

BYLAWS
OF
AGTEXAS FARM CREDIT SERVICES

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DEFINITIONS

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

“Agreement” - the Agreement and Plan of Merger between AgTexas Farm Credit Services and Great Plains Ag Credit, ACA.

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

“Association” - this AgTexas Farm Credit Services, an agricultural credit association.

“Board” - the Board of Directors of the Association.

“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.

“FCA” - the Farm Credit Administration.

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

“FLCA” - AgTexas, FLCA, a Federal land bank association with direct lending authority and a subsidiary of the Association.

“Great Plains” - shall mean Great Plains Ag Credit, ACA.

“Member” - shall have the meaning ascribed to it under Section 1.04.

“PCA” - AgTexas, PCA, a production credit association and a subsidiary of the Association.

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

“System” - the Farm Credit System.

ARTICLE I

PREAMBLE

Section 1.01. Legal Authority: Ownership. The Association is a federally chartered institution of the Farm Credit System and as such is 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 shareholder-borrowers subject to regulation by the FCA (“FCA”) and supervision by the Farm Credit Bank of Texas (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 FCB (where mandated by the Act or Regulations), 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 Federal land credit association or, with respect to short and intermediate-term credit, a Production Credit Association. Without limiting the foregoing, these authorities include authority to make or participate with other lenders in long-term real estate mortgage loans, short- and intermediate-term loans and other similar financial assistance to: (1) bona fide farmers and ranchers and the producers or harvesters of aquatic products, (2) owners of rural homes, and (3) persons furnishing to farmers and ranchers farm-related services directly related to their on-farm operating needs. The Association also may provide technical assistance to borrowers, applicants, and members, and may make available, at their option, financially related services appropriate to their operations to the extent authorized by Regulations. These bylaws constitute the rules for the internal operation of the Association.

Section 1.02. Relationship with AgTexas, FLCA and AgTexas, PCA. The Association, AgTexas, FLCA (“FLCA”) and AgTexas, PCA (“PCA”) shall conduct an integrated lending operation. FLCA shall make long-term mortgage loans, participate in loans as authorized under the Act and Regulations, and provide financially related services to qualified borrowers in the Association’s territory. PCA shall provide short and intermediate-term credit, participate in loans as authorized under the Act and Regulations, and provide financially related services to qualified borrowers in the Association’s territory. In addition, all three institutions shall enter into a General Financing Agreement (“GFA”) with FCB for purposes of funding loans originated and made by the Association, FLCA and PCA pursuant to their respective lending authorities. The indebtedness owed to FCB 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 FLCA and PCA.

Section 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 FCB, or its corporate successor, any approval authority over the corporate governance of the Association other than that mandated by law.

Section 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 FCB or another System institution. 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

Section 2.01. Principal Office. The principal office of the Association shall be at 6901 Quaker Ave., Lubbock, Texas, or at such other place as the Board of Directors may designate from time to time.

Section 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

SHAREHOLDERS

Section 3.01. Time and Place of Meetings: Sectional Meetings. Meetings of the shareholders 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. The Board may provide for any shareholders 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 shareholder 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 shareholder shall be counted more than once for such purpose, and no shareholder 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 shareholders, including the election of directors and nominating committee members, must be introduced at the first sectional session of the meeting, except that if balloting is by mail as stipulated in Section 4.04, nominations may be made at all sectional sessions of the meeting.

Section 3.02. Annual Meetings. There shall be an annual meeting of members at such place(s) in the Association's chartered territory or within reasonable distance of the Association territory at date(s) and time(s) as the board of directors may by resolution provide.

Section 3.03. Special Meetings. Special meetings of the shareholders 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 shareholders 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 shareholders shall be limited to the purposes stated in the notice of the meeting.

Section 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, day and hour 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 either delivered personally or shall be mailed, postage prepaid, to each voting shareholder of record entitled to vote at the meeting not less than ten days before the meeting. Personal or mailed delivery 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.

Section 3.05. Quorum; Withdrawal of Quorum. Fifteen shareholders entitled to vote present in person or represented by proxy shall constitute a quorum at all meetings of the shareholders for the transaction of business, except as otherwise provided by law or regulation. If a quorum shall not be present or represented at any called meeting, the shareholders entitled to vote who are present in person or represented by proxy 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 shareholders present at a fully organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

Section 3.06. Majority Vote. When a quorum is present or represented at any meeting, the vote of a majority of the shareholders entitled to vote, present in person, represented by proxy or voting by mail ballot under Section 4.04, shall decide any question brought before the meeting, unless the question is one upon which by express provisions of applicable law or regulations a different vote is required, in which case such express provision shall govern and control. If a meeting is held in consecutive sectional sessions, the results of the votes cast at all sessions of the meeting shall be reported to the members only after the last sectional session.

Section 3.07. Voting List. A least ten days before each meeting of shareholders, the officer or agent having charge of the stock transfer books for shares of the Association shall make a

complete list of the shareholders entitled to vote at the meeting or any adjournment thereof with the address of each. 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 subject to inspection by any shareholder at any time during usual business hours. The list shall also be produced and kept open at the time and place of the meeting during the whole time of the meeting and shall be subject to the inspection of any shareholder who may be present. Failure to comply with this provision, however, will not invalidate any meeting.

