

**CAPITAL FARM CREDIT, ACA
BYLAWS**

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CAPITAL FARM CREDIT, ACA BYLAWS

DEFINITIONS:

“Act” - the Farm Credit Act of 1971, as it may be amended from time to time.

“Agreement” - the Plan and Agreement of Merger by and among Capital Farm Credit, ACA, Capital Farm Credit, FLCA, Capital Farm Credit, PCA, First Ag Credit, FCS, First Ag Credit, FLCA, and First Ag Credit, PCA.

“Annual Meeting” - the annual meeting of Stockholders pursuant to Article III of these Bylaws.

“Association” – this Capital Farm Credit, ACA, an agricultural credit association.

“Authorization Event” – shall have the meaning set forth in Section 1.02 hereof.

“Board” or “Board of Directors – the board of directors of the Association duly elected or appointed in accordance with these Bylaws.

“Bylaws” - these Bylaws, as they may be amended from time to time pursuant to Sections 8.60 and 10.04 hereof.

“Effective Date” - the effective date of the charter of this Association.

“FLCA” – Capital Farm Credit, FLCA, a Federal land bank association with direct lending authority and a subsidiary of the Association.

“FCA” - the Farm Credit Administration.

“FCBT” or the “Bank” - Farm Credit Bank of Texas or any successor entity thereto.

“Member” - a holder of stock or participation certificates in the Association.

“PCA” – Capital Farm Credit, PCA, a production credit association and a subsidiary of Association.

“Regulations” - FCA Regulations or directives applicable to and binding on the Association.

“System” - the Farm Credit System.

ARTICLE I

PREAMBLE

1.01. Legal Authority: Ownership. Capital Farm Credit, ACA (“Association”)

is a federally chartered institution of the Farm Credit System and an instrumentality of the government of the United States of America under the Farm Credit Act of 1971, as amended (the “Act”). The Association is owned and controlled by its stockholder-borrowers subject to regulation by the Farm Credit Administration (“FCA”) and supervision by the Bank. It is the objective of the Association to improve the income and well-being of American farmers and ranchers by furnishing sound, adequate and constructive credit and closely related services to these individuals and to selected farm-related businesses appropriate for efficient farm operations.

Subject to the Act and FCA Regulations, and under the supervision of the Bank, the Association in its chartered territory possesses and may exercise all lending, participation and similar authorities granted by statute or regulation, as such statutes and regulations may be amended from time to time, to a production credit association or, with respect to long-term real estate loans, a farm credit bank. Without limiting the foregoing, these authorities include authority to:

- (A) Make, guarantee or participate with other lenders in short and intermediate-term loans and other similar financial assistance to:
 - (1) bona fide farmers and ranchers and producers or harvesters of aquatic products, for agricultural or aquatic purposes and other requirements of such borrowers as specified in the Act;
 - (2) rural residents for housing financing; and
 - (3) persons furnishing to farmers and ranchers farm-related services directly related to their on-farm operating needs; and
- (B) Make or participate with other lenders in long-term real estate mortgage loans in rural areas, as defined by FCA, or to producers or harvesters of aquatic products, and make continuing commitments to make such loans under specified circumstances, for a term of not less than five (5) nor more than forty (40) years; and
- (C) Provide technical assistance to borrowers, applicants, and members, and make available to them, at their option, such financially related services appropriate to their on-farm and aquatic operations as is determined feasible under applicable Regulations.

1.02. Relationship with Capital Farm Credit, PCA and Capital Farm Credit, FLCA. The Board may authorize Capital Farm Credit, PCA (“PCA”) and Capital Farm Credit, FLCA, (“FLCA”) to conduct some or all of the authorities granted in the Act and Regulations to production credit associations and federal land credit associations, respectively (“Authorization Event”). Upon an Authorization Event, the Association, PCA and FLCA shall conduct an integrated lending operation. To the extent authorized, PCA shall make short and intermediate-term loans and provide financially related services to qualified borrowers in the Association’s territory. To the extent authorized, FLCA shall make long-term real estate loans and provide financially related services to qualified borrowers in the Association’s territory. In addition, upon an Authorization Event, all three institutions shall enter into a General Financing Agreement (“GFA”) with the Bank for purposes of funding loans originated and made by the Association, PCA and FLCA pursuant to their respective lending authorities. The indebtedness owed to the Bank under the GFA shall be the joint and several obligation of all three institutions. The Association at all times will own all of the voting stock of PCA and FLCA.

1.03. Construction of Bylaws. These bylaws shall be construed to be consistent with, and to give effect to, the purposes for which the Association was chartered as set forth in this preamble. These bylaws shall not be construed in a manner which would result in their being in violation of, or inconsistent with, applicable law or regulations. No provision of these bylaws

shall be construed to grant the Bank, or its corporate successor, any approval authority over the corporate governance of the Association other than that mandated by law.

1.04. Members. Members of the Association shall include all holders of legal title to capital stock or participation certificates as evidenced on the books of the Association, except the Bank. Any person to whom an Agricultural Credit Association is authorized by the Farm Credit Act of 1971, as amended, (Act) to extend credit and other services is eligible to apply for a loan or other services and become a member of the Association. In the case of a deceased or legally incompetent member, the executor, administrator, guardian or other legally authorized representative shall be considered to be the member for the purpose of these bylaws. Each member is authorized to speak on any question being considered at members' meetings when recognized by the chairman. Motions (except motions to authorize preferred stock) and nominations or seconds thereto may be made and voted on only by Class B voting Stockholders of the association.

ARTICLE II

OFFICES

2.01. Principal Office. The principal office of the Association shall be at 3902 South Traditions Drive, College Station, Texas, or at such other place as the Board of Directors may designate from time to time.

2.02. Other Offices. The Association may also have offices at such other places as the Board of Directors may from time to time determine or the business of the Association may require.

ARTICLE III

STOCKHOLDERS

3.01. Time and Place of Meetings: Sectional Meetings. Meetings of the stockholders may be held at such times and places as shall be determined by the Board of Directors as stated in the notice of the meeting. Stockholders may be present at all stockholder meetings in person or represented by proxy, with in person meetings occurring at a physical location designated by the Board or, as permitted by FCA, through an electronic form of communications such as virtual or online broadcasts or telephone. The Board may provide for any stockholders meeting to be held in consecutive sectional sessions at different times and places. In such case, the date of the convening of the first sectional session shall be the date of the meeting for the purpose of satisfying time requirements under these bylaws. Each stockholder shall be notified of all sessions to be convened and shall be entitled to attend any or all sessions. At each sectional session except the last, the meeting shall be adjourned until the next session of the meeting. The last session must be scheduled for a time no later than fourteen calendar days after the first session. The attendance at all sectional sessions shall be combined for the purpose of constituting a quorum, but no stockholder shall be counted more than once for such purpose, and no stockholder shall be permitted to vote at more than one session. The votes at all sessions shall be counted together to constitute the vote of the meeting. Nominations from the floor with respect to matters requiring the vote of stockholders, including the election of directors and members of the Nominating Committee (as defined in Section 4.04 below), must be introduced at the first sectional session of the meeting and so announced in the Notice of Meeting; provided, however, that if balloting is by mail, nominations for directors and/or Nominating Committee members may be made at all sectional sessions.

3.02. Annual Meetings. An annual meeting of stockholders shall be held each calendar year at which such business as may properly be brought before the meeting shall be conducted.

3.03. Special Meetings. Special meetings of the stockholders for any purpose or purposes may be called by the chairman of the Board or the chief executive officer, and shall be called by the chief executive officer or secretary at the request in writing of a majority of the Board of Directors or at the request in writing of at least ten percent of the stockholders owning voting stock in the Association. Such request shall state the purpose or purposes of the proposed meeting. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice of the meeting.

3.04. Notice. Notices of meetings shall be in writing and signed by the chairman of the Board of Directors, an officer of the Association, or by any other person the directors may designate. The notice shall state the place, date and time of the meeting (with respect to each session if the meeting is to be held in consecutive sectional sessions) and in case of a special meeting, the purpose or purposes for which the meeting is called. A copy of the notice shall be delivered personally, by electronic mail (e-mail), or mailed, postage prepaid, to each voting stockholder of record entitled to vote at the meeting not less than ten days before the meeting. Personal or mailed delivery (including e-mail) of the notice to any officer of a corporation or association or to any member of a partnership shall constitute delivery of the notice to the corporation, association or partnership. In the event of the transfer of a share after delivery or mailing of the notice of and prior to the holding of the meeting, it shall not be necessary to deliver or mail notice of the meeting to the transferee.

3.05. Quorum; Withdrawal of Quorum. Unless otherwise provided by law or regulation, at any meeting of the stockholders, for the transaction of business, a quorum shall be required consisting of at least three percent of the number of stockholders entitled to vote, whether present in person or represented by proxy. When authorized, mail ballots shall be counted toward the quorum requirement. If a quorum shall not be present or represented at any called meeting, the chairman of the meeting or another authorized officer of the Association shall have the power to adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum shall be present or represented. At any adjourned meetings at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally described in the notice of the meeting. The stockholders present at a fully organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

3.06. Majority Vote. When a quorum is present or represented at any meeting, the vote of a majority of the voting stockholders entitled to vote, present in person or represented by proxy or voting by mail ballot under Section 4.05, shall decide any question brought before the meeting, except when other express provisions of these bylaws or applicable law or regulations require a different vote, in which case such express provision shall govern and control.

3.07. Voting List. The Association shall maintain a complete list of the stockholders entitled to vote along with their addresses. The list will be used when distributing ballots at any annual or special meeting and for other purposes as prescribed or authorized by the Act or Regulations.. The list shall be kept on file at the principal office of the Association from the time of its preparation to the date of the meeting and shall be available for inspection by any stockholder who may be present at the time of the meeting or upon request otherwise, during regular business hours of the Association.

