MISSISSIPPI LAND BANK, ACA

2016
Quarterly Report
Second Quarter

For the Quarter Ended June 30, 2016

REPORT OF MANAGEMENT

The undersigned certify that we have reviewed this report, that it has been prepared in accordance with all applicable statutory or regulatory requirements, and that the information contained herein is true, accurate and complete to the best of our knowledge and belief.

Craig B. Shideler
President and CEO
August 9, 2016

Abbott R. Myers
Chairman, Board of Directors
August 9, 2016

Claire B. Pegram
Chief Financial Officer
August 9, 2016

Lawson McClellan
Chairman, Audit Committee
August 9, 2016

MISSISSIPPI LAND BANK, ACA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the financial performance of the Mississippi Land Bank, ACA (Agricultural Credit Association), referred to as the Association, for the quarter ended June 30, 2016. These comments should be read in conjunction with the accompanying financial statements and the December 31, 2015 Annual Report to Stockholders.

The Association is a member of the Farm Credit System (System), a nationwide network of cooperatively owned financial institutions established by and subject to the provisions of the Farm Credit Act of 1971, as amended (Act), and the regulations of the Farm Credit Administration (FCA) promulgated thereunder.

The consolidated financial statements comprise the operations of the ACA and its wholly-owned subsidiaries. The consolidated financial statements were prepared under the oversight of the Association's audit committee.

Loan Portfolio:

Total loans outstanding at June 30, 2016, including nonaccrual loans and sales contracts, were $610,447,334 compared to $597,272,935 at December 31, 2015, reflecting an increase of 2.2 percent. Nonaccrual loans as a percentage of total loans outstanding were 0.1 percent at June 30, 2016, compared to 0.2 percent at December 31, 2015.

The Association recorded $0 in recoveries and $0 in charge-offs for the quarter ended June 30, 2016, and $0 in recoveries and $0 in charge-offs for the same period in 2015. The Association's allowance for loan losses was 0.1 percent and 0.1 percent of total loans outstanding as of June 30, 2016, and December 31, 2015, respectively.

Risk Exposure:

High-risk assets include nonaccrual loans, loans that are past due 90 days or more and still accruing interest, formally restructured loans and other property owned. The following table illustrates the Association's components and trends of high-risk assets.

	June 30, 2016		December 31, 2015	
	Amount	**%**	Amount	%
Nonaccrual	**$ 853,631**	**91.7%**	$ 900,991	72.6%
90 days past due and still accruing interest	**-**	**0.0%**	262,709	21.2%
Formally restructured	**17,223**	**1.9%**	17,263	1.4%
Other property owned, net	**59,711**	**6.4%**	59,711	4.8%
Total	**$ 930,565**	**100.0%**	$ 1,240,674	100.0%

Results of Operations:

The Association had net income of $2,516,476 and $4,281,581 for the three and six months ended June 30, 2016, as compared to net income of $2,189,040 and $4,063,793 for the same period in 2015, reflecting an increase of 15.0 and 5.4 percent. Net interest income was $4,096,656 and 8,052,815 for the three and six months ended June 30, 2016, compared to $3,833,130 and $7,677,533 for the same period in 2015.

	Six months ended:			
	June 30, 2016		June 30, 2015	
	Average Balance	**Interest**	Average Balance	Interest
Loans	**$ 595,198,775**	**$ 13,037,381**	$ 554,809,694	$ 12,177,347
Interest-bearing liabilities	**504,869,780**	**4,984,566**	469,733,230	4,499,814
Impact of capital	**$ 90,328,995**		$ 85,076,464	
Net interest income		**$ 8,052,815**		$ 7,677,533

	2016 Average Yield	2015 Average Yield
Yield on loans	**4.40%**	4.43%
Cost of interest-bearing liabilities	**1.99%**	1.93%
Interest rate spread	**2.42%**	2.50%
Net interest income as a percentage of average earning assets	**2.72%**	2.79%

	Six months ended: June 30, 2016 vs. June 30, 2015		
	Increase (decrease) due to		
	Volume	**Rate**	**Total**
Interest income - loans	**$ 888,946**	**$ (28,912)**	**$ 860,034**
Interest expense	**337,529**	**147,223**	**484,752**
Net interest income	**$ 551,417**	**$ (176,135)**	**$ 375,282**

Interest income for the three and six months ended June 30, 2016, increased by $423,952 and $860,034, or 6.9 and 7.1 percent respectively, from the same period of 2015, primarily due to an increase in average loan volume offset by declines in yields on earning assets. Interest expense for the three and six months ended June 30, 2016, increased by $160,426 and $484,752, or 7.0 and 10.8 percent, from the same period of 2015 due to an increase in interest rates coupled with an increase in average debt volume. Average loan volume for the second quarter of 2016 was $602,276,750, compared to $558,860,237 in the second quarter of 2015. The average net interest rate spread on the loan portfolio for the second quarter of 2016 was 2.44 percent, compared to 2.45 percent in the second quarter of 2015.

The Association's return on average assets for the six months ended June 30, 2016, was 1.38 percent compared to 1.41 percent for the same period in 2015. The Association's return on average equity for the six months ended June 30, 2016, was 8.09 percent, compared to 8.21 percent for the same period in 2015.

Liquidity and Funding Sources:

The Association secures the majority of its lendable funds from the Farm Credit Bank of Texas (Bank), which obtains its funds through the issuance of Systemwide obligations and with lendable equity. The following schedule summarizes the Association's borrowings.

