

**AMENDED AND RESTATED BYLAWS
of
ARBORONE,
AN AGRICULTURAL CREDIT ASSOCIATION**

Approved November 12, 2025

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Definitions

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

“Annual Meeting” shall have the meaning set forth in Section 300.1 hereof.

“Association” means ArborOne, ACA.

“Authorization Event” shall have the meaning set forth in Section 110 hereof.

“Bank” means AgFirst Farm Credit Bank, or any successor entity thereto.

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

“Bylaws” means these Amended and Restated Bylaws, as they may be amended from time to time pursuant to Articles VII and XV hereof.

“Code” shall have the meaning set forth in Section 830.1 hereof.

“FCA” means the Farm Credit Administration.

“FCB” means the Bank.

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

“GFA” shall have the meaning set forth in Section 120 hereof.

“Material” means the interest or transaction (or series of transactions viewed in the aggregate) is of such magnitude that a reasonable person with knowledge of the relevant facts would question the ability of the person who has the interest or is a party to such transaction(s) to perform their official duties objectively and impartially and in the best interest of the Association and its statutory purpose.

“Member” means a holder or joint holder of Stock or participation certificates in the Association, except another System institution.

“Outside Director” shall have the meaning set forth in Section 400.2 hereof.

“PCA” means the ArborOne, PCA, a production credit association and a subsidiary of the Association.

“Patron” shall have the meaning ascribed to such term in Section 860 hereof.

“Record Date” shall have the meaning ascribed to such term in Section 350.6 hereof.

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

“Sectional Session” shall have the meaning ascribed to such term in Section 300.3 hereof.

“Stock” means all classes of outstanding capital stock of the Association.

“Stockholder” means a holder or joint holder of any Stock.

“Stockholder-Elected Director” shall have the meaning ascribed to such term in Section 400.1 hereof.

“Subsidiaries” shall have the meaning ascribed to such term in Section 110 hereof.

“System” means the Farm Credit System.

“Voting Stockholder” means a holder or joint holder of Stock who is eligible, under the Act, Regulations and these Bylaws, to vote in respect of any matter presented for a vote of such equity holders.

ARTICLE I -- PREAMBLE

100. This Association is a cooperative credit institution which is owned by its Stockholders and is federally chartered pursuant to the Act. Subject to the Act and the Regulations and under the supervision of the FCB, 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. The Bank possesses no authority in the corporate governance of the Association other than that mandated by law. Without limiting the foregoing, the Association: (a) may make, guarantee, or participate with other lenders in short, intermediate and long-term loans and provide other similar financial assistance to (i) bona fide farmers and ranchers and producers or harvesters of aquatic products, for agricultural or aquatic purposes and other requirements of such borrowers as specified in the Act; (ii) rural residents for financing of housing in rural areas; and (iii) persons or organizations furnishing to farmers and ranchers farm-related services directly related to their on-farm operating needs; and (b) make or participate with other lenders in long-term real estate mortgage loans in rural areas, as defined by the FCA, or to producers or harvesters of aquatic products, and make continuing commitments to make such loans under specified circumstances, for a term of not less than five nor more than forty years; and (c) provide technical assistance to borrowers, applicants, and Stockholders, and make available to them, at their option, such financially related services appropriate to their on-farm and aquatic operations in accordance with applicable the Regulations.

105 These Bylaws constitute rules for the internal operation of the Association. Unless otherwise noted, “Section” shall refer to a section of these Bylaws. These Bylaws hereby amend, restate, and replace in its entirety any prior bylaws of the Association.

110 Lending Authorities.

Upon FCA and Voting Stockholder approval, the Board may authorize the Association, PCA and FLCA to conduct some or all of the authorities granted in the Act and Regulations to Production Credit Associations and Federal Land Credit Associations, respectively (“Authorization Event”). PCA and FLCA shall be referred to collectively as the “Subsidiaries.”

120 Relationship with FLCA and PCA.

Upon an Authorization Event, the Association, PCA and FLCA shall conduct an integrated lending operation. To the extent authorized, the PCA shall possess, among other authorities granted under the Act, the authority to make, hold and participate in short and intermediate-term loans and provide financially related services to qualified borrowers in the Association’s territory. The FLCA shall possess, among other authorities granted under the Act, the authority to make, hold and participate in long-term real estate loans and provide financially related services to qualified borrowers in the Association’s territory. In addition, upon an Authorization Event, all three institutions shall enter into a General Financing Agreement (“GFA”) with the Bank for purposes of funding loans originated and made by the Association, PCA and FLCA pursuant to their respective lending authorities. The indebtedness owed to Bank under the GFA shall be the joint and several obligations of all three institutions. The Association at all times will own all of the voting capital stock of the FLCA and PCA.

ARTICLE II -- MEMBERSHIP: ELIGIBILITY TO BORROW

200. Stockholders 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 another System institution. Any person to whom this Association is authorized by the Act and Regulations to extend credit or other related services is eligible to apply for a loan or such other services from this Association and become a Stockholder of the Association. In the case of a deceased or legally incompetent Stockholder, the executor, administrator, guardian or other legally authorized representative of such Stockholder shall be considered to be the Stockholder for the purpose of voting. Each Stockholder, or individual designated in accordance with these Bylaws to vote the Class C Common Stock of a Voting Stockholder, is authorized to speak on any question being considered at a meeting of Stockholders, when recognized by the chairman of the meeting. Motions, nominations and seconds may be made and voted on only by the individuals designated to vote the Class C Common Stock of Voting Stockholders in accordance with these Bylaws.

ARTICLE III -- MEETINGS OF STOCKHOLDERS

300. Time and Place.

- 300.1. Annual Meetings.

There shall be an Annual Meeting of Stockholders (“Annual Meeting”) at such place(s) in the Association’s chartered territory or, when approved by the Board, within a reasonable distance of the Association’s territory, at such date(s) and time(s) as the Board may by resolution provide.

300.2. Special Meetings.

Special meetings of Stockholders may be called at any time by resolution of the Board. Such meetings shall be called at any time upon written request of at least five percent of the Voting Stockholders. Each notice of a special meeting of the Stockholders shall state the time, place, and purpose(s) of the meeting. If the Board fails or refuses to order such notice to be made, the notice may be given by the Stockholder(s) making the call in accordance with the provisions of Section 310 hereof.

300.3. Sectional Sessions.

The Board may provide for the Annual Meeting or special meetings of Stockholders to be held in consecutive sectional sessions at different times and places (“Sectional Session”). The date of the convening of the first sectional session shall be the date of the meeting for the purpose of notice thereof to Stockholders. Each Stockholder shall be notified of all sessions to be convened and shall be entitled to attend any or all of such sessions. At each sectional session except the last, the meeting shall be adjourned until the next session of the meeting. The last sectional session must be scheduled for a time no later than fifteen calendar days after the first sectional session. The attendance at all sectional sessions shall be combined for the purpose of constituting a quorum, but no Voting Stockholder shall be counted or permitted to vote at more than one session. The votes duly cast at all sessions shall be counted together to constitute the vote of the meeting. Nominations from the floor for directors and nominating committee members, and matters requiring a vote of the Voting Stockholders, must be introduced at the first Sectional Session of the meeting and so announced in the notice of the meeting; provided however, that if the vote is by mail ballot as provided in Section 410.5 of these Bylaws, nominations may be made and matters requiring a vote of all Voting Stockholders may be introduced at any Sectional Session of the meeting.

305. Action Without Meeting.

Any action required to be taken, or which may be taken, at any Annual Meeting or special meeting of Stockholders may be taken without a meeting, without notice, and without a vote, if consent in writing, setting forth the action to be taken, shall be signed by 75% of the Voting Stockholders, or by duly authorized representatives, entitled to vote with respect to the subject matter thereof.

310. Notice of Meetings.

The Chairman of the Board shall cause written notice of each Annual Meeting and special meeting of the Stockholders to be mailed not less than ten (10) business days, but not more than thirty (30) business days, prior to the date of the meeting to all Stockholders. The list of Stockholders entitled to such notice shall be a current list of Stockholders. The notice shall be mailed to the last known post office address of the Stockholder as it appears on the Association's records. The notice shall state the purpose, time and place of the meeting. Simultaneous with the mailing, the Annual Meeting Information Statement (AMIS) may be published on the Association's website. If published on the website, the AMIS shall be available for at least thirty days. The AMIS shall be available for public inspection at all offices. No business shall be transacted at special meetings other than the business referred to in the notice. All notices of Annual Meetings must be signed by the chief executive officer, chief financial officer and a member of the Board.

320. Quorum.

At each Annual Meeting or special meeting of the Stockholders, three (3%) percent of the total number of Voting Stockholders determined as of the Record Date shall constitute a quorum. For purposes of determining a quorum at the Annual Meeting or special meeting where mail balloting is used for director elections, mail ballots shall be used to determine a quorum. Proxies will also be included to establish a quorum when proxies are permitted under Section 350.2 of these Bylaws. If less than a quorum is present at any meeting of the Stockholders, the chairman of the meeting may adjourn the meeting from time to time until a quorum is obtained. The Voting Stockholders determined as of the Record Date present in person or by proxy at a duly called meeting at which a quorum has been established may continue to transact business until adjournment, notwithstanding the withdrawal of enough Voting Stockholders to leave less than a quorum.

330. Conduct of Annual Meeting.

At the Annual Meeting, reports of the Board, including those reports required by Section 1110 of these Bylaws, shall be given by persons designated by the Board. Other items of business which may come before the meeting include but are not limited to: (1) determination of the existence of a quorum; (2) proof of due notice of meeting; (3) reading and disposition of minutes; (4) annual reports of officers and committees; (5) election of directors and nominating committee members; (6) unfinished business; (7) new business; and (8) a report of the Association's

key operating data. All Stockholder meetings shall be conducted in accordance with procedures deemed fair and reasonable by the chairman of the meeting who shall preside at the meeting.

335. Minutes of Meeting.

The secretary of the Association shall act as recording secretary at all meetings of Stockholders, unless some other person is designated by the chairman of the meeting to serve in that capacity.