3.08. Closing of Transfer Books. The Board of Directors may close the stock transfer books of the Association for a period not less than thirty days and not to exceed seventy-five days preceding the date of any meeting of stockholders, or the date for payment of any patronage dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or for a period not exceeding seventy-five days preceding the date of any meeting or vote in connection with obtaining the consent of stockholders for any purpose. In lieu of closing the stock transfer books, the Board of Directors may fix in advance a date, not exceeding seventy-five days preceding the date of any meeting of stockholders, or the date for the payment of any patronage dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining stockholder consent as a record date for the determination of the stockholders entitled to notice of and to vote in the meeting or entitled to receive payment of any patronage dividends, or to any allotment of rights, or to exercise the rights in respect of any change, conversion or exchange of capital stock or to give consent. In such case only such stockholders who are stockholders of record on the date so fixed shall be entitled to the notice of and to vote at the meeting or to receive payment of patronage dividends, or to receive any allotment of rights, or to exercise rights, or to give consent as the case may be, notwithstanding the transfer of any stock on the books of the Association after the record date so fixed. In the absence of contrary action by the Board of Directors, the date on which the last notice of a meeting is mailed or delivered shall be the record date for determination of stockholders entitled to notice of and to vote at any such meeting and the date on which the Board of Directors adopts the resolution declaring a patronage dividend, or allotment of rights, or change or conversion or exchange of capital stock, shall be the record date for the determination of the stockholders entitled to receive payment of the patronage dividend, or the allotment of rights or to exercise the rights in respect of the change, conversion or exchange of capital stock.

3.09. Entitlement to Vote: Number of Votes. Except as may be otherwise expressly provided by applicable law or regulations or as may be specifically provided elsewhere in these bylaws, only holders of Class B Common Stock shall be entitled to vote at any meeting of the stockholders, and each holder of Class B Common Stock, regardless of the number of shares of stock held and regardless of the number of joint or single loans the stockholder may have with the Association, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders. In the case of a joint loan, the vote may be cast by only one of the joint holders authorized in writing by the other joint holders. The vote of a stockholder which is a legal entity shall be cast by an individual duly authorized in a writing filed with the Association. If an individual who is a voting stockholder by virtue of an individual loan controls the business affairs or assets securing the loans of another voting stockholder, the controlling stockholder and the controlled stockholder shall be considered as one person and shall be entitled to a total of only one vote. For purposes of this section, an individual shall be deemed to control another voting stockholder if the individual has more than a fifty percent ownership interest in the other stockholder or the primary collateral securing the other stockholder's loan. In no event may an individual vote more than once. In this section, the meaning of "loan" includes leases.

3.10. Proxies. At any meeting of the stockholders, any stockholder may be represented and vote by a proxy appointed by an instrument in writing. The proxy shall be filed with the secretary of the Association prior to the time of the meeting. In the event that the written instrument shall designate two or more persons to act as proxies, a majority of such persons present at the meeting (or, if only one shall be present, then that one) shall have and may exercise all of the powers conferred by such written instrument upon all of the persons so designated, unless the instrument shall provide otherwise. No proxy shall be valid after the expiration of eleven months from the date of its execution unless coupled with an interest, or unless the person

executing it specified therein the length of time for which it is to continue in force, which in no case shall exceed seven years from the date of its execution. Subject to the above, any proxy duly executed is not revoked and continues in full force and effect until an instrument revoking it or a duly executed proxy bearing a later date is filed with the secretary of the Association. Voting in person or by proxy shall be used in mergers of the Association with other Farm Credit System associations and on other matters where required under the Act or FCA regulations.

3.11. Method of Voting; Action Without Meeting. Whenever the vote of stockholders at a stockholder meeting is required or permitted to be taken in connection with any Association action by any provision of applicable law or regulations, the meeting and vote of stockholders may be dispensed with if all the stockholders who would have been entitled to vote upon the action if the meeting were held shall consent in writing to the action's being taken. At all stockholder meetings the manner of voting shall be at the discretion of the chairman of the meeting unless any stockholder at the meeting shall demand voting by written ballot or unless otherwise specified by law, regulations or these bylaws, in which event voting shall be conducted by written ballot or as otherwise so specified provided, however, that with respect to any proceeding subject to a vote of the stockholders the Association:

- (1) Signed ballots shall not be used; and
- (2) Measures shall be implemented to safeguard the voting process for the protection of the right of stockholders to a secret ballot.

The foregoing shall not impair the Association's ability to use mail balloting in the election of directors and Nominating Committee members as provided in Section 4.05.

ARTICLE IV DIRECTORS

4.01. Number and Qualification of Directors. The Board shall have at least ten (10) but no more than eighteen (18) Stockholder-Elected Directors and at least two (2) directors who are not stockholders, directors, officers, employees, or agents of the Association or of any other Farm Credit System institution (other than Outside Directors of the FLCA and PCA) and who are appointed by the other directors ("Outside Directors"). In addition, the Board may elect other appointed directors ("Other Appointed Directors") pursuant to the Board policy on the appointment of directors. The number of Stockholder-Elected Directors shall at all times constitute at least sixty percent (60%) of the total number of all sitting directors on the Board. The Stockholder-Elected Director positions will consist of ten (10) regional positions, one from each of the 10 Director Election Regions (as defined in Section 4.04 below), and no more than eight (8) at-large positions. Except as hereinafter provided, no person shall be elected by stockholders or continue to serve as a Stockholder-Elected Director unless he or she is a bona fide farmer, rancher or producer or harvester of aquatic products. Stockholder-Elected Directors holding a regional position must reside in the designated Director Election Region for the position. All stockholders who meet the eligibility requirements to be a Stockholder-Elected Director are eligible to hold any at-large position. All Stockholder-Elected Directors must be either a holder of voting stock in the Association or an individual designated to vote the stock of a legal entity and meets all other requirements for serving as an Association director. No person may serve as a director if he or she is in violation of the Farm Credit Act or its implementing regulations. Outside Directors need not be bona fide farmers, ranchers or producers or harvesters of aquatic products and need neither reside nor conduct agricultural operations in the Association's operating territory. For the purposes of eligibility requirements in these Bylaws, it is incumbent

upon the director or the director nominee to provide verifiable evidence to establish eligibility if requested. Evidence must be provided to either the Association's Nominating Committee or Standard of Conduct Officer in a reasonable form and within a reasonable time in order to verify the information submitted.

4.02. Directors and Employees of Other Institutions. No person who is a director of a Farm Credit Bank or another Farm Credit Association (other than Capital Farm Credit's PCA and FLCA) shall be eligible to be elected or appointed, and such person may not serve as a director. A director elected to a Farm Credit Bank board may continue to serve until the next annual meeting or a special meeting of the stockholders of the Association called for the purpose of election of directors. A salaried officer or employee of any institution of the Farm Credit System is not eligible to be elected or appointed and may not serve as a director nor shall any such person be elected or appointed as a director within one year after ceasing to be employed by the Association or any other institution of the Farm Credit System. No person may be elected to the Association Board if he or she owns or serves on the board of a business primarily engaged in the extension of credit. For the purposes of this bylaw, a "business primarily engaged in the extension of credit" shall include, but not be limited to, commercial banks, credit unions, finance companies, mortgage companies, mortgage brokers or underwriters, savings and loans, leasing companies or any other type of entity that has the appearance of being a competitor for loan or leasing business of the Association.

4.03. Disqualification and Automatic Vacancy. In the event that a Stockholder-Elected director ceases to be a borrower, regardless of whether or not the director continues to hold voting or non-voting stock, such director will be disqualified and his or her position shall automatically become vacant. The position of an Outside Director shall automatically become vacant in the event that such director should become an officer, employee, stockholder, or agent of the Association or a director (other than of Capital Farm Credit's PCA and FLCA), officer, employee, stockholder, or agent of any other Farm Credit System institution. Further, the office of a director shall automatically become vacant if he or she:

- (1) is or has been convicted of any criminal offense involving dishonesty or breach of trust or has been found liable in a proceeding for damages related to fraud;
- (2) files a petition for relief in voluntary bankruptcy, or otherwise institutes suit under applicable voluntary Federal or State bankruptcy, insolvency, or receivership laws;
- (3) is adjudged a debtor in an involuntary Federal bankruptcy or placed in receivership in a State proceeding;
- (4) seeks reorganization under the Bankruptcy Code of personal business interests or that of a corporation in which the director owns the controlling interest;
- (5) is party to a foreclosure proceeding (judicial or nonjudicial) or a voluntary conveyance in lieu of foreclosure involving property in which the director has an interest, which is instituted or executed because of the director's default on indebtedness to a Farm Credit System institution;
- (6) is primarily or secondarily liable on a loan or lease from any Farm Credit System institution that has been classified as a loss by the Association, FCBT or FCA or that the loan has been transferred to a nonaccrual status;
- (7) is primarily or secondarily liable on a loan or lease from any Farm Credit System institution that is adversely classified as substandard or doubtful by the Association, FCBT or FCA or becomes delinquent more than 60 days (subject to an appeal to the full Board with a determination that extenuating circumstances warrant an exception);
- (8) Is primarily or secondarily liable on a loan or lease from any Farm Credit System

institution where there is rescheduling, reamortization, deferral of principal or interest, granting of monetary concessions or other restructuring action taken because of the director's default on such loan, or because the loan is determined to be distressed and eligible for restructuring under the Association's distressed loan restructuring policy and, is in fact restructured;

- (9) is otherwise determined to not be in material compliance with the Association's Standards for Official Loans Policy;
- (10) is deceased, declared legally incompetent or incapacitated.

4.04. Nominating Committee. At each annual stockholders' meeting, the voting stockholders, either voting in person, by proxy, mail or other means as approved by the Board of Directors prior to each annual meeting shall elect a nominating committee consisting of ten (10) voting stockholders ("Nominating Committee"), one (1) from each Director Election Region. The voting stockholders shall also elect ten (10) or alternate members of the Nominating Committee, one (1) from each Director Election Region to serve in the event any member of the Nominating Committee is unable to carry out his or her duties. An alternate member shall be seated on the Nominating Committee when a vacancy occurs in the designated Director Election Region which the alternate member has been elected to represent. Members of the Board of Directors, candidates for Board positions, and salaried officers, employees, or agents of the Association are not eligible to serve on the Nominating Committee. To be eligible to serve on the Nominating Committee, an individual must hold voting stock as of the date of the nominating committee meeting and reside, conduct an agricultural operation or have a loan or lease originated or serviced by an Association office located in the designated Director Election Region the member is to represent. A holder of voting stock may be eligible to represent more than one Director Election Region but cannot hold more than one position or alternate position on the Nominating Committee. The nominee receiving the most votes for the respective region will be named the Nominating Committee member for the following election. The nominee receiving the second most votes for the respective region will be named the alternate for that region for the following election.