	June 30, 2016	December 31, 2015
Note payable to the Bank	**$ 512,257,519**	$ 501,821,755
Accrued interest on note payable	**737,598**	843,073
Total	**$ 512,995,117**	$ 502,664,828

The Association operates under a general financing agreement (GFA) with the Bank. The current GFA is effective through September 30, 2018. The primary source of liquidity and funding for the Association is a direct loan from the Bank. The outstanding balance of $512,257,519 as of June 30, 2016, is recorded as a liability on the Association's balance sheet. The note carried a weighted average interest rate of 1.99 percent at June 30, 2016. The indebtedness is collateralized by a pledge of substantially all of the Association's assets to the Bank and is governed by the general financing agreement. The increase in note payable to the Bank and related accrued interest payable since December 31, 2015, is directly related to the Association's increase in outstanding loan volume coupled with an increase in the weighted average interest rate. The Association's own funds, which represent the amount of the Association's loan portfolio funded by the Association's equity, were $89,322,040 at June 30, 2016. The maximum amount the Association may borrow from the Bank as of June 30, 2016, was $610,677,941 as defined by the general financing agreement. The indebtedness continues in effect until the expiration date of the general financing agreement, which is September 30, 2018, unless sooner terminated by the Bank upon the occurrence of an event of default, or by the Association, in the event of a breach of this agreement by the Bank, upon giving the Bank 30 calendar days' prior written notice, or in all other circumstances, upon giving the Bank 120 days' prior written notice.

Under the Act, the Association is obligated to borrow only from the Bank unless the Bank approves borrowing from other funding sources. The Bank and FCA regulations have established limitations on the Association's ability to borrow funds based on specified factors or formulas relating primarily to credit quality and financial condition. At June 30, 2016, the Association's note payable was within the specified limitations previously mentioned.

In addition to borrowing limits, the financing agreement establishes certain covenants including limits on leases, investments, other debt, and dividend and patronage distributions; minimum standards for return on assets and for liquidity; and provisions for conducting business, maintaining records, reporting financial information, and establishing policies and procedures. Remedies specified in the financing agreement associated with the covenants include additional reporting requirements, development of action plans, increases in interest rates on indebtedness, and reduction of lending limits or repayment of indebtedness.

The liquidity policy of the Association is to manage cash balances to maximize debt reduction and to increase accrual loan volume. This policy will continue to be pursued during 2016. As borrower payments are received, they are applied to the Association's note payable to the Bank.

The Association will continue to fund its operations through direct borrowings from the Bank, capital surplus from prior years and borrower stock. It is management's opinion that funds available to the Association are sufficient to fund its operations for the coming year.

Capital Resources:

The Association's capital position increased by $4,257,836 at June 30, 2016, compared to December 31, 2015. The Association's debt as a percentage of members' equity was 4.81:1 as of June 30, 2016, compared to 4.93:1 as of December 31, 2015.

Under regulations governing minimum permanent capital adequacy and other capitalization issues, the Association is required to maintain a minimum adjusted permanent capital of 7.0 percent of risk-adjusted assets as defined by the FCA. The Association's permanent capital ratio at June 30, 2016, was 15.6 percent, which is in compliance with the FCA's minimum permanent capital standard. The Association's core surplus ratio and total surplus ratio at June 30, 2016, were 15.1 and 15.1 percent, respectively, which is in compliance with the FCA's minimum surplus standard.

Significant Recent Accounting Pronouncements:

In June 2016, the Financial Accounting Standards Board (FASB) issued guidance entitled "Measurement of Credit Losses on Financial Instruments." The guidance replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Credit losses relating to available-for-sale securities would also be recorded through an allowance for credit losses. For public business entities that are not U.S. Securities and Exchange Commission filers this guidance becomes effective for interim and annual periods beginning after December 15, 2020, with early application permitted. The Association is currently evaluating the impact of adoption on its financial condition and results of operations.

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance entitled "Leases." The guidance requires the recognition by lessees of lease assets and lease liabilities on the balance sheet for the rights and obligations created by those leases. Leases with lease terms of more than 12 months are impacted by this guidance. This guidance becomes effective for interim and annual periods beginning after December 15, 2018, with early application permitted. The Association is currently evaluating the impact of adoption on its financial condition and results of operations.

In January 2016, the FASB issued guidance entitled "Recognition and Measurement of Financial Assets and Liabilities." This guidance becomes effective for interim and annual periods beginning after December 15, 2017. The adoption of this guidance is not expected to impact the Association's financial condition or its results of operations.

In August 2014, the Financial Accounting Standards Board (FASB) issued guidance entitled "Presentation of Financial Statements — Going Concern." The guidance governs management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. This guidance requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year after the date the financial statements are issued or within one year after the financial statements are available to be issued, when applicable. Substantial doubt exists if it is probable that the entity will be unable to meet its obligations for the assessed period. This guidance becomes effective for interim and annual periods ending after December 15, 2016, and early application is permitted. Management will be required to make its initial assessment as of December 31, 2016.

In May 2014, the FASB issued guidance entitled, "Revenue from Contracts with Customers." The guidance governs revenue recognition from contracts with customers and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Financial instruments and other contractual rights within the scope of other guidance issued by the FASB are excluded from the scope of this new revenue recognition guidance. In this regard, a majority of our contracts would be excluded from the scope of this new guidance. In August 2015, the FASB issued an update that defers this guidance by one year, which results in the new revenue standard becoming effective for interim and annual reporting periods beginning after December 15, 2017. The Association is in the process of reviewing contracts to determine the effect, if any, on their financial condition or results of operations.

Regulatory Matters:

On March 10, 2016, the Farm Credit Administration approved a final rule to modify the regulatory capital requirements for System banks and associations. The stated objectives of the proposed rule are as follows:

- To modernize capital requirements while ensuring that the institutions continue to hold sufficient regulatory capital to fulfill their mission as a government-sponsored enterprise,
- To ensure that the System's capital requirements are comparable to the Basel III framework and the standardized approach that the federal banking regulatory agencies have adopted, but also to ensure that the rules recognize the cooperative structure and the organization of the System,
- To make System regulatory capital requirements more transparent and
- To meet the requirements of section 939A of the Dodd-Frank Act.

The final rule is effective on January 1, 2017.

Relationship with the Farm Credit Bank of Texas:

The Association's financial condition may be impacted by factors that affect the Bank. The financial condition and results of operations of the Bank may materially affect the stockholder's investment in the Association. The Management's Discussion and Analysis and Notes to Financial Statements contained in the 2015 Annual Report of Mississippi Land Bank, ACA more fully describe the Association's relationship with the Bank.