340. Nominating Committee.

340.1. Election of Nominating Committee.

- (a) At each Annual Meeting, the Voting Stockholders determined as of the Record Date shall elect a nominating committee composed of six (6) Stockholders who own or jointly own Class C Common Stock of the Association to serve for a term of one year. Notwithstanding the foregoing, an individual designated in accordance with these Bylaws to vote the Class C Common Stock held by a Voting Stockholder may serve as a member or alternate on the nominating committee of the Association so long as that individual meets all of the other requirements for serving on the nominating committee of the Association. Notwithstanding the foregoing, in the event the Voting Stockholder is a legal entity, the person designated to cast the vote of such Voting Stockholder is eligible to be elected or appointed as a member of a nominating committee only if such person is an individual equity owner of the entity, unless such designated individual is also a Stockholder in his or her own right. The six (6) nominees for election to the nominating committee receiving the greatest number of votes cast shall be elected to serve as members of the nominating committee for the following year, and the three (3) nominees for election to the nominating committee receiving the next greatest number of votes cast shall be elected to serve as alternates to the nominating committee for the following year. In the event one or more members of the nominating committee are unable or unwilling to serve, the alternates, determined in order of the greater number of votes cast in favor of the alternates, shall be appointed to fill the vacancies. In the event a tie vote occurs, the tie shall be broken by the flip of a coin.
- (b) The nominating committee members may serve no more than four (4) consecutive one (1) year terms. After the expiration of four (4) consecutive one year terms as a member of the nominating committee, a person must be absent from membership on the nominating committee for at least one year

before becoming eligible for election to the nominating committee.

- (c) Notwithstanding anything contained herein to the contrary, only one Stockholder jointly sharing ownership of the Class C Common Stock of the Association may seek the opportunity and serve on the nominating committee within an election cycle, and that individual is not required to be designated to cast votes on behalf of all the Stockholders sharing ownership of the Class C Common Stock.
- (d) Notwithstanding anything contained herein to the contrary, no person shall be nominated, elected or appointed, or allowed to continue to serve as a member of the nominating committee of the Association, if that person is the spouse, parent, sibling, natural or adopted child, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law or daughter-in-law of a: (i) director of the Association, (ii) nominee for election to the Board, (iii) member of the nominating committee of the Association, (iv) nominee for election to the nominating committee of the Association, or (v) salaried officer of the Association. Board members, salaried officers, and employees of the Association are not eligible to serve on the nominating committee. A nominating committee candidate may not be a candidate for election to the Board in the election which the committee is identifying nominees. In addition, nominating committee member and alternates shall meet the same qualifications for election and continuing service as set forth for directors in these Bylaws.

340.2. Functions of the Nominating Committee.

The nominating committee shall review a current list of the holders of all classes of Stock of the Association. Such list shall (i) denote the class of Stock held by each such holder, and (ii) shall also include the Voting Stockholders and individuals designated in accordance with these Bylaws to vote the Class C Common Stock held by a Voting Stockholder, who are eligible to serve as Stockholder-Elected Directors if elected. The nominating committee shall ascertain the willingness of eligible Stockholders who own or jointly own Class C Common Stock of the Association, and individuals designated in accordance with these Bylaws to vote the Class C Common Stock held by a Voting Stockholder, to serve if elected, and shall submit for election a slate to run as candidates for the Board. Members of the nominating committee cannot be nominated for director positions. The election slate shall, except as provided below, include at least two nominees for each position to be filled. If the nominating committee, after diligent effort, is unable to identify more than one eligible candidate who is willing to run for a director position that is to be

filled, it shall promptly submit to the Board a written explanation of the reasons why it is unable to find more than one such person. If, after three business days following receipt of such explanation, the Board has not sent to the nominating committee a written objection to such explanation, the nominating committee shall be deemed to have authority to submit a slate of nominees providing for only one nominee per position, to the extent described in the explanation.

The nominating committee shall also perform the function specified in Section 430.2 hereof.

340.3 Availability of Resources.

The Association will provide the nominating committee reasonable access to administrative resources in order to perform its duties. At a minimum, the nominating committee will be provided a current list of Stockholders of the Association (the list shall include the class stock held by each Stockholder and individuals designated in accordance with these Bylaws to vote the Class C Common Stock held by a Voting Stockholder), the most recent Bylaws, the current Director Qualifications Policy and a copy of such policies and procedures that the Board has adopted ensuring impartial elections. At the request of the nominating committee, the Association shall provide a summary of the current Board self-evaluation. However, the Association will require a written pledge of confidentiality by committee members prior to releasing evaluation documents.

340.4. Quorum and Minutes.

A majority of the members of the nominating committee shall constitute a quorum for transacting the business of the nominating committee. In the event that one or more members of the nominating committee, including alternates, is disqualified in accordance with Section 340.5, the nominating committee may vote and transact its other business with a quorum of the remaining qualified members. The committee shall keep minutes of its deliberations, which minutes shall be maintained by the Association's chief executive officer or his or her designee in accordance with the Association's records disposal schedule.

340.5 Disqualification of Nominating Committee Members

A member shall be disqualified from serving on the nominating committee in accordance with the same standards set forth for directors in Section 400.6.

340.6. Nomination of Candidates to the Nominating Committee.

The nominating committee shall present a list of candidates, who shall be Stockholders that own or jointly own the Class C Common Stock of the Association or individuals designated in accordance with these Bylaws to vote the Class C Common Stock held by a Stockholder, who are eligible to serve as members of the nominating committee if elected, for the Voting Stockholders determined as of the Record Date to consider in electing the nominating committee for a one year term.

340.7 Floor Nominations.

- (a) The nomination of candidate(s) for election to the nominating committee may be made and seconded from the floor by Voting Stockholders and individuals designated in accordance with these Bylaws to vote the Class C Common Stock held by a Voting Stockholder. In accordance with Section 300.3, in the event of Sectional Sessions where voting occurs, nominations from the floor will only be accepted at the first Sectional Session and so be announced in the notice of meeting set forth in Section 310, except that if balloting is by mail as provided in Section 410.5, nominations may be made at all Sectional Sessions of the meeting.
- (b) The nominators and seconds must be Voting Stockholders or individuals designated in accordance with these Bylaws to vote the Class C Common Stock held by a Voting Stockholder. The nominees must be Stockholders that own or jointly own the Class C Common Stock or qualified individuals designated in accordance with these Bylaws to vote the Class C Common Stock held by a Voting Stockholder, who are eligible to serve if elected. Any Voting Stockholder, or individual designated in accordance with these Bylaws to vote the Class C Common Stock held by a Voting Stockholder, desiring to nominate a candidate for the nominating committee from the floor shall be responsible for providing in paper or electronic form such nominee's biographical and disclosure information as required by law, Regulations and these Bylaws at such session; provided, however, if voting shall not occur at such session, such nominee's biographical and disclosure information must be received by the Association no later than three (3) business days of the nomination. Disclosure information forms will be available at the Association's corporate office for any potential floor nominee consideration and at the Annual Meeting.
- (c) Upon receiving a floor nomination, the Annual Meeting process will be stopped until initial eligibility is determined. The nominee's biographical, and disclosure information (if available), will be immediately reviewed by the Association's

chief executive officer or designee and due diligence performed to determine initial eligibility. After initial eligibility is determined, the meeting will proceed.

- (d) After receiving a floor nomination and second, the floor nominee must state if he or she accepts the nomination for election to the nominating committee. No more than a second to a nomination from the floor is required.
- (e) If the floor nomination is elected to the nominating committee at the Annual Meeting and information deems the newly elected nominating committee member ineligible, the nominating committee member shall be immediately removed from office.
- (f) The requirements for a floor nomination of candidates for election to the nominating committee shall be included in the Association's annual meeting information statement as well as in the notice provision for any nominating committee elections.

350. Voting.

350.1. Voting, Voting Strength, and Designee for Voting Stock.

Each Voting Stockholder determined as of the Record Date is designated and duly authorized to vote; provided however, each Voting Stockholder determined as of the Record Date shall be entitled to only one vote regardless of the number of single or joint loans such Voting Stockholder may have with the Association. For the purpose of this Section, loan(s) made to one or more members of such Voting Stockholder's household, or to one or more entities in which such Voting Stockholder is an equity owner, and which the Association reasonably believes to be for the sole purpose of creating multiple votes, shall be deemed to be loan(s) made to such Voting Stockholder. In the case of joint loans, the vote may be cast by only one of the joint holders designated and duly authorized by the other joint holder(s) in a writing filed with the Association. The vote of a Voting Stockholder that is a legal entity shall be cast by an individual equity owner or officer of the entity, designated and duly authorized in a writing filed with the Association. In no event shall any Voting Stockholder be entitled to cumulate votes.

350.2. Proxy Voting.

At any meeting of the Stockholders, any Stockholder may be represented and vote by a proxy appointed by an instrument in writing when the use of proxies is permitted under the Act and Regulations and approved by resolution of the Board. Proxy forms and ballots shall be prescribed by the Board. The executed proxy shall be filed with the secretary of the Association prior to any or all sessions of the Stockholders' 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 continues in full force and effect until a written instrument revoking it or a duly executed proxy bearing a later date is filed with the secretary of the Association. Subject to the foregoing, a Voting Stockholder may revoke a proxy in writing before voting begins at the Stockholder's meeting.

350.3. Lists of Members, Stockholders and Voting Stockholders.

The Association shall maintain a list of Members, which list shall include all borrowers who are primarily liable for repayment of a loan to the Association, Stockholders, and Voting Stockholders indicating the names of the individuals that are designated in accordance with these Bylaws to vote the Class C Common Stock of the Voting Stockholders. The list shall be used when mailing or distributing proxies or ballots, and for other purposes as may be authorized by the Board, subject to the Act and the Regulations. If a meeting is held in Sectional Sessions, the list shall be used at each Sectional Session to assure that no Voting Stockholder votes more than once in connection with each meeting of the Stockholders. The list shall also be used for communication among such Members, as provided in the Act and Regulations.

350.4. Majority Vote.

When a quorum is established in accordance with Section 320 of these Bylaws, the vote of a majority of the Voting Stockholders determined as of the Record Date, present in person, represented by proxy or voting by mail ballot under Section 410.5, shall decide any question brought before the meeting, unless the question is one upon which by express provisions of these Bylaws, 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 Stockholders only after the last Sectional Session.

350.5. Issuance of Preferred Stock.

Notwithstanding any other provision of these Bylaws, issuances of preferred stock shall be subject to the vote of the Voting Stockholders in accordance with Section 615.5230(b)(1) of the Regulations.

350.6 Record Date.

The record date for the determination of those Stockholders entitled to vote ("Record Date") shall be set by the Board as of the close of business of a day not less than ten (10) business days, but not more than ninety (90) business days preceding the date of the meeting.

ARTICLE IV – DIRECTORS

400. Board of Directors; Outside Directors.

400.1. Board.

The Board shall consist of six (6) directors elected by the Voting Stockholders (each a "Stockholder-Elected Director") and two (2) directors appointed by the Board in accordance with Section 400.2 hereof; provided however, the directors elected by the Voting Stockholders shall constitute at least 60 percent of the members of the Board.