Section 3.08. Closing of Transfer Books. The Board of Directors may close the stock transfer books of the Association for a period not exceeding thirty days preceding the date of any meeting of shareholders, or the date for payment of any patronage refund, 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 thirty days preceding the date of any meeting or vote in connection with obtaining the consent of shareholders for any purpose. In lieu of closing the stock transfer books, the Board of Directors may fix in advance a date, not exceeding thirty days preceding the date of any meeting of shareholders, or the date for the payment of any patronage refund, 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 shareholder consent as a record date for the determination of the shareholders entitled to notice of and to vote in the meeting or entitled to receive payment of any patronage refunds, 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 shareholders who are shareholders 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 refunds, 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 shareholders 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 refund, or allotment of rights, or change or conversion or exchange of capital stock, shall be the record date for the determination of the shareholders entitled to receive payment of the patronage refund, or the allotment of rights or to exercise the rights in respect of the change, conversion or exchange of capital stock.

Section 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 shareholders, 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 shareholder may have with the Association, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. 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 shareholder 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 shareholder by virtue of an individual loan controls the business affairs or assets securing the loans of another voting shareholder, the controlling shareholder and the controlled shareholder 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 shareholder if the individual has more than a fifty percent ownership interest in the other shareholder or the primary collateral securing the other shareholder's loan. In no event may an individual vote more than once.

Section 3.10. Voting of Treasury or Fiduciary Shares. Shares of its own stock belonging to the Association or held by it in a fiduciary capacity shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding shares at any given time.

Section 3.11. Proxies. At any meeting of the shareholders, any shareholder 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.

Section 3.12. Method of Voting; Action Without Meeting. Whenever the vote of shareholders at a shareholder 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 shareholders may be dispensed with if all the shareholders 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 shareholder meetings the manner of voting shall be at the discretion of the chairman of the meeting unless any shareholder 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 shareholders 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 shareholders 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 4.04.

ARTICLE IV

DIRECTORS

Section 4.01. Number and Qualification of Directors. The Association’s Board of Directors shall be comprised of 12 shareholder-elected directors (“Shareholder-Elected Directors”), two to four “outside” directors appointed by the shareholder-elected directors (“Appointed Outside Directors”), and zero to two voting shareholders appointed by the shareholder-elected directors (“Appointed Inside Directors”). As set forth in the Agreement, two Shareholder-Elected Director positions will close upon the completion of the 2016 director election.

At all times, the Board must have at least one member qualified as a financial expert or must retain a financial advisor in the absence of a financial expert. At least 60% of serving directors must be stockholder-elected. Except as hereinafter provided, no person shall be elected, appointed or continue to serve as a Shareholder-Elected Director or Appointed Inside Director unless he or she is a full-time or part-time bona fide farmer, rancher or producer or harvester of aquatic products and either resides or conducts agricultural operations in the Association’s operating territory, is a holder of voting stock in the Association or is an individual designated to vote the stock of a corporation or partnership so long as that individual holds stock in the corporation or is a member of the partnership 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.

No Appointed Outside Director may be a director (other than of FLCA and PCA), officer, employee, shareholder or agent of a Farm Credit System institution. An Appointed Outside Director need not be a bona fide farmer, rancher or producer or harvester of aquatic products and need neither reside nor conduct agricultural operations in the Association’s operating territory, but shall be automatically disqualified and removed from the Board of Directors if such individual becomes a director (other than of FLCA and PCA), officer, employee, stockholder, or agent of another System institution.

The Board’s director qualification policy shall address the attributes and background desired for each Appointed Inside Director in terms of commodity representation, diversity, expertise and/or skill sets.

No individual shall be eligible for election or re-election as a director, whether elected by the shareholders or appointed by the elected directors, if he or she become ~~70~~72 (seventy two) years of age on or before the day of such election or re-election.

Directors elected by the shareholders shall be nominated on a regional basis from the following regions:

Region	Counties
I	Ellis, Hill, Johnson, Navarro, Parker, Tarrant, Wise
II	Brown, Comanche, Eastland, Erath, Hamilton, Hood, Somervell
III	Crosby, Garza, Lynn, Lubbock
IV	Cochran, Gaines, Hockley, Terry, Yoakum

V	Armstrong, Briscoe, Floyd, Hale, Randall, Swisher
VI	Bailey, Castro, Deaf Smith, Lamb, Parmer
VII	Carson, Hutchinson, Moore, Oldham, Potter,
VIII	Dallam, Hartley, Hansford, Sherman

Each of Regions I through VIII shall be represented by one Shareholder-Elected Director. Combined Regions I through IV shall be represented at-large by one Shareholder-Elected Directors. Combined Regions V through VIII shall be represented at-large by one Shareholder-Elected Directors. In order to be nominated or otherwise fill a Shareholder-Elected Director position, the voting shareholder must reside in the Region or Regions corresponding to such position. As of January 1, 2015, the Association's then directors shall fill the regional or at-large positions assigned to them in the Agreement.

