

**AMENDED AND RESTATED BYLAWS  
OF  
THE COOPERATIVE FINANCE ASSOCIATION, INC.**

Revised October 18, 2010

**ARTICLE I - COOPERATIVE OPERATION**

Section 1. Nature of Operation. The Association operates on a cooperative basis, as provided herein, for the benefit of the holders of its Common Stock as patrons and equityholders in the Association. As used herein, the term "Common Stock" refers collectively to Class A Common Stock, Class B Common Stock, and common stock.

**ARTICLE II - CAPITAL STOCK AND CAPITAL CREDITS**

Section 1. Voting Common Stock. Class A Common Stock and common stock shall be voting stock and shall vote in accordance with the Articles of Incorporation, and are referred to herein as "Voting Common Stock."

(a) Ownership of Class A Common Stock in this Association shall be limited to agricultural producers or associations of such producers, who shall apply for Class A Common Stock ownership and be approved by the Board of Directors, who shall purchase one share of Class A Common Stock, and who shall execute a membership agreement with the Association, if then required by the Board of Directors. Holders of Class A Common Stock and common stock are referred herein collectively as "Voting Common Stockholders". A purchase of Class A Common Stock may be effected in whole or in part by the conversion of Class B Common Stock or Capital Credits. The Board of Directors may from time to time set such other reasonable requirements for Class A Common Stock ownership as are determined necessary or desirable to accomplish the purposes of the Association.

(b) Voting Common Stockholders shall patronize the Association, and shall be entitled to receive patronage allocations as provided herein. In the event a holder of Voting Common Stock has (i) not done business with the Association in a twenty-four (24) month period, or (ii) failed to meet its financial commitments to the Association as determined by the Board of Directors, the Board of Directors may convert such stock into Class B Common Stock of equal par value or capital credits in an amount equal to the par value of the Voting Common Stock.

(c) Holders of common stock in the Association at the time of its recapitalization on December 1, 1993, who continue to hold such shares after the recapitalization shall be entitled to participate in accordance with the Articles of Incorporation and Bylaws of this Association.

Section 2. Class B Common Stock. Class B Common Stock is nonvoting stock. Class B Common Stock may be issued to reflect the noncash portion of patronage allocations, or to otherwise reflect patronage equity under the Base Capital Plan, whether through stock subscription or other means of acquisition. As used herein, the term "Patron" shall include any person, firm, or association, other than a Voting Common Stockholder of the Association, with whom the Association has in effect an agreement pursuant to which it has agreed to pay patronage allocations to such person on the basis of the Association's business done with or for such person during the fiscal year. The Board of Directors may from time to time set such other reasonable requirements for Patron's stock ownership as are determined necessary or desirable to accomplish the purposes of the Association. Class B Common Stock may also be created pursuant to Section 1(b) of this Article.

Section 3. Transfer Restriction on Common Stock.

(a) Shares of Common Stock may not be transferred to any person not eligible to be a holder of such class of Common Stock of the Association.

(b) The Common Stock of this Association may be transferred only with the consent of the Board of Directors of the Association and on the books of the Association and then only to persons eligible to hold the same; and no purported assignment or transfer of Common Stock shall pass to any person not eligible to hold the same, any rights or privileges on account of such stock or vote or voice in the management or affairs of the Association nor shall any such purchaser, transferee or assignee of the Common Stock of the Association acquire any greater rights in or to such stock than those held by the seller, transferor or assignor. In the event of any purchase, transfer, or assignment of the Common Stock of the Association, the value of such stock in any such transaction shall be the par or book value for such stock, whichever is less. Every purchaser, transferee, or assignee of any Common Stock of this Association shall be deemed to have ascertained from the Association, the unimpaired value of such Common Stock prior to the purchase, transfer, or assignment thereof.

Section 4. Preferred Stock. Preferred stock may be issued in accordance with the Articles of Incorporation. Preferred stock is nonvoting stock, and may be redeemed at the discretion of the Board of Directors.