400.2. Outside Directors.

Notwithstanding Section 400.1 above or any other provision of these Bylaws, two (2) members of the Board shall be persons each of whom is not a director (other than of the PCA or FLCA), officer, employee, stockholder or agent of any System institution (the "Outside Director") at the time that such person becomes a director of the Association, and while serving as a director of the Association. Each Outside Director shall be elected to the Board by the Stockholder-Elected Directors and the Outside Directors (other than the Outside Director seeking reelection) in accordance with Section 470 hereof. Except as expressly otherwise provided in these Bylaws, the qualifications, manner of nomination, election, bases of removal, and related matters respecting the Outside Director(s) shall be determined from time to time by the Board, subject to applicable Regulations. The term of the Outside Directors shall be the same as those for the Stockholder-Elected Directors. An Outside Director shall be automatically terminated if and when he or she becomes a director

(other than of the PCA or FLCA), officer, employee, stockholder or agent of a System institution.

400.3. Qualifications of Stockholder-Elected Directors.

- (a) Except for the Outside Directors, no person shall be nominated, elected or appointed, or allowed to continue to serve, as a director, unless he or she is a holder or joint holder of Class C Common Stock as of the Record Date set by the Board; is a bona fide farmer, rancher, or producer or harvester of aquatic products; and transacts business in the Association's chartered territory. No person shall be nominated, elected or appointed or continue to serve if such person's service is prohibited by the Regulations. If the Class C Common Stock held by a director is converted during the director's term into other stock, such conversion shall not disqualify the director from completing his or her term. An individual designed to vote the Class C Common Stock so long as that individual is the holder of equity in such and meets all the other requirements for serving as a director.
- (b) Notwithstanding anything contained herein to the contrary, in the event the Voting Stockholder is a legal entity, the person designated and duly authorized to cast the vote of such Voting Stockholder is eligible to be elected or appointed as a Stockholder-Elected Director only if such person is an individual equity owner of the entity, unless such designated individual is also a Stockholder in his or her own right.
- (c) Notwithstanding anything contained herein to the contrary, no person shall be nominated, elected or appointed, or allowed to continue to serve as a director of the Association, if that person is the spouse, parent, sibling, natural or adopted child, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law or daughter-in-law of a: (i) director of the Association, (ii) nominee for election to the Board, (iii) member of the nominating committee of the Association, (iv) nominee for election to the nominating committee of the Association, or (v) salaried officer of the Association.
- (d) Notwithstanding anything contained herein to the contrary, no more than one Stockholder jointly sharing ownership of the Class C Common Stock may simultaneously serve as a director of the Association, and that individual is not required to be designated to cast votes on behalf of all the Stockholders sharing ownership of the Class C Common Stock.
- (e) Unless the context dictates otherwise, all references herein to a "director" shall refer to a director of the Association.

400.4. Additional Qualifications of Directors.

- (a) An individual who is a salaried officer or an employee of the Association or of any other organization within the System is not eligible to be elected or appointed and may not serve as a director of the Association. A former salaried officer or employee of an Association or any other organization within the System is not eligible to be elected or appointed as a director within one year after ceasing to be employed by the Association or any other organization within the System.
- (b) A legally authorized representative of a deceased or incompetent Stockholder is not eligible to be elected or appointed as a director or a member of a nominating committee unless such representative is also a Stockholder in his or her own right or is designated to vote the Class C Common Stock of a Stockholder.
- (c) Notwithstanding anything contained herein to the contrary, a director of the Association may serve simultaneously on the board of directors of the Bank.
- (d) An individual is not eligible to be elected or appointed as a director, or if a director, shall automatically be removed from the Board, if such individual is a party to a loan or the loan(s) of a borrower in which the person has a Material interest in connection with which the Association has sustained a charge-off, or if a portion of such loan is adversely classified with a specific reserve and the individual has not, within sixty days of receiving written notice of such classification, developed a written plan satisfactory to the Board, to upgrade the loan to an acceptable classification within a reasonable period of time. ("Disqualifying Event").

Loan classifications to be used in administering the preceding paragraph shall be those determined by the Association, external examiners approved by the Association, or the FCA.

The determination that a Disqualifying Event has occurred in relationship to any director's loan shall be reviewed and voted on by the board prior to the disqualification of the director because of such Disqualifying Event.

The Board shall adopt a policy identifying additional desirable director qualifications including the type and level of knowledge and experience desired for Board members and explaining how the desired qualifications were identified. The policy on desirable director qualifications shall be reviewed

and updated periodically as needed and shall be provided to the nominating committee as guidance in their selection of potential director candidates.

400.5. Service as Director for an Outside Financial Institution.

Except for Outside Directors, no individual shall become or continue as a director if the individual serves on the board, or any committee thereof, or is an officer, or an employee, of any non-Farm Credit System financial institution which is authorized to make the same types of loans that are or may be made by this Association.

400.6. Prohibition to Continue as Director.

The office of any director shall automatically become vacant in the event that such director: (a) files a petition for relief in voluntary bankruptcy, or otherwise institutes suit under applicable voluntary federal or state bankruptcy, insolvency, or receivership laws; or (b) is adjudged a debtor in an involuntary federal bankruptcy proceeding or placed in receivership in a state proceeding; or (c) seeks reorganization under the Bankruptcy Code of personal business interests or of a corporation in which the director owns the controlling interest; or (d) is party to a foreclosure proceeding (judicial or nonjudicial) involving property in which the director has an interest, which proceeding has been instituted because of the director's default on indebtedness to a System institution; or (e) is convicted of any felony or any criminal offense involving dishonesty or a breach of trust while holding office; or (g) becomes legally incompetent; or (h) is held liable for damages for fraud.

400.7. Absence from Board Meetings.

The absence of a director from three consecutive regular meetings of the Board, unless explained to the satisfaction of the other directors, shall automatically terminate the director's service and the resulting vacancy shall be filled as provided in Section 430.1.

410. Election of Directors.

410.1. Election to Fill Expired Terms and Vacancies on the Board.

In the manner provided by these Bylaws, each year, the Voting Stockholders determined as of the Record Date shall elect one or more Stockholder-Elected Directors as may be required to fill the position of each Stockholder-Elected Director whose term is expiring or to fill a vacancy on the Board.

410.2. Nominations Made from Floor and Casting Ballots.

- (a) At each meeting at which one or more Stockholder-Elected Directors are to be voted upon (including voting to be conducted after such meeting by mail ballot under Section 410.5), the nominating committee with respect to each Stockholder-Elected Director position in which there is a term expiration or vacancy shall submit a slate of candidates for election to the Board who comply with the eligibility and qualification requirements, after which the chairman of the meeting will entertain nominations and seconds from the floor for candidates for election to the Board. Nominations from the floor must meet the same eligibility and qualification requirements as candidates nominated by the nominating committee. In accordance with Section 300.3, in the event of Sectional Sessions where voting occurs, nominations from the floor will only be accepted at the first Sectional Session.
- (b) Each nominator and second must be a Voting Stockholder or an individual designated in accordance with these Bylaws to vote the Class C Common Stock held by a Stockholder. The nominees must be Stockholders that are owners or joint owners the Class C Common Stock of the Association or individuals designated in accordance with these Bylaws to vote the Class C Common Stock held by a Stockholder, who are eligible to serve if elected. A Voting Stockholder, or individual designated in accordance with these Bylaws to vote the Class C Common Stock held by a Voting Stockholder, desiring to nominate a candidate for director from the floor at a voting session of the stockholders shall be responsible for providing in paper or electronic form such nominee's biographical and disclosure information as required by law, Regulations and these Bylaws at such session; provided, however, if voting shall not occur at such session, such nominee's biographical and disclosure information must be received by the Association no later than three (3) business days of the nomination. Disclosure information forms will be available at the Association's corporate office for any potential floor nominee consideration and at the Annual Meeting.
- (c) Upon receiving a floor nomination, the Annual Meeting process will be stopped until initial eligibility is determined. The nominee's biographical, and disclosure information (if available), will be immediately reviewed by the Association's chief executive officer or designee and due diligence performed to determine eligibility. After initial eligibility is determined, the meeting will proceed.

- (d) After receiving a floor nomination and second, the floor nominee must state if he or she accepts the nomination for election to the Board. No more than a second to a nomination from the floor is required.
- (e) After the chairman conducting the election closes the floor nominations, unless voting shall be by mail ballot under Section 410.5, the Voting Stockholders determined as of the Record Date shall then cast ballots and the chairman of the meeting shall appoint a tellers committee of Voting Stockholders or individuals designated in accordance with these Bylaws to vote the Class C Common Stock held by a Voting Stockholder, to tally the ballots. Salaried officers and employees and Voting Stockholders who are directors, candidates, or members of the nominating committee and alternates are ineligible to serve on the tellers committee. In lieu of a tellers committee, an independent third party may be retained to tally the votes.
- (f) If the floor nomination is elected to the Board at the Annual Meeting and information not available at the Annual Meeting deems the newly elected director ineligible, the director shall be immediately removed from office and the position filled per Section 430 of these Bylaws.
- (g) The requirements for a floor nomination of candidates for election to the Board shall be included in the Association's information statement as well as in the notice provision for any director elections.

410.3. Election by Position.

All candidates shall be listed on the ballot by the position to be filled. Incumbents will not be designated as such on the ballot. Subject to Section 340.2, for each vacancy, two or more different candidates will stand for election. If more than one position is to be filled, the election with respect to each position shall be conducted independently. The candidate receiving the largest number of votes for each position shall be declared elected.

410.4. Tallying the Ballots.

The tellers committee, or such independent third party if retained to tally the votes, shall convene to tally the ballots and shall report the results to the chairman of the meeting, who shall inform the Stockholders of the results. If the meeting is held in Sectional Sessions, the results of the votes cast at all sessions of the meeting shall be reported to the Stockholders only after the last Sectional Session.

410.5. Mail Balloting.

The Board may elect to hold all voting for Stockholder-Elected Directors and nominating committee members by mail ballot. The form of mail ballots shall be prescribed by the Board. The procedure for such mail ballot shall be as follows:

Within fifteen (15) business days following the date of the Annual Meeting, or of the last Sectional Session if the Annual Meeting is held in Sectional Sessions, a ballot shall be mailed to each Voting Stockholder determined as of the Record Date. The election polls shall be closed at the end of the fifteenth (15th) 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 headquarters to tally the ballots returned prior to the closing of the polls. The tellers committee (or independent third party if appointed by the Board) shall report the results of the election to the chief executive officer of the Association, who shall send a notice to the Stockholders within ten (10) business days announcing the results of the election.

Mailing a ballot to a Voting Shareholder's address as recorded in the books or records of the Association shall be conclusive evidence of receipt of the ballot by the Voting Shareholder. 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, or other independent third party appointed by the Board. If the Board so directs, the legal counsel, outside auditing firm, or other independent third party appointed by the Board shall certify as to the results of the election prior to any public announcement of the results of the election.