Section 4.02. Directors and Employees of Other Institutions. Except as provided below, no person who is a director of a Farm Credit Bank or another Farm Credit Association (other than FLCA and PCA) 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 shareholders 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. A person who is a director, officer or employee of a non-System financial institution which is authorized to make the same types of loans that may be obtained from the Association shall not be eligible to be elected or appointed as a director of the Association and may not serve as a director of the Association.

Section 4.03. Nominating Committee. At each annual shareholders meeting, the voting shareholders shall elect a nominating committee consisting of two voting shareholders from each Region to serve as members and one voting shareholder from each Region to serve as an alternate member. The nominating committee shall be divided into sub-committees by the same Regions designated for director positions in Section 4.01 of these bylaws. Should any member(s) of the nominating committee not be able to serve due to death, physical or mental incapacity, past due loan or loan risk rated 11 or higher, no longer a stockholder or a non-active stockholder for 2 years or more, the Directors shall appoint a replacement for said member(s) prior to the director nomination process. Members of the Board of Directors and salaried officers or employees of the Association are not eligible to serve on the nominating committee. The nominating committee shall review lists of voting shareholders who are eligible to serve as directors of the Association for the particular Region, 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. Subject to the requirements with respect to Regional representation, the committee shall attempt to assure equitable representation to all portions of the Association's operating territory and, to the extent possible, to all types of agricultural practices within the territory. The full committee shall vote on the candidates identified by the sub-committees. If, after diligent effort, the nominating committee is unable to find more than one willing nominee for any position to be filled and so certifies to the shareholders, after calling for nominations from the floor, the Association may proceed with the election. At the annual

meeting the nominating committee may present a list of candidates for voting shareholders to consider in electing the nominating committee for the ensuing year. Nominations may also be made from the floor. If the annual meeting is held in consecutive sectional sessions and nominations are made on a regional basis, nominations may be made from the floor only at the session for the designated region or regions as announced in the notice of the meeting. 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 be turned over to the secretary of the Association to be maintained in accordance with the Association's records disposal schedule.

Section 4.04. Voting on Shareholder-Elected Directors. The voting shareholders shall elect each year one or more directors as may be required to fill the position of each shareholder-elected director whose term is expiring or to fill any vacancy on the Board other than the Appointed Director position(s). 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 shareholders shall then cast secret written ballots, and the chairman conducting the election shall appoint a teller's committee of eligible voting shareholders to tally the ballots. Salaried officers and employees and voting shareholders who are directors, candidates or members of the nominating committee are ineligible to serve on the teller's committee. 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. The candidate receiving the greatest number of the votes cast for each position shall be declared elected.

The Board may elect to hold all voting for Directors and 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 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 tellers committee shall convene in the Association's Administrative Office to tally the ballots returned prior to the closing of the polls. The tellers committee shall report the results of the election to the President of the Association, who shall send a notice to the members within ten (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 receipt, collection, and tallying of ballots may be under the supervision and guidance of either the Association's legal counsel or outside auditing firm. If the Board so directs, the legal counsel or outside auditing firm shall certify as to the results of the election prior to any public announcement of the results of the election.

Section 4.05. Voting on Appointed Directors. The Appointed Directors (including both Appointed Inside Directors and Appointed Outside Directors) shall be elected at a meeting of the Board of Directors duly called and regularly held as soon as practical following either the expiration of the term of office of the Appointed Director(s) or at the time the position of an Appointed Director becomes vacant for any reason. An Appointed Director may be removed before his or her term expires by action of the voting stockholders or by a two-thirds vote of the

full Board of Directors. The Appointed Director subject to the removal action is prohibited from voting in his or her own removal action.

Section 4.06. Term of Office. A shareholder elected director shall serve until the third annual meeting after being elected or for the unexpired portion of the term for which the director was elected if the director was elected to fill a vacated position on the Board. An Appointed Director shall serve until the board meeting following the third anniversary of his or her election, or for the unexpired portion of the term for which the director was elected if the director were elected to fill a vacated position on the Board provided, however, that each director shall continue in office until a successor is elected and qualified unless the director shall resign, be removed from office, become unable to act by reason of death or disqualification or unless the term of the director's position is shortened or terminated by action of the voting shareholders in connection with a merger or consolidation.

Section 4.07. Staggered Terms. If as a result of a change in the number of directors or for any other reason the terms of 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 the third annual meeting thereafter with respect to directors who are voting shareholders, and not to extend beyond the first Board meeting following the third anniversary of his or her election with respect to a director elected by the other directors, as will establish or re-establish expiration of terms of directors on an equitably staggered basis.

