

**FEDERAL LAND BANK ASSOCIATION OF NORTH
MISSISSIPPI, FLCA**

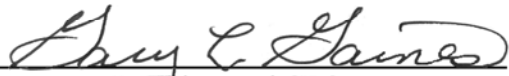
**2009
Quarterly Report
Second Quarter**



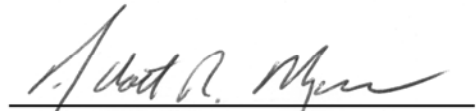
For the Quarter Ended June 30, 2009

REPORT OF MANAGEMENT

The undersigned certify that this report 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 his or her knowledge and belief.



President and CEO
August 10, 2009



Chairman, Board of Directors
August 10, 2009



Chief Financial Officer
August 10, 2009

FEDERAL LAND BANK ASSOCIATION OF NORTH MISSISSIPPI, FLCA MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the financial performance of the Federal Land Bank Association of North Mississippi, FLCA (Federal Land Credit Association), referred to as the Association, for the quarter and the six months ended June 30, 2009. These comments should be read in conjunction with the accompanying financial statements and the December 31, 2008 Annual Report of the Association.

The financial statements were prepared under the oversight of the Association's audit committee.

Results of Operations:

For the second quarter of 2009, the Association had a net loss of \$1,282,688, compared with net income of \$305,806 for the first quarter of 2009 and net income of \$1,230,827 for the second quarter of 2008 reflecting a decrease of 519.5 percent and a decrease of 204.2 percent, respectively. The decrease versus the first quarter of 2009 was primarily due to an increase in the provision for loan losses of \$1,573,079. The decrease versus the second quarter of 2008 was primarily due to an increase in the provision for loan losses of \$2,031,151, an increase of \$235,918 related to the Defined Benefits Pension in salaries and benefits expense and a decrease of \$195,945 in loan fees.

Net interest income was \$2,504,653 for the second quarter of 2009, compared to \$2,447,841 for the first quarter of 2009 and \$2,465,925 for the second quarter of 2008.

Interest income for the second quarter of 2009 decreased by \$121,608 (or 2.0 percent) compared to the first quarter of 2009 and \$243,292 (or 3.9 percent) over the second quarter of 2008, primarily due to a decrease in average loan volume.

Interest expense for the second quarter of 2009 decreased by \$178,420 (or 4.8 percent) over the first quarter of 2009 and \$282,020 (or 7.4 percent) over the second quarter of 2008, primarily due to a decrease in average debt volume.

Average loan volume as of June 30, 2009, was \$409,331,150, compared to \$384,322,954 as of December 31, 2008, and \$370,879,280 as of June 30, 2008. The average spread on the loan portfolio for the second quarter of 2009 was 1.97 percent, compared to 1.94 for the first quarter of 2009 and 1.98 percent for the second quarter of 2008.

The Association recorded \$0 in recoveries and \$14,717 in charge-offs for the quarter ended June 30, 2009, and \$0 in recoveries and \$0 in charge-offs for the same period in 2008. The Association's allowance for loan losses was 0.52 percent and 0.09 percent of total loans outstanding as of June 30, 2009, and June 30, 2008, respectively.

The Association's return on average assets for the six months ended June 30, 2009, was (0.5) and 1.3 percent for the same period in 2008. The Association's return on average equity for the six months ended June 30, 2009, was (3.0) and 7.8 percent for the same period in 2008. The decreases in both ratios are results of a charge off of \$676,186 taken in the first quarter of 2009, \$2,036,430 of additional allowance for loan losses, as well as significant investments in new employees and office buildings coupled with increased expenses related to the defined benefit pension plan (DB Plan). The investment in new employees is to assist in managing the Association's growth and the increase in new business opportunities as well as for succession plans. Generally, the Association expects to see returns approximately three to four years after a new employee is hired. The increase in DB Plan expenses is due to a five year plan to fully fund the Association's Accumulated Benefit Obligation for employees participating in the DB Plan. This is the second year of the plan. After the plan is completed, the Association will resume the regular required contributions to the DB Plan. See Note 5, "Employee Benefit Plans," to the financial statements for more information on the Association's employee benefit plans.