Each Nominating Committee shall have an opportunity to review lists of stockholders who are eligible to serve as directors of the Association, evaluate their qualifications, including consideration of whether there are any known obstacles preventing a candidate from performing duties as a Board member, ascertain their willingness to serve, and submit for election a slate of eligible candidates which shall include at least two nominees for each director position to be filled. No individual shall be eligible to be nominated as a candidate for election to the Board in the same election cycle for which the Nominating Committee is identifying candidates if that individual was elected to serve on the Nominating Committee and attended any meeting called by the Nominating Committee. No individual may be nominated and placed on the ballot for more than one Director Election Region in a single election cycle.

In addition to the duties listed in this section, the Nominating Committee may also participate or take specific actions as directed by the Board of Directors or a committee of the Board authorized to act on the Board's behalf regarding governance, election or other director related issues.

The Director Election Regions and their corresponding number of director positions are set forth below:

Director Election Region	Director Positions	Counties
<u>1. High Plains</u>	1	Briscoe (part), Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hartley, Hemphill, Lipscomb, Moore, Ochiltree, Parmer, Roberts, Sherman, Swisher, and Wheeler Counties.
<u>2. Rolling Plains</u>	1	Archer, Baylor, Callahan, Clay, Cottle, Fisher, Foard, Hardeman, Haskell, Jack, Jones, King, Knox, Montague, Motley, Nolan, Palo Pinto, Shackelford, Stonewall, Stephens, Taylor, Throckmorton, Wilbarger, Wichita, and Young Counties
<u>3. South Plains</u>	1	Andrews, Bailey, Borden, Cochran, Crosby, Dawson, Dickens, Gaines, Garza, Hockley, Howard, Kent, Lamb, Lubbock, Lynn, Martin, Mitchell, Scurry, Terry, and Yoakum Counties.
<u>4. West Texas</u>	1	Brewster, Crane, Crockett, Culberson, Ector, El Paso, Glasscock, Hudspeth, Irion, Jeff Davis, Loving, Midland, Pecos, Presidio, Reagan, Reeves, Schleicher, Sterling, Sutton, Terrell, Tom Green, Upton, Val Verde, Ward, and Winkler Counties
<u>5. Hill Country</u>	1	Bandera, Blanco, Burnet, Coke, Coleman, Concho, Edwards, Gillespie, Kendall, Kerr, Kimble, Kinney, Lampasas, Llano, Mason, McCulloch, Menard, Mills, Real, Runnels, San Saba, and Uvalde Counties.
<u>6. Winter Garden</u>	1	Atascosa, Bexar, Dimmit, Frio, Karnes, La Salle, Maverick, Medina, McMullen, Wilson, and Zavala Counties
<u>7. South Texas</u>	1	Bee, Brooks, Cameron, Duval, Hidalgo, Jim Hogg, Jim Wells, Kleberg, Kenedy, Live Oak, Nueces, San Patricio, Starr, Webb, Willacy, and Zapata, Counties
<u>8. Central Texas</u>	1	Bastrop, Bell, Bosque, Caldwell, Comal, Coryell, Falls, Guadalupe, Hays, McLennan, Milam, Lee, Travis, and Williamson Counties
<u>9. Coastal Bend</u>	1	Aransas, Austin, Brazoria, Calhoun, Colorado, DeWitt, Fayette, Fort Bend, Goliad, Gonzales, Jackson, Lavaca, Matagorda, Refugio, Victoria, Waller, and Wharton Counties.
<u>10. East Texas</u>	1	Brazos, Burleson, Chambers, Galveston, Grimes, Hardin, Harris, Houston, Jasper, Jefferson, Leon, Liberty, Madison, Montgomery, Newton, Orange, Polk, Robertson, San Jacinto, Trinity, Tyler, Walker, and Washington Counties.

Regional designation shall constitute an eligibility requirement for regional positions only. At-

large positions may be filled with any voting stockholders who meet the eligibility requirements listed in Section 4.01. All voting for Stockholder-Elected Directors shall be at-large, with each stockholder being entitled to vote for each Stockholder-Elected Director position open for election.

The Nominating Committee shall assure, to the extent practicable, equitable representation to all geographic areas and agricultural production types within the Association's chartered lending territory. If, after diligent effort, the Nominating Committee is unable to find more than one willing nominee for any position to be filled, the Nominating Committee shall provide written documentation to the Board of Directors of its efforts to secure eligible and qualified candidates or the reasons for disqualifying any other candidate. A description of the Nominating Committee's efforts to locate two willing nominees shall be included in the Association's annual meeting information statement. After calling for nominations for director candidates from the floor, the Association may proceed with the election. If the annual stockholders' meeting is held in consecutive sectional sessions, nominations may be made from the floor only at the first session or only for the first session for the designated Director Election Region or Regions set forth above as announced in the notice of the meeting, provided that, if balloting is by mail, nominations may be made at all sectional sessions. At the annual stockholders' meeting the Nominating Committee may present a list of candidates for voting stockholders to consider in electing the Nominating Committee for the ensuing year. A majority of the Nominating Committee shall constitute a quorum for transacting business of the committee. The committee shall keep minutes of its deliberations which shall include a record of attendance and shall be maintained in accordance with the Association's records disposal schedule.

4.05. Voting on Stockholder-Elected Directors. The voting stockholders shall elect each year one or more directors as may be required to fill the position of each Stockholder-Elected Director whose term is expiring or to fill any vacancy on the Board other than the positions held by directors appointed by the other directors. At the meeting where any such directors are to be voted upon, the Nominating Committee shall submit the slate of candidates for election after which the Chairman conducting the election will entertain nominations from the floor. Voting stockholders shall then cast secret written ballots, and the Chairman conducting the election shall appoint a tabulator ("Tabulator"), which shall be a tellers committee of eligible voting stockholders or an independent third party, to tally the ballots. Salaried officers and employees and voting stockholders who are directors, candidates or members of the Nominating Committee are ineligible to serve as the Tabulator. Following the tallying of the votes, the Tabulator shall report the results to the Chairman conducting the meeting. All candidates shall be listed on the ballot by the position to be filled. If more than one position is to be filled, the election for each position shall be conducted independently. A candidate is elected by receiving a majority vote of the voting stockholders voting. In the case where no candidate receives a majority of the vote of the voting stockholders voting, a run-off election is held, using the same voter list as set by the Board of directors for the stockholder election, between the two candidates that received the most votes. Any necessary run-off election shall be conducted within 30 days of receipt of the results of the initial election and shall use the same voter list as the initial election.

The Board may elect to hold all voting for directors and/or Nominating Committee members by mail ballot. The procedure for such mail ballot shall be as follows: within ten (10) business days following the date of the annual stockholders' meeting, a ballot shall be mailed to each voting stockholder. The election polls shall be closed at the end of the fifteenth business day following the date on which the ballots are mailed to the voting stockholders. On the first business day after the polls are closed, the Tabulator shall tally the ballots which were returned prior to the closing of the polls. The Tabulator shall report the results of the election to the CEO of the Association,

who shall send a notice to the members within (10) business days announcing the results of the election.

Mailing a ballot to a member's address as recorded in the books and records of the Association shall be conclusive evidence of receipt of the ballot by the member. The tallying of ballots shall be under the supervision and guidance of the Tabulator appointed at the annual stockholders' meeting. The Tabulator shall certify as to the results of the election prior to any public announcement of the results of the election.

4.06. Voting on Director-Elected Directors. Each Outside Director required to be elected by the other directors under these bylaws shall be elected at a meeting of the Board of Directors duly called and regularly held. This election may occur no more than 60 days prior to expiration of the Outside Director's term or as soon as practical following either the expiration of the term of office of an Outside Director or at the time the position of an Outside Director becomes vacant for any reason. Other Appointed Directors may be selected by the Board when the Board believes that the best interest of the Association will be served by selecting Other Appointed Directors who will facilitate diversity, add needed skills or otherwise enhance the Board's governance.

4.07. Term of Office. Directors shall serve a term of four years, commencing July 1 following their election or appointment and ending on June 30 of the fourth year, or for the unexpired portion of the term for which the director was elected or appointed, and until a successor is elected and qualified or appointed, unless the director shall: (a) resign; (b) become unable to act by reason of disqualification; (c) die or become unable to carry out the responsibilities due to disability; (d) be removed from office or have the position shortened or eliminated by action of the voting stockholders for Stockholder-Elected Directors or, by the Board in accordance with FCA Regulations for Outside Directors or Other Appointed Directors.

4.08. Staggered Terms. If as a result of a change in the number of directors or for any other reason the terms of Stockholder-Elected directors do not expire equitably on a staggered basis, the terms of the directors elected thereafter shall be for such periods not to extend beyond August 31 following the fourth annual meeting thereafter with respect to directors who are voting stockholders as will establish or re-establish expiration of terms of directors on an equitably staggered basis.

4.09. Vacancies. Except as provided in Section 5.34 of the Act, with respect to directors who are required to be voting stockholders, whenever a vacancy occurs in one or more of the Stockholder-Elected Director positions, the Board of Directors may: (i) eliminate the position(s), so long as the elimination does not result in there being less than one position representing each Director Election Region; (ii) elect an eligible qualified voting stockholder to fill the unexpired term of the position; (iii) in the event the vacancy occurs in a regional position, elect a currently-serving director holding an at-large position to fill the unexpired term of the vacated position, provided fulfillment of the unexpired term is amended to match with the term of the at-large director elected to fill the regional position; or (iv) hold the position vacant until commencement of the annual Nominating Committee process, at which time the committee would undertake to nominate candidates for the unexpired term under its normal procedures. With respect to the Outside Directors and the Other Appointed Directors, a vacancy shall be filled pursuant to the provisions of Section 4.06 of these bylaws.

4.10. Duties of Directors. The Board of Directors shall be responsible for the general control and direction of the affairs of the Association. The Board shall determine Association policy consistent with applicable law and regulations and shall see that its policies are

implemented by the management of the Association. In performing its duties, the Board of Directors shall exercise all powers of the Association and shall have the authority to take all such lawful acts with respect to the affairs of the Association except those which are specifically reserved to the stockholders under applicable law, regulations, the Association's charter or these bylaws. At its election the Board may delegate to an executive committee composed of less than all of its members the responsibility for performing specific Board functions and may grant to the executive committee such rights, powers and authority as may be necessary to enable the executive committee to carry out those responsibilities.