The Texas Farm Credit District's (District) annual and quarterly stockholder reports, as well as those of the Bank, are available free of charge, upon request. These reports can be obtained by writing to Farm Credit Bank of Texas, The Ag Agency, P.O. Box 202590, Austin, Texas 78720, or by calling (512) 483-9204. Copies of the District's quarterly and annual stockholder reports also can be requested by e-mail at *fcb@farmcreditbank.com*. The annual and quarterly stockholder reports for the Bank and the District are also available on its website at *www.farmcreditbank.com.*

The Association's quarterly stockholder reports are also available free of charge, upon request. These reports can be obtained by writing to Mississippi Land Bank, ACA, P.O. Box 667, Senatobia, Mississippi 38668-0667, or calling (662) 562-9671. Copies of the Association's quarterly stockholder reports can also be found on the Association's website, *www.mslandbank.com*, or can be requested by e-mailing *Jessica.Stanford@farmcreditbank.com.*

MISSISSIPPI LAND BANK, ACA

CONSOLIDATED BALANCE SHEET

	June 30, 2016 (unaudited)	December 31, 2015
ASSETS		
Cash	$ 6,854	$ 9,582
Loans	610,447,334	597,272,935
Less: allowance for loan losses	723,955	705,331
Net loans	609,723,379	596,567,604
Accrued interest receivable	7,806,047	9,257,246
Investment in and receivable from the Farm Credit Bank of Texas:		
Capital stock	9,593,360	9,593,360
Other	180,232	1,459,916
Other property owned, net	59,711	59,711
Premises and equipment, net	3,466,669	3,598,101
Other assets	1,569,389	241,633
Total assets	$ 632,405,641	$ 620,787,153
LIABILITIES		
Note payable to the Farm Credit Bank of Texas	$ 512,257,519	$ 501,821,755
Guaranteed obligations to government entities	6,391,073	5,356,879
Accrued interest payable	737,598	843,073
Drafts outstanding	979,560	1,135,067
Patronage distributions payable	215	2,500,162
Other liabilities	3,166,433	4,514,810
Total liabilities	523,532,398	516,171,746
MEMBERS' EQUITY		
Capital stock and participation certificates	3,051,025	3,061,800
Unallocated retained earnings	105,940,884	101,662,509
Accumulated other comprehensive income (loss)	(118,666)	(108,902)
Total members' equity	108,873,243	104,615,407
Total liabilities and members' equity	$ 632,405,641	$ 620,787,153

The accompanying notes are an integral part of these combined financial statements.

MISSISSIPPI LAND BANK, ACA

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2016	2015	**2016**	2015
INTEREST INCOME				
Loans	**$ 6,566,068**	$ 6,142,116	**$ 13,037,381**	$ 12,177,347
INTEREST EXPENSE				
Note payable to the Farm Credit Bank of Texas	**2,469,412**	2,308,986	**4,984,566**	4,499,814
Net interest income	**4,096,656**	3,833,130	**8,052,815**	7,677,533
PROVISION FOR LOAN LOSSES	**18,960**	-	18,960	48,842
Net interest income after provision for loan losses	**4,077,696**	3,833,130	**8,033,855**	7,628,691
NONINTEREST INCOME				
Income from the Farm Credit Bank of Texas:				
Patronage income	**432,269**	405,343	**863,772**	808,886
Loan fees	**24,602**	(3,706)	**52,550**	35,500
Financially related services income	**679**	692	**1,066**	1,158
Gain (loss) on other property owned, net	**-**	4,013	**-**	4,013
Gain (loss) on sale of premises and equipment, net	**19,431**	10,328	**93,095**	63,857
Other noninterest income	**8**	4	**37,134**	39,194
Total noninterest income	**476,989**	416,674	**1,047,617**	952,608
NONINTEREST EXPENSES				
Salaries and employee benefits	**1,278,359**	1,338,784	**3,165,012**	3,062,539
Insurance Fund premiums	**188,696**	142,179	**374,045**	278,745
Directors' expense	**89,056**	76,445	**146,843**	134,272
Travel	**86,138**	88,853	**162,849**	163,407
Advertising	**75,268**	98,428	**184,912**	174,627
Occupancy and equipment	**73,201**	62,365	**147,047**	141,506
Public and member relations	**55,129**	42,947	**129,510**	99,458
Supervisory and exam expense	**51,116**	47,671	**102,232**	95,342
Other noninterest expense	**39,312**	35,856	**135,559**	67,206
Purchased services	**33,962**	41,967	**93,107**	106,408
Training	**21,575**	44,843	**32,241**	66,704
Communications	**20,305**	25,516	**41,258**	44,384
Other insurance expense	**13,421**	13,523	**80,021**	79,492
Total noninterest expenses	**2,025,538**	2,059,377	**4,794,636**	4,514,090
Income before income taxes	**2,529,147**	2,190,427	**4,286,836**	4,067,209
Provision for (benefit from) income taxes	**12,671**	1,387	**5,255**	3,416
NET INCOME	**2,516,476**	2,189,040	**4,281,581**	4,063,793
Other comprehensive income:				
Change in postretirement benefit plans	**(4,882)**	2,022	**(9,764)**	4,044
COMPREHENSIVE INCOME	**$ 2,511,594**	$ 2,191,062	**$ 4,271,817**	$ 4,067,837

The accompanying notes are an integral part of these combined financial statements.

MISSISSIPPI LAND BANK, ACA

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

(unaudited)

	Capital Stock/ Participation Certificates	Unallocated Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
Balance at December 31, 2014	$ 2,931,720	$ 95,185,052	$ (281,724)	$ 97,835,048
Comprehensive income	-	4,063,793	4,044	4,067,837
Capital stock/participation certificates issued	248,830	-	-	248,830
Capital stock/participation certificates retired	(181,635)	-	-	(181,635)
Balance at June 30, 2015	$ 2,998,915	$ 99,248,845	$ (277,680)	$ 101,970,080
Balance at December 31, 2015	$ 3,061,800	$ 101,662,509	$ (108,902)	$ 104,615,407
Comprehensive income	-	4,281,581	(9,764)	4,271,817
Capital stock/participation certificates issued	230,240	-	-	230,240
Capital stock/participation certificates retired	(241,015)	-	-	(241,015)
Prior year patronage distributions paid:				
Cash	-	(3,206)	-	(3,206)
Balance at June 30, 2016	**$ 3,051,025**	**$ 105,940,884**	**$ (118,666)**	**$ 108,873,243**

The accompanying notes are an integral part of these combined financial statements.