Loan Portfolio:

Total loans outstanding at June 30, 2009, including nonaccrual loans and sales contracts, were \$418,583,831 compared to \$409,681,482 at December 31, 2008, reflecting an increase of 2.2 percent. The following table reflects the credit quality of the Association's loan volume:

	<u>June, 30</u> <u>2009</u>	<u>December, 31</u> <u>2008</u>	<u>June, 30</u> <u>2008</u>
Acceptable	96.6%	98.5%	97.7%
Special mention	0.7%	0.5%	1.1%
Substandard	2.7%	1.0%	1.2%
Doubtful	0.0%	0.0%	0.0%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Nonaccrual loans as a percentage of total loans outstanding were 1.47 percent, 0.30 percent, and 0.53 percent at June 30, 2009, December 31, 2008, and June 30, 2008, respectively.

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.

	<u>June 30, 2009</u>		<u>December 31, 2008</u>		<u>June 30, 2008</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Nonaccrual	\$ 6,134,489	92.8%	\$ 1,246,585	79.8%	\$ 2,052,709	76.2%
90 days past due and still accruing interest	12,763	0.2%	-	0.0%	429,008	15.9%
Formally restructured	-	0.0%	217,549	13.9%	212,708	7.9%
Other property owned, net	461,927	7.0%	99,076	6.3%	-	0.0%
Total	<u>\$ 6,609,179</u>	<u>100.0%</u>	<u>\$ 1,563,210</u>	<u>100.0%</u>	<u>\$ 2,694,425</u>	<u>100.0%</u>

The increase in nonaccruals and related allowance is primarily attributable to several ethanol participation loans in the portfolio. Current supply exceeds demand and therefore ethanol plants have cut or ceased production until demand catches up. Currently there is a government mandate to increase production by one billion gallons per year for the next 15 years. Also, gas prices are expected to stay around \$2.40 to \$2.50 per gallon and corn prices have decreased recently. These two factors coupled with the government mandate indicate that current ethanol capacity will be fully utilized to meet the 20+ billion gallon ethanol requirement in the future.

Twelve associations in the District, along with two other Farm Credit associations, participated in a loan to one borrower with the original funded balance of \$68.5 million. The Association owned approximately 5.56 percent of the loan. During the second quarter of 2007, the loan was deemed to be nonaccrual due to its significant under collateralized position and a credit default. The lead lending association is currently pursuing collection efforts and in the third quarter of 2007 liquidated part of the loan's collateral, which was applied to the outstanding balance for all participants. In addition, in the second half of 2007 the Association, along with the four other Capital Markets of the South (CMS) member associations, repurchased, on a pro-rata basis, the portions of the loan held by all other non-CMS participants. As part of loan repurchase transactions noted above, the Association received a general release from the non-CMS participants for claims related to the loan and agreed to indemnify the non-CMS participants from any liability arising from legal proceedings related to the loan.

In 2008, collection efforts continued, resulting in legal judgments against the borrowers and allowing the lead lender to foreclose on portions of the real estate collateral, with sales proceeds being applied against the outstanding balance of the loan. On October 10, 2008, the foreclosed property was sold to a third party for \$7,001,000. The sale was consummated by the middle of November 2008, and the lead lender received \$6,971,336. The lead lender is still in the process of foreclosing on the remaining portions of the real estate collateral. In addition, the borrowers have surrendered various other real and personal properties, all of which are to be liquidated and applied against the loan balance. All sales of remaining real estate collateral and other properties are expected to be completed in the second half of 2009.