The Board shall recognize that the Association, PCA and FLCA are responsible for, and dependent on, each other's financial condition. Accordingly, the Board shall manage the Association's affairs and establish policies with the primary objective of improving the three institutions' combined financial condition.

4.11. Board Meetings. The Board of Directors of the Association may hold both regular and special meetings at such times and locations as may be designated by the chairman. With his or her consent, a director shall be considered present at a meeting if he or she is in radio or telephone communication with the other directors participating in the meeting. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except when a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened. Regular meetings of the Board may be held without notice at such time and place as shall from time to time be determined by the Board provided that each Board member is made aware of the regularly scheduled time and location for each such meeting and further provided that the meetings are actually held at the regular time and place. Special meetings of the Board of Directors may be called by the chairman of the Board or by the chief executive officer and shall be called by the chief executive officer or secretary on the written request of any two directors. Written notice of the time and place of all special meetings shall be given to each director at least 24 hours before the date of the meeting. Except as may be otherwise expressly provided by law, regulations or these bylaws, the matters to be considered and the purpose of any regular or special meeting of the Board need not be specified in the notice of the meeting.

4.12. Quorum: Majority Vote. A majority of the Board of Directors at a meeting duly assembled shall be necessary to constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, except as may be otherwise specially provided by law, regulations or these bylaws. If a quorum shall not be present at any meeting of the directors, the directors in attendance may adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum shall be present. At any adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The directors present at a duly convened meeting may continue to transact business until adjournment notwithstanding the withdrawal from the meeting of enough directors so that less than a quorum remain.

4.13. Action Without Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all the members of the Board of Directors. Such consent shall have the same force and effect as a unanimous vote at a meeting of the Board. The signed consent, or a copy of the signed consent, shall be placed in the Association's minute book.

4.14. Record of Board Action. The Board of Directors shall keep regular minutes of its proceedings, which shall be placed in the minute book of the Association.

4.15. Honoraria. Under policies consistent with the Farm Credit Act and applicable

regulations, the directors may be paid an honorarium for attendance at Board meetings, committee meetings or for special assignments on behalf of the Association. The Association may also reimburse directors for reasonable expenses incurred in connection with such meetings or assignments.

4.16 Removal of Directors. In addition to the provisions of 4.03 of these Bylaws regarding disqualification, any director may be removed from the Board by a majority vote of the voting stockholders present at any annual or special stockholders' meeting upon motion for removal, duly made, seconded and carried provided the notice of the meeting contains a notification that the removal is to be considered. In addition, an Outside Director or an Other Appointed Director may be removed by a two-thirds majority vote of the full Board of Directors, excluding the Outside Director or Other Appointed Director who is subject to removal. The removal of any director shall be subject to procedures established by the Association and the reasons for removal must be documented. Further, if any director is absent for three consecutive regular meetings of the Board and fails to provide a written, verifiable excuse justifying such absences to the satisfaction of the Board, then Board in its sole discretion may remove such director from office by a two-thirds majority vote of the remaining directors at any regular or special Board meeting, provided that such removal vote occurs within 60 days of the date of such director's failure to attend his or her third consecutive regular Board meeting without the required excuse.

4.17 Director Discipline. The Board may impose appropriate disciplinary actions including but not limited to: a censure or formal statement of disapproval; a suspension from meetings and activities; removal from Board committee assignments or representation of the Association on outside appointments or roles; withholding of honoraria; and disclosure of violations in published reports to stockholders. The Board may act to take disciplinary action against any director who:

- (1) violates FCA regulations, the bylaws, policies, or Code of Ethics; or
- (2) engages misconduct or unethical behavior including being criminally charged, indicted or incarcerated; or
- (3) fails to perform his or her duties as a director; or
- (4) is involved in any action that is detrimental to the Association's interests as determined by the Board.

Disciplinary action may be initiated by submitting a written complaint to the Executive Committee who will be charged with investigating the complaint and providing a report to the Board. If the Executive Committee determines the complaint is valid, the director in question shall be given written notice of the complaint and the investigation findings and shall have the opportunity to respond in writing within fifteen (15) days. The Board chairman shall call a special meeting of the Board to consider the complaint, the investigation report, and the director's response. The director in question shall have the right to present their case. The Board shall vote on the disciplinary action. A two-thirds majority vote is required to impose any disciplinary action. The director shall be notified in writing of the Board's decision and any disciplinary action imposed. The director may appeal the Board's decision by submitting a written appeal to the Board chairman within fifteen (15) days of receiving the decision. The Board shall review the appeal and make a final decision within thirty (30) days.

4.18. Resignation. A director may resign by providing written notice to the Board chairman specifying the date upon which such resignation is to become effective.

4.20 Boards of PCA and FLCA. Upon being elected or appointed as a director of the Association, such director shall automatically become a member of the boards of directors of

PCA and FLCA and shall remain on such boards so long as such individual remains a member in good standing of the Association's Board.

4.25 Committees. The Board may, at its discretion or as required by FCA Regulations, appoint such committees as may be necessary, shall appoint or discharge any member of such committees, and shall prescribe the duties and responsibilities of the committees it establishes. A majority of any committee shall constitute a quorum. A member of the Board of Directors or an employee or director serving on any committee shall withdraw from the meeting of the Board or committee during its deliberation and determination of any matter related to the director's or employee's personal interests and the minutes shall so state. Each committee shall keep a written record of its proceedings. Vacancies on any committee shall be filled from among the alternates, if any, by vote of the entire Board.

ARTICLE V OFFICERS

5.01. Election of Board of Directors Leadership. At the first regularly called board meeting after the election is conducted, or as soon thereafter as may be practical, the Board of Directors will elect a chairman and vice chairman from among the directors. The Board chairman may appoint other leadership positions as warranted, including but not limited to chairs and vice chairs of each Board committee. The Board of Directors is also responsible for: (1) selecting and hiring a Chief Executive Officer; (2) appointing an employee of the Association to serve as the Association's Corporate Secretary and any assistant Corporate Secretaries, as may be needed; and (3) appointing a Standards of Conduct Official. None of the positions identified in the preceding sentence may be a member of the Board and no single employee may hold multiple positions without the express approval and consent of the Board.

5.02. Compensation. The salaries of all officers and employees of the Association shall be fixed by the Board of Directors or by the chief executive officer of the Association to whom such power has been delegated by the Board of Directors subject to the provisions of the overall compensation program for senior officers approved by the Board's compensation committee pursuant to FCA regulations, provided that the chairman and vice chairman of the Board shall not receive a salary though they shall be eligible to receive the compensation provided for in Section 4.15 of these bylaws to the same extent that other members of the Board are eligible to receive such compensation. No individual shall be eligible to become a salaried officer or salaried employee of the Association if such individual served on the Association's Board of Directors within twelve months immediately preceding the time employment would otherwise commence.

5.03. Term; Vacancies. Each officer of the Association shall hold office until his or her successor is chosen and qualified or until his or her death, resignation or removal from office. Any officer or employee elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the members of the Board or by the chief executive officer, if such authority is delegated to the chief executive officer by the Board. Any vacancy occurring in any office of the Association may be filled by the Board of Directors at any time.

5.04. Chairman of the Board. The chairman of the Board shall preside over all meetings of the Board of Directors. He or his designee shall preside over all stockholders' meetings. The chairman shall see that all orders and resolutions of the Board of Directors, laws and regulations with respect to the Association and all applicable policies and procedures are carried into effect and shall perform such other duties as may be prescribed by the Board of Directors.

5.05. Vice-Chairman of the Board. In the absence of the chairman, the vice-chairman shall perform the duties of the chairman as well as such other duties as may be prescribed by the Board of Directors. In the absence of both the Chairman and the Vice-Chairman, the Chairman of the Governance Committee shall perform the duties of the chairman as well as such other duties as may be prescribed by the Board of Directors.

5.06. Chief Executive Officer. The chief executive officer shall perform such duties and exercise such authority as may be vested or delegated by the Board of Directors. The chief executive officer shall be the senior salaried officer of the Association, and as such shall have, except to the extent authority is reserved by the Board of Directors, general supervisory authority and responsibility with respect to all other salaried officers and employees. He or she shall be responsible for the day-to-day operations of the Association and, subject to guidelines and limitations established by the Board of Directors, shall employ, supervise and dismiss any and all salaried officers and employees of the Association, fix their compensation within salary plans approved by the Board and designate the order of precedence in which the other officers shall act in the absence of any officer.

5.07. Standards of Conduct Official. The Standards of Conduct Official shall administer the Association's Standards of Conduct Program and have:

- (1) Direct access to the board (or designated board committee) for the purpose of discussing and reporting on matters related to the institution's Standards of Conduct Program and Code of Ethics;
- (2) Authority to carry out the responsibilities set forth in this section;
- (3) Accessibility to all directors, employees, and agents of the institution;
- (4) Legal authority to receive confidential Standards of Conduct Program communications from all directors, employees, and agents of the institution; and
- (5) Resources adequate for implementing a successful Standards of Conduct Program.

5.08. Corporate Secretary. The Corporate secretary shall keep a complete record of all meetings of the stockholders and Board of Directors and shall be responsible for the corporate records of the Association. The Corporate Secretary shall maintain the corporate seal, if any, and shall affix same to all papers requiring a seal, shall attest the signatures of other officers of the Association and shall perform all such other duties as may be required by the Board of Directors, Chief Executive Officer or these bylaws.

ARTICLE VI

NOTICES

6.01. Method. Notices to directors and stockholders shall be in writing and delivered personally or mailed to the directors or stockholders at their addresses appearing on the records of the Association. Notice by mail shall be deemed to be given at the time when the same shall be deposited in a United States post office or mail box, postage prepaid. Notice to directors may also be given by electronic mail or facsimile and shall be deemed to be given at the time when confirmation of receipt of electronic mail or facsimile is made.