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

The Mississippi Land Bank, ACA (Agricultural Credit Association), referred to as the Association, is a member-owned cooperative that provides credit and credit-related services to or for the benefit of eligible borrowers/stockholders for qualified agricultural purposes. The Association serves the counties of Alcorn, Attala, Benton, Bolivar, Calhoun, Chickasaw, Choctaw, Clay, Coahoma, DeSoto, Itawamba, Lafayette, Lee, Lowndes, Marshall, Monroe, Noxubee, Oktibbeha, Panola, Pontotoc, Prentiss, Quitman, Sunflower, Tallahatchie, Tate, Tippah, Tishomingo, Tunica, Union, Webster, Winston, and Yalobusha in the state of Mississippi. The Association is a lending institution of the Farm Credit System (System), which was established by Acts of Congress to meet the needs of American agriculture.

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (GAAP) for interim financial information. Accordingly, they do not include all of the disclosures required by GAAP for annual financial statements and should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2015, as contained in the 2015 Annual Report to Stockholders.

In the opinion of management, the accompanying consolidated financial statements contain all adjustments necessary for a fair presentation of the interim financial condition and results of operations and conform with GAAP, except for the inclusion of a statement of cash flows. GAAP require a business enterprise that provides a set of financial statements reporting both financial position and results of operations to also provide a statement of cash flows for each period for which results of operations are provided. In regulations issued by FCA, associations have the option to exclude statements of cash flows in interim financial statements. Therefore, the Association has elected not to include a statement of cash flows in these consolidated financial statements. These interim financial statements should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2015, as contained in the 2015 Annual Report to Stockholders. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year ending December 31, 2016. Descriptions of the significant accounting policies are included in the 2015 Annual Report to Stockholders. In the opinion of management, these policies and the presentation of the interim financial condition and results of operations conform with GAAP and prevailing practices within the banking industry.

In June 2016, the Financial Accounting Standards Board (FASB) issued guidance entitled “Measurement of Credit Losses on Financial Instruments.” The guidance replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Credit losses relating to available-for-sale securities would also be recorded through an allowance for credit losses. For public business entities that are not U.S. Securities and Exchange Commission filers this guidance becomes effective for interim and annual periods beginning after December 15, 2020, with early application permitted. The Association is currently evaluating the impact of adoption on its financial condition and results of operations.

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance entitled “Leases.” The guidance requires the recognition by lessees of lease assets and lease liabilities on the balance sheet for the rights and obligations created by those leases. Leases with lease terms of more than 12 months are impacted by this guidance. This guidance becomes effective for interim and annual periods beginning after December 15, 2018, with early application permitted. The Association is currently evaluating the impact of adoption on its financial condition and results of operations.

In January 2016, the FASB issued guidance entitled “Recognition and Measurement of Financial Assets and Liabilities.” This guidance becomes effective for interim and annual periods beginning after December 15, 2017. The adoption of this guidance is not expected to impact the Association’s financial condition or its results of operations.

In August 2014, the FASB issued guidance entitled “Presentation of Financial Statements- Going Concern.” The guidance governs management’s responsibility to evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern and to provide related footnote disclosures. This guidance requires management to perform interim and annual assessments of an entity’s ability to continue as a going concern within one year after the date the financial statements are issued or within one year after the financial statements are available to be issued, when applicable. Substantial doubt exists if it is probable that the entity will be unable to meet its obligations for the assessed period. This guidance becomes effective for interim and annual periods ending after December 15, 2016, and early application is permitted. Management will be required to make its initial assessment as of December 31, 2016.

In May 2014, the FASB issued guidance entitled, "Revenue from Contracts with Customers." The guidance governs revenue recognition from contracts with customers and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Financial instruments and other contractual rights within the scope of other guidance issued by the FASB are excluded from the scope of this new revenue recognition guidance. In this regard, a majority of our contracts would be excluded from the scope of this new guidance. In August 2015, the FASB issued an update that defers this guidance by one year, which results in the new revenue standard becoming effective for interim and annual reporting periods beginning after December 15, 2017. The Association is in the process of reviewing contracts to determine the effect, if any, on their financial condition or results of operations.

The consolidated financial statements comprise the operations of the ACA and its wholly-owned subsidiaries. The preparation of these consolidated financial statements requires the use of management's estimates. The results for the quarter ended June 30, 2016, are not necessarily indicative of the results to be expected for the year ended December 31, 2016. Certain amounts in the prior period's financial statements have been reclassified to conform to current financial statement presentation.

NOTE 2 — LOANS AND ALLOWANCE FOR LOAN LOSSES:

A summary of loans follows:

Loan Type	**June 30, 2016 Amount**	December 31, 2015 Amount
Production agriculture:		
Real estate mortgage	**$ 508,536,015**	$ 507,394,017
Production and intermediate term	**60,414,360**	53,216,158
Agribusiness:		
Processing and marketing	**21,935,415**	19,046,324
Farm-related business	**5,345,024**	6,123,984
Loans to cooperatives	**2,056,925**	384,688
Rural residential real estate	**6,372,278**	6,237,958
Communication	**4,031,354**	1,755,747
Water and waste water	**1,618,144**	1,643,488
Energy	**137,819**	1,470,571
Total	**$ 610,447,334**	$ 597,272,935