Section 4.08. Vacancies. Except as provided in Section 5.34 of the Act, with respect to directors who are required to be voting shareholders, whenever a vacancy occurs in the Board of Directors other than from the expiration of a term of office, the remaining directors shall elect an eligible qualified voting shareholder (or voting representative of a shareholder which is a corporation or partnership, provided such representative is a shareholder in the corporation or partner in the partnership as the case may be) to fill the vacancy. Any voting stockholder elected by the other members of the Board to fill a vacancy on the Board shall, to the extent possible, possess the same qualifications, if any, applicable to the director so being replaced and shall serve for the remainder of the term of the person he or she replaces. Notwithstanding the foregoing, an election shall be held to fill a vacancy if necessary to comply with the requirement in Section 4.01 specifying a minimum percentage of the members of the Board that must be elected by voting stockholders. With respect to the Appointed Director position(s), a vacancy shall be filled pursuant to the provisions of Section 4.05 of these bylaws.

Section 4.09. 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 shareholders under applicable law, regulations, the Association's charter or these bylaws. At its election the Board may delegate to an executive committee and such other committees as the board deems 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, FLCA and PCA 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.

Section 4.10. 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.

Section 4.11. 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.

Section 4.12. 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.

Section 4.13. 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.

Section 4.14. 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, for special assignments or for service in leadership roles on behalf of the Association. The Association may also reimburse directors for reasonable expenses incurred in connection with such meetings or assignments.

Section 4.15. Removal. Any director may be removed from the Board by a majority vote of the voting shareholders present at any annual or special shareholders 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. Any director who is absent for three consecutive regular meetings of the Board may be removed from office by a vote of a majority of the remaining directors at any regular or special Board meeting provided that such removal vote occurs within sixty days of the date of such director's failure to attend his or her third consecutive regular Board meeting.

Section 4.20. Other Grounds for Removal. The office of any elected or appointed director shall automatically become vacant in the event such director: (1) files a petition for relief in voluntary bankruptcy, or otherwise institutes suit under applicable voluntary Federal or State bankruptcy, insolvency, or receivership laws; or (2) is adjudged a debtor in an involuntary Federal bankruptcy or placed in receivership in a State proceeding; or (3) seeks reorganization under the Bankruptcy Code of personal business interests or that of a corporation in which the director owns the controlling interest; or (4) 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; or (5) is primarily or secondarily liable on a loan from any Farm Credit System institution where there is rescheduling, reamortization, deferral of principal or interest, granting of monetary concessions under FASB-15, 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; or (6) is not in compliance with the Association's Standards for Official Loans Policy; or (7) is convicted of any felony or is held liable for damages in fraud while holding office; or (8) is declared legally incompetent. In the event that a stockholder-elected director ceases to be a borrower but continues to hold non-voting stock, such director may continue to serve for the remainder of the unexpired portion of the director's term. If a stockholder-elected director ceases to be a stockholder of the Association, such director's position shall automatically become vacant.

Section 4.25. Boards of FLCA and PCA. Upon being elected or appointed as a director of the Association, such director shall automatically become a member of the Boards of Directors of FLCA and PCA and shall remain on such Boards so long as such individual remains a member in good standing of the Association's Board.

Section 4.30. Committees. The board may, at its discretion, 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.

The Board will elect an audit committee of three (3) or more directors. The audit committee will act according to its written charter, including composition, authorities, and responsibilities. One member of the audit committee must be a financial expert. Audit committee members are expected to act independently of any relationship that would interfere with the exercise of independent judgment, and are to be afforded resources to contract for external auditors, outside advisors, and/or administrative expenses. Duties of the committee shall include oversight and review of financial reporting to shareholders, the review of financial policy, procedures, or reports and the engagement, compensation, or retainage of external auditors. Additionally, the audit committee must oversee internal controls related to financial reporting, and compliance with applicable laws and regulations, as well as any internal audit functions.

The Board will elect a compensation committee of three (3) or more directors. The compensation committee will act according to its written charter, including composition, authorities, and responsibilities. Compensation committee members are expected to be free of any relationship that would interfere with the exercise of independent judgment as a committee member. Duties of the committee shall include reporting only to the Board of Directors, review and approval of compensation policies and plans for senior officers and employees, and approval of the compensation program for senior officers. Sufficient resources must be provided for the compensation committee to function effectively.

ARTICLE V

OFFICERS

Section 5.01. Number. The officers of the Association shall be chosen by the Board of Directors and shall include a chairman and vice chairman of the Board, a chief executive officer, a secretary and a treasurer.

Section 5.02. Election. At its first meeting after each annual meeting of the shareholders, the Board of Directors shall choose a chairman and vice chairman from among the directors and shall choose a chief executive officer, a secretary and a treasurer none of whom shall be members of the Board.

Section 5.03. Additional Officers. The Board of Directors may appoint a president/chief operating officer, vice presidents, assistant secretaries, assistant treasurers and such other officers and employees as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board, provided that no member of the Board of Directors may hold any such office.

Section 5.04. Compensation. The Board of Directors shall fix the salary of the chief executive officer. Except as may otherwise be expressly provided in a duly adopted resolution, the Board

of Directors delegates to the chief executive officer the power to fix the salaries of all officers and employees of the Association, subject to the provision of the overall compensation program for senior officers approved by the Board's compensation committee pursuant to FCA regulations. 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 4.14 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.