6.02. Consent. Whenever all parties entitled to vote at any meeting, whether directors or stockholders, consent either by a writing in the records of the meeting filed with the secretary or, in the case of directors, by presence at the meeting and oral consent entered on the minutes, or by taking part in the deliberations at the meeting without objection, the doings of such meeting shall be as valid as if a meeting had been regularly called and noticed. At the meeting any business

may be transacted which is not excepted from the written consent or to the consideration of which no objection for want of notice is made at the time, and if any meeting be irregular for want of notice or of such consent, provided a quorum were present at such meeting, the proceedings of the meeting may be ratified and approved and rendered likewise valid and the irregularity or defect waived by a writing signed by all parties having the right to vote at the meeting, and such consent or approval of stockholders may be by written proxy.

6.03. Waiver. Whenever any notice is required to be given under the provisions of the law, regulations or these bylaws, a waiver thereof in writing, signed by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent to proper notice.

ARTICLE VII

CAPITALIZATION OF ASSOCIATION

7.01 General Authorization of Classes, Par or Face Value, Voting Rights, Adoption, Form, Ownership

7.01.1 The Association is authorized to have outstanding Class A Common Stock, Class B Common Stock, Class P Common Stock, and participation certificates. Each share of stock and unit of participation certificates shall have a par or face value of \$5.00. Fractional shares of stock or units of participation certificates shall not be issued. Notwithstanding any provision of this article, no class of stock shall be issued, transferred, retired, have dividends declared or paid upon it, or otherwise be dealt by the Association or any other party except in accordance with applicable law and regulations.

The Association is authorized under Section 7.40 to issue and have outstanding Preferred Stock in the amounts and subject to the conditions and limitations set forth in Section 7.40.

7.01.2 Class B Common Stock will have full voting rights, while Class A Common Stock, Class P Common Stock and participation certificates will have no voting rights except as provided in this section. Except as provided in this section, these capitalization bylaws and any amendments thereto shall not take effect until approved by a majority of voting stockholders in accordance with Section 4.3A(c)(2) of the Farm Credit Act of 1971, as amended, (the Act) voting in person or by written proxy at a duly authorized meeting. Preferred stock must be authorized by a majority of the shares of each class of equities adversely affected by the preference, voting as a class, whether or not such classes are otherwise authorized to vote. Cumulative voting for the election of directors or for any other purpose shall not be permitted.

7.01.3 Evidence of ownership of capital stock and participation certificates shall be by book entry except as may otherwise be required by regulation of the Farm Credit Administration. The Association shall be its own transfer agent in all matters relating to its capital stock and participation certificates.

7.02 Capitalization Plan. The Board of Directors shall adopt a consolidated plan of capitalization for the Association, FLCA and PCA in compliance with these bylaws and applicable regulations.

7.10 Stock Forms, Rights and Privileges.

7.10.1 Class A Common Stock - Nonvoting:

7.10.11 Holder Class A Common Stock will only be issued for the conversion of Class B Common Stock or participation certificates as provided for in Section 7.10.27 and 7.10.47, respectively.

7.10.12 Issuance. Class A Common Stock may be issued in unlimited amounts.

7.10.13 Retirement.

(1.) Class A Common Stock may be retired at the sole discretion of the Association's Board in accordance with the policy and procedure of the Association's Board, provided minimum capital adequacy standards established in Regulations (including subpart H of part 615 and part 628 of the Regulations), and the capital requirements established by the Board, are met after such retirement.

(2.) At its option the Association may retire all or a part of the shares of Class A Common Stock against the outstanding indebtedness of a borrower, in the event of default by the borrower, provided the Association meets or exceeds minimum capital adequacy requirements established by the FCA.

(3.) Class A Common Stock shall be retired at book value not to exceed par value.

7.10.14 Dividends. Class A Common Stock shall have an equal right with other classes of common stock or participation certificates to any common dividends declared by the Board.

7.10.15 Patronage Distributions. Ownership of Class A Common Stock will not entitle holders to any patronage distributions declared by the Association's Board of Directors.

7.10.16 Transfer. Class A Common Stock may be transferred to any individual or legal entity.

7.10.17 Conversion. Class A Common Stock may be converted to either Class B Common Stock or participation certificates provided that the holder is eligible to hold such stock or participation certificates. Class A Common Stock that has been transferred may be converted only if the Association meets minimum capital adequacy standards established by FCA at the time of conversion.

7.10.18 Lien. The Association, PCA and FLCA, as applicable, shall have a first lien on all outstanding Class A Common Stock owned by a borrower as additional collateral for any indebtedness of the borrower to the Association, PCA and/or FLCA.

7.10.2 Class B Common Stock - Voting:

7.10.21 Holder. Class B Common Stock may only be issued to borrowers who are farmers, ranchers, or producers or harvesters of aquatic products.

7.10.22 Issuance Requirement. Class B Common Stock is required to be purchased by every eligible holder as a condition for obtaining a loan or loans in an amount as determined by

the Board within a range between the minimum prescribed by the Farm Credit Act and a maximum not to exceed ten percent (10%) of the loan amount. The number of shares authorized to be issued and outstanding will be unlimited. Outstanding stock in excess of the above requirement may be used to satisfy the stock purchase requirement for new disbursements or new loans to the holder. Class B Common Stock is required to be purchased by every eligible holder as a condition for obtaining a lease and will be maintained in an amount as determined by the Board within a range between a minimum of one (1) share and a maximum not to exceed ten percent (10%) of the lease amount. Class B Common Stock need not be purchased by any borrower whose loan, at the time the loan is made, is designated for sale into a secondary market, and is in fact sold within the 180-day period beginning on the date of designation. If such loan is not sold into a secondary market by the expiration of the 180-day period, the borrower shall purchase Class B Common Stock in the amount set forth above for loans not sold into a secondary market. In cases where (1) stock has been issued on a loan made before February 10, 1996, the effective date of the Farm Credit System Reform Act of 1996, or (2) stock is issued on a loan made on or after February 10, 1996 that is designated for sale into a secondary market but is not sold during the 180-day period beginning on the date of designation, and where such loan is subsequently sold into a secondary market, the stock shall be retired provided that minimum regulatory capital adequacy standards are met after such retirement. The retention by the Association of a subordinated participation interest in any loan sold into a secondary market under title VIII of the Act shall not affect the application of this bylaw to such loan.

7.10.23 Retirement.

(1.) Except as provided in Section 7.10.22, the amount of the Class B Common Stock that exceeds the amount required in Section 7.10.22 may be retired at the sole discretion of the Board in accordance with the policy and procedure of the Association's Board, provided minimum capital adequacy standards established in Regulations (including subpart H of part 615 and part 628 of the Regulations), and the capital requirements established by the Board, are met after such retirement.

(2.) Class B Common Stock shall be retired at book value not to exceed par value.

(3.) At its option and upon proper notice to the borrower, the Association may retire all or part of the shares of Class B Common Stock outstanding against the outstanding indebtedness of a borrower in the event of default by the borrower.

(4.) If the Association forgives and writes off under Section 4.14A of the Act any of the principal outstanding on a loan to a borrower who is a member of the Association, the Association shall cancel the same dollar amount of borrower stock held by the borrower in respect of the loan, up to the total amount of such stock. In any event, if the borrower has a continuing loan obligation with the Association, the borrower shall be entitled to retain at least one share of Class B Common Stock to maintain the borrower's membership and voting interest in the Association.

7.10.24 Dividends. Class B Common Stock shall have an equal right with other classes of common stock or participation certificates to any common dividends declared by the Board.

7.10.25 Patronage Distributions. Ownership of Class B Common Stock will entitle holders to any patronage distributions declared by the Association's Board of Directors as provided in Section 8.40.

7.10.26 Transfer. Class B Common Stock may be transferred to other persons or entities eligible to hold it under Section 7.10.21. Such transferred stock may be used to satisfy purchase requirements under Section 7.10.22 only if the Association, FLCA and PCA meet minimum capital adequacy requirements as established by FCA or such higher amount as established by the Board.

7.10.27 Conversion. Class B Common Stock shall be converted to Class A Common Stock within two years after the holder ceases to be a borrower. Class B Common Stock may be converted to Class A Common Stock upon member's request. Conversion will be limited to only that amount of stock which is eligible for retirement as enumerated in Section 7.10.23.

7.10.28 Lien. The Association, PCA and FLCA, as applicable, shall have a first lien on all outstanding Class B Common Stock owned by a borrower as additional collateral for any indebtedness of the borrower to the Association, FLCA and PCA.

7.10.3 [Reserved]

7.10.4 Participation Certificates - Nonvoting:

7.10.41 Holder.

(1.) Participation certificates will be issued as a condition of borrowing from the Association, PCA or FLCA. Participation certificates may be issued to borrowers or applicants who are:

(a.) Rural residents to capitalize rural housing loans.

(b.) Persons or organizations furnishing farm-related services.

(c.) Other persons or organizations who are eligible to borrow from or participate with the Association but who are not eligible to hold voting stock.

(2.) Participation certificates may be issued to any person who is not a stockholder but who is eligible to borrow from the Association, PCA or FLCA for the purpose of qualifying such person for technical assistance, financially related services and leasing services offered by the Association.

(3.) Participation certificates may be issued at the discretion of the Association's Board to persons who sell participation interests in loans or leases to the Association, PCA or FLCA.

7.10.42 Issuance. Participation certificates are required to be purchased by every eligible borrower not eligible to hold voting stock as a condition for obtaining a loan in an amount as determined by the Board within a range between the minimum prescribed by the Farm Credit Act and a maximum not to exceed ten percent (10%) of the loan amount. Outstanding participation certificates in excess of this requirement may be used to satisfy the stock purchase requirement for new disbursements or new loans to the holders. The number of certificates authorized to be issued and outstanding will be unlimited. Participation certificates must be purchased by every

eligible holder not eligible to hold voting stock as a condition for obtaining a lease in an amount as determined by the Board within a range between a minimum of one (1) unit and a maximum not to exceed ten percent (10%) of the lease amount. Participation certificates need not be purchased by any borrower whose loan, at the time the loan is made, is designated for sale into a secondary market, and is in fact sold within the 180-day period beginning on the date of designation. If such loan is not sold into a secondary market by the expiration of the 180-day period, the borrower shall purchase participation certificates in the amount set forth above for loans not sold into a secondary market. In cases where (1) participation certificates have been issued on a loan made before February 10, 1996, the effective date of the Farm Credit System Reform Act of 1996, or (2) participation certificates are issued on a loan made on or after February 10, 1996 that is designated for sale into a secondary market but is not sold during the 180-day period beginning on the date of designation, and where such loan is subsequently sold into a secondary market, the participation certificates shall be retired provided that minimum regulatory capital adequacy standards are met after such retirement. The retention by the Association of a subordinated participation interest in any loan sold into a secondary market under title VIII of the Act shall not affect the application of this bylaw to such loan.