During 2007, net charge-offs of \$28.9 million were recognized on the loan; the Association's portion of the 2007 charge-offs was \$4.8 million. No further charge-offs or allowance reserves were required to be recognized in 2008. As of June 30, 2009, the total book balance remaining was \$2,413,392, of which the Association's portion was \$461,226. Also, as of June 30, 2009 the Association had no specific reserves remaining related to this loan. For more information on impaired loans and the allowance for loan losses, see Note 2 to the financial statements, "Loans and Allowance for Loan Losses," included in this annual report.

For information on the Capital Markets of the South, see Note 4, "Capital Markets," to the financial statements included in this quarterly report.

Legal Proceedings:

In relation to the participation loan described in “Loan Portfolio” section of Management’s Discussion and Analysis, above, there is only one remaining lawsuit as of the date of this report. The overall character of the lawsuit is for damages incurred as a result of alleged wrongful acts of the borrower and other third-party defendants. The lead lender brought this civil lawsuit in the U.S. Federal District Court in Texas, the borrower’s domicile state, and the trial was held in February 2009. On March 19, 2009, the court rendered judgment in favor of the lead lender against all parties, jointly and severally, on all counts for \$41,549,236 in actual damages. On April 23, 2009 the Court trebled the judgment to \$124,647,710. Two defendants are pursuing an appeal of the judgment. The lead lender is pursuing the assets of all liable parties in satisfaction of the judgment.

In February 2009, the lead lender received approval to foreclose the lien of its mortgage on real estate collateral held in Muhlenberg County, in Kentucky, and intends to foreclose such lien as soon as possible. However, prior to conducting the foreclosure, the lead lender is investigating the value of coal reserves on the property in order to properly understand the overall value of the property. The lead lender has been and will remain vigorous in pursuit of collection of the loan balances outstanding and other potential sources of recovery. All counterclaims asserted by the borrower and others against the lead lender have been dismissed in all legal proceedings.

Liquidity and Funding Sources:

The Association secures the majority of its lendable funds from the Bank, which obtains its funds through the issuance of System wide obligations and with lendable equity. The following schedule summarizes the Association’s borrowings.

	<u>June 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>	<u>June 30,</u> <u>2008</u>
Note payable to the Bank	\$ 369,557,430	\$ 359,552,371	\$ 335,992,994
Accrued interest on note payable	1,170,614	1,389,256	1,268,515
Total	<u>\$ 370,728,044</u>	<u>\$ 360,941,627</u>	<u>\$ 337,261,509</u>

Capital Resources:

The Association’s capital position decreased by \$193,883 at June 30, 2009, compared to June 30, 2008. The Association’s debt as a ratio of members’ equity was 5.9:1 as of June 30, 2009, compared to 5.7:1 as of December 31, 2008.

Under regulations governing minimum permanent capital adequacy and other capitalization issues, the Association is required to maintain a minimum adjusted permanent capital of seven percent of risk-adjusted assets as defined by the FCA. The Association’s permanent capital ratio at June 30, 2009, was 13.6 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, 2009, were 13.1 and 13.1 percent, respectively, which is in compliance with the FCA’s minimum surplus standard.

Capital Distributions:

On October 29, 2008, the board of directors approved a 35 basis point, or .35 percent, patronage distribution (to be based on 2008 average daily balance loan volume) to be paid in January 2009. The following patronage distributions were declared in 2008, 2007, and 2006, respectively.

<u>Date Declared</u>	<u>Date Paid</u>	<u>Patronage</u>	<u>Dividend</u>	<u>Special Distribution</u>
December 2008	January 2009	\$ 1,227,000	-	-
December 2007	January 2008	489,465	296,154	824,633
December 2006	January 2007	1,418,300	-	-

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 2008 Annual Report of Federal Land Bank Association of North Mississippi, FLCA more fully describe the Association’s relationship with the Bank.

The Tenth Farm Credit District’s (District) annual and quarterly stockholder reports 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) 483-9260. Copies of the District's quarterly and annual stockholder reports also can be requested by e-mail at fcf@farmcreditbank.com. The District makes its annual and quarterly stockholder reports available on its Web site at www.farmcreditbank.com.