Section 5.05. 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.

Section 5.06. 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 shareholders' 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.

Section 5.07. 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.

Section 5.08. 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 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.

Section 5.09. Vice-Presidents In the absence or disability of the chief executive officer and in the order of precedence established by the chief executive officer, the senior vice-presidents and executive officers shall perform the duties and exercise the authority of the chief executive officer. They shall also generally assist the chief executive officer and exercise such other authorities and duties as are delegated to them by the chief executive officer, subject to any guidelines and limitations imposed by the Board of Directors.

Section 5.10. Secretary. The secretary shall keep a complete record of all meetings of the shareholders and Board of Directors and shall be responsible for the corporate records of the

Association. The 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.

Section 5.11. Assistant Secretaries. In order of their seniority and in the absence or disability of the secretary, the assistant secretaries shall perform the duties and exercise the authorities of the secretary and shall perform such other duties as the Board of Directors or the chief executive officer may from time to time prescribe.

Section 5.12. Treasurer. The treasurer shall have custody of funds, securities and investments of the Association and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association and shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors or the chief executive officer. The treasurer shall disburse the funds of the Association as may be ordered by the Board of Directors and shall render to the chief executive officer and the Board of Directors an accounting of all transactions as treasurer and of the financial condition of the Association. The treasurer shall also perform such other duties as may be assigned to him or her by the Board of Directors or the chief executive officer. The treasurer shall carry the title “Chief Financial Officer.”

Section 5.13. Assistant Treasurers In the absence or disability of the treasurer and in the order of precedence established by the chief executive officer, the assistant treasurers, controller or other subordinate officers appointed by the chief executive officer shall perform the duties and exercise the authorities of the treasurer. Such officers shall perform such other duties as the Board of Directors or the chief executive officer may from time to time prescribe.

ARTICLE VI

NOTICES

Section 6.01. Method. Notices to directors and shareholders shall be in writing and delivered personally or mailed to the directors or shareholders 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 telegram or facsimile and shall be deemed to be given at the time when the same shall be delivered to the telegraph office for transmission or when confirmation of receipt of facsimile is made.

Section 6.02. Consent. Whenever all parties entitled to vote at any meeting, whether directors or shareholders, consent either by a writing in the records of the meeting filed with the secretary or 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 shareholders may be by written proxy.

Section 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

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

Section 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. Preferred Stock issuances must be approved 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.

Section 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. Cumulative voting for the election of directors or for any other purpose shall not be permitted.

Section 7.01.3. Evidence of ownership of capital stock, participation certificates, and allocated surplus issued under Section 8.20 shall be by book entry except as may otherwise be required by regulation of the FCA. The Association shall be its own transfer agent in all matters relating to its capital stock, participation certificates and allocated surplus.

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

Section 7.10. Stock Forms, Rights and Privileges.

Section 7.10.1. Class A Common Stock - Nonvoting:

Section 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.

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

Section 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 that the Association's Board determines that the Association, FLCA and PCA will meet or exceed minimum capital adequacy requirements established by regulations of the FCA, or such higher capitalization objectives that have been established by the Board, after the retirement, taking into account the payment of all declared dividends or payment of allocated equities to holders.
- (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 as established by FCA.
- (3) Class A Common Stock shall be retired at book value not to exceed par value.

Section 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.

Section 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.

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

Section 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.

Section 7.10.18. Lien. The Association, FLCA and PCA, 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, FLCA and/or PCA.

Section 7.10.2. Class B Common Stock - Voting:

Section 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.

Section 7.10.22. Issuance Requirement. Class B stock is required to be purchased by every eligible holder as a condition for obtaining a loan or loans and will be maintained in an amount that equals 10 percent of each loan balance or such lower amount, but not less than 2 percent of the holder's aggregate loan balances outstanding or \$1,000, whichever is less, or the minimum allowed by regulation, as the Board, in its sole discretion, may determine from time to time. The number of shares authorized to be issued and outstanding will be unlimited. Outstanding stock in excess of this requirement may be used to satisfy the stock purchase requirement for new disbursements or new loans to the holder. Class B Common Stock must be purchased by every eligible holder as a condition for obtaining a lease and will be maintained in an amount that equals 10 percent of the total outstanding amount of the lease or such lower amount as the Board shall determine from time to time in its sole discretion, but not less than one share. 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. 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.

Section 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 the Association's Board determines that the Association, FLCA and PCA will meet or exceed minimum capital adequacy requirements established by regulations of the FCA, or such higher capitalization objectives that have been established by the Board after the retirement taking into account the payment of all declared dividends and/or payment of allocated equities to holders.
- (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.

Section 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.

Section 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.

Section 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, PCA and FLCA meet minimum capital adequacy requirements as established by FCA or such higher amount as established by the Board.

Section 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.

Section 7.10.28. Lien. The Association, FLCA and PCA, 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, PCA and FLCA.

Section 7.10.3. Reserved

Section 7.10.4. Participation Certificates - Nonvoting:

Section 7.10.41. Holder.