7.10.43 Retirement.

(1.) Except as provided in Section 7.10.42, the amount of participation certificates that exceeds the amount required under Section 7.10.42 may be retired at the sole discretion of the Association's Board in accordance with the policy and procedure established by the Board, provided minimum capital adequacy standards established in Regulations (including subpart H of part 615 and part 628 of the Regulations), and the capital requirements established by the Board, are met after such retirement.

(2.) Participation certificates shall be retired at book value not to exceed par value.

(3.) The Association, at its option, and upon proper notice to the borrower, may retire all or part of the participation certificates against the outstanding indebtedness of a borrower in the event of default by the borrower.

7.10.44 Dividends. Participation certificates shall have an equal right with other classes of common stock to any common dividends declared by the Board.

7.10.45 Patronage Distributions. Ownership of participation certificates will entitle the holder to share in any patronage distributions declared by the Association's Board of Directors as provided in Section 8.40.

7.10.46 Transfer. Participation certificates may be transferred to other persons or entities eligible to hold them under Section 7.10.41. Transferred participation certificates may be used to satisfy the purchase requirements under Section 7.10.42 only if the Association, FLCA and PCA meet minimum capital adequacy requirements as established by FCA and such higher amount as established by the Board.

7.10.47 Conversion. Participation certificates may be converted to Class A Common Stock upon the member's request. Conversion will be limited to only that amount of participation certificates which is eligible for retirement as enumerated in Section 7.10.43.

7.10.48 Lien. The Association, PCA and FLCA, as applicable, shall have a first lien on all outstanding participation certificates owned by a borrower as additional collateral for any

indebtedness of the borrower to the Association, FLCA and PCA.

7.10.5 Class P Common Stock – Nonvoting:

7.10.51 Holder. This stock may be issued to borrowers eligible to hold Class B Common Stock or participation certificates. The issuance of this stock for the purposes of accepting the distribution of Association earnings shall be a condition to obtaining a loan.

7.10.52 Amount; Issuance.

(1.) Class P Common Stock may be issued in unlimited amounts. This stock shall be issued in series with the stock issued in each fiscal year constituting a separate series.

(2.) Class P Common Stock may be issued as provided in these bylaws only for allocated surplus distributions (Section 8.20), stock dividends (Section 8.30), and patronage distributions (Section 8.40).

7.10.53 Retirement. This stock may be retired at the sole discretion of the Board in accordance with the policy and procedure of the Association's Board, provided minimum capital adequacy standards established in Regulations (including subpart H of part 615 and part 628 of the Regulations), and the capital requirements established by the Board, are met after such retirement.

7.10.54 Dividends. This stock shall be eligible for any dividends declared by the Association's Board of Directors.

7.10.55 Patronage Distributions. Ownership of Class P Common Stock will not entitle holders to any patronage distributions declared by the Association's Board of Directors.

7.10.56 Transfer. This stock may be transferred to any person or legal entity.

7.10.57 Conversion. This stock may not be converted.

7.10.58 Lien. The Association, PCA and FLCA, as applicable, shall have a first lien on all outstanding Class P Common Stock owned by a borrower as additional collateral for any indebtedness of the borrower to the Association, FLCA and PCA.

7.20 Impairment.

7.20.10 Any losses which result in any impairment of the Association's capital stock shall be borne ratably, first by each share or unit of all classes of common stock and participation certificates, and second by each share of preferred stock (if any).

7.20.11 Impaired stock and participation certificates shall be restored in the reverse of the sequence in Section 7.20.10 until each share of stock and unit of participation certificates has a book value equal to the par or face value, respectively.

7.30 Distribution on Liquidation. In the event of the liquidation or dissolution of the Association, any assets of the Association remaining after payment or retirement of all liabilities shall be distributed to the holders of stock and participation certificates in the following order of priority:

First, ratably to the holders of Preferred Stock, in proportion to the number of shares of such Preferred Stock then issued and outstanding and consistent with the terms of such Preferred Stock until an amount equal to the liquidation preference provided for in the terms of such Preferred Stock established pursuant to this Article VII of all such shares has been distributed to such holders (except that, if the shares of Preferred Stock of different classes have different priorities upon liquidation as contemplated by Section 740.1, distribution shall be first made to the more senior series in accordance with their ranking up to the amount equal to their respective liquidation preferences before distributions are made to the more subordinated series); and

Second, to the holders of common stock and participation certificates, pro rata in proportion to the number of shares of units of stock or participation certificates then outstanding until an amount equal to the aggregate par value or unit value of all shares of such stock and participation certificates issued and outstanding has been distributed to such holders; and

Third, to the holders of allocated surplus evidenced by qualified written notices of allocation pro rata, on the basis of the oldest allocations first, until an amount equal to the balance outstanding in this account has been distributed to the holders; and

Fourth, to the holders of allocated surplus evidenced by nonqualified written notices of allocation on a pro rata basis until an amount equal to the balance outstanding in this account has been distributed to the holders; and

Fifth, any remaining assets of the Association after such distribution shall be distributed to the members, both past and present, in proportion to which the aggregate patronage of each such member bears to the total patronage of all such parties insofar as practicable, unless provided by law.

7.40. Rights and Preferences of Preferred Stock.

7.40.10. Authorization. The Association is authorized to issue preferred stock (“Preferred Stock”) with an aggregate par value of up to \$400 million from time to time in one or more series or as may otherwise be limited by applicable regulations. The par value of each share of Preferred Stock may vary by series. Preferred Stock may be issued for consideration to holders of Association common stock, and to any person or entity so long as each of the same qualifies as a “qualified” institutional buyer” (as such term is defined in Rule 144A under the Securities Act of 1933), institutional “accredited investor” (as such term is defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act), or other such investor approved by the FCA at the time of issuance thereof. Preferred Stock shall not be issued as patronage distributions. Each series of Preferred Stock shall be subject to any transfer restrictions, minimum purchase amounts, and types of sophisticated purchasers imposed by the FCA at the time of issuance thereof. Preferred Stock may not be converted into any class of stock other than another series of Preferred Stock. Preferred Stock may be in certificate or book-entry form at the Board’s option. In either case, ownership shall be confirmed and transfers registered by the Association or by a registrar or a transfer agent retained by the Association.

7.40.20. Rights of Series. Preferred Stock may be issued from time to time by resolution

of the Board in one or more series, each series being so designated as to distinguish the shares thereof from the shares of all other series and classes. Subject to the limitations set forth in these Bylaws, all or any of the series of Preferred Stock and the relative rights and preferences between series may be fixed and determined by the Board in a certificate of designations adopted by the Board. The rights and preferences of each series of Preferred Stock, when established as set forth herein, shall be deemed to be part of this Article VII.

7.40.30. Dividends. Preferred Stock shall bear either cumulative or non-cumulative dividends payable in arrears, when, as and if declared by the Board out of legally available funds. Preferred Stock shall be entitled to a preference both as to dividends (and other distributions including patronage distributions) and upon liquidation, dissolution and winding up over all of the Association's common stock, participation certificates, and allocated surplus (collectively, "Junior Stock").

7.40.40. Redemption. Preferred Stock is redeemable as specified in the terms of the particular class or series of Preferred Stock. The terms of a series or class of Preferred Stock may allow redemptions of the shares of such class or series, in part or whole: (a) upon a specified maturity date; (b) at the option of the Association, on or after the expiration of a specified "no-call" feature (or at any time if there is no such feature); or (c) at the discretion of the Association, on or after a "Regulatory Event" as specified in the terms of the Preferred Stock, or any combination of the foregoing. Any redemption at the option of the Association shall be at the sole discretion of the Board and subject to any required approval of the FCA or any other governmental or regulatory body applicable to the Association. Each redemption of Preferred Stock shall be at par value, not to exceed book value, plus accrued and unpaid dividends to the redemption date for cumulative Preferred Stock, and at par value, not to exceed book value, plus (to the extent provided in the terms of the Preferred Stock) declared and unpaid dividends for prior dividend periods and accrued and unpaid dividends (whether or not declared) for the then current dividend period to the redemption date for non-cumulative Preferred Stock. No redemption of Preferred Stock shall occur unless the Association is in compliance with the minimum capital adequacy standards established by the FCA. Redemption of Preferred Stock may require prior approval by the FCA.

ARTICLE VIII EARNINGS, SURPLUS, DIVIDENDS, PATRONAGE DISTRIBUTIONS

8.01. Application of Earnings or Losses

8.01.1. At the end of each fiscal year, the Association shall apply its earnings for such fiscal year as follows and in the order listed:

(1.) To cover operating expenses including additions to loan valuation reserves, in accordance with generally accepted accounting principles and as provided by law;

(2.) To restore the amount of any impairment of all capital stock and participation certificates as provided in Section 7.20 of the bylaws;

(3.) To restore the amount of any impairment of allocated surplus in the manner determined by the Board;

(4.) To create and maintain an unallocated surplus account as provided in Section

8.10 of these bylaws;

(5.) To pay dividends on capital stock of the Association if authorized, subject to the limitations in Section 8.30; and,

(6.) To make patronage distributions pursuant to Section 8.40 of these bylaws.

8.01.2. In the event of a net loss for any fiscal year, after applying earnings for such fiscal year as provided in Section 8.01.1 above, such loss shall be absorbed by: first, charges to the unallocated surplus account; second, impairment of the allocated surplus account in the manner determined by the Board; and third, impairment of capital stock as provided in Section 7.20.10.

8.10. Surplus Accounts. The Association shall create and maintain an unallocated surplus account and may maintain an allocated surplus account. The minimum aggregate amount of these two accounts shall be determined by the Association's Board, provided such amount equals or exceeds the minimum aggregate amount prescribed by FCA. At the end of any fiscal year that the surplus accounts otherwise would be less than the capital levels determined by the Board to be reasonably required for the sound operation of the Association, the Association shall apply earnings for the year to the unallocated surplus account to satisfy such capital requirements.