The Association purchases or sells participation interests with other parties in order to diversify risk, manage loan volume and comply with Farm Credit Administration regulations. The following table presents information regarding the balances of participations purchased and sold at June 30, 2016:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Agribusiness	$ 23,071,681	$ -	$ -	$ 8,640	$ 23,071,681	$ 8,640
Real estate mortgage	6,163,902	6,795,315	-	3,928,985	6,163,902	10,724,300
Communication	4,031,355	-	-	-	4,031,355	-
Water & waste water	1,218,144	-	-	-	1,218,144	-
Production and intermediate term	476,220	-	-	2,453,448	476,220	2,453,448
Energy	137,819	-	-	-	137,819	-
Total	$ 35,099,121	$ 6,795,315	$ -	$ 6,391,073	$ 35,099,121	$ 13,186,388

The Association is authorized under the Farm Credit Act to accept "advance conditional payments" (ACPs) from borrowers. To the extent the borrower's access to such ACPs is restricted and the legal right of setoff exists, the ACPs are netted against the borrower's related loan balance. Unrestricted advance conditional payments are included in other liabilities. ACPs are not insured, and interest is generally paid by the Association on such balances. The Association had no ACPs as of June 30, 2016, and December 31, 2015.

Nonperforming assets (including related accrued interest) and related credit quality statistics are as follows:

	June 30, 2016	December 31, 2015
Nonaccrual loans:		
Real estate mortgage	**$ 846,364**	$ 898,402
Rural residential real estate	**7,267**	2,589
Total nonaccrual loans	**853,631**	900,991
Accruing restructured loans:		
Production and intermediate term	**17,223**	17,263
Total accruing restructured loans	**17,223**	17,263
Accruing loans 90 days or more past due:		
Real estate mortgage	**-**	132,234
Rural residential real estate	**-**	130,475
Total accruing loans 90 days or more past due	**-**	262,709
Total nonperforming loans	**870,854**	1,180,963
Other property owned	**59,711**	59,711
Total nonperforming assets	**$ 930,565**	$ 1,240,674

One credit quality indicator utilized by the Association is the Farm Credit Administration Uniform Loan Classification System that categorizes loans into five categories. The categories are defined as follows:

- Acceptable – assets are expected to be fully collectible and represent the highest quality;
- Other assets especially mentioned (OAEM) – assets are currently collectible but exhibit some potential weakness;
- Substandard – assets exhibit some serious weakness in repayment capacity, equity and/or collateral pledged on the loan;
- Doubtful – assets exhibit similar weaknesses to substandard assets; however, doubtful assets have additional weaknesses in existing factors, conditions and values that make collection in full highly questionable; and
- Loss – assets are considered uncollectible.

The following table shows loans and related accrued interest as a percentage of total loans and related accrued interest receivable by loan type as of:

	June 30, 2016	December 31, 2015
Real estate mortgage		
Acceptable	**99.2** %	99.2 %
OAEM	**0.3**	0.3
Substandard/doubtful	**0.5**	0.5
	100.0	100.0
Production and intermediate term		
Acceptable	**99.5**	98.8
OAEM	**0.4**	1.2
Substandard/doubtful	**0.1**	-
	100.0	100.0
Agribusiness		
Acceptable	**100.0**	100.0
OAEM	**-**	-
Substandard/doubtful	**-**	-
	100.0	100.0
Energy and water/waste water		
Acceptable	**100.0**	100.0
OAEM	**-**	-
Substandard/doubtful	**-**	-
	100.0	100.0
Communication		
Acceptable	**100.0**	100.0
OAEM	**-**	-
Substandard/doubtful	**-**	-
	100.0	100.0
Rural residential real estate		
Acceptable	**92.1**	91.9
OAEM	**1.3**	1.4
Substandard/doubtful	**6.6**	6.7
	100.0	100.0
Total loans		
Acceptable	**99.2**	99.1
OAEM	**0.3**	0.4
Substandard/doubtful	**0.5**	0.5
	100.0 %	100.0 %

The following tables provide an age analysis of past due loans (including accrued interest) as of:

June 30, 2016	**30-89 Days Past Due**	**90 Days or More Past Due**	**Total Past Due**	**Not Past Due or Less Than 30 Days Past Due**	**Total Loans**	**Recorded Investment >90 Days and Accruing**
Real estate mortgage	**$ 867,094**	**$ 160,004**	**$ 1,027,098**	**$ 514,320,230**	**$ 515,347,328**	**$ -**
Production and intermediate term	**43,791**	**-**	**43,791**	**61,236,645**	**61,280,436**	**-**
Processing and marketing	**-**	**-**	**-**	**21,968,221**	**21,968,221**	**-**
Rural residential real estate	**57,623**	**-**	**57,623**	**6,353,448**	**6,411,071**	**-**
Farm-related business	**-**	**-**	**-**	**5,387,307**	**5,387,307**	**-**
Communication	**-**	**-**	**-**	**4,032,178**	**4,032,178**	**-**
Loans to cooperatives	**-**	**-**	**-**	**2,057,060**	**2,057,060**	**-**
Water and waste water	**-**	**-**	**-**	**1,631,294**	**1,631,294**	**-**
Energy	**-**	**-**	**-**	**138,486**	**138,486**	**-**
Total	**$ 968,508**	**$ 160,004**	**$ 1,128,512**	**$ 617,124,869**	**$ 618,253,381**	**$ -**

December 31, 2015	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Recorded Investment >90 Days and Accruing
Real estate mortgage	$ 711,841	$ 132,234	$ 844,075	$ 514,737,870	$ 515,581,945	$ 132,234
Production and intermediate term	-	-	-	54,038,237	54,038,237	-
Processing and marketing	-	-	-	19,164,440	19,164,440	-
Farm-related business	-	-	-	6,204,170	6,204,170	-
Rural residential real estate	46,804	130,475	177,279	6,103,424	6,280,703	130,475
Communication	-	-	-	1,756,140	1,756,140	-
Water and waste water	-	-	-	1,646,677	1,646,677	-
Energy	-	-	-	1,473,013	1,473,013	-
Loans to cooperatives	-	-	-	384,856	384,856	-
Total	$ 758,645	$ 262,709	$ 1,021,354	$ 605,508,827	$ 606,530,181	$ 262,709

Note: The recorded investment in the receivable is the face amount increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges or acquisition costs, and may also reflect a previous direct write-down of the investment.