410.6. Tie Votes.

If no person is elected to a position because of a tie vote, a runoff election between those tying shall be held. The ballots shall be cast by mail and counted and the results shall be reported to the Stockholders in the same manner as in the original election. If an Annual Meeting is held in sectional sessions and a tie vote occurs, the tie shall be broken by reballoting, by mail, those Voting Stockholders which were registered as being in attendance at a sectional session. However, if the candidates agree, a tie vote may be broken by any other method approved by the Board which may include the flip of a coin.

420. Term.

420.1. Length of Term.

A director shall serve until the sixth Annual Meeting after being elected. In the case of a director elected or appointed to fill a vacancy on the Board, the term of such director shall expire in accordance with Section 430. Notwithstanding the foregoing, despite the expiration of a director's term as set forth above, each director continues to serve until his or her successor is elected and qualified, or until there is a decrease in the number of directors in accordance with the Act and these Bylaws. Notwithstanding anything contained herein to the contrary, a director's service on the Board shall immediately terminate in the event the director shall: (a) resign; (b) be removed from office; (c) become unable to act by reason of death or disqualification; or (d) occupy a position that is shortened or terminated by due action of the Voting Stockholders. The terms and basis for removal of the Outside Directors shall be the same as those for the Stockholder-Elected Directors.

420.2. Staggering Terms.

If as a result of a change in the number of directors, or for other reasons, the terms of directors do not expire on a staggered basis, the terms of the directors elected thereafter shall be for such periods, not to extend beyond the sixth Annual Meeting thereafter, as will re-establish expiration of terms of directors on an equitably staggered basis.

420.3 Age Limit.

Notwithstanding anything contained herein to the contrary, no individual who is seventy (70) years of age or older on December 31 of the year preceding the date of election or appointment shall be eligible to be nominated, elected or appointed as a director, regardless of whether such election or appointment is by the Board or by the Voting Stockholders and regardless of whether such individual is serving as a director at the time of such proposed nomination, election or appointment. Subject to Section 420.1, a director serving at the time of his or her seventieth birthday may complete such director's then current term.

430. Vacancies.

430.1. Filling a Vacancy on the Board.

Subject to Section 5.34 of the Act, whenever a vacancy occurs in a Stockholder-Elected Director position, other than from the expiration of a term of office, the remaining directors shall appoint a qualified Stockholder who owns or jointly owns Class C Common Stock, or an individual designated to vote the Class C Common Stock of a Stockholder in accordance with these Bylaws, to fill the vacancy until

the next Annual Meeting at which time an election will be held to fill the vacancy; provided, however, that if the vacancy occurs within six months preceding the next Annual Meeting, the Board may elect not to appoint a replacement and instead keep the position vacant until such Annual Meeting. Notwithstanding anything contained herein to the contrary, in the event the Stockholder is a legal entity, the person designated and duly authorized to cast the vote of such Voting Stockholder is eligible to be appointed as a Stockholder-Elected Director only if such person is an individual equity owner of the entity, unless such designated individual is also a Stockholder in his or her own right. Any Stockholder-Elected Director appointed by the Board shall be not treated as a Stockholder-Elected Director for purposes of the Regulation requiring that at least 60% of the sitting directors on the Board must be elected by the Voting Stockholders. If the vacant directorship is that of an Outside Director, then either (a) the remaining members of the Board, including Outside Directors, will appoint a replacement Outside Director to serve the remaining unexpired term, or (b) the Board will determine to retain the vacancy in the Outside Director position so long as there is at least such number of remaining Outside Directors currently serving as set forth in Section 400.2, unless otherwise provided by law, regulation, or these Bylaws.

430.2. Vacancies of All or a Majority of the Board.

Subject to Section 5.34 of the Act, if all or a majority of the director positions become vacant for any reason, the nominating committee shall promptly meet, and, by a vote of a majority of the committee's members who are present at such meeting (provided a quorum of the committee is present), shall appoint eligible and qualified persons to fill sufficient vacancies on the Board to constitute a quorum. The Board shall thereafter promptly elect eligible and qualified Stockholders who own or jointly own Class C Common Stock, or individuals designated to vote the Class C Common Stock of a Voting Stockholder in accordance with these Bylaws, to fill the remaining vacancies. Notwithstanding the foregoing, in the event the Voting Stockholder is a legal entity, the person designated and duly authorized to cast the vote of such Voting Stockholder is eligible to be appointed as a Director only if such person is an individual equity owner of the entity, unless such designated individual is also a Stockholder in his or her own right. Such Directors appointed pursuant to this Section 430.2 shall be elected to serve until the next Annual Meeting or a special meeting of Stockholders called to elect director(s).

440. Duties of Directors.

440.1. The Board shall be responsible for the general control and direction of the affairs of the Association. The Board shall determine

Association policy matters, periodically review the operations of the Association, and keep itself informed of the Association's fulfillment of its objectives, goals, and responsibilities in accordance with the Act and Regulations, and with Bank policies, procedures, and objectives. 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 govern the Association's affairs and establish policies with the primary objective of improving the three institutions' combined financial condition.

- 440.2. The Board shall appoint and fix the salary of the chief executive officer. Also, the Board shall prescribe the duties and responsibilities of the chief executive officer, who shall be responsible for the management of the Association. The Board shall provide for the payment from the Association's general funds of the reasonable and necessary expenses incurred by officers, employees, and committees of the Association in connection with the Association's business.

445. Officers of the Board.

445.1. General.

As soon as practicable following each Annual Meeting, and at such other times during the year as is necessary to fill vacancies, the Board shall elect a Chairman of the Board and a Vice Chairman from among the members of the Board.

445.2. Duties of the Chairman of the Board.

The Chairman of the Board shall: (a) preside over all meetings of the Board (and the Chairman or the Board's designee shall preside over all meetings of the Stockholders); and (b) perform such other duties as may be prescribed by the Board. The Board may appoint the Chairman of the Board as a member of any committee of the Board.

445.3. Duties of the Vice Chairman of the Board.

In the absence of the Chairman of the Board, the Vice Chairman shall perform the duties of the Chairman of the Board. In the absence of both the Chairman of the Board and the Vice Chairman, one of the other directors shall be elected by those present to preside over the meeting.

445.4. Removal.

The Chairman of the Board and Vice Chairman may be removed from their positions as officers of the Board at any time by a majority vote of the entire membership of the Board.

450. Board Meetings.

450.1. Regular Meetings.

Regular meetings of the Board shall be scheduled and held at least quarterly at such times and at such places as approved by the Board.

450.2. Special Meetings.

Special meetings of the Board shall be held whenever called by (a) the Chairman of the Board; (b) the chief executive officer; or (c) a majority of the directors.

Business may be conducted at regular or special meetings of the Board by telephone conference call provided a reasonable attempt is made to reach all directors, a quorum is present, and technical arrangements permit all persons participating to hear each other at the same time. Such participation shall constitute presence in person at the meeting.

450.3. Notice of Meeting.

Notice of each meeting of the Board, except regularly scheduled meetings specified by resolution of the Board, shall be given to each director by the chief executive officer, secretary, or by another employee of the Association as may be designated by the Board. Such notice may be given by mail, written or electronic means, or by telephone. If given by mail, such notice shall be mailed at least five (5) days before the meeting date. If given by electronic or telephonic means, such notice shall be sent at least forty-eight hours prior to the time of the meeting. If given by telephone, the chief executive officer, secretary, or designated employee shall make a reasonable effort to reach all directors, and shall certify that such notice has been given, or such efforts made, at least forty-eight hours prior to the time of the meeting. Notice of any meeting may be waived in writing, either before or after the meeting. On the signing of the waiver of notice of a meeting by a majority of the directors, a meeting of the Board may be held at any time. Participation at a meeting shall constitute waiver of notice of that meeting, except where the director attends the meeting for the sole and express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

450.4. Action without Meeting.

Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of the Board or committee, as the case may be.

460. Honoraria.

The Association may allow directors reasonable honoraria for attendance at Board meetings, committee meetings, or for special assignments. The Association may also reimburse directors for reasonable expenses incurred in connection with such meetings or assignments. However, when a director represents both the Association and another System institution at a single meeting or assignment, the honoraria and expenses may be shared on a pro rata basis between the two institutions. The Bank may share in the payment of honoraria when agreed to by the Association and the Bank in accordance with Bank policies.

470. Quorum and Majority Vote.

A majority of the directors then serving in office 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, 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 remains.

480. Removal of Directors.

A director may be removed from the Board by a majority vote of the Voting Stockholders determined as of the Record Date and present in person or by proxy at an Annual Meeting or special meeting of the Stockholders, upon a motion for removal, duly made, seconded and carried, provided the notice of the meeting contains notification that the removal is to be considered. In addition to the foregoing, an Outside Director may be removed from the Board by: (a) a majority vote of the Voting Stockholders present in person or by proxy at an Annual Meeting or special meeting, upon a motion for removal, duly made, seconded and carried, provided the notice of the meeting contains notification that the removal is to be considered, or (b) by a two-thirds majority vote of the full Board. The Outside Director subject to the removal action is prohibited from voting in his or her own removal action.

490. Resignation.

A director may resign by delivering written notice to the Board specifying the date upon which such resignation is to be effective.

495. Boards of PCA and FLCA.

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

ARTICLE V -- OFFICERS AND EMPLOYEES.

500. Election of Senior and Other Officers.

500.1. Association Officers.

The Board shall appoint a chief executive officer of the Association who shall serve at the pleasure of the Board and shall continue in office until a successor is appointed and takes office, unless the chief executive officer shall resign, dies, retires, or is removed by the Board. Other Association officers shall include one or more vice presidents, a secretary, a treasurer, and any other salaried officers as may be provided for by the Board. Individuals may be appointed to these positions by the Board or by the chief executive officer as prescribed in Section 510.1 of these Bylaws. One individual may hold a combination of these offices, except that no person may simultaneously serve as chief executive officer and secretary.

500.2. Previous Directors as Salaried Employees.

No individual shall be eligible to become a salaried officer or employee of the Association if, within the previous twelve months, such individual served as a director of the Association or of the Bank.

510. Duties of Officers.

510.1 Duties of the Chief Executive Officer.

The chief executive officer shall: (a) see that all lawful orders and resolutions of the Board, all applicable provisions of the Act and Regulations, and all policies and procedures prescribed by the Bank are carried into effect; (b) perform such duties and exercise such authority as vested in him or her by the Board; (c) be responsible for the ordinary and usual business operations of the Association; and (d) unless this power is reserved to or limited by the Board, employ, supervise and dismiss any and all other officers and employees of the Association, fix their compensation within salary plans approved by the Board's compensation committee, and designate the order of precedence in which the other officers shall act in the absence of any officer. The chief executive officer may have the title of president or other title as determined by the Board.