Section 5. Capital Credits. Capital credits may be issued in accordance with the Articles of Incorporation or as part of this Association's deferred patronage refund. All capital credits shall be reflected on the books of the Association. Owners of capital credits shall be notified annually of the amount of capital credits reflected on the books of the Association for such owner. Such notice shall also contain the provisions governing such capital credits as follows:

(a) Holders of capital credits, unless also a Voting Common Stockholder of the Association, shall not be entitled to vote. The Board of Directors may, at any time or times, authorize the retirement of any capital credits, in whole or in part. No interest or dividends shall be paid on outstanding capital credits.

(b) In the event of any purchase, transfer, assignment or retirement of capital credits of the Association, the value of such capital credits in any such transaction shall be the lesser of par or book value of such capital credits reduced by the amount of any indebtedness of the owner of such capital credits as reflected on the books of the Association to the Association. No purchaser, transferee or assignee of capital credits of the Association shall acquire any greater rights in or to such capital credits than those of the owner of such capital credits as reflected on the books of the Association.

(c) Every purchaser, transferee, or assignee of any capital credits of this Association shall be deemed to have ascertained from the Association, the unimpaired value of such capital credits prior to the purchase, transfer, or assignment thereof.

Section 6. Uncertificated Shares and Capital Credits. The Board of Directors may provide by resolution that the Common Stock, preferred stock, and capital credits, or each of them, shall be uncertificated, and if such a resolution is adopted, the Association shall not issue certificates for such equity interests, unless otherwise provided by law, but shall maintain an accurate accounting of each holder's uncertificated equity interest, and shall annually, and upon written request by the holder thereof, provide a written statement thereof to the holder of such equity interest. Persons receiving uncertificated equity interests shall be notified of all transfer restrictions upon such interests at the time of or within thirty (30) days of the issuance thereof.

Section 7. No Shareholder Right to Offset. No holder of Common Stock, preferred stock, or capital credits shall have the right to require the Association to offset the value of such Common Stock, preferred stock, or capital credits against any indebtedness of such holder to the Association, such right of offset being exclusively and solely within the absolute discretion of the Board of Directors of the Association.

### **ARTICLE III - NET SAVINGS**

Section 1. Net Savings.

(a) The Association shall determine annually its net savings or net loss and shall annually distribute its net savings attributable to business done with or for its Voting Common Stockholders and Patrons as patronage allocations. The Association's net savings or net loss is equal to the Association's Federal taxable income realized

by the Association, computed before the reduction for patronage allocations paid by the Association hereunder. The Association shall determine separately the net savings or net loss for each allocation unit.

(b) If the Association has more than one allocation unit and at least one allocation unit has net savings and another allocation unit has a net loss during a fiscal year, the Association shall offset, on a ratable basis, the net savings of the allocation unit or units with the net losses from the allocation units with net losses to determine the net savings, if any after such offset, of the allocation units which had net savings prior to such offset. With respect to any fiscal year in which the Association offsets the net savings of an allocation unit by the net loss of another allocation unit, the Association shall notify its Common Stockholders and Patrons that such netting has occurred and identify the offsetting allocation units.

(c) The Association's net savings to be allocated under paragraph (e) below shall be reduced by any reserves established in accordance with Section 3 below.

(d) The Association's net savings to be allocated under paragraph (e) below shall be reduced by the amount of net losses still remaining, in accordance with 2(a)(i) below, but only to the extent such prior year's loss(es) have not otherwise been disposed of by the Board of Directors. The amount of net losses to be deducted hereunder against the Association's net savings shall be further limited to an amount which does not exceed the lesser of (i) the current year's patronage-sourced net earnings before such deduction, or (ii) the amount of any available, patronage-sourced, net operating loss carry-overs or carry-forwards from the current or prior year(s).

