

RE Advisers Corporation

Financial Planning Clients

March 31, 2012

This brochure provides information about the qualifications and business practices of RE Advisers Corporation (“RE Advisers”), an investment adviser registered with the United States Securities and Exchange Commission (“SEC”). If you have any questions about the contents of this brochure, please contact Danielle Sieverling, RE Advisers’ Chief Compliance Officer (“CCO”), at 703-907-5993. This information has not been approved or verified by the SEC or by any state securities authority.

Additional information about RE Advisers also is available on the SEC’s website at www.adviserinfo.sec.gov.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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Material Changes

There are no material changes since the last annual update of the brochure on March 31, 2011. In the future, if there are material changes to this brochure, this Item will provide a summary of such changes.

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Advisory Business

RE Advisers, incorporated in the Commonwealth of Virginia in 1995 (formerly incorporated in the District of Columbia in 1990), is a direct, wholly-owned subsidiary of RE Investment Corporation (“RE Investment”), which is a direct, wholly-owned subsidiary of NRECA United, Inc., a holding company of the National Rural Electric Cooperative Association (“NRECA”). NRECA is a not-for-profit organization, which serves and represents the nation’s consumer-owned rural electric cooperatives. RE Advisers is registered with the SEC under the Investment Advisers Act of 1940, as amended (“Advisers Act”) and has its principal place of business in Arlington, Virginia.

RE Advisers provides financial planning services to its individual, non-fund clients (“financial planning clients”). After financial planning clients review and execute the Acceptance of Financial Planning Services and complete the Retirement Planning Questionnaire, RE Advisers prepares a written retirement plan, which summarizes the information provided and contains suggested strategies and a general asset allocation model. RE Advisers does not tailor advisory services to the individual needs of its financial planning clients. However, under certain circumstances, RE Advisers may agree to do so.

Pursuant to an investment advisory agreement, RE Advisers provides investment supervisory services to private advisory clients and serves as the investment adviser to seven of the series of Homestead Funds, Inc. (“Homestead Funds”), an investment company registered under the Investment Company Act of 1940, as amended (“1940 Act”). As investment adviser, RE Advisers is responsible for selecting investments, managing the portfolios, and setting investment strategies and policies for Homestead Funds.

Fees and Compensation

There are no fees associated with the financial planning services, nor does RE Advisers receive compensation for such services. However, financial planning clients who choose to invest in Homestead Funds will be indirectly subject to the normal investment management fees paid by Homestead Funds to RE Advisers. See the section below entitled “Other Financial Industry Activities and Affiliations” for additional information.

A financial planning client, who chooses to use a broker-dealer to implement his or her financial planning goals, may be subject to additional fees from that broker-dealer.

Performance-Based Fees and Side-by-Side Management

This is not applicable.

Types of Clients

RE Advisers’ clients consist of individuals, investment companies, pension and profit-sharing plans, corporations and other business entities.

RE Advisers does not require a minimum dollar value of assets or impose other conditions for providing financial planning services to its financial planning clients.

Methods of Analysis, Investment Strategies and Risk of Loss

RE Advisers works with financial planning clients to collect and summarize their personal financial data to help determine their financial goals and review their current financial situations in light of those goals. RE Advisers uses third-party financial planning software to project a financial planning client's future retirement income and expenses. From this software, RE Advisers develops a plan summarizing this material and suggests financial planning strategies, based on questionnaire responses about risk tolerance and investment time horizon. The financial plan does not include recommendations of specific investments or products or analyze particular securities. Rather, plan recommendations are general and strategic in nature, based principally on a financial planning client's current financial situation and stated goals and objectives.

Financial planning clients decide whether, how and with whom they will implement the financial plan. They may accept or reject any or all plan recommendations. RE Advisers is not authorized to make decisions regarding financial planning clients' investments. Although RE Advisers may help implement plans, financial planning clients are free to seek implementation guidance from any source they choose.

Investing in securities involves risks of loss that clients should be prepared to bear. Clients should carefully consider all relevant factors in making product decisions, including risks and costs.

Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of RE Advisers' advisory business or the integrity of its management.

Other Financial Industry Activities and Affiliations

Financial planning clients who choose to invest in Homestead Funds will be indirectly subject to the normal investment management fees paid by Homestead Funds to RE Advisers. Therefore, client investments in Homestead Funds may give rise to a potential conflict of interest, since RE Advisers will earn investment management fees from the Homestead Funds in which clients invest.

While employees of RE Advisers endeavor at all times as part of RE Advisers fiduciary duty to put the interests of the financial planning clients first, clients should be aware of the potential conflict of interest that may affect the judgment of these individuals when providing financial planning services. In order to address this conflict of interest, RE Advisers has adopted a Code of Ethics, and each written retirement plan is reviewed for appropriateness.