- (1) Participation certificates will be issued as a condition of borrowing from the Association, FLCA or PCA. Participation certificates may be issued to borrowers or applicants who are:
 - (a) Rural residents, including persons eligible to hold Class B Common Stock under Section 7.10.21, 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 for the purpose of qualifying such person for technical assistance, financially related services and leasing services offered by the Association, FLCA or PCA.
 - (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, FLCA or PCA.

Participation Certificates authorized under Section 7.10.41(1) and (2) may be issued in unlimited amounts. Up to 10 million participation certificates may be issued under Section 7.10.41(3).

Section 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 and will be maintained in an amount that equals 10 percent of each loan balance or such lower amount but not less than 2 percent of the holder's aggregate outstanding loan balances, or \$1,000, whichever is less, or the minimum allowed by regulation, as the Board may in its sole discretion determine from time to time. 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 (except as provided in Section 7.10.41). Participation certificates must be purchased by every eligible holder not eligible to hold voting stock as a condition for obtaining a lease and will be maintained in an amount that equals 10 percent of the total outstanding amount of the lease or such lower amount as the Board shall determine from time to time in its sole discretion, but not less than one unit. 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. 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.

Section 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 that the Association, PCA and FLCA will meet or exceed minimum capital adequacy requirements established by regulations of the FCA or such higher capitalization objectives that have been established by the Board after the retirement, taking into account the payment of all declared dividends or payment of allocated equities to holders.
- (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.

Section 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.

Section 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.

Section 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, PCA and FLCA meet minimum capital adequacy requirements as established by FCA and such higher amount as established by the Board.

Section 7.10.47. Conversion. Participation certificates may be converted to Class A Common Stock upon 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.

Section 7.10.48. Lien. The Association, FLCA and PCA, 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, PCA and FLCA.

Section 7.10.5. Class P Common Stock - Nonvoting.

Section 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.

Section 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).

Section 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 the Association's Board determines that the Association, PCA and FLCA will meet or exceed minimum capital adequacy requirements established by regulations of the FCA or such higher capitalization objectives that have been established by the Board after the retirement, taking into account the payment of all declared dividends and/or payment of allocated equities to holders.

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

Section 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.

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

Section 7.10.57. Conversion. This stock may not be converted.

Section 7.10.58. Lien. The Association, FLCA and PCA, 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, PCA and FLCA.

Section 7.20. Impairment.

Section 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).

Section 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.

Section 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).

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;

Third, to the holders of allocated surplus evidenced by Qualified Written Notices of Allocation as defined in Section 8.40.61 of these bylaws pro rata, on the basis of the oldest allocations first, until the total amount of such allocated surplus has been distributed;

Fourth, to the holders of allocated surplus evidenced by Nonqualified Written Notices of Allocation as defined in Section 8.40.61 of these bylaws pro rata, on the basis of the oldest allocations first, until the total amount of such allocated surplus has been distributed;

Fifth, any remaining assets of the Association after such distribution shall be distributed to 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 otherwise provided by law.

Section 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 \$100 million from time to time in one or more series. 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 that 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 regarding minimum purchase amount 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"). No series of Preferred Stock may have a dividend rate in excess of eight percent (8%) per annum.

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 permanent capital adequacy standards established by the FCA, and redemption of Preferred Stock may be restricted unless the Association is in compliance with each of the core surplus and total surplus requirements established by the FCA or any comparable regulatory capital requirements under any successor regulations applicable to the Association.

7.40.50. Restriction on Distributions. No Junior Stock shall be retired or otherwise acquired for consideration by the Association 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 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.

7.40.60 Lien. To the extent provided for under the terms of the Preferred Stock, the Association, FLCA and PCA, 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, PCA and FLCA

ARTICLE VIII

EARNINGS, SURPLUS, DIVIDENDS, PATRONAGE DISTRIBUTIONS

Section 8.01. Application of Earnings or Losses.

Section 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 reverse order of such impairment;
- (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;
- (6) To transfer an amount to unallocated surplus deemed necessary for the reasonable needs of the Association;
- (7) To make patronage distributions if authorized pursuant to Section 8.40 of these bylaws; and

Section 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 “qualified” allocated surplus accounts in the manner determined by the Board; third, impairment of “nonqualified” allocated surplus on a pro rata basis, and fourth, impairment of capital stock as provided in Section 7.20.10.

Section 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 minimum amount

prescribed by the Board, the Association shall apply earnings for the year to the unallocated surplus account in such amount as the Association's Board may determine.

Section 8.20. Allocated Surplus Account.

Section 8.20.1. The Association may create and maintain an allocated surplus account consisting of earnings held therein and allocated to borrowers and other customers ("Patrons") on a patronage basis pursuant to Section 8.40 of these bylaws. Allocated surplus may be issued as either "qualified written notices of allocation" or "non-qualified written notices of allocations," or both, as those terms are defined under Internal Revenue Code ("Code") Section 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 written 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 at the sole discretion of the Board.