(e) The Association shall allocate to its Voting Common Stock-holders and Patrons the net savings attributable to patronage sourced income realized by the Association as adjusted by paragraphs (b), (c), and (d) attributable to business done with or for its Voting Common Stockholders and Patrons, based upon or in proportion to the amount or value of business done with or for such Voting Common Stockholders and Patrons. The amount of such allocation shall be determined separately with respect to each allocation unit and shall be computed taking into account the netting provided for in paragraph (b) above. The Association may distribute such patronage allocations to its patrons in the form of cash, qualified written notices of allocation, non-qualified written notices of allocation or any combination thereof. If the Association shall pay at least twenty percent of such allocation in the form of cash with the balance paid at par or stated value in the form of Class B Common Stock, equity certificates or capital credits, all as determined by the Board of Directors in accordance with the Base Capital Plan, described in Section 5 of this Article; provided, however, that the Board of Directors shall determine the amount of the cash and non-cash portion of any Voting Common Stockholder's or Patron's total patronage refund to be retained by the Association for the purpose of collecting or offsetting any amounts due the Association provided that no retention of cash hereunder shall reduce the cash portion of any Voting Common Stockholder's or Patron's allocation, otherwise paid by qualified written notice of allocation, to an amount which is less than twenty percent (20%) of the total stated dollar amount thereof.

(f) Nonqualified Allocations. Patronage allocations which are not qualified, pursuant to subsection (a) above, need not be paid in cash in whole or in part. Each patron shall, within the notification period described above, receive notice of the allocation and notice that the allocation is not qualified for tax purposes. The association's books and records shall be maintained in such a manner that the capital contributed by each patron, in the form of nonqualified allocations, will be reflected by nonqualified allocation credits to his/her capital account. No interest will be paid on nonqualified allocations. Nonqualified allocation credits shall be transferable only upon the books of the association. In the event of any such transfer, the transferee shall obtain no greater right or interest therein than was possessed by the transferor. All of the debts of the association, both secured and unsecured, shall be entitled to priority over outstanding nonqualified allocation credits. Upon the dissolution, liquidation, or winding up of the association in any manner, said nonqualified allocation credits shall be retired in whole or in part only on a pro rata basis. Said retirement of nonqualified allocations, upon the dissolution, liquidation, or winding up of this association, shall be made only after the retirement of stock; PROVIDED HOWEVER, that nonqualified allocation credits shall not be retired at a value in excess of the stated book value thereof. At any time other than the dissolution, liquidation, or winding up of this association, said nonqualified allocation credits may be retired or redeemed in whole or in part at the discretion and at the direction of the Board of Directors, by payment in cash or in kind to the patron, or for the benefit of the patron to whom such nonqualified allocation or allocations were credited.

## Section 2. Losses

(a) The Board of Directors of this Association shall have complete discretion to determine the handling and ultimate disposition of the Association's net loss(es) and the form, priority, and manner in which such net loss(es) or portion(s) thereof shall be taken into account, retained, and ultimately recouped. The Board may retain net loss(es) of the Association and subsequently; (i) recoup and dispose of them by offset against the net savings of the Association of subsequent year(s) at any time, or (ii) may apply such net loss(es) to prior year(s)' patronage allocations at any time in order to recoup and dispose of them by means of offset and cancellation against holders of Common Stock or capital credits, or (iii) Directors may select and use any other method of disposition as the Board of Directors, in its sole discretion, shall from time to time then determine.

Section 3. Reserves. The board of directors of this association shall have the authority, at its discretion, to establish and maintain a reasonable reserve for any necessary purpose including but not limited to provision for the erection and construction of buildings and facilities required in the business of the association, or for the purchase and installation of machinery and equipment, or to retire indebtedness incurred for such purposes, or for allowance for doubtful accounts receivable or other indebtedness due the association, and funds contributed to the general reserve or surplus for such purposes shall not be available for allocation