A restructuring of a debt constitutes a troubled debt restructuring (TDR) if the creditor for economic or legal reasons related to the debtor's financial difficulties grants a concession to the debtor that it would not otherwise consider. Troubled debt restructurings are undertaken in order to improve the likelihood of recovery on the loan and may include, but are not limited to, forgiveness of principal or interest, interest rate reductions that are lower than the current market rate for new debt with similar risk, or significant term or payment extensions.

As of June 30, 2016, the Association held three TDR loans with a total recorded investment of $253,570. Two of the loans were classified as real estate mortgage, had a total recorded investment of $236,347 and were classified as nonaccrual. One of the loans was classified as production and intermediate term with a total recorded investment of $17,223, which was classified as accrual. There was no specific allowance for loan losses related to the loans based upon current net realizable value analyses. One loan with a recorded investment of $17,223 met the requirements for a troubled debt restructuring designation during the period July 1, 2015, through June 30, 2016. The premodification outstanding recorded investment was $16,664 and represents the recorded investment of the loan as of the quarter end prior to the restructuring. The postmodification outstanding recorded investment of $17,263 represents the recorded investment of the loan as of the quarter end the restructuring occurred. As of June 30, 2016, there were no commitments to lend additional funds to the borrowers whose loan terms have been modified in a TDR.

The predominant form of concession granted for troubled debt restructuring is interest rate decreases. At times, these terms might be offset with incremental payments, collateral or new borrower guarantees, in which case we assess all of the modified terms to determine if the overall modification qualifies as a troubled debt restructuring. The loan mentioned above meeting the requirements for troubled debt restructuring designation was granted an interest rate that is considered lower than the current market rate for new debt with similar risk. No principal or interest was forgiven as part of the restructure.

As of December 31, 2015, the Association held three TDR loans with a total recorded investment of $267,489. Two of the loans were classified as real estate mortgage, had a total recorded investment of $250,226 and were classified as nonaccrual. One of the loans was classified as production and intermediate term with a total recorded investment of $17,263, which was classified as accrual. There was no specific allowance for loan losses related to the loans based upon current net realizable value analyses, and there were no commitments to lend additional funds to borrowers.

The Association had no loans that met the accounting criteria as TDR occurring during the periods of July 1, 2015, through June 30, 2016, and of July 1, 2014 through June 30, 2015, and for which there was a payment default during that same period. A payment default is defined as a payment that is 30 days past due after the date the loan was restructured.

Additional impaired loan information is as follows:

	June 30, 2016			December 31, 2015		
	Recorded Investment	**Unpaid Principal Balance[a]**	**Related Allowance**	Recorded Investment	Unpaid Principal Balance[a]	Related Allowance
Impaired loans with a related allowance for credit losses:						
Real estate mortgage	**$ 123,174**	**$ 136,054**	**$ 7,050**	$ 123,174	$ 136,054	$ 7,050
Total	**$ 123,174**	**$ 136,054**	**$ 7,050**	$ 123,174	$ 136,054	$ 7,050
Impaired loans with no related allowance for credit losses:						
Real estate mortgage	**$ 723,190**	**$ 723,190**	**$ -**	$ 906,299	$ 907,587	$ -
Production and intermediate term	**17,125**	**17,125**	**-**	17,125	17,125	-
Rural residential real estate	**7,267**	**58,929**	**-**	129,281	183,943	-
Total	**$ 747,582**	**$ 799,244**	**$ -**	$ 1,052,705	$1,108,655	$ -
Total impaired loans:						
Real estate mortgage	**$ 846,364**	**$ 859,244**	**$ 7,050**	$ 1,029,473	$1,043,641	$ 7,050
Production and intermediate term	**17,125**	**17,125**	**-**	17,125	17,125	-
Rural residential real estate	**7,267**	**58,929**	**-**	129,281	183,943	-
Total	**$ 870,756**	**$ 935,298**	**$ 7,050**	$ 1,175,879	$1,244,709	$ 7,050

[a] Unpaid principal balance represents the recorded principal balance of the loan.

	For the Three Months Ended				For the Six Months Ended			
	June 30, 2016		June 30, 2015		**June 30, 2016**		June 30, 2015	
	Average Impaired Loans	**Interest Income Recognized**	Average Impaired Loans	Interest Income Recognized	**Average Impaired Loans**	**Interest Income Recognized**	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for credit losses:								
Real estate mortgage	**$ 123,194**	**$ -**	$ 140,941	$ -	**$ 123,190**	**$ -**	$ 140,969	$ -
Total	**$ 123,194**	**$ -**	$ 140,941	$ -	**$ 123,190**	**$ -**	$ 140,969	$ -
Impaired loans with no related allowance for credit losses:								
Real estate mortgage	**$ 728,385**	**$ -**	$1,428,680	$ 4,519	**$ 713,566**	**$ 705**	$1,338,088	$ 7,110
Production and intermediate term	**17,125**	**298**	-	-	**17,125**	**597**	-	-
Rural residential real estate	**6,652**	**-**	240,856	3,243	**5,380**	**-**	120,428	3,243
Total	**$ 752,162**	**$ 298**	$1,669,536	$ 7,762	**$ 736,071**	**$ 1,302**	$1,458,516	$ 10,353
Total impaired loans:								
Real estate mortgage	**$ 851,579**	**$ -**	$1,569,621	$ 4,519	**$ 836,756**	**$ 705**	$1,479,057	$ 7,110
Production and intermediate term	**17,125**	**298**	-	-	**17,125**	**597**	-	-
Rural residential real estate	**6,652**	**-**	240,856	3,243	**5,380**	**-**	120,428	3,243
Total	**$ 875,356**	**$ 298**	$1,810,477	$ 7,762	**$ 859,261**	**$ 1,302**	$1,599,485	$ 10,353

A summary of changes in the allowance for loan losses and period end recorded investment in loans is as follows:

	Real Estate Mortgage	Production and Intermediate Term	Agribusiness	Communications	Energy and Water/Waste Water	Rural Residential Real Estate	Total
Allowance for Credit Losses:							
Balance at March 31, 2016	$ 538,207	$ 93,959	$ 47,792	$ 640	$ 10,945	$ 11,533	$ 703,076
Charge-offs	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-
Provision for loan losses	13,713	(2,288)	2,839	5,245	(1,872)	1,323	18,960
Other	(58)	4,946	(2,184)	(356)	(476)	47	1,919
Balance at June 30, 2016	$ 551,862	$ 96,617	$ 48,447	$ 5,529	$ 8,597	$ 12,903	$ 723,955
Balance at December 31, 2015	$ 566,251	$ 87,429	$ 29,249	$ 726	$ 7,876	$ 13,800	$ 705,331
Charge-offs	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-
Provision for loan losses	(14,758)	8,685	19,731	5,159	1,006	(863)	18,960
Other	369	503	(533)	(356)	(285)	(34)	(336)
Balance at June 30, 2016	$ 551,862	$ 96,617	$ 48,447	$ 5,529	$ 8,597	$ 12,903	$ 723,955
Ending Balance:							
Individually evaluated for impairment	$ 1,513	$ -	$ -	$ -	$ -	$ -	$ 1,513
Collectively evaluated for impairment	550,349	96,617	48,447	5,529	8,597	12,903	722,442
Loans acquired with deteriorated credit quality	-	-	-	-	-	-	-
Balance at June 30, 2016	$ 551,862	$ 96,617	$ 48,447	$ 5,529	$ 8,597	$ 12,903	$ 723,955
Balance at March 31, 2015	$ 590,904	$ 96,213	$ 26,835	$ 1,255	$ 4,297	$ 18,496	$ 738,000
Charge-offs	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-
Provision for loan losses	(32,256)	8,000	(97)	(271)	1,595	23,029	-
Other	(2,910)	(12,677)	(5,427)	-	(1,780)	(11,441)	(34,235)
Balance at June 30, 2015	$ 555,738	$ 91,536	$ 21,311	$ 984	$ 4,112	$ 30,084	$ 703,765
Balance at December 31, 2014	$ 563,924	$ 85,138	$ 31,543	$ 245	$ 2,963	$ 6,046	$ 689,859
Charge-offs	(701)	-	-	-	-	-	(701)
Recoveries	-	-	-	-	-	-	-
Provision for loan losses	(4,575)	19,075	(4,805)	739	2,929	35,479	48,842
Other	(2,910)	(12,677)	(5,427)	-	(1,780)	(11,441)	(34,235)
Balance at June 30, 2015	$ 555,738	$ 91,536	$ 21,311	$ 984	$ 4,112	$ 30,084	$ 703,765
Ending Balance:							
Individually evaluated for impairment	$ 51,050	$ -	$ -	$ -	$ -	$ 5,100	$ 56,150
Collectively evaluated for impairment	504,688	91,536	21,311	984	4,112	24,984	647,615
Loans acquired with deteriorated credit quality	-	-	-	-	-	-	-
Balance at June 30, 2015	$ 555,738	$ 91,536	$ 21,311	$ 984	$ 4,112	$ 30,084	$ 703,765

	Real Estate Mortgage	Production and Intermediate Term	Agribusiness	Communications	Energy and Water/Waste Water	Rural Residential Real Estate	Total
Recorded Investments in Loans Outstanding:							
Ending Balance at June 30, 2016	$ 515,347,328	$ 61,280,436	$29,412,588	$ 4,032,178	$1,769,780	$ 6,411,071	$ 618,253,381
Individually evaluated for impairment	$ 1,329,641	$ 17,223	$ -	$ -	$ -	$ 7,267	$ 1,354,131
Collectively evaluated for impairment	$ 514,017,687	$ 61,263,213	$29,412,588	$ 4,032,178	$1,769,780	$ 6,403,804	$ 616,899,250
Loans acquired with deteriorated credit quality	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ending Balance at June 30, 2015	$ 498,315,919	$ 49,848,117	$19,615,671	$ 1,755,740	$2,762,534	$ 6,464,166	$ 578,762,147
Individually evaluated for impairment	$ 2,061,713	$ -	$ -	$ -	$ -	$ 295,310	$ 2,357,023
Collectively evaluated for impairment	$ 496,254,206	$ 49,848,117	$19,615,671	$ 1,755,740	$2,762,534	$ 6,168,856	$ 576,405,124
Loans acquired with deteriorated credit quality	$ -	$ -	$ -	$ -	$ -	$ -	$ -

NOTE 3 — CAPITAL:

The Association's board of directors has established a Capital Adequacy Plan (Plan) that includes the capital targets that are necessary to achieve the institution's capital adequacy goals as well as the minimum permanent capital standards. The Plan monitors projected dividends, equity retirements and other actions that may decrease the Association's permanent capital. In addition to factors that must be considered in meeting the minimum standards, the board of directors also monitors the following factors: capability of management; quality of operating policies, procedures and internal controls; quality and quantity of earnings; asset quality and the adequacy of the allowance for losses to absorb potential loss within the loan and lease portfolios; sufficiency of liquid funds; needs of an institution's customer base; and any other risk-oriented activities, such as funding and interest rate risk, potential obligations under joint and several liability, contingent and off-balance-sheet liabilities or other conditions warranting additional capital. At least quarterly, management reviews the Association's goals and objectives with the board.

An additional component of equity is accumulated other comprehensive income. The Association's accumulated other comprehensive income (loss) relates entirely to its nonpension other postretirement benefits. Amortization of prior service (credits) cost and of actuarial (gain) loss are reflected in "Salaries and employee benefits" in the Consolidated Statement of Comprehensive Income. The following table summarizes the changes in accumulated other comprehensive income (loss) for the six months ended June 30:

	2016	2015
Accumulated other comprehensive income (loss) at January 1	**$ (108,902)**	$(281,724)
Amortization of prior service (credit) costs included in salaries and employee benefits	**(10,586)**	(11,618)
Amortization of actuarial (gain) loss included in salaries and employee benefits	**822**	15,662
Other comprehensive income (loss), net of tax	(9,764)	4,044
Accumulated other comprehensive income at June 30	**$ (118,666)**	$(277,680)

NOTE 4 — INCOME TAXES:

Mississippi Land Bank, ACA and its subsidiary, Mississippi, PCA, are subject to federal and certain other income taxes. The Association operates as a cooperative that qualifies for tax treatment under Subchapter T of the Internal Revenue code. Accordingly, under specified conditions, the Association can exclude from taxable income amounts distributed as qualified patronage refunds in the form of cash, stock, or allocated surplus. Provisions for income taxes are made only on those earnings that will not be distributed as qualified patronage refunds. During the three months ended June 30, 2016, the Association did not participate in a patronage program.

Deferred taxes are recorded at the tax effect of all temporary differences based on the assumptions that such temporary differences are retained by the institution and will, therefore, impact future tax payments. A valuation allowance is provided against deferred tax assets to the extent that it is more likely than not (more than 50 percent probability), based on management's estimate, that they will not be realized. For the six months ended June 30, 2016, and 2015, the Association carried a deferred tax asset of $255,344 and $417,717, respectively, with a full valuation allowance recorded against the net asset.

The subsidiary, Mississippi Land Bank, FLCA, is exempt from federal and other income taxes as provided in the Farm Credit Act of 1971.

NOTE 5 — FAIR VALUE MEASUREMENTS:

FASB guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability. See Note 2 to the 2015 Annual Report to Stockholders for a more complete description.

Assets and liabilities measured at fair value on a nonrecurring basis for each of the fair value hierarchy values are summarized below:

June 30, 2016	**Fair Value Measurement Using**		
	Level 1	**Level 2**	**Level 3**
Assets:			
Loans*	**$ -**	**$ -**	**$ 855,144**
Other property owned	**-**	**-**	**59,711**

December 31, 2015	Fair Value Measurement Using		
	Level 1	Level 2	Level 3
Assets:			
Loans*	$ -	$ -	$ 849,941
Other property owned	-	-	59,711

*Represents the fair value of certain loans that were evaluated for impairment under authoritative guidance "Accounting by Creditors for Impairment of a Loan." The fair value was based upon the underlying collateral since these were collateral-dependent loans for which real estate is the collateral.

The Association also participates in standby letters of credit to satisfy the financing needs of its borrowers. These letters of credit are irrevocable agreements to guarantee payments of specified financing obligations. At June 30, 2016, the Association has $429,129 in outstanding standby letters of credit, issued primarily in conjunction with participation loans.

Valuation Techniques

As more fully discussed in Note 2 to the 2015 Annual Report to Stockholders, authoritative guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following represent a brief summary of the valuation techniques used for the Association's assets and liabilities. For a more complete description, see Notes to the 2015 Annual Report to Stockholders.

Loans Evaluated for Impairment

For certain loans evaluated for impairment under FASB impairment guidance, the fair value is based upon the underlying real estate collateral since the loans were collateral-dependent. The fair value measurement process uses independent appraisals and other market-based information, but in many cases it also requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters. As a result, a majority of these loans have fair value measurements that fall within Level 3 of the fair value hierarchy. When the value of the real estate, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established. The fair value of these loans would fall under Level 2 of the hierarchy if the process uses independent appraisals and other market-based information.

Other Property Owned

Other property owned is generally classified as Level 3 of the fair value hierarchy. The process for measuring the fair value of the other property owned involves the use of independent appraisals and other market-based information. Costs to sell represent transaction costs and are not included as a component of the asset's fair value. As a result, these fair value measurements fall within Level 3 of the hierarchy.

Cash

For cash, the carrying amount is a reasonable estimate of fair value.

Standby Letters of Credit

The fair value of letters of credit approximate the fees currently charged for similar agreements or the estimated cost to terminate or otherwise settle similar obligations.

NOTE 6 — EMPLOYEE BENEFIT PLANS:

The following table summarizes the components of net periodic benefit costs of nonpension other postretirement employee benefits for the three months ended June 30:

	Other Benefits	
	2016	2015
Service cost	**$ 4,246**	$ 4,635
Interest cost	**18,102**	19,067
Amortization of prior service (credits) costs	**(5,293)**	(5,809)
Amortization of net actuarial (gain) loss	**412**	7,831
Net periodic benefit cost	**$ 17,467**	$ 25,724

The following table summarizes the components of net periodic benefit costs of nonpension other postretirement employee benefits for the six months ended June 30:

	Other Benefits	
	2016	2015
Service cost	**$ 8,492**	$ 9,270
Interest cost	**36,205**	38,134
Amortization of prior service (credits) costs	**(10,586)**	(11,618)
Amortization of net actuarial (gain) loss	**822**	15,662
Net periodic benefit cost	**$ 34,933**	$ 51,448

The Association's liability for the unfunded accumulated obligation for these benefits at June 30, 2016, was $1,616,621 and is included in "Other Liabilities" in the balance sheet.

Contributions to District Defined Benefit Pension Plan

The structure of the District's defined benefit pension plan is characterized as multiemployer since the assets, liabilities and cost of the plan are not segregated or separately accounted for by participating employers (Bank and associations). The Association recognizes its amortized annual contributions to the plan as an expense. The Association previously disclosed in its financial statements for the year ended December 31, 2015, that it expected to contribute $69,867 to the District's defined benefit pension plan in 2016. As of June 30, 2016, $34,934 of contributions have been made. The Association presently does not anticipate additional contributions to fund the defined benefit pension plan in 2016.

NOTE 7 — COMMITMENTS AND CONTINGENT LIABILITIES:

The Association is involved in various legal proceedings in the normal course of business. In the opinion of legal counsel and management, there are no legal proceedings at this time that are likely to materially affect the Association.

NOTE 8 — SUBSEQUENT EVENTS:

The Association has evaluated subsequent events through August 9, 2016, which is the date the financial statements were issued. There are no other significant events requiring disclosure as of August 9, 2016.