Allocated surplus may not be transferred except upon approval of the Board in its sole discretion. In the event of a net loss for any fiscal year, such allocated surplus account shall be subject to impairment as specified in Section 8.01.2. Allocated surplus may not be applied to satisfy the Patron's requirement to capitalize the Association under Article VII.

Notwithstanding the foregoing, as provided in the Agreement, for distributions of allocated surplus issued prior to January 1, 2015, each such distribution shall be divided between the AgTexas allocated surplus and the Great Plains allocated surplus in the proportion that the outstanding allocated surplus from each such association bears to the total outstanding allocated surplus as of January 1, 2015 and, in each case, shall be applied to the oldest allocations first.

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

Section 8.20.3. When the debt of a Patron is in default or is in the process of final liquidation by payment or otherwise, the Association may, in the sole discretion of the Board, order any and all surplus account allocations owned by such Patron to be applied on the indebtedness as provided in Section 8.50; provided, however, that allocated surplus evidenced by nonqualified written notices of allocation shall not be applied as an offset against a Patron's debt.

Section 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.

Section 8.20.5. As authorized herein, allocated surplus may be distributed, as approved by the Association's Board, 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. In no event shall such distributions reduce the surplus account below the minimum amount prescribed by the Association's Board or reduce capital adequacy ratios after the payment below the minimum established by regulations of the FCA or such higher capitalization objectives that have been established by the Board. 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. There is no express or implied right granted to a member or other Patron to have allocated surplus retired upon request, upon a date certain or upon the happening of any event.

Section 8.30. Dividends.

Section 8.30.1. Dividends may be paid on the capital stock and participation certificates of the Association, as the Board of Directors may determine by resolution. Such dividends may be paid on all classes of common stock and participation certificates. Such dividend should not exceed 8% of the total par/face value of the common stock and participation certificates on which such dividend is being paid. The rate of dividend paid on Class A Common Stock for any fiscal year may not be less than the rate of dividend paid on all other common stock or participation certificates for such year and, similarly, the rate of dividends on Class B Common Stock may not be less than the rate paid on participation certificates. No dividends on common stock and participation certificates shall be paid in any year with respect to which the Association has passed a resolution authorizing the distribution of patronage under Section 8.40.

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.

Section 8.30.2. Dividends on capital 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.

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

Section 8.40. Patronage Distributions.

Section 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 available "Patronage-Sourced Net Earnings" for such fiscal year or other period or for that and subsequent fiscal years. Patronage-Sourced Net Earnings shall mean the net earnings of the Association and its subsidiaries from loans and other transactions identified as patronage business ("Patronage Business" or "Patronage Transactions") in the Patronage Resolution. Members and other parties 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. 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.

Section 8.40.2. All patronage distributions shall be paid to Patrons in proportion to the amount or value of Patronage Business done with or for each Patron, as determined by the Board on an equitable and nondiscriminatory basis, and within the payment period prescribed by 26 U.S.C. 1382(d). A Patron who pays interest or otherwise contributes to the Association's consolidated net income, as applicable, during the distribution period for which the patronage distribution is made shall be entitled to receive a pro-rata share of the patronage distribution regardless of whether the Patron continues to be a stockholder or borrower of the Association, FLCA or PCA on the date the declaration of the patronage distribution is made. The Board may establish, on a fair and equitable basis, separate patronage pools or allocation units for Patronage Business transactions of the same type or with similar characteristics. The Board shall determine the amounts and forms of patronage distributions from each pool on a fair and equitable basis.

Section 8.40.3. The available Patronage-Sourced Net Earnings of any fiscal year shall be determined after first making the applications as required in Section 8.01.1, including the setting aside of a portion of the net earnings in the unallocated surplus account, as deemed prudent for sound capital accumulation. The Board may establish a minimum level of available earnings and if the available earnings fall below this level no patronage distribution will be made. Earnings from transactions that do not constitute Patronage Business will be set aside and applied to unallocated surplus.

Section 8.40.4. Patronage distributions may be in either qualified or nonqualified form and may be in cash, Class P Common Stock of the Association, allocations of earnings retained in an allocated surplus account or any one or more of such forms of distributions, except that, with respect to qualified patronage distributions, at least the minimum amount required to qualify the refund as a deductible patronage distribution for federal income tax purposes to any Patron for

any fiscal year shall always be in cash. Cash distributions may not exceed the minimum amount required to qualify the refund as a deductible patronage distribution for federal income tax purposes if the permanent capital of the Association through the payment of patronage would, after such action, fail to meet the minimum permanent capital adequacy requirement established by regulations of the FCA or such higher capitalization objectives that have been established by the Board. Any part of a patronage distribution in Class P Common Stock to one Patron that is not a multiple of \$5.00 may be distributed in cash or held by the Association for the member and included in a subsequent distribution.

Section 8.40.5. Any part of the patronage distributions to a Patron, except the minimum amount required to be paid in cash to qualify the distribution as a deductible patronage distribution for federal income tax purposes, may at the discretion of the Association, be applied on the Patron's indebtedness to the Association or its subsidiaries.