510.2. Duties of the Secretary.

The secretary shall: (a) keep a complete record of all meetings of the Stockholders and the Board, except meetings of the nominating committee; (b) be responsible for the corporate records of the Association; (c) keep the corporate seal, if any, and affix it to all Association documents requiring a seal; (d) make such reports as may be required by the Act or the Regulations; and (e) perform such other duties as may be required by the chief executive officer or by the Board.

510.3. Duties of the Treasurer (Chief Financial Officer).

The treasurer shall: (a) have custody of all funds, securities, and assets of the Association; (b) provide full and complete records of all assets and liabilities of the Association; (c) make such reports as may be required by the Act or the Regulations; (d) maintain complete equity ownership records; and (e) perform such other duties with respect to the finances of the Association as may be prescribed by the chief executive officer or by the Board.

520. Removal.

The chief executive officer may be removed from office with or without cause by a majority vote of the entire Board.

530. Service Contract

Subject to the Regulations, the Board may enter into a contract with the Bank pursuant to which the Bank may perform on behalf of the Association some of the administrative or clerical duties and responsibilities that would otherwise be performed by officers and employees of the Association. The duties to be performed by the Bank under such contract shall not, however, include discretionary duties which, under these Bylaws, are required to be performed by the Board or the chief executive officer.

540. Joint Management.

Unless the Board directs otherwise, all officers appointed hereunder shall have the same positions and authorities with respect to Association, PCA and FLCA.

ARTICLE VI -- COMMITTEES

600. [reserved]

610. Loan Committee.

The Board may delegate to the chief executive officer, individual employee(s), or committee(s) of employees of the Association the authority to approve applications for membership and loans or participations within specified limits.

No loan shall be made unless the application therefor has received the approval of a majority of the members of the loan committee present at the meeting at which action is taken. The loan committee shall have, possess, and exercise such other power and authority as may be delegated to it by the Board. Periodic reports of all actions on loans and applications shall be submitted to the Board at its regular meeting, or earlier, if required.

615. Audit Committee.

The Board shall appoint an audit committee of at least three Board members, to act in accordance with its Board-approved charter. The audit committee will be responsible for the following: (i) oversee management's preparation of financial reports to shareholders; (ii) determine the appointment, compensation, and retention of external auditors, and review the external auditors work; and (iii) oversee management's system of internal controls relating to the preparation of financial reports, to include controls relating to the institution's compliance with applicable laws and regulations. The audit committee must have at least one Board member designated as the "Financial Expert" as defined in the Regulations.

616 Compensation Committee.

The Board will establish a compensation committee of at least three Board members, to act in accordance with its Board-approved charter. The compensation committee will be responsible for the following: (i) reviewing and approving the compensation policies and plans for senior officers and employees; and (ii) reviewing, evaluating and recommending levels of Board compensation, honorarium and travel expense reimbursement.

617 Governance Committee.

The Board will establish a governance committee of at least three Board members, to act in accordance with its Board-approved charter. The governance committee will be responsible for the following: (i) evaluate and recommend to the Board candidates to be appointed Board members; (ii) review and recommend availability and levels of continuing education and training for directors; and (iii) ensure that the board self-evaluation is completed annually.

618 Credit Committee.

The Board will establish a credit committee of at least three Board members, to act in accordance with its Board-approved charter. The credit committee will assist the Board in fulfilling its responsibilities related to the oversight of the Association's credit policies and practices.

620. Other Committees.

The Board may, at its discretion, appoint such other committees as may be necessary or desirable, shall appoint or discharge any member of such a committee, and shall prescribe the duties and responsibilities of each such committee it establishes.

630. Quorum.

A majority of the members of any committee shall constitute a quorum.

640. Withdrawal from Meeting.

A member of the Board or an employee 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 of the meeting shall so state.

645. Minutes.

Each committee shall keep a written record of its proceedings.

ARTICLE VII -- CAPITAL STOCK AND PARTICIPATION CERTIFICATES

700. Authorization, Classes, Par or Face Value.

The Association is authorized to issue and have outstanding Class A Common Stock, Class B Common Stock, Class C Common Stock, Class D Common Stock, Class D Preferred Stock, Class B Participation Certificates and Class C Participation Certificates, each in such amount as specifically provided herein, or, if no amount is specifically so provided, in such amount as may be necessary to conduct the Association's business. The features of these classes are summarized in the Features of Equities Table at the end of these Bylaws. Class A Common Stock, Class B Common Stock and Class B Participation Certificates were issued upon the chartering of the Association as an agricultural credit association to Members who held equities in the Association's predecessor Production Credit Association and/or Federal Land Bank Association having the same respective designations. No further Class A Common Stock, Class B Common Stock or Class B Participation Certificates shall be issued. Other classes of equity may be issued as provided in Section 720. Each share of stock (common and preferred) 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. Except as to Class A Common Stock, Class B Common Stock and Class B Participation Certificates, all transfers, exchanges, conversions, and retirements of stock and participation certificates shall be at book value not to exceed par. Equities shall vote in accordance with Section 350 hereof. Thus, among other things, (a) each new issuance of preferred stock is subject to the approval of a majority of the shares of each class of equities affected by the preference, voting

as a class, whether or not otherwise authorized to vote, and (b) no Voting Stockholder is entitled to cumulate votes.

710. Ownership and Form of Issuance.

Evidence of ownership of capital stock and participation certificates may be by book entry or in definitive form as determined by the Board, except that stock issued to a Farm Credit System institution, may be by book entry or in definitive form as prescribed by the stockholder. Unless otherwise directed by the Board, all classes of equity will be issued in book entry form and ownership shall be confirmed by the Association upon the request of the holder. The Association shall be its own transfer agent in all matters relating to its capital stock and participation certificates.

720. Issue, Rights, Preferences and Limitations.

720.1. Class A Common Nonvoting Stock.

Class A Common Stock does not confer voting rights. It shall be retired at its par value. Upon the chartering of the Association as an agricultural credit association, Class A Common Stock was issued to those Members who held Class A Common Stock in the Association's predecessor Federal Land Bank Association and/or in its predecessor Production Credit Association. No further Class A Common Stock may be issued.

720.2. Class B Common Stock.

Class B Common Stock does not confer voting rights. It shall be retired at its par value. Upon the chartering of the Association as an agricultural credit association, Class B Common Stock was issued to those Members who held Class B Common Stock in the Association's predecessor Federal Land Bank Association and/or in its predecessor Production Credit Association. No further Class B Common Stock may be issued.

720.3. Class C Common Voting Stock.

Class C Common Stock shall be issued as follows:

New borrowers who are eligible to become Voting Stockholders (pursuant to the Act and Regulations) must purchase, at the time of the first loan disbursement, the number of shares of Class C Common Stock determined by the Board to be necessary to contribute to the adequate capitalization of the Association. This amount of stock shall not be less than the lower of the following amounts:

- (1) two hundred (200) shares (\$1,000 par value); or

- (2) one (1) share for each \$250.00 (or fraction thereof) of the amount of the loan.

The amount required to be purchased shall not be greater than 10 percent of the loan amount from the Association, PCA and FLCA; however, the Board may require new borrowers to purchase more stock if the Association is deemed not to be in compliance with the capital requirements of the Act and Regulations.

Only persons to whom Class C Common Stock may be issued may own such Class C Common Stock. Owners of Class C Common Stock have voting rights as provided in Section 350. Class C Common Stock may be retired only at the discretion of the Board. Dividends on Class C Common Stock shall be non-cumulative.

720.4. Participation Certificates.

720.41. Upon the chartering of the Association as an agricultural credit association, Class B Participation Certificates were issued to those Members who held Class B Participation Certificates in the Association's predecessor Federal Land Bank Association and/or in its predecessor Production Credit Association. No further Class B Participation Certificates may be issued. Class B Participation Certificates do not confer voting rights. They shall be retired at face value.

720.42. Class C Participation Certificates shall be issued to (and may be owned only by) borrowers who are not eligible to become Voting Stockholders (as defined in Section 720.3). New borrowers who are not eligible to become Voting Stockholders must purchase, at the time of the first loan disbursement, the number of Class C Participation Certificate units determined by the Board to be necessary to contribute to the adequate capitalization of the Association; provided, however, that the amount required to be purchased shall not be less than nor more than the amount of stock required to be purchased by those borrowers who are eligible to purchase Class C Common Stock. Class C Participation Certificates do not confer voting rights.

720.43. Class C Participation Certificates may be issued to borrowers or applicants who are:

- (a) Rural residents, to capitalize rural housing loans;

- (b) Persons or organizations furnishing farm-related services to capitalize their loans; and/or
- (c) Other persons or organizations who are eligible to borrow from the Association or participate in Association loans but who are not eligible to hold voting stock (as defined in Section 720.3), provided that the total number of Class C Participation Certificates issued under this sub-section shall not exceed 5 million.

720.44. Class C Participation Certificates may be issued for allocated surplus distributions (Section 830), dividend payments (Section 850), and patronage distributions (Section 860).

720.45. Class C 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/or leasing services offered by the Association.

720.46. Class C Participation Certificates shall be retired at the sole discretion of the Board. Dividends on Class C Participation Certificates shall be non-cumulative.

720.5. Class D Common Nonvoting Stock.

(a) Class D Common Stock may be issued:

(1) For allocated surplus distributions (Section 830), dividend payments (Section 850), and patronage distributions (Section 860); and

(2) In exchange for Class C Common Stock or Class C Participation Certificates converted pursuant to the provisions of Section 740 of these Bylaws and/or Section 4.3A(c)(1)(E)(ii) of the Act.

Class D Common Stock shall be retired at its par value. Ownership of Class D Common Stock provides no voting rights. Dividends on Class D Common Stock shall be non-cumulative.

720.6. Class D Preferred Stock.

Subject to part (a) of the last sentence of Section 700 hereof, up to 5 million shares of Class D Preferred Stock may be issued to such persons or investors (and may be owned by such persons or investors) as may be permitted under a plan adopted by the Board. Class D Preferred Stock may be retired only at the discretion of the Board. Class D Preferred Stock shall have such terms and dividend rate as may be determined by the Board. Class D Preferred Stock shall confer no voting rights and shall have preference as to dividend(s) (Section 850). Dividends on Class D Preferred Stock shall be noncumulative.