In order to establish and maintain such reasonable and adequate reserves for this Association, the Board of Directors, by resolution duly adopted within the sixty-day period immediately preceding the close of the Association's fiscal year, may designate a portion of the Association's net savings before patronage distributions for the next immediately succeeding fiscal year for transfer to surplus and thereby authorize and direct that the dollar amount of net savings so designated, when finally determined as of the close of such succeeding fiscal year, shall be transferred to the Association's surplus and be taken into account under Section 1 (c) of this Article before the determination of patronage distributions payable for such year; provided that (i) with respect to the net savings of the Association for any fiscal year, the power of the Board of Directors to authorize and establish reserves in the manner provided for by this Section, including the power to change the amount of reserves authorized, once provided for by such resolution, shall exist at no other time except during the sixty-day period specified above. When such power is exercised validly within such sixty-day period, the Board of Directors shall not authorize or direct a transfer of any portion of the Association's net savings to surplus, for or respecting any fiscal year except the single fiscal year succeeding the fiscal year during which the authorization resolution was first adopted, and (ii) provided further, that the Board of Directors may authorize reserves under this Section in any amount up to, but not exceeding, thirty percent (30%) of the Association's net savings for such subsequent year as such amounts may be determined under Section 1(b) of this Article; and the amount so authorized may subsequently be diminished to the extent the transfer of any portion of such amount, when added to other transfers from net savings to surplus shall operate to produce or increase a net loss in the Association's net savings before patronage refund for such year.

Section 4. Consent. Each Voting Common Stockholder, and Patron who hereafter applies for and is accepted as a Voting Common Stockholder, or Patron in the Association, and each Voting Common Stockholder of the Association on September 1, 1963, who continues as a Voting Common Stockholder after such date, shall, by such act alone, consent that the amount of any distributions with respect to its patronage occurring after August 31, 1963, which are made in qualified written notices of allocation (as defined in 26 U.S.C. 1388) and which are received by it from the Association, will be taken into account by it at their stated dollar amounts in the manner provided in 26 U.S.C. 1385(a) in the taxable year in which such qualified written notices of allocation are received.

Section 5. Capitalization. For the purposes of obtaining the capital needed to finance the business of the Association, the Association shall establish and maintain capitalization in accordance with this Section ("Base Capital Plan").

(a) Capital Requirement. The Board of Directors will establish a capital requirement of the Association at the beginning of each fiscal year ("the "Capital Requirement"). In the event that the Association has more than one allocation unit, as provided under Article III, the Board of Directors may establish capital requirement by allocation unit. The Capital Requirement shall be expressed as a percentage of loan balances for all Financial Commitments.

The Board of Directors may adjust the amount of the Capital Requirement from time to time to meet the needs of the business.

(b) Base Capital Requirement. A Voting Common Stockholder's or Patron's participation in the Base Capital Plan ("Base Capital Requirement") will be calculated annually based upon the Voting Common Stockholder's or Patron's patronage of the Association (reflected in its average patronage based loan balance) over a base period (the "BCR Base Period") and is effective as of the first day of the applicable fiscal year. The Base Capital Requirement will be equal to the amount determined by multiplying the Capital Requirement by the Voting Common Stockholder's or Patron's average patronage based loan balance over the BCR Base Period. The BCR Base Period shall be the immediately preceding three fiscal years, except in the case of a Voting Common Stockholder or other Patron who has done business with the Association less than three years, in which case the BCR Base Period shall be equal to the number of years that the Voting Common Stockholder or Patron has done business with the Association. In the case of mergers, consolidations and acquisitions involving Voting Common Stockholders or Patrons, the Base Capital Requirement shall be established by aggregating the Base Capital Requirement for such merging, consolidating or acquired and acquiring entities. Likewise, in the case of de-consolidations, divestitures, or disposing and disposed entities involving Voting Common Stockholders or Patrons, the Base Capital Requirement shall be established by segregating the Base Capital Requirement between and among such de-consolidating, divesting, disposing and disposed entities. For purposes of calculating the Base Capital Requirement in the year of such merger, consolidation or acquisition, the Base Capital Requirement shall be calculated as if such merger, consolidation or acquisition had occurred just prior to the immediately preceding fiscal year end. In the case of a Voting Common Stockholder or other Patron, who has not conducted patronage based business with the Association at any time within the previous three fiscal years, the initial Base Capital Requirement shall be calculated in arrears and will be based upon the annualized patronage based loan balances for such Voting Common Stockholder or Patron for the fiscal year for which the Base Capital Requirement is calculated. The term "patronage based loan balance" shall include all balances on Financial Commitments for which such Voting Common Stockholder or other Patron is eligible to receive patronage.