All of RE Advisers' directors, officers and employees are employed and compensated by NRECA. Additionally, the majority of RE Advisers' directors, officers and employees have responsibilities with RE Investment, and some have responsibilities with Homestead Funds, which creates a conflict of interest between RE Advisers and the other entities. Aware of this conflict, RE Advisers has assessed the risks and developed internal controls to avoid to the extent possible any conflict. RE Advisers conducts the annual monitoring program as required by applicable law that evaluates whether RE Advisers has established controls reasonably designed to prevent violation of the applicable laws. RE Advisers periodically evaluates those policies and procedures to ensure that they are working as designed.

RE Advisers is a wholly-owned subsidiary of RE Investment, a limited-purpose registered broker-dealer that is a member of the Financial Industry Regulatory Authority (“FINRA”). As a limited purpose broker-dealer, RE Investment does not handle, hold or own customer funds or securities, introduce or carry customer accounts, or engage in the sale or solicitation of securities products except for investment company products. RE Investment is the distributor and principal underwriter for Homestead Funds and does not receive any commissions or other compensation for the services it provides. Certain employees of RE Advisers are also registered representatives of RE Investment.

As an indirect wholly-owned subsidiary of NRECA, RE Advisers is a related party of NRECA. Those persons who are officers, directors and employees of RE Advisers also may provide investment advice to and supervision and monitoring of a qualified defined benefit plan, a qualified defined contribution plan and a welfare benefit plan provided by NRECA for its employees and the employees of its rural electric cooperative members.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

RE Advisers requires its officers, directors and other access persons to comply with its Code of Ethics (“Code”). The Code has been adopted by Homestead Funds, RE Advisers and RE Investment (collectively, the “Company”). The Code obligates the Company to put the interests of the Company’s clients before its own interests and to act honestly and fairly in all respects in its dealings with clients. All of RE Advisers’ personnel are also required to comply with applicable federal securities laws. Clients and prospective clients can obtain a copy of the Code by contacting Danielle Sieverling, CCO, at 703-907-5993 or by email at danielle.sieverling@nreca.coop. See below for further provisions of the Code as they relate to the pre-clearing and reporting of securities transactions by related persons.

The purpose of the Code is to ensure that all employees of the Company apply high ethical standards in their daily performance and do not participate in activities that may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The Code describes the ethical behavior required of Company personnel and, among other things, requires officers, directors and other access persons to pre-clear certain personal trades in covered securities over a certain de minimis dollar threshold with the CCO, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of its clients. Additionally, security transactions with a higher inherent risk, such as initial public offerings, and options, futures and short sales on securities owned by RE Advisers, are prohibited in any dollar amount. Furthermore, the Code prohibits all access persons from executing personal securities transactions of any kind in any securities on the restricted list maintained by the CCO.

Portfolio managers and analysts who are aware of RE Advisers’ security trades are subject to additional prohibitions under the Code, including prohibitions against (1) buying or selling any security that RE Advisers is currently researching; (2) purchasing any covered securities in any dollar amount that RE Advisers has purchased or sold, or plans to purchase or sell, within seven days of such purchase or sale; (3) delaying or forgoing the purchase of a security for a client so that they may purchase it in their personal account; and (4) buying and then selling at a profit, or selling and then repurchasing at a lower price, any security owned by an RE Advisers managed account within 60 calendar days. Additionally, on a quarterly basis, these employees are required to disclose any issuer/holding in which they own 5% or more.

All of RE Advisers' access persons are required to provide quarterly reports of personal trading activities in covered securities and holdings on an annual basis. All access persons are required to provide duplicate statements to RE Advisers. RE Advisers routinely reviews the personal trading activities of officers, directors, portfolio managers, analysts and other access persons for potential conflicts of interest and transactions made in securities held on the restricted list, as well as other violations of the Code. The Company provides annual, as well as as-needed, training.

Strict compliance with the provisions of the Code is a basic condition of employment with the Company. A material breach of the provisions of the Code may constitute grounds for disciplinary action, up to and including termination.

RE Advisers may come into possession of confidential or material non-public information about issuers, including issuers in which it or its related persons have invested or seek to invest on behalf of clients. RE Advisers is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such person is a client. RE Advisers maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to ensure that it is meeting its obligations to clients and remains in compliance with applicable law. In certain circumstances, RE Advisers may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but RE Advisers will be prohibited from communicating such information to the client or using such information for the client's benefit. In such circumstances, RE Advisers will have no responsibility or liability to the client for not disclosing such information to the client, or not using such information for the client's benefit, as a result of following its policies and procedures designed to provide reasonable assurances that is complying with the applicable law.

Brokerage Practices

This is not applicable.

Review of Accounts

RE Advisers produces written retirement plans for financial planning clients. The written retirement plans are reviewed by a manager, a director or a senior investment advisor for appropriateness, based on the information contained in the written retirement questionnaire. Those individuals are supervised by Peter Morris, President of RE Advisers.

Client Referrals and Other Compensation

This is not applicable.

Custody

This is not applicable.

Investment Discretion

This is not applicable.

Voting Client Securities

This is not applicable.

Financial Information

This is not applicable.