720.7. Transfer of Equities in Lieu of Purchase.

The requirements, set forth in preceding subsections of this Section 720, for borrowers to purchase Association stock or participation certificates at the time loans are made to such borrowers, apply only when the capital adequacy requirements applicable to the Association (as provided in the Act and Regulations) are not met. At all other times, the requirements of this Section 720 for borrowers to purchase stock or participation certificates at the time loans are made to such borrowers may be met either through purchase from the Association or through transfer of such stock or participation certificates from authorized holders thereof.

720.8. Loans Designated for Sale or Sold Into the Secondary Market.

- (a) Notwithstanding any other provision of these bylaws, no voting stock or participation certificate purchase requirement shall apply with respect to a loan that is made on or after February 10, 1996, and is designated at the time made for sale into a secondary market; provided that, if a loan designated for sale into a secondary market is not sold within 180 days following the date of such designation, the voting stock or participation certificate purchase requirement otherwise applicable to the loan in the absence of this bylaw provision shall apply.
- (b) Notwithstanding any other provision of these bylaws, all outstanding voting stock or participation certificates held by a borrower with respect to a loan shall be retired if: (i) the loan is made prior to February 10, 1996, it is sold into a secondary market, and the permanent capital of Association would not, after or due to such retirement, fail to meet the applicable minimum capital adequacy standards established by the act or Regulations; or (ii) the loan is made on or after February 10, 1996, it is designated at the time made for sale into a secondary market, it is sold into such market after the 180 day period

beginning on the date of such designation, and the permanent capital of this Association would not, after or due to such retirement, fail to meet the applicable minimum capital adequacy standards established by the Act or Regulations.

730. Transfer.

Class A Common Stock, Class B Common Stock, Class C Common Stock, Class D Common Stock, Class B Participation Certificates, Class C Participation Certificates and Class D Preferred Stock may be transferred to persons or entities eligible to purchase or to hold such stock or participation certificates as enumerated in Sections 700 and 720, subject to the following conditions: (a) transfer shall not be effectuated prior to notification of and acknowledgment by the Association, if no indebtedness is due by the transferor to the Association; and (b) transfer shall not be effectuated prior to notification of and written consent of the Association if indebtedness is due by the transferor to the Association.

740. Conversion.

740.1. Shares of Class D Preferred Stock may be converted to a like amount of Class C Common Stock or Class C Participation Certificates by those holders eligible to borrow from the Association at the time of the first loan disbursement.

740.2. Class C Common Stock or Class C Participation Certificates shall automatically be converted to Class D Common Stock within two years after the holder ceases to be a borrower, as determined by the Board. Since such conversion constitutes a distinct investment decision by the borrower, the Association will, in connection with each such conversion, furnish the borrower with disclosure comparable to that which is furnished to new borrowers.

740.3. Reserved

740.4 Class C Common Stock may be converted to Class C Participation Certificates of equivalent value, subject to the following conditions:

- (1) The borrower shall have previously borrowed money from the Association and purchased Class C Common Stock as required by the Bylaws;
- (2) The borrower shall apply to the Association for a new loan of one of the types set forth in Section 720.43 or 720.45, requiring him to purchase Class C Participation Shares in accordance with the Bylaws;
- (3) At the time of application for the new loan, the borrower is no longer engaged in the occupation which previously made him

eligible under the Act and the Bylaws as a Voting Stockholder of the Association;

- (4) If the Association makes the new loan to the borrower, the Association shall convert all Class C Common Stock then held in the borrower's name to Class C Participation Certificates; conversion to be at book value of the Class C Common Stock, not to exceed par value;
- (5) In connection with the conversion, the Association shall provide the borrower with disclosure required by Section 615.5250 (a)(3) & (4) of the Regulations; and
- (6) Simultaneously with the conversion and issuance of Class C Participation Certificates, the borrower shall relinquish his voting rights under Section 350.1 of the Bylaws and the borrower's name shall be removed from the Voting Stockholder list maintained by the Association pursuant to Section 350.3 of the Bylaws.

740.5 Class C Participation Certificates may be converted to Class C Common Stock of equivalent value, subject to the following conditions:

- (1) The borrower shall have previously borrowed money from the Association and purchased Class C Participation Certificates as required by the Bylaws;
- (2) The borrower shall apply to the Association for a new loan requiring him to purchase Class C Common Stock in accordance with the Bylaws;
- (3) If the Association makes the new loan to the borrower, the Association shall convert all Class C Participation Certificates then held in the borrower's name into Class C Common Stock; conversion to be at book value of the Class C Participation Certificates, not to exceed face value;
- (4) In connection with the conversion, the Association shall provide the borrower with the disclosure set forth in Section 615.5250 (a)(3) & (4) of the Regulations; and
- (5) Simultaneously with the conversion, the borrower shall have voting rights as provided in Section 350.1 of the Bylaws and the borrower's name shall be added to the Voting Stockholder list maintained by the Association pursuant to Section 350.3 of the Bylaws.

750. Retirements.

- 750.1. Subject to the Regulations, Class A Common Stock, Class B Common Stock and Class B Participation Certificates shall be retired in ways that come within the meaning of “the ordinary course of business” as defined by the Regulations.
- 750.2. Subject to the applicable provisions of the Regulations, when the debt of a borrower is in default, the Association may, but is not required to, order the retirement in any order, of any stock, participation certificates, allocations of surplus or other equities held by the borrower and application of the proceeds thereof against the borrower’s indebtedness to the Association, PCA and FLCA. Any such retirement and application of proceeds shall be after notice to the borrower consistent with the Regulations.
- 750.3. If at any time the Board of Directors shall determine that the financial condition of the Association will not be impaired thereby, any stock, participation certificates, or other equities held by or in the name of the borrower may be retired in full or in part (with the exception of Class A Common Stock, Class B Common Stock and Class B Participation Certificates, which are retired in the “ordinary course of business”, as defined by the Regulations). The Board of Directors shall have sole discretion to retire any capital credited to a Member’s account. The Board of Directors may take into account special circumstances, such as the death of a Member, in exercising its resolution at a duly called meeting.
760. Impairment.
- 760.1. Any losses suffered by the Association shall first be applied against unallocated surplus as reflected on the books of the Association. To the extent that such losses exceed unallocated surplus, resulting in an impairment of the Association’s allocated surplus or capital stock, such losses shall be allocated in accordance with Section 840.3.
- 760.2. Impaired stock and participation certificates shall be restored in the sequence provided in Section 840.2 until each share of stock and unit of participation certificates has a book value equal to its par or face value, respectively.
770. 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 the outstanding stock and participation certificates in the following order of priority:

- (a) First, to the holders of Class D Preferred Stock pro-rata until an amount equal to the aggregate par value of all shares of said stock then issued and outstanding has been distributed to such holders;
- (b) Second, to the holders of Class A Common Stock, Class B Common Stock, Class C Common Stock, Class D Common Stock, Class B Participation Certificates and Class C Participation Certificates, pro rata in proportion to the number of shares or units of each such class of stock or participation certificates then issued and outstanding, until an amount equal to the aggregate par value or face amount of all such shares or units has been distributed to such holders;
- (c) Third, to the holders of allocated surplus evidenced by qualified written notices of allocation, in the order of year of issuance and pro rata by year of issuance, until the total amount of such allocated surplus has been distributed;
- (d) Fourth, to the holders of allocated surplus evidenced by nonqualified written notices of allocation, in the order of year of issuance and pro rata by year of issuance, until the total amount of such allocated surplus has been distributed; and
- (e) Fifth, any remaining assets of the Association after such distributions shall be distributed to past and present Patrons on a patronage basis, to the extent practicable.

All distributions to the holders of any class of stock and/or participation certificate holders shall be made pro rata in proportion to the number of shares or units of such class of stock or participation certificates held by such holders.

780. Lien and Security Interest.

Except with respect to stock held by a Farm Credit System institution, the purchaser of all stock and/or participation certificates shall be deemed to have granted to the Association, and the Association shall have, a first lien and security interest on all allocated surplus, stock and participation certificates in the Association owned by such borrower as additional collateral for any indebtedness of the borrower to the Association, PCA and FLCA.

790. Amendment to Capitalization Bylaws and Issuance of Preferred Stock.

Any amendment to Articles VII and VIII of these Bylaws or to the capitalization bylaws of PCA or FLCA, other than those of a strictly technical nature not affecting substantive rights, shall not become effective unless approved by majority of Voting Stockholders voting at a duly authorized meeting of Stockholders. Any amendment authorizing the issuance of preferred stock shall not become effective unless approved by a majority of the shares of each class of equities affected by the preference, voting as a class, whether or not such classes are otherwise authorized to vote.

795. Similar Entity Participations.

As provided in Regulation § 613.3300, the Association shall have the authority, with Board approval, to purchase a participation interest in a loan to a “similar entity” (as defined in said Regulation) that exceeds 10%, but is not in excess of 25%, of its total capital.

ARTICLE VIII -- EARNINGS, SURPLUS, DIVIDENDS, PATRONAGE DISTRIBUTIONS

800. Capitalization Plan.

The Board shall adopt, maintain, and amend from time to time, as the Board deems appropriate, a capitalization plan for the Association. The capitalization plan shall be designed to enable the Association to meet the capital adequacy standards established in the Regulations. Subject to these Bylaws, the capitalization plan shall provide for, among other things, the manner in which the Association’s stock, participation certificates and allocated equities shall be issued, transferred, and retired. In connection with the Capitalization Plan, no dividends shall be cumulated.

810. Interest Rates.

The Board shall authorize such interest rates or interest rate programs for use by the Association as are determined to be within the lending standards prescribed by the FCB. It shall be the objective of the Association to provide the types of credit needed by eligible borrowers, at a reasonable cost, on a sound business basis, taking into account the marginal cost of money to the Association, necessary reserves and expenses to the Association, and the services provided to borrowers and Members.

820. Surplus Accounts.

As contemplated in the Plan, the Association shall create an unallocated surplus account and an allocated surplus account. The Association shall maintain the unallocated surplus account and, subject to Section 830.1, may maintain the allocated surplus account. The minimum aggregate amount of these two accounts shall be determined by the Board. At the end of any fiscal year, if the surplus accounts otherwise would be less than the minimum amount determined by the Board as necessary to maintain adequate capital reserves to meet the requirements of any general financing agreement or other commitments of the Association, the Association shall apply earnings for the year to the unallocated surplus account in such amounts as may be determined necessary by the Board.

830. Allocated Surplus Account.

830.1. As contemplated in the Plan, the Association shall create and, subject to the Regulations and Association policy, shall maintain an allocated surplus account consisting of earnings held therein and allocated to Members on a patronage basis pursuant to Section 860. Allocated surplus may be issued as either “qualified written notices of allocation” or “non-qualified written notices of allocation,” 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 year 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.

Only those persons to which allocated surplus may be issued may own such allocated surplus. In the event of a net loss for any fiscal year, such allocated surplus account shall be subject to impairment in the order specified in Section 840.3, and on the basis of latest allocations first.