(c) Methods of Satisfying the Base Capital Requirement. Holdings of Common Stock and capital credits will count toward the satisfaction of the Base Capital Requirement. Voting Common Stockholders or Patrons may build capital toward satisfaction of their Base Capital Requirement in the following ways. Acquisition of Common Stock or capital credits in accordance with these Bylaws will count toward satisfaction of the Base Capital Requirement. Class B Common Stock issued to Voting Common Stockholders or Patrons as the noncash portion of the patronage payment will count toward satisfaction of the Base Capital Requirement. Also, stock purchased under the capital requirements in Article V and Article VI Section 3 will count toward the Base Capital Requirement.

(d) Patronage Payment System. The Board of Director will establish a patronage payment schedule whereby the cash portion of the patronage allocation will be calculated based upon the extent to which a Voting Common Stockholder or Patron has satisfied its Base Capital Requirement. The Board of Directors may adjust the patronage payment method from time to time to meet the needs of the business.

Section 6. Equity Interests Redemption. The Board of Directors shall, at its discretion and direction, establish a procedure whereby the Equity Interests of Voting Common Stockholders and Patrons, which have met their Base Capital Requirement, may be redeemed. In addition to the specific defined redemption amounts, the Board of Directors may allocate additional funds to redeem common stock, preferred stock, capital credits, or other equity accounts that the Board of Directors has determined, from time to time, is in the best interests of the business.

#### **ARTICLE IV - BYLAW LIEN**

In addition to the provisions concerning Common Stock and capital credits ("Equity Interests") in Article II hereof, the Association shall at all times have a first lien on, and right of set-off against, such Equity Interests for all indebtedness to the Association, whether due or to become due, of the holder thereof as shown by the books or records of the Association, which lien or right shall not be lost or prejudiced by reason of the fact that the certificate representing such Equity Interest, if any, is not in the possession of the Association. A proper record of all such Equity Interests and the transfer thereof shall be maintained by the Association and any payment made thereon to the record holder, as shown by the records of the Association, shall relieve the Association of liability thereon to the extent of such payment, even though such payment is not noted or endorsed on the certificate, if any. Every purchaser and transferee of any such Equity Interest shall be under the duty of ascertaining from the Association, in advance, the amount of the Association's unexhausted capital evidenced thereby.

#### **ARTICLE V - PATRON'S ANNUAL CAPITAL REQUIREMENT**

In consideration of the right to receive patronage allocations as hereinbefore provided, and as a condition of doing business with the Association, each Voting Common Stockholder and other Patron shall, in each fiscal year of the Association, purchase, at par value, Class B Common Stock of the Association in an amount as may be determined by the Board of Directors from time to time. This annual capital requirement shall not apply, however, once a Voting Common Stockholder or other Patron has reached 100% of its Base Capital Requirement.

#### **ARTICLE VI - FINANCIAL COMMITMENTS**

Section 1. Eligibility. Loans, leases, guarantees and other type of financial commitments ("Financial Commitments") shall be made to producers of agricultural products, associations of such producers, regional cooperative associations whose members consist of local cooperative associations whose members are agricultural producers, agri-businesses, and other patrons of cooperative associations. The total outstanding balance of any Financial Commitment to any borrower shall not, at any time, exceed 20 percent (20%) of all such outstanding Financial Commitments; provided, however, that such limit may be increased in any amount as to any borrower or borrowers by a majority vote of the Board of Directors at any meeting thereof. The foregoing limit shall not be applicable to loans purchased from or discounted for other lenders or holders, or to the liability of any person, firm, or corporation as an endorser or a guarantor.

