use of monthly credit information. This information will be assembled in various aging reports to be used each month by the Credit Department and Credit Committee. These reports are as follows:

1. Cash only activity report
2. Over 90-day activity report
3. Over \$50K activity report
4. Write off accounts during the quarter
5. Finance charges waived

B. NOTES

All notes taken of a customer's account must have the prior approval of Chief Executive Officer. All notes will be prepared by the Credit Manager. The following applies to notes:

1. The length of the note cannot exceed the current crop year unless approved by the Chief Executive Officer.
2. Non-interest notes will not be permitted.
3. The note may require one or more signatories to meet White River's standards of credit worthiness.
4. Interest is not to exceed the legal limit.

Security for a note must be obtained whenever possible. A first lien on the crop is preferred.

C. WRITING OFF ACCOUNTS

Uncollectable accounts are to be written off in order to maintain the integrity, quality and strength of the balance sheet.

An account will be written off as per the following guidelines:

1. An account whereby customer has declared bankruptcy.
2. An account which White River has filed legal action to collect.
3. An account with a balance over one (1) year old.
4. An account with a portion of the balance over one (1) year old with no payment in the last twelve (12) months.
5. Any other account that may be deemed uncollectible.

White River will pursue the collection of written-off accounts to the fullest extent of the law. Any account that has had a balance written off will become cash only and will remain cash only. All write-offs will be reported to the Credit Committee and Board of Directors.

D. LITIGATION

It is the responsibility of the Chief Executive Officer, Credit Manager or assignee to handle all collection involving litigation. No branch personnel will be authorized to institute a suit on behalf of White River for recovery of money due and owing White River.

E. EXCEPTION REPORTING

If for any reason management finds it necessary to issue credit outside the established credit limits, the Credit Committee will be notified of the circumstances. The Credit Committee shall give a written acknowledgement of any such circumstance, including the resulting action and final disposition, which shall be maintained in White River's files.

F. BOARD REVIEW

The Credit Committee and the Board of Directors shall review the authorized credit policy at least once a year.

G. APPLICABLE LAW

The policies of White River shall be in full compliance with the laws of the State of Indiana, the Uniform Commercial Code and any applicable provisions of the Fair Debt Collection Act. The credit policy may be changed from time to time in order for White River to stay in compliance with the applicable laws and regulations governing credit and issues related thereto.

H. INTENDED PURPOSE; FAILURE TO ENFORCE NOT A WAIVER

This Credit Policy sets forth uniform guidelines for White River for extending credit to its customers. In the event White River fails to follow or does not uniformly enforce this Credit Policy, such actions shall not constitute or be deemed or construed as a waiver, modification, relinquishment or forbearance by White River of this Credit Policy.