The Association's annual and quarterly stockholder reports are also available free of charge, upon request. These reports can be obtained by writing to Federal Land Bank Association of North Mississippi, FLCA, P.O. box 667, Senatobia, MS 38668-0667 or calling (662) 562-9671. Copies of the Association's quarterly stockholder reports can also be found at the Association's website, www.mslandbank.com, or can be requested by e-mailing Jessica.stanford@farmcreditbank.com.

FEDERAL LAND BANK ASSOCIATION OF NORTH MISSISSIPPI, FLCA
Consolidated Statement of Income
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	2008	2009	2008
<u>INTEREST INCOME</u>				
Loans	\$ 6,030,436	\$ 6,273,728	\$ 12,182,480	\$ 12,570,658
<u>INTEREST EXPENSE</u>				
Note payable to the Bank	3,525,783	3,807,803	7,229,986	7,709,102
Net interest income	<u>2,504,653</u>	<u>2,465,925</u>	<u>4,952,494</u>	<u>4,861,556</u>
<u>PROVISION FOR LOSSES</u>				
Provision for loan losses	2,036,430	5,279	2,499,781	9,083
Provision for acquired property losses	6,400	-	11,900	-
Net interest income after provision for loan losses	<u>461,823</u>	<u>2,460,646</u>	<u>2,440,813</u>	<u>4,852,473</u>
<u>NONINTEREST INCOME</u>				
Income from the Bank:				
Patronage income	63,001	65,233	129,627	135,623
Loan fees	184,035	379,980	414,754	803,207
Financially related services income	1,264	1,349	2,284	2,777
Gain (loss) on other property owned, net	-	-	57,158	-
Gain (loss) on sale of premises and equipment, net	-	-	-	13,311
Other noninterest income	20,245	4,434	43,311	44,253
Total noninterest income	<u>268,545</u>	<u>450,996</u>	<u>647,134</u>	<u>999,171</u>
<u>NONINTEREST EXPENSES</u>				
Salaries and employee benefits	1,198,849	962,931	2,459,488	1,959,551
Purchased services	201,258	197,348	435,148	409,904
FCSIC insurance expense	170,317	140,004	340,090	274,002
Travel	97,349	89,471	164,846	170,032
Advertising	70,782	44,269	113,519	122,600
Occupancy and equipment	86,468	61,677	171,054	118,260
Supervisory and exam expense	33,982	32,016	67,964	78,982
Public and member relations	25,153	35,451	74,401	76,634
Directors' expense	42,104	31,967	73,807	64,613
Communications	20,999	15,078	43,319	33,727
Training	20,438	19,400	27,259	31,208
Other insurance expense	24,275	35,381	56,409	43,586
Other noninterest expense	21,082	15,822	37,525	59,459
Total noninterest expenses	<u>2,013,056</u>	<u>1,680,815</u>	<u>4,064,829</u>	<u>3,442,558</u>
Net income (loss)	<u>\$ (1,282,688)</u>	<u>\$ 1,230,827</u>	<u>\$ (976,882)</u>	<u>\$ 2,409,086</u>

FEDERAL LAND BANK ASSOCIATION OF NORTH MISSISSIPPI, FLCA
Consolidated Balance Sheet
(Unaudited)