Section 2. Terms. Financial Commitments shall be made in such types and such amounts as are justified by prudent business practices.

Section 3. Borrower Investment. Each recipient of a Financial Commitment may be required as a condition of such commitment to purchase and pay for equity in the Association of such type and in such amounts as may be determined by the Board of Directors.

#### **ARTICLE VII - LOAN COMMITTEE**

Section 1. Loan Committee. A loan committee, consisting of not less than three (3) members, shall be appointed by the Board of Directors. Such loan committee shall choose from among its members a chairman and a secretary. The secretary of the loan committee shall prepare and maintain full and correct records of all action taken by it.

Section 2. Procedure. The loan committee shall inquire carefully into the financial condition of applicants and estimate their ability to repay fully and promptly the obligation being incurred. In the furtherance of such investigation the loan committee may require of said applicants such additional information as it may deem necessary for a decision on the application. On the basis of their investigation, the loan committee shall set the terms upon which such Financial Commitment shall be made. A Financial Commitment shall be made only with approval of a majority of the loan committee. The loan committee may delegate its authority to approve certain

Financial Commitments to the officers or specified employees of this Association provided that the loan committee has reviewed and approved the specific program under which any such commitments are made, and has established specific guidelines for approval of Financial Commitments within the operation of such programs.

## **ARTICLE VIII - MEETINGS**

Section 1. Annual Meetings. The annual meetings of the stockholders of the Association shall be held in the month of December or in such other month as the Board of Directors may select of each year at such time and at such place as may be fixed from time to time by the Board of Directors.

Section 2. Special Meetings. Special meetings of the stockholders of the Association may be called at any time by order of the Board of Directors and shall be called by the Board of Directors whenever the ten percent (10%) of the Voting Common Stockholders file a petition stating the specific business to be brought before the Association and demand a special meeting.

Section 3. Notice of Meetings. Notice shall be given by the secretary of all meetings of the stockholders by mailing a notice thereof to each Common Stockholder not less than ten (10) days preceding the date of the meeting. When there has been a petition for a special meeting, notice of the time, place, and purpose thereof shall be issued within ten (10) days from and after the presentation of the petition and such special meeting shall be held within thirty (30) days from and after the date of presenting the petition.

Section 4. Quorum. A quorum for the transaction of business at any stockholders meeting shall consist of Voting Common Stockholders holding at least one-third of the voting power of the Association. For this purpose, mail ballots submitted in accordance with Section 5 of this Article shall be counted in determining whether a quorum shall be found to exist.

Section 5. Absentee Voting. Voting by proxy shall not be permitted. However, if authorized by the Board of Directors, absent Voting Common Stockholders may vote on specific questions, other than the removal of directors, by signed ballots transmitted to the secretary or assistant secretary by mail, provided that all Voting Common Stockholders, pursuant to action by the Board of Directors, have been mailed an exact copy of the motion or resolution upon which such vote is taken, and a copy of the same is forwarded with and attached to the vote of the Voting Common Stockholder voting within the time prescribed by the board; provided, however, that where there is a vote on the adoption or amendment of one or more provisions in the Articles of Incorporation or Bylaws, voting by mail ballot shall be permitted.

## **ARTICLE IX - DIRECTORS AND OFFICERS**

### **Section 1. Directors/Term**

(a) The business and affairs of this Association shall be managed and controlled by the Board of Directors consisting of seven (7) members who shall be elected by the Voting Common Stockholders from among their number at their annual meeting. No Voting Common Stockholder may have more than one of its directors, officers, or employees serving on the Board of Directors. No person shall be eligible to be elected to the Board of Directors or to continue to serve on the Board of Directors if the Financial Commitments with the Voting Common Stockholder for which such person is a director, officer, or employee shall be adversely classified by the Association as substandard, doubtful, or below.