Section 8.40.51. When the debt underlying a Patronage Transaction is in default and has been placed in nonaccrual status, the Patron shall not be entitled to receive, and the Association shall not be obligated to distribute, patronage distributions to such Patron while such debt is placed in nonaccrual status, unless the Patronage Transaction contributed to the Association's income on a cash basis, notwithstanding the nonaccrual status of the debt.

Section 8.40.6. 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 or evidenced by written notices of allocation (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. The foregoing consent shall not apply to any written notice of allocation expressly designated as "nonqualified." 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 that such amount has been applied on the member's indebtedness to the Association, FLCA or PCA. Consent under this paragraph shall be continuing in effect, provided that it shall cease to be effective with respect to patronage of a distributee occurring after the distributee has ceased to be a member. The terms "member" and "membership" as used in this bylaw shall have the meaning set forth in Article I of these bylaws.

Section 8.40.61. The Association may obtain the written consent of each Patron that the amount of any distributions with respect to the Patron's patronage, which are made in or evidenced by written notices of allocation (as defined in 26 U.S.C. 1388), including patronage allocations of surplus account, patronage refunds paid in stock or distributions with respect to patronage that has been applied to the Patron's indebtedness to the Association, FLCA or PCA and for which the Patron has received written notice, will be taken into account (as income) by the Patron at

their stated dollar amounts in the manner provided for in 26 U.S.C. 1385(a) in the taxable year in which such written notices of allocation are received by the Patron. The foregoing consent shall not apply to any written notice of allocation expressly designated as “nonqualified.” The form of consent shall be prescribed by the Association’s Board, except that it shall be continuing in effect until revoked by the Patron, provided that such 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. Such consent may be included as part of the loan application or other appropriate form signed by borrowers. Consent may also be obtained by use of a qualified check in the manner provided for in 26 U.S.C. 1388.

Section 8.40.62. Any written notice of allocation made with the member’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 member's consent pursuant to this section 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.

Section 8.40.7. Where the Association arranges for the provision of credit and/or related services to its members through FLCA and/or PCA, and such members avail themselves of the arrangements made and maintained by the Association by borrowing or acquiring related services from FLCA and/or PCA, 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 FLCA and PCA shall be treated as business done with the Association.

Section 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.

Section 8.50. Retirement of Patronage Accounts. If at any time, the Board of Directors shall determine that the financial condition of the Association, PCA and FLCA will not be impaired thereby, the Board, in its sole discretion, shall have the power to retire the patronage allocated to any Patron, in full or part, in such events as death or bankruptcy, or to settle a dispute, on such terms and conditions as may be deemed appropriate by the Board, or in any instance in which the interests of the Association and its stockholders are deemed to be furthered thereby, and funds are determined by the Board to be available for such purpose. Any allocated patronage retired under this section may, at the Board’s discretion, be retired at present value based upon the current revolvment cycle, if any. There is no express or implied right granted to a member or other Patron to have allocated patronage retired upon request, upon a date certain or upon the happening of any event.

Section 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 FLCA and PCA, other than technical amendments not affecting substantive rights, shall not be effective without the approval of a majority of the Association's shareholders 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 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 OF DIRECTORS, OFFICERS, EMPLOYEES and AGENTS

Section 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.

Section 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 of this Article 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 action, suit or proceeding.

Section 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 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.

Section 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.

Section 9.05 Right of Claimant to Bring Suit.

- (a) 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.
- (b) 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.

Section 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 provision 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.

Section 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.

Section 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 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.

Section 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 shareholders 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 shareholders 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.

Section 9.10. FCA Penalties Notwithstanding any other provision in this Article, the Association will not indemnify, nor purchase or maintain insurance to indemnify, directors, officers, employees or agents against expenses, penalties, or other payments incurred as a result of an administrative proceeding or action instituted by the FCA, 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, FLCA and/or PCA.

ARTICLE X

GENERAL PROVISIONS

Section 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.

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

Section 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.

Section 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 shareholders, in which event such approval shall be obtained. Amendments to the capitalization bylaws (Articles VII and VIII including provisions permitting cumulative voting, if any) or to the capitalization bylaws of FLCA or PCA, other than technical amendments not affecting substantive rights, require the approval of a majority of the Association's shareholders 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 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.

The notice of the intent to consider adoption of a bylaw amendment by the Board or the shareholders must contain the exact language of the proposed amendment in order for a vote upon the amendment to be effective.

Section 10.05. Effective Date. These bylaws shall become effective on January 1, 2015. Amendments hereto shall become effective pursuant to the Board resolution adopting said amendment, except to the extent shareholder approval is required by applicable law or regulations, and to that extent amendments shall be effective upon approval of the shareholders.

Section 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.

Section 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 FCB 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. To the extent required by FCA, such reports shall be on a consolidated basis including PCA and FLCA.

CERTIFICATION

I, the undersigned corporate secretary of AgTexas Farm Credit Services, an Agricultural Credit Association, hereby certifies that at a meeting duly held on the __ day of _____, 20~~15~~17, the Board of Directors of said association duly adopted the foregoing Bylaws.

Date: _____

Corporate Secretary