830.2. The Association shall have a first lien and security interest on all surplus account allocations owned by any borrowers, and all distributions thereof, as additional collateral for such borrowers’ indebtedness to the Association, PCA or FLCA.

830.3. Subject to the applicable provisions of the Regulations, when the debt of a borrower is in default or is in the process of final liquidation by payment or otherwise, the Association, upon approval of the Board, may order any and all surplus account allocations owned by such borrower to be applied against the indebtedness based on its fair value.

830.4. Any surplus allocated to a borrower after October 5, 1988 shall be retired at the sole discretion of the Board. There is no express or implied right granted to a Member to have such allocated surplus retired upon request.

830.5. Upon approval of the Board, any retirement of allocated surplus may be paid in cash, in other forms of available equities or applied against any of the Member’s indebtedness to the Association, PCA and FLCA

in accordance with Section 830.3. In no event shall such retirement reduce the Association's permanent capital below the minimum required by the Regulations. Retirements of less than the full amount of allocations issued in the same series (or class thereof) shall be on a pro rata basis. Any part of a surplus allocated distribution in stock to one Member that is less than the par amount of one share may be held by the Association and included with subsequent distributions.

830.6. All qualified notices of allocation shall satisfy the definition of a "qualified written notice of allocation" as defined in Section 1388 of the Code. All nonqualified notices of allocation shall satisfy the definition of a "nonqualified written notice of allocation" as also defined in Section 1388 of the Code.

830.7. A record of the holders of allocated surplus shall be kept and maintained by the Association. Allocations of "qualified" amounts will be maintained separately from allocations of "nonqualified" amounts. Such surplus accounts shall be transferable only to the Association or to an eligible Member of the Association in the manner established by the Board, and no transfer thereof shall be binding upon the Association unless so transferred on the books of the Association.

830.8. If at any time the Board of Directors shall determine that the financial condition of the Association will not be impaired thereby, any surplus allocations held by or in the name of the borrower may be retired in full or in part. The Board of Directors shall have sole discretion to retire any capital credited to a Patron's account. The Board of Directors may take into account special circumstances, such as the death of a Patron, in exercising its resolution at a duly called meeting.

840. Application of Earnings or Losses.

840.1. As soon as practicable after the end of each accounting period, the Association shall (i) determine the net earnings of the Association for such period before the provision for income taxes ("Net Earnings"); (ii) the amount thereof which constitutes net earnings from Patronage Business (as defined below); and (iii) the amount thereof which constitutes net earnings from other business ("other business").

840.2. Any net earnings determined pursuant to Section 840.1 shall be applied in the following order of priority:

- (a) First, to the restoration of the amount of the impairment, if any, of Class D Preferred Stock issued and outstanding, if any, until such stock is no longer impaired;
- (b) Second, to the restoration of the amount of the impairment, if any, of Class A Common Stock, Class B Common Stock,

Class C Common Stock, Class D Common Stock, Class B Participation Certificates and Class C Participation Certificates issued and outstanding, if any, pro rata until such stock and equities are no longer impaired;

- (c) Third, to the restoration of the amount of impairment, if any, of allocated surplus in the reverse order of such impairment;
- (d) Fourth, to an unallocated surplus contingency reserve, if deemed necessary by the Board;
- (e) Fifth, for payment of dividends on stock in accordance with these Bylaws if authorized by the Board.

The amounts so applied under subsections (a) through (e) above shall be treated as coming first from Net Earnings from other business and then from Net Earnings from Patronage Business. The amount so applied under subsection (f) shall be treated as coming from Net Earnings from Patronage Business and Net Earnings from other business on a pro-rata basis.

After the applications above, any remaining Net Earnings (to the extent attributable to Patronage Business) may be distributed as patronage refunds under Section 860 hereof, which refunds may be paid in the form of allocated surplus, stock, cash or any combination of the above; any remaining Net Earnings from “other business” may be utilized to pay or provide for income taxes or credited to unallocated surplus.

840.3. If the Association has a net loss (“Net Loss”) for an accounting period, then the Association shall apply such Net Loss to reduce unallocated surplus and then, except as may be otherwise provided in the Act, treat such Net Loss as impairing allocated surplus and stock in the following order:

- (a) First, allocated surplus evidenced by nonqualified written notices of allocation, in its entirety, with application to most recent allocation first and then in reverse order until all such allocated surplus has been exhausted;
- (b) Second, allocated surplus evidenced by qualified written notices of allocation, in its entirety, with application to most recent allocation first and then in reverse order until all such allocated surplus has been exhausted;
- (c) Third, Class A Common Stock, Class B Common Stock, Class C Common Stock, Class B Participation Certificates and Class C Participation Certificates issued and outstanding, pro rata until such stock is fully impaired; and

- (d) Fourth, Class D Preferred Stock issued and outstanding, if any.

Impairments shall be considered as being applied pro rata to each share and/or unit outstanding in the class. Impairments of allocated surplus shall be applied pro rata by year of issuance.

850. Dividends.

- 850.1. When approved by the Board in accordance with the Regulations, dividends may be paid on the capital stock and participation certificates of the Association, as the Board may determine by resolution; provided, however, that no dividend rate shall exceed eight percent (8%) per annum of the par value of the respective capital stock and participation certificates. Such dividends may be paid solely on Class D Preferred Stock, or on all classes of stock and participation certificates. The rate of dividends on Class A Common Stock, Class B Common Stock, Class C Common Stock, Class B Participation Certificates and Class C Participation Certificates shall be at the same rate per share.
- 850.2. Dividends may be paid to holders of record on the effective date of declaration or at such previous date as may be set by the Board by resolution.
- 850.3. Dividends on capital stock and participation certificates may be paid in cash, Class D Common Stock, or partly in cash and partly in such stock, except that dividends on capital stock held by a Farm Credit System institution shall be paid in cash. 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 D Common Stock.
- 850.4. Dividends on subsequently authorized stock shall be paid in accordance with, and subject to, the resolution of stockholders authorizing the issuance of such stock.
- 850.5. Notwithstanding other provisions of this Section, no dividend may be declared if permanent capital would be reduced by payment of said dividend, unless the Association, after recording the liability, will meet the capital adequacy standards. No dividends shall be paid on common stock or participation certificates in any year with respect to which the Association has obligated itself to distribute patronage pursuant to Section 860 hereof.

860. Patronage Distributions.

- 860.1. Prior to the beginning of each fiscal year, the Board, by resolution (the “Obligating Resolution”), may obligate the Association to distribute to Patrons the available consolidated net earnings of the Association, PCA and FLCA from business done with or for Patrons on a patronage basis (“Patronage Business”) as computed under Generally Accepted Accounting Principles. For purposes of this Article VIII and Section 770, Patrons include those individuals or entities who borrow or purchase services from the Association, PCA or FLCA, and other financial institutions who participate/sell loans to the Association, PCA or FLCA, as specifically identified in the Obligating Resolution. All business and transactions done with or for Patrons shall be presumed to be Patronage Business unless the Association identifies the particular business or transaction in advance as not being done with the Patron on a patronage basis. Business and transactions so identified shall be included among “other business.” All Patronage Business between the Association and Patrons shall be subject to and 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 of this Association.
- 860.2. All patronage distributions shall be in the proportion that the amount of interest and other income earned by the Association, PCA and FLCA from each Patron with respect to Patronage Business bears to the total interest and other income earned by the Association, PCA and FLCA from all Patronage Business during the fiscal year, except that another proportionate patronage basis may be used with approval of the Board. The Association may establish earnings pools for the payment of patronage distributions on a rational and equitable basis such that each Patron receives that Patron’s fair share of the earnings of the Association, PCA and FLCA and bears that Patron’s fair share of the expenses of the Association, PCA and FLCA. The Board shall retain discretion not to pay patronage distributions on one or more of such earnings pools, provided that the Board exercises that discretion by passing appropriate Board resolutions before the beginning of the fiscal year for which patronage distributions will not be paid on one or more earnings pools and provided further that all Patrons are treated fairly and equitably.
- 860.3. Net Earnings from Patronage Business available for patronage distributions shall include those earnings remaining after first making the applications as required in Section 840.2. Such earnings may be further reduced by an amount allocated for the payment of dividends on Association equities as authorized by these Bylaws and the Board, the transfer to unallocated surplus of the amount, if any, established by the capitalization plan, and the provision of an amount for income taxes (if necessary). The Board, in its resolution, may establish a

minimum level of available earnings and if the available earnings fall below this level, no patronage distribution will be made.

- 860.4. If the Association will meet its capital adequacy standards after making the patronage distributions, the patronage distributions may be in cash, authorized stock of the Association, allocations of earnings retained in an allocated surplus account, or any one or more of such forms of distribution. Patronage distributions of the Association's earnings may be paid on either a qualified or nonqualified basis, or a combination of both, as determined by the Board. All qualified notices of allocated surplus shall satisfy the definition of a "qualified written notice of allocation" as defined in Section 1388 of the Code. All nonqualified notices of allocated surplus shall satisfy the definition of a "nonqualified written notice of allocation" as set forth in Section 1388 of the Code. Any part of a patronage distribution in the form of stock that is not a multiple of \$5.00 may be distributed in cash or held by the Association for the borrower and included in a subsequent distribution.
- 860.5. If a borrower is in default, any part of the patronage distribution to that borrower, except for the minimum required cash portion, may, at the discretion of the Association, be applied against the borrower's indebtedness to the Association, PCA and FLCA.
In the event that the total patronage distribution to a Patron is less than the minimum amount as determined annually by the Board, prior to the end of the taxable year, such distribution may be (i) paid entirely in cash, (ii) applied to the Patron's indebtedness; or (iii) be retained by the Association.
- 860.6. 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 shall, by such act alone, consent that the amount of any distributions with respect to his patronage, which are made in, or evidenced by, qualified written notices of allocation (as defined in Code Section 1388), including patronage allocations of surplus account and patronage refunds paid in 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 Code Section 1385(a) in the taxable year in which such qualified written notices of allocation are received by the Member. Each member also consents, by such act alone, to take into account (as income) in the same manner, the amount of any distributions with respect to patronage if the Member receives written notice from the Association that such amount has been applied against the Member's indebtedness to the Association, PCA and/or FLCA. Each Member further consents that the amount of any distributions with respect to his patronage which are made in, or evidenced by, nonqualified written notices of allocation (as defined in Code Section

1388) will be taken into account (as income) by the holder in the taxable year in which such nonqualified written notices of allocation are redeemed.