(b) At the annual meeting for the Association's fiscal year ending in 1997, three (3) directors shall be elected each for a term of three (3) years. Two (2) of such directors shall be the positions added to the board in 1997.

Section 2. Meetings. Regular meetings of the Board of Directors shall be held quarterly or at such other times and at such places as the Board of Directors may determine. Special meetings shall be held whenever called by the

president, chairman or by a majority of the directors, and any and all business may be transacted at such meetings. Notice of the time and place of all meetings shall be given to each director at least seven (7) days in advance of the meeting, if by mail, or at least forty-eight (48) hours in advance of the meeting, if notice is given by FAX or other telephonic transmission, unless a director shall waive notice of any such meeting. A majority of the Board of Directors shall constitute a quorum.

Section 3. Compensation. The compensation, if any, of the members of the Board of Directors and of any committee, shall be determined by a unanimous vote of the Board of Directors.

Section 4. Powers. The Board of Directors shall have power to make rules and regulations, not inconsistent with law or with these Bylaws, for the management of the business and the guidance of the stockholders, officers, employees and agents of this Association; shall also have power to employ or authorize the employment of management personnel; shall have the duty to have installed an accounting system which shall be adequate to the requirements of the business; and shall require proper records to be kept of all business transactions.

Section 5. Officers. The officers, each of whom shall be elected by, and shall serve at the will of, the Board of Directors shall consist of a chairman of the board, a vice chairman, a president, one or more vice presidents, secretary, treasurer, and such other officers as the Board of Directors may from time to time deem advisable.

Section 6. Duties of Chairman of the Board. The chairman of the board shall preside at all meetings of the stockholders and directors at which he may be present, call special meetings of the stockholders and of the Board of Directors whenever he deems such action advisable, and shall have such other duties, powers and authority as may be prescribed elsewhere in the Bylaws of the Association. The Board of Directors may delegate such other authority and assign such additional duties to the chairman of the board, other than those conferred by law exclusively upon the president or another officer, as it may from time to time determine, and, to the extent permissible by law, the Board of Directors may designate the chairman of the board as the chief executive officer of the corporation with all of the powers otherwise conferred upon the president of the corporation under ARTICLE IX, Section 8, of the Bylaws of the Association, or it may, from time to time, divide the responsibilities, duties and authority for the general control and management of the Association's business and affairs between the chairman of the board and the president.

Section 7. Duties of Vice Chairman of the Board. The vice chairman shall perform the duties and exercise the powers of the chairman of the board in the absence or disability of the chairman of the board and shall perform such other duties as may be imposed upon him from time to time by the Board of Directors.

Section 8. Duties of President. The president shall be the chief executive officer of the Association unless the chairman of the board is so designated under the provisions of ARTICLE IX, Section 6. The president shall sign or delegate to any other officer of the Association the authority to sign all stock certificates, deeds, leases, bills of sale and other instruments conveying any interest in real estate or personal property of the Association, and such other instruments or documents as the Board of Directors may authorize or direct from time to time; shall have and exercise the power to hire and fire all employees other than officers, administrative officers, agents or employees selected by the Board of Directors; shall see that the management and business operations of the Association are exercised and conducted in accordance with general policies established by the Board of Directors; and shall perform such other duties and exercise such other power or powers as the Board of Directors may from time to time authorize or direct.

Section 9. Duties of the Vice-President(s). In the temporary absence of the president, the senior vice-president shall perform the duties of the president. In the case of death, resignation, or disability of the president, the Board of Directors may declare the office vacant and elect his successor. The vice-president(s) shall perform such duties as may be imposed upon them from time to time by the Board of Directors or the president.

Section 10. Duties of Secretary. The secretary shall attend all meetings of the stockholders and of the Board of Directors, record all votes and the minutes of all proceedings at such meetings, give notice of all such meetings, and all other notices required by law or by these Bylaws, keep the corporate seal and affix it to all documents requiring

it, sign with the president all stock certificates, and perform all such other duties as may be prescribed by these Bylaws or by the Board of Directors.