8.20. Allocated Surplus Account

8.20.1. The Association may create and maintain an allocated surplus account consisting of earnings held therein and allocated to borrowers on a patronage basis pursuant to Section 8.40 of these bylaws. Allocated surplus may be evidenced by either "qualified written notices of allocation" or "non-qualified written notices of allocation," or both, as those terms are defined in 26 U.S.C. 1388:

(a) All allocations in the form of qualified written notices of allocation shall be issued in annual series and shall be identified by the year of issuance. Each such series shall be retired fully or on a pro rata basis, only at the discretion of the Board, in order of issuance by years as funds are available.

(b) All allocations in the form of non-qualified notices of allocation shall be issued in annual series and identified by the year of issuance. Each annual series may be subdivided between two or more classes. Each such series, or class thereof, shall be retired in the discretion of the Board.

Allocated surplus accounts shall be transferable only to the Association or to a member in the manner established by the Board, and no transfer thereof shall be binding upon the Association unless so transferred on the books of the Association. In the event of a net loss for any fiscal year, such allocated surplus account shall be subject to impairment in the order specified in Section 8.01.2 of these bylaws.

8.20.2. The Association, PCA and FLCA, as applicable, shall have a first lien on all surplus account allocations owned by any borrower and all distributions thereof as additional collateral for the borrower's indebtedness to the Association, FLCA and PCA.

8.20.3. When the debt of a borrower is in default or is in the process of final liquidation by payment or otherwise, the Association may order any and all surplus account allocations

owned by such borrower to be applied on the indebtedness.

8.20.4. Whenever all of the capital stock and participation certificates of the Association owned by a member are retired or otherwise disposed of, any surplus account allocations owned by such member may also be retired at the sole discretion of the Board only in accordance with Sections 8.20.5 and 8.50 of these bylaws.

8.20.5. Subject to the Act and the Regulations, and provided minimum capital adequacy standards established in the Regulations (including subpart H of part 615 and part 628), and the capital requirements established by the Board, are met, allocated surplus may be distributed, as approved by the Association's Board in its sole discretion, in Class P Common Stock of the Association and/or in cash. The cash proceeds may be applied against the indebtedness of the borrower to the Association, PCA or FLCA. In no event shall such distributions reduce the surplus account below the minimum amount prescribed by the Association's Board or reduce the capital adequacy requirements after the payment below the minimum established by regulations of the FCA or such higher capitalization objectives that have been established by the Board. Distributions of less than the full amount of all allocations issued as part of the same series (or class thereof) shall be on a pro rata basis. Any part of a distribution in Class P Common Stock to one owner that is less than \$5.00 may be held by the Association and cumulated with subsequent partial distributions to the owner until the partial distributions equal one whole share of Class P Common Stock.

8.30 Dividends.

8.30.1. Dividends may be paid on all classes of common stock and participation certificates of the Association, as the Board of Directors may determine by resolution, provided that at the time of declaration and after payment of the dividend, the Association will continue to exceed the regulatory minimum capital adequacy standards, and no class of stock or participation certificates is impaired. The resolution declaring the dividend shall establish a record date for determining holders eligible to receive the dividend and the payment date thereof. No dividend shall exceed 8% per annum of the total par/face value of the stock and participation certificates on which such dividend is being paid. The rate of dividend shall be the same for all classes of common stock and participation certificates. For any year with respect to which the Association is obligated to distribute patronage under Section 8.40 hereof, no dividend shall be paid on common stock and participation certificates.

No dividends on common stock or participation certificates will be declared, paid or set aside for payment unless previously accumulated and unpaid Preferred Stock dividends have been paid in full or, in the case of non-cumulative Preferred Stock, the full dividends for the immediately preceding dividend period have been declared and paid in full, and the Association has redeemed the full number of outstanding shares for each outstanding series of term Preferred Stock required to be redeemed prior to that date.

8.30.2. Dividends on common stock and participation certificates may be paid in cash, Class P Common Stock or partly in cash and partly in such stock. Any part of such dividends to one owner payable in stock that is less than \$5.00 may be distributed in cash or held by the Association and cumulated with subsequent dividends until the retained dividends equal \$5.00 so that the dividends may be distributed as one whole share of Class P Common Stock.

8.30.3. Dividends on Preferred Stock shall be as set forth in Section 7.40.

8.40. Patronage Distributions.

8.40.1. Subject to the provisions of the Act, Regulations and these Bylaws, prior to the beginning of any fiscal year or other period, the Association's Board may, by adoption of a resolution (the "Patronage Resolution"), obligate the Association to distribute, as a patronage dividend, its "Patronage-Sourced Net Earnings" for such fiscal year or other period. Patronage-Sourced Net Earnings shall mean the consolidated net earnings of the Association, PCA and FLCA attributable to patronage business ("Patronage Business") as defined in the Patronage Resolution. Members and other customers with or for whom the Association conducts Patronage Business ("Patrons") shall have the right to share in the patronage dividend on the basis of the quantity or value of their respective Patronage Business. In adopting the Patronage Resolution, the Association's Board may adopt a de minimis earnings exception which limits the patronage distribution if certain net earnings requirements are not met for the applicable fiscal year or other period. Any outstanding Patronage Resolution that is not rescinded prior to the beginning of the period to which it relates shall become irrevocable and constitute a binding legal obligation of the Association with respect to such period. Each transaction qualifying as Patronage Business shall include as part of its terms, whether the same has been expressly referred to in said transaction or not, the provisions of this Article VIII of the bylaws.

Any dividend that is declared by the Board on Preferred Stock or other capital stock and distributed by the Association shall not reduce Patronage-Sourced Net Earnings for the year of the distribution. Such dividends are in addition to amounts otherwise payable to Patrons which are derived from business done with or for Patrons during the fiscal year.

8.40.2. All patronage distributions shall be in proportion to the amount or value of Patronage Business done by the Association, PCA and FLCA with or for each Patron, as determined by the Board on an equitable and nondiscriminatory basis and as set forth in the Patronage Resolution. The Board may establish, on a fair and equitable basis, separate patronage pools for Patronage Business transactions of the same type or with similar characteristics. Any such pools will make a fair allocation of income and expenses among Patrons. Earnings from transactions that do not constitute Patronage Business, including transactions with members done on a non-patronage basis, will be segregated into a separate pool and will be not available for patronage distribution. A Patron during the distribution period for which the patronage distribution is made shall be entitled to receive a ratable share of the patronage distribution regardless of whether the member continues to be a stockholder or borrower of the Association on the date the declaration of the patronage distribution is made. Net earnings of any fiscal year shall be available for patronage distribution after first making the applications as required in Section 8.01.1.

8.40.3. Patronage distributions may be in cash, Class P Common Stock, or allocations of earnings retained in an allocated surplus account, or any one or more of such forms of distribution, provided that the cash portion of any patronage distribution which includes a "qualified written notice of allocation" shall not be less than the minimum amount required to qualify such distribution as a deduction for Federal income tax purposes. Distributions in the form of Class P Common Stock and allocated surplus may be in qualified or nonqualified form, as those terms are defined in 26 U.S.C. § 1388. Any portion of a patronage distribution made in the form of Class P Common Stock which is not a multiple of \$5.00 may be distributed in cash or held by the Association for the Patron and included in subsequent distributions.

8.40.4. Any part of the patronage distributions to a Patron may at the discretion of the Association be applied on the Patron's indebtedness to the Association, PCA or FLCA. When

the debt of a Patron is in default and has been in nonaccrual status, such Patron shall not be entitled to receive, and the Association shall not be obligated to distribute, a patronage distribution to such Patron while such debt is in nonaccrual status, unless the Patron contributed income to the Association on a cash basis during the relevant period, notwithstanding the nonaccrual status of the debt.

8.40.5. Each person who hereafter applies for and is accepted to membership in this Association and each member of this Association on the effective date of this bylaw who continues as a member after such date, and each person who thereafter applies for and is issued stock or participation certificates of this Association shall, by such act alone, consent that the amount of any distributions with respect to the member's patronage occurring after the date these bylaws were adopted, which are made in written notices of allocation and which are designated as "qualified" (as defined in 26 U.S.C. 1388), including patronage allocations of surplus account and patronage refunds paid in Class P Common Stock of the Association, and which are received by the member from the Association, will be taken into account (as income) by the member at their stated dollar amounts in the manner provided in 26 U.S.C. 1385(a) in the taxable year in which such written notices of allocation are received by the member. Such members also consent by such act alone, to take into account (as income) in the same manner, the amount of any distributions with respect to patronage if the member receives written notice from the Association that such amount has been applied on the member's indebtedness to the Association, PCA or FLCA. The terms "member" and "membership" as used in this bylaw shall have the meaning set forth in Article I of these bylaws.

8.40.51. The Association may obtain the written consent of each Patron that the amount of any distributions with respect to Patron's patronage, which are made in written notices of allocation and which are designated as "qualified" (as defined in 26 U.S.C. 1388), including patronage allocations of surplus account and patronage refunds paid in Class P Common Stock, and which are received by the Patron from the Association, will be taken into account (as income) by such Patron at their stated dollar amounts in the manner provided in 26 U.S.C. 1385(a) in the taxable year in which such written notice of allocations are received by the Patron. The form of consent shall be prescribed by the Board, except that it shall be continuing in effect until revoked by the Patron, and it may be included as part of the loan application or other appropriate form signed by borrowers. Any revocation shall become effective only with respect to patronage occurring on or after the first day of the first fiscal year of the Association beginning after the revocation is filed with the Association. Consent may also be obtained by use of a qualified check in the manner provided for in 26 U.S.C. 1388.

8.40.52. Any written notice of allocation made with the Patron's consent pursuant to the above sections shall be a "Qualified Written Notice of Allocation," and any patronage distribution made in accordance with such written notice shall be a "Qualified" patronage distribution. Any written notice that is not made with the Patron's consent pursuant to the above sections shall be a "Nonqualified Written Notice of Allocation," and any patronage distribution made pursuant to such a nonqualified notice shall be a "nonqualified" patronage distribution.