	June 30, 2009	December 31, 2008
<u>ASSETS</u>		
Cash	\$ 71,632	\$ 1,847,311
Loans	418,583,831	409,681,482
Less: allowance for loan losses	<u>2,191,544</u>	<u>382,665</u>
Net loans	416,392,287	409,298,817
Accrued interest receivable	7,726,759	9,118,066
Investment in and receivable from the Bank:		
Capital stock	6,600,020	6,600,020
Other	-	6,069
Other property owned, net	461,927	99,076
Premises and equipment	3,579,530	3,460,792
Other assets	<u>815,230</u>	<u>201,661</u>
Total assets	<u><u>\$ 435,647,385</u></u>	<u><u>\$ 430,631,812</u></u>
 <u>LIABILITIES</u>		
Note payable to the Bank	\$ 369,557,430	\$ 359,552,371
Accrued interest payable	1,170,614	1,389,256
Drafts outstanding	162,861	1,572,136
Patronage distributions payable	-	1,227,000
Other liabilities	<u>1,599,477</u>	<u>2,762,816</u>
Total liabilities	<u><u>372,490,382</u></u>	<u><u>366,503,579</u></u>
 <u>MEMBERS' EQUITY</u>		
Capital stock and participation certificates	2,331,845	2,304,985
Unallocated retained earnings	60,637,159	61,614,041
Accumulated other comprehensive income	<u>187,999</u>	<u>209,207</u>
Total members' equity	<u><u>63,157,003</u></u>	<u><u>64,128,233</u></u>
Total liabilities and members' equity	<u><u>\$ 435,647,385</u></u>	<u><u>\$ 430,631,812</u></u>

FEDERAL LAND BANK ASSOCIATION OF NORTH MISSISSIPPI, FLCA
Consolidated Statement of Changes in Members' Equity
(Unaudited)

	Capital Stock/ Participation Certificates	Unallocated Retained Earnings	Accumulated Other Comprehensive Income	Total Members' Equity
Balance at December 31, 2007	\$ 2,145,585	\$ 58,400,708	\$ 299,795	\$ 60,846,088
Net income	-	2,409,086	-	2,409,086
Amortization of costs included in net periodic pension costs	-	-	(21,252)	(21,252)
Effects of accounting change regarding measurement date of postretirement benefits plans pursuant to FASB Statement No. 158	-	(9,326)	-	(9,326)
Capital stock/participation certificates issued	282,570	-	-	282,570
Capital stock/participation certificates retired	(156,280)	-	-	(156,280)
Balance at June 30, 2008	\$ 2,271,875	\$ 60,800,468	\$ 278,543	\$ 63,350,886
Balance at December 31, 2008	\$ 2,304,985	\$ 61,614,041	\$ 209,207	\$ 64,128,233
Net income	-	(976,882)	-	(976,882)
Amortization of costs included in net periodic pension costs	-	-	(21,208)	(21,208)
Capital stock/participation certificates issued	171,290	-	-	171,290
Capital stock/participation certificates retired	(144,430)	-	-	(144,430)
Balance at June 30, 2009	\$ 2,331,845	\$ 60,637,159	\$ 187,999	\$ 63,157,003

FEDERAL LAND BANK ASSOCIATION OF NORTH MISSISSIPPI, FLCA
NOTES TO THE FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

The Federal Land Bank Association of North Mississippi, FLCA (Federal Land 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 (the System), which was established by Acts of Congress to meet the needs of American agriculture.

The accompanying financial statements contain all adjustments necessary for a fair presentation of the interim financial condition and results of operations and conform to generally accepted accounting principles, except for the inclusion of a statement of cash flows. Generally accepted accounting principles 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 financial statements.

The preparation of these financial statements requires the use of management's estimates. The results for the quarter and the six months ended June 30, 2009, are not necessarily indicative of the results to be expected for the year ended December 31, 2008. 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:

The allowance for loan losses is maintained at a level considered adequate by management to provide for estimated losses inherent in the loan portfolio. The allowance is based on a periodic evaluation of the loan portfolio by management in which numerous factors are considered, including economic conditions, loan portfolio composition and prior loan loss experience. An analysis of the allowance for loan losses follows:

	June 30, 2009	December 31, 2008	June 30, 2008
Balance at beginning of quarter	\$ 169,831	\$ 347,878	\$ 341,584
Provision for loan losses	2,036,430	34,787	5,279
Charge-offs	(14,717)	-	-
Recoveries	-	-	-
Balance at end of quarter	<u>\$ 2,191,544</u>	<u>\$ 382,665</u>	<u>\$ 346,863</u>