Section 11. Duties of Treasurer. The treasurer shall keep safely all money of the Association which may come into his possession, deposit all such money in such depositories as the Board of Directors or the president from time to time may authorize or direct, pay out the same as directed by the president or the Board of Directors, keep accurate books of account of all transactions of the Association and generally perform all other duties pertaining to his office or which may be required of him by the Board of Directors.

Section 12. Executive Committee. The Board of Directors may appoint from its own membership an executive committee of at least three (3) members, and determine their tenure of office and their powers and duties. The executive committee shall have such powers and duties as may, from time to time, be prescribed by the Board of Directors and these duties and powers may be all of the duties and powers of the said Board of Directors, subject to the general direction, approval, and control of the Board of Directors. Copies of the minutes of any meeting of the executive committee shall be mailed to all directors within seven (7) days following such meeting.

Section 13. Audits. As often as the Board of Directors may consider advisable, but at least once a year, the Board of Directors shall obtain the services of a competent auditor, who shall make a careful audit of the books and accounts of the Association and render a report in writing thereon. The annual audit report shall be submitted to the members of the Association at the annual meeting.

Section 14. Bonds and Insurance. The Board of Directors shall require the president and all other officers, agents, and employees charged by the Association with responsibility for the custody of any of its funds or negotiable instruments to give adequate bonds. Such bonds shall be furnished by a responsible bonding company and approved by the Board of Directors, and the cost thereof shall be paid by the Association. The Board of Directors shall provide for the adequate insurance of the property of the Association, or property which may be in the possession of the Association, or stored by it, and not otherwise adequately insured, and in addition adequate insurance covering liability for accidents to all employees and the public.

Section 15. Indemnification of Directors, Officers and Employees. Each person who is or was a director, officer or employee of the Association or is or was serving at the request of the Association as a director, officer or employee of another corporation (including the heirs, executors, administrators or estate of such person) shall be indemnified by the Association as of right to the full extent permitted or authorized by the laws of the State of Kansas, as now in effect and as hereafter amended, against any liability, judgment, fine, amount paid in settlement, cost and expense (including attorneys' fees) asserted or threatened against and incurred by such person in his capacity as or arising out of his status as a director, officer or employee of the Association, or, if serving at the request of the Association, as a director, officer or employee of another corporation. The indemnification provided by this bylaw provision shall not be exclusive of any other rights to which those indemnified may be entitled under any other bylaw or under any agreement, vote of stockholders or disinterested directors or otherwise, and shall not limit in any way any right which the Association may have to make different or further indemnifications with respect to the same or different persons or classes of persons.

## **ARTICLE X - DISSOLUTION**

Upon dissolution or liquidation of the Association in any manner, except as may be otherwise provided by law, the assets of the Association shall be distributed in the following order and manner, to wit:

- (a) To pay all costs and expenses of dissolution, liquidation and distribution;
- (b) To pay and discharge all indebtedness of the Association, exclusive of any liability for the distribution of net savings;
- (c) To retire, up to par value plus unpaid accrued dividends thereon, if any, all preferred stock of the Association, without any priority whatsoever;

(d) To return to the holders thereof the par value all Class A Common Stock, the par value of all Class B Common Stock, the stated value of all capital credits, and pay all patronage allocations payable from current net savings, without any priority whatsoever;

(e) All remaining assets, if any, shall be distributed on a pro rata basis among the holders of Class A Common Stock, Class B Common Stock, common stock, and capital credits, without any priority whatsoever.

## ARTICLE XI - MISCELLANEOUS PROVISIONS

Section 1. Fiscal Year. The fiscal year of this Association shall end on August 31 each year.

Section 2. Terms. While this Association is a stock organization, not a nonstock membership organization, the Voting Common Stockholders shall be considered to be members, and the holders of Class B Common Stock, who do not