8.40.6. Where the Association arranges for the provision of credit and/or related services to its members through PCA and/or FLCA, and such members avail themselves of the arrangements made and maintained by the Association by borrowing or acquiring related services from PCA and/or FLCA, all net earnings or loss attributable to such provision of credit and/or related services shall be treated as net earnings or loss of the Association from business done with its members and all business done with PCA and FLCA shall be treated as business done with the Association.

8.40.7. Notwithstanding any provision of these bylaws, no patronage dividend may be declared or paid which would result in the failure of the Association to meet the regulatory minimum capital adequacy standards as may from time to time be promulgated by FCA pursuant to Section 4.3A of the Act, unless otherwise allowed under FCA regulations.

8.40.8 No patronage distributions or redemption of allocated surplus will be declared, paid or set aside for payment, unless previously accumulated and unpaid Preferred Stock dividends have been paid in full or, in the case of non-cumulative Preferred Stock, the full dividends for the immediately preceding dividend period have been declared and paid in full, and the Association has redeemed the full number of outstanding shares for each outstanding series of term Preferred Stock that are required to be redeemed prior to that date.

8.50. Retirement of Patronage Accounts. If at any time, the Board of Directors shall determine that the financial condition of the Association, FLCA and PCA will not be impaired thereby, the capital then credited to Patrons' accounts in qualified form may be retired in full or part. The Board of Directors shall have the sole discretion to make such retirements. The Board of Directors may take into account special circumstances, such as the death of a patron, in exercising its discretion at a duly called meeting. Any capital retired under this section shall be retired at present value based upon the current revolvment cycle, if any.

8.60. Amendment to Capitalization Bylaws. Amendments to the capitalization bylaws in Articles VII and VIII, including provisions permitting cumulative voting (if any), and the capitalization bylaws of PCA and FLCA, other than technical amendments not affecting substantive rights, shall not be effective without the approval of the Association's stockholders voting in person or by proxy at a duly authorized stockholders meeting. Any amendment authorizing the issuance of preferred stock must be authorized by a majority of the shares of each class of equities adversely affected by the preference, voting as a class, whether or not such classes are otherwise authorized to vote. Any amendment authorizing the issuance of preferred stock must be authorized by a majority of the shares voting of each class of equities adversely affected by the preference, voting as a class, whether or not such classes are otherwise authorized to vote.

ARTICLE IX INDEMNIFICATION

9.01 Indemnification.

a. The Association shall indemnify, to the fullest extent permitted by law, any director, officer or employee who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he/she is or was a director, officer or employee of the Association, or is or was serving pursuant to authorization in writing by the Association's Board of Directors as a director, officer, employee, agent, administrator, advisor, fiduciary or member of another corporation, non-profit or cooperative organization, partnership, unincorporated association, joint venture or entity, trust, retirement or other employee benefit plan or other organization or entity, against expenses (including attorney's fees), judgments, fines, penalties and amounts paid in settlement actually and reasonably incurred by him/her in connection with such action, suit or proceeding.

b. The Association may indemnify any agent of the Association to the same extent as and under the same provisions applicable to directors, officers and employees, but only by specific action of and to the extent designated by the Board.

c. As used in this Article, “party” means a defendant or respondent in an action, suit or proceeding.

9.02 Additional Indemnification Provisions. Notwithstanding any other provision of this Article, a director, officer or employee of the Association who has been successful on the merits or otherwise in the defense of any suit or proceeding referred to in Section 9.01 to which he/she was a party shall be indemnified against expenses (including attorney’s fees) actually and reasonably incurred by him/her in connection with such suit or proceeding.

9.03 Procedure. Any indemnification under Section 9.01 (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director, officer or employee is proper in the circumstances. Such determination shall be made (1) by the Board of Directors by a majority vote of directors who were not parties to such action, suit or proceeding, even though less than a quorum, or (2) if such a majority is not obtainable or, even if obtainable, a majority of disinterested directors so directs by independent legal counsel in a written opinion. For the purposes of this Section 9.03, independent legal counsel shall be selected by a majority of disinterested directors or, if such a majority is not obtainable, by the Board of Directors.

9.04 Advances of Expenses. Notwithstanding the provisions of Section 9.03, reasonable expenses incurred in defending any suit or proceeding referred to in Section 9.01 shall be paid by the Association in advance of the final disposition of such action, suit or proceeding if the director, officer or employee shall undertake in writing to repay such amount to the extent that it is ultimately determined, as provided herein, that such person is not entitled to indemnification for such amount. Advances of expenses shall be made promptly and in any event, within 30 days upon the written request of the director, officer or employee. Notwithstanding the foregoing no advance shall be made by the Association if and to the extent a determination is reasonably made pursuant to Section 9.03 that the director, officer, or employee is not entitled to indemnification for such expenses pursuant to Section 9.01.

9.05 Right of Claimant to Bring Suit

(i) If a claim for indemnification or advancement under this Article is not paid in full by the Association within thirty days after a written claim therefore has been received by the Association, the claimant may any time thereafter bring suit against the Association to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking has been tendered to the Association) that the claimant has not met the standards of conduct which make it permissible under the applicable law for the Association to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Association.

(ii) Neither the failure of the Association (including its Board of Directors or independent legal counsel) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he/she has met the applicable standard of conduct, nor an actual determination by the Association (including its Board of Directors or independent legal counsel) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

9.06 Contractual Rights

The right to be indemnified or to the reimbursement or advancement of expenses pursuant to this Article (i) is a contract right based upon good and valuable consideration, pursuant to which the person entitled thereto may bring suit as if the provisions hereof were set forth in a separate written contract between the Association and the director, officer or employee, (ii) is intended to be retroactive and shall be available with respect to events occurring prior to the adoption hereof, and (iii) shall continue to exist after the rescission or restrictive modification hereof with respect to events occurring prior thereto. However, this Article does not constitute a contract of employment or any terms and conditions of employment, and does not alter the employment status of any employee.

9.07 Requested Service

Any director, officer or employee of the Association serving, in any capacity, (i) another entity of which a majority of the securities entitled to vote in the election of its directors or comparable executives is held directly or indirectly by the Association and/or other Farm Credit System entities, (ii) any employee benefit plan of the Association or of any entity referred to in clause (i) above, or (iii) any committee, subcommittee, special asset group or other similar body related to the Farm Credit System, shall be deemed to be doing so pursuant to authorization in writing by the Association's Board of Directors.

9.08 Other Rights. The indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification or advance of expenses may be entitled under any insurance or other agreement, vote of stockholders or directors or otherwise, both as to actions in their official capacity and as to actions in another capacity while holding an office and shall continue as to a person who has ceased to be a director, officer or employee and shall inure to the benefit of the heirs, executors and administrators of such person. The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association or who is or was serving in any of the capacities referred to in Section 9.01 against any liability asserted against or incurred by him or her in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him or her against such liability under the provisions of this Article. Notwithstanding the foregoing, the Association shall not indemnify nor purchase or maintain insurance on behalf of any such person against any penalties, or other payments incurred as a result of an administrative proceeding or action instituted by the Farm Credit Administration which results in a final order assessing civil money penalties personally against such individual(s) or requiring affirmative action by such individual(s) to make payments to the Association, PCA or FLCA.

9.09 Waiver of Claims Against Director. To the fullest extent not prohibited by law, a director of the Association shall not be liable to the Association or its stockholders or members for monetary damages for an act or omission in the director's capacity as a director, except that this does not eliminate or limit the liability of a director to the extent the director is found liable for: (1) a breach of a director's duty of loyalty to the Association or its stockholders or members; (2) an act or omission not in good faith that constitutes a breach of duty of the director to the Association or an act or omission that involves intentional misconduct or a knowing violation of the law; (3) a transaction from which a director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office; or (4) an act or omission for which the liability of a director is expressly provided by an applicable statute.

ARTICLE X
GENERAL PROVISIONS

10.01 Checks, Contracts, Loans. All checks or demands for money and notes of the Association shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate. The Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. No loans shall be contracted on behalf of the Association, and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

10.02 Fiscal Year. The fiscal year of the Association shall be fixed by resolution of the Board of Directors.

10.03 Seal. The Board of Directors may adopt a seal for the Association which shall be in such form as the Board may determine. The seal may be used in causing it or a facsimile of it to be impressed, affixed or otherwise reproduced as the seal of the Association.

10.04 Amendments. These bylaws may be amended by a vote of a majority of the entire membership of the Board of Directors unless applicable law or regulations or these bylaws require an amendment to be approved by stockholders, in which event such approval shall be obtained. Amendments to the capitalization bylaws in Articles VII and VIII, including provisions permitting cumulative voting, if any, and the capitalization bylaws of PCA and FLCA, other than technical amendments not affecting substantive rights, shall not be effective without the approval of the Association's stockholders voting in person or by proxy at a duly authorized stockholders meeting. The notice of the intent to consider adoption of a bylaw amendment by the Board or the stockholders must contain the exact language of the proposed amendment in order for a vote upon the amendment to be effective. Any amendment authorizing the issuance of preferred stock must be authorized by a majority of the shares voting of each class of equities adversely affected by the preference, voting as a class, whether or not such classes are otherwise authorized to vote.

10.05 Effective Date. These bylaws shall become effective upon the date they are approved by the Board of Directors except to the extent stockholder approval is required by applicable law or regulations, and to that extent amendments shall be effective upon approval of the stockholders.

10.06 Unclaimed Property. The Association shall seek to pay to the owners the proceeds of any retirement of stock and participation certificates and any accrued dividends or patronage refunds. In the event the Association is unable to determine the address or whereabouts of the owner or the heirs and assigns of the owner, any funds held by the Association may be subject to disposition in accordance with state escheat laws.

10.07 Records and Reports. Copies of the organization papers of the Association, returns of Association elections, proceedings of all regular and special meetings of stockholders and directors, the bylaws and any amendments thereto, resolutions of the Board of Directors and reports of all committees shall be recorded in the minute books of the Association. The minutes of all committees and of the Board of Directors shall be signed by their respective chairmen or presiding officers and attested by the person acting as secretary of the meeting. To protect the confidentiality of the resolutions adopted by the Board in casting the ballots for Bank Board members, the minutes shall reflect only that balloting was held and the ballot submitted to the

Bank or the independent tabulator, as the case may be. At such times and in such manner as may be required by applicable law and regulations and generally accepted accounting principles, the Association shall make available to each member a written financial report, including a statement of income and expense and a statement of condition.