- 860.7. 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, qualified written notices of allocation (as defined in Code Section 1388), including patronage allocation of surplus account or patronage refunds paid in stock of the Association, and which are received by the Patron from the Association, will be taken into account (as income) by the Patron at their stated dollar amounts in the manner provided in Code Section 1385(a) in the taxable year in which such qualified written notices of allocation are received by the Patron. Such consent may include a consent to take into account (as income) in the same manner, the amount of any distributions with respect to patronage if the Patron receives written notice from the Association that such amount has been applied against the Patron's indebtedness to the Association, PCA and/or FLCA. The Association may further 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, nonqualified written notices of allocation (as defined in Code Section 1388), will be taken into account (as income) by the Patron in the taxable year such nonqualified written notices of allocation are redeemed. The form of consent shall be prescribed by the Association, except that it shall be continuing in effect until revoked by the Patron, and it may be included as part of the loan application or other appropriate form signed by borrowers. Consent may also be obtained by use of a qualified check in the manner provided for in Code Section 1388.
- 860.8. PCA and FLCA - In the event of an Authorization Event under Section 110 hereof, where the Association arranges for the provision of credit and/or related services to its Patrons through PCA and/or FLCA, and such Patrons avail themselves of the arrangements made and maintained by the Association by borrowing or acquiring related services from PCA and/or FLCA, all net earnings or loss attributable to such provision of credit and/or related services shall be treated as net earnings or loss of the Association from business done with its Patrons and all business done with PCA and FLCA shall be treated as business done with the Association.

ARTICLE IX -- EXECUTION OF DOCUMENTS

900. Transactions with the Bank, Releases, and Uniform Commercial Code Transactions.

All documents required to be executed in connection with transactions with the Bank, and releases of security, including releases and satisfactions of judgments,

subordination agreements, and all security agreements, financing, continuation and termination statements, and other writings relating to secured transactions within the meaning of the Uniform Commercial Code, may be executed in the name of the Association by the chief executive officer or the chief executive officer's designee who shall be identified by name in a report to the Board and recorded in the minutes thereof.

910. Other Transactions.

Bonds, contracts, conveyances, and all other documents, except checks and vouchers of the Association, shall be signed by the chief executive officer or any other officer of the Association designated by resolution of the Board, and, when required, shall be attested to by other officer(s) or employee(s) designated by the Board. When the Association holds a deed of trust containing a provision for foreclosure by the Association under a power of sale, the Board or the chief executive officer, if that officer has been delegated such authority by the Board, may, at either's discretion, designate and authorize an attorney for the Association to exercise such power and convey the property in the name of the Association. No person shall sign and attest the same document.

920. Expenses and Checks.

The chief executive officer or any other employee(s) designated by the chief executive officer shall, subject to later approval of the Board, unless it shall require prior approval under its established policies, approve and pay all expenses of the Association and shall sign all checks and vouchers issued by the Association.

ARTICLE X -- RECORDS AND REPORTS

1000. Records.

Copies of the organization papers of the Association, returns of Association elections, proceedings of all regular and special meetings of the Stockholders and directors, the Bylaws and any amendments thereto, resolutions of the Board and reports of all committees thereof shall be recorded in the minute books of the Association. The minutes of all committees and of the Board shall be signed by the person acting as secretary of the meeting. The foregoing materials, and such others as the Board may specify from time to time, shall be retained by the Association in accordance with the records retention program approved by the Board.

1010. Reports.

The Association shall make available to each Stockholder such reports as are required by the Act and Regulations and such other reports as the Board deems advisable. The financial statements included in each annual report of the Association shall be audited by independent accountants.

ARTICLE XI -- UNCLAIMED PROPERTY

The Association shall make diligent efforts to pay the proceeds of any retirement of stock, participation certificates and accrued dividends to the owners thereof. In the event the Association is unable to determine the address or whereabouts of the owner or the heirs and assigns of the owner, the funds shall be disposed of in accordance with the Act, the Regulations, and applicable state law.

ARTICLE XII -- FISCAL YEAR

The fiscal year of this Association shall be the calendar year.

ARTICLE XIII -- SEAL

The Association may have such seal as the Board may determine.

ARTICLE XIV -- INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

1400. Indemnification.

1400.1. 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 or she is or was a director, officer or employee of the Association, or is or was serving, pursuant to authorization in writing by the Board or the Association's chief executive officer, or his or her delegate, as a director, officer, employee, partner, agent, administrator, advisor, fiduciary or member of another corporation, non-profit or cooperative organization, partnership, unincorporated association, joint venture, trust, retirement or other employee benefit plan or other organization or entity, against expenses (including attorneys' fees), judgments, fines, penalties and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding.

1400.2 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.

1400.3 As used in this Article, “party” means a defendant or respondent in an action, suit or proceeding.

1410 Additional Indemnification Provisions.

Notwithstanding any other provision of this Article, a director, officer or employee of the Association who has been wholly successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Section 1400.1 to which he or she was a party shall be indemnified against expenses (including attorneys’ fees) actually and reasonably incurred by him or her in connection with such action, suit or proceeding. Notwithstanding the foregoing, the Association may not 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 payment to the institution.

1420 Procedure.

Any indemnification under this Article (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 by a majority vote of directors who were not parties to such action, suit or proceeding, even though less than a quorum, or (2) if such a majority is not obtainable (or, even if obtainable, a majority of disinterested directors so directs), by independent legal counsel in a written opinion. For the purposes of this Section 1420, independent legal counsel shall be selected by a majority of disinterested directors or, if such a majority is not obtainable, by the Board.

1430 Advances of Expenses.

Notwithstanding the provisions of Section 1420, reasonable expenses incurred in defending any action, suit or proceeding referred to in Section 1400 of this Article, 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 thirty (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 1420 that the director, officer or employee is not entitled to indemnification for such expenses pursuant to Section 1400.

1440 Right of Claimant to Bring Suit.

- (i) If a claim for indemnification or advancement under this Article is not paid in full by the Association within thirty (30) days after a written claim therefore has been received by the Association, the claimant may any time thereafter bring suit against the Association to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking has been tendered to the Association) that the claimant has not met the standards of conduct which make it permissible under the applicable law for the Association to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Association.
- (ii) Neither the failure of the Association (including its Board 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 or she has met the applicable standard of conduct, nor an actual determination by the Association (including its Board 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.

1450 Contractual Rights.

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

1460 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 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 System, shall be deemed to be doing so pursuant to authorization in writing by the Board.

1470 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 advancement of expense 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 1400.1 hereof against any liability asserted against him/her or incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him/her against such liability under the provisions of this Article.

1480. Applicable Law.

The interpretation of this Article XIV shall be under the law of the State of South Carolina.

ARTICLE XV – AMENDMENTS

1500. Except as provided below, these Bylaws may be altered, amended or repealed and new bylaws may be adopted by the affirmative vote of a majority of the entire membership of the Board at any meeting of the Board with respect to which notice of intention to alter, amend, repeal or adopt new bylaws at such meeting has been given, and which notice includes a copy of the proposed amendment(s). Notwithstanding the foregoing, any amendment to Articles VII or VIII of these Bylaws or to the capitalization bylaws of the PCA or FLCA, other than those of a strictly technical nature not affecting substantive rights, shall not become effective unless approved by the Voting Stockholders determined as of the Record Date at a duly authorized meeting of Stockholders. Any amendment authorizing the issuance of preferred stock shall not become effective unless approved by a majority of the shares of each class of equities affected by the preference, voting as a class, whether or not such classes are otherwise authorized to vote at a duly authorized Stockholders' meeting.

**FEATURES OF EQUITIES
PROVIDED FOR IN BYLAWS OF
ARBORONE, ACA**

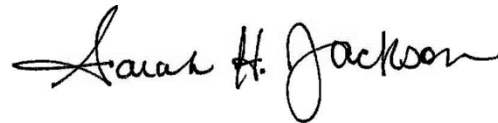
<u>Class</u>	<u>When Retired</u>	<u>Retirement Value</u>	<u>Voting Rights</u>	<u>Cumulation of Dividends</u>	<u>When Payable</u>
A Common	In ordinary course of business 750.1	Par 720.1(b)	No 720.1(b); 700	Non-cumulative 800	At discretion of Board 850.1
B Common	In ordinary of business 750.1	Par 720.2	No 720.2; 700	Non-cumulative 800	At discretion of Board 850.1
C Common	At discretion of Board 720.3	Book not to exceed par 700	Yes 720.3; 700	Non-cumulative 720.3	At discretion of Board 850.1
D Common	At discretion of Board 720.5	Book not to exceed par 700	No 720.5; 700	Non-cumulative 720.5	At discretion of Board 850.1
D Preferred	At discretion of Board 720.6	Book not to exceed Par 700	No 720.5; 700	Non-cumulative 720.6	At discretion of Board 850.1
B PCs	In ordinary course of business 750.1	Face 720.41	No 720.41; 700	Non-cumulative 800	At discretion of Board 850.1
C PCs	At discretion of Board 720.46	Book not to exceed Face 700	No 720.42; 700	Non-cumulative 720.46	At discretion of Board 850.1
Allocated Surplus	At discretion of Board 830.1	Book not to exceed stated value 830.1	No	Not applicable	Not applicable

Notes

1. **Purpose of Table:** The table is not intended to summarize all of the rights and features of each class of equity authorized by the Bylaws. Rather, the table is intended (a) to summarize certain important features of certain classes, and (b) in so doing, to indicate which classes are intended to constitute permanent capital within the meaning of Section 4.3A(a)(1) of the Farm Credit Act and 12 C.F.R. §615.5240 and which classes are, by contrast, protected equities within the meaning of Section 4.9A(d)(2) of the Farm Credit Act and 12 C.F.R. §615.5260(a)(1).
2. **Voting Rights:** Where the table indicates that a class of equity is non-voting, this indication is subject to 12 C.F.R. §615.5230(b)(1), which confers specified voting rights on otherwise non-voting classes of equity. See Sections 700 and 350 of the Bylaws.
3. **References to Section Numbers:** Each number set out in the table - e.g., 720.1(a) - is a citation to the provision of the Bylaws providing for the feature summarized in the portion of the table that refers to the number. Note that the statement in Section 830.1 that allocated equities will be retired “as funds are available” is interpreted as meaning that such equities will be retired at not more than their book value. No section number relates to allocated surplus voting rights; these are simply not conferred by the Bylaws.

CERTIFICATION

I, the undersigned, corporate secretary of ArborOne, ACA, hereby certify that at a meeting duly held on the 10th day of November, 2021, the Board of Directors of said association duly adopted the foregoing Amended and Restated Bylaws.

A handwritten signature in black ink, reading "Sarah H. Jackson". The signature is written in a cursive style with a large, flowing "S" and a distinct "H".

Print Name: Sarah H. Jackson
Corporate Secretary