The following table presents information concerning impaired loans:

	June 30, 2009	December 31, 2008	June 30, 2008
Impaired loans with related allowance	\$ 2,837,448	\$ 471,399	\$ 2,052,709
Impaired loans with no related allowance	3,309,974	992,735	641,716
Total impaired loans	<u>\$ 6,147,422</u>	<u>\$ 1,464,134</u>	<u>\$ 2,694,425</u>
Allowance on impaired loans	\$ 2,051,418	\$ 289,207	\$ 289,207
Average impaired loans	\$ 1,714,583	\$ 2,078,537	\$ 2,677,489
Interest income on impaired loans for the quarter	\$ 38,376	\$ 17,980	\$ 11,291

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.

NOTE 4 — CAPITAL MARKETS:

Until the second quarter of 2007, the Association participated in the Capital Markets of the South (CMS), a venture created for the purpose of expanding the participants' lending opportunities. Created in 2003, the CMS group was comprised of the Association, the Federal Land Bank Association of North Alabama, FLCA, the Federal Land Bank Association of South Alabama, FLCA, Southern Ag Credit, ACA (formerly Land Bank South, FLCA), and the Louisiana Federal Land Bank Association, FLCA. Existing CMS loans will continue to be serviced as in the past, with revenue and expenses continuing to be shared accordingly as noted below, until such time as all of the loans are fully matured or paid off.

Pursuant to the terms of the alliance, each of the five CMS participating associations will continue to generally share equally in the costs of operating the venture. The Association's pro-rata share of income from CMS operations are recorded in the statement of income in their respective line items.

As of June 30, 2009 and 2008, the Association had CMS-related loan volume outstanding of \$16,825,256 and \$26,809,483, respectively. In addition, the Association had remaining commitments on CMS loans to lend an additional \$8,430,637 as of June 30, 2009.

NOTE 5 — EMPLOYEE BENEFIT PLANS:

Employee Benefit Plans: Employees of the Association participate in either the defined benefit retirement plan (DB Plan) or the defined contribution plan (DC Plan) and are eligible to participate in the Thrift Plus Plan of the District. The DB Plan is closed to new participants. Participants generally include employees hired prior to January 1, 1996. The DB Plan is noncontributory and provides benefits based on salary and years of service. The "Projected Unit Credit" actuarial method is used for financial reporting and funding purposes for the DB Plan.

Participants in the DC Plan generally include employees who elected to transfer from the DB Plan prior to January 1, 1996, and employees hired on or after January 1, 1996. Participants in the DC Plan direct the placement of their employers' contributions, 5.0 percent of salaries for the quarter ended June 30, 2009, made on their behalf into various investment alternatives.

The structure of the District's retirement plans is characterized as multi-employer, since neither the assets, liabilities nor costs of any plan are segregated or separately accounted for by the associations. No portion of any surplus assets is available to the associations, nor are the associations required to pay for plan liabilities upon withdrawal from the plans. As a result, the associations recognize as pension cost the required contribution to the plans for the year. Contributions due and unpaid are recognized as a liability. The Association recognized pension costs for the DC Plan of \$51,673 for the six months ended June 30, 2009, compared to \$38,302 for the same period in 2008. For the DB Plan, the Association recognized pension costs of \$744,321 for the six months ended June 30, 2009, compared to \$414,489 for the same period in 2008.

Other Postretirement Benefits: The following table summarizes the components of net periodic benefit costs for the six months ended June 30, 2009 and 2008:

	June 30, 2009	June 30, 2008
Service Cost	\$ 1,005	\$ 12,086
Interest Cost	13,377	27,818
Amortization of prior service costs	31,004	(21,507)
Amortization of net (gain) loss	(21,209)	256
Net periodic benefit cost	\$ 23,172	\$ 18,653

The Association anticipates accruing an additional amount of \$23,172 for the plan for 2009.