

**LENDER ACKNOWLEDGEMENT**

On this date \_\_\_\_\_, the undersigned (hereinafter referred to as "Creditor"), in consideration of the mutual promises set forth herein and being either a secured or unsecured creditor of \_\_\_\_\_, ("Seller") whose address is \_\_\_\_\_ and who has entered or is planning to enter into a "Hedge Contract" with Producers Livestock Marketing Association ("PLMA") for hedging the price risk of livestock and for the sale of livestock ("Hedge Contract"), hereby acknowledges and agrees to the conditions set forth as follows:

1. Creditor has reviewed a copy of PLMA's Hedge Contract and is aware of the terms and conditions set forth therein.
2. Pursuant to PLMA's Hedge Contract, PLMA has priority in claims to funds only to the extent PLMA has actually advanced funds under said Hedge Contract to establish futures positions on Seller's behalf, including fees and margin calls of Seller in which PLMA and Creditor might both have a claim of security interest.
3. Creditor waives all claims, to the extent set forth in paragraph #2, including but not limited to claims of superiority of priority and any and all other Article 9 claims, that would entitle Creditor to said funds before PLMA has been paid in full under the terms of the Hedge Contract. PLMA's priority will survive whether the funds are held by PLMA or another entity, ("Possessor").
4. If PLMA does not hold Seller's funds, PLMA is authorized to direct the Possessor to pay PLMA in full, to the extent set forth in paragraph two; under the terms of the Hedge Contract before paying any claims made by the Creditor. Creditor waives all challenges to PLMA's authority to authorize such actions. After PLMA has been paid in full under the terms of the Hedge Contract pursuant to the terms of the Acknowledgement, Creditor shall be entitled to any funds held by Possessor until its balance has been paid in full.
5. All livestock placed under the Hedge Contract are subject to all terms and conditions of the Hedge Contract for a period of 24 months. Lender Acknowledgment will stay in full force until PLMA is notified by Seller or Creditor.
6. Upon request from the Creditor, PLMA shall provide a copy of all risk management placed with Seller.

(Check where applicable)

\_\_\_\_\_ Creditor hereby requests the balance of proceeds, after adjustments are made for the benefit of PLMA as set forth in the Hedge Contract, be made payable jointly to the Creditor and Seller and mailed to Seller.

\_\_\_\_\_ Creditor hereby requests the balance of proceeds, after adjustments are made for the benefit of PLMA as set forth in the Hedge Contract, be made payable jointly to the Creditor and Seller and mailed to Creditor.

\_\_\_\_\_ Creditor's name is NOT needed on checks.

\_\_\_\_\_  
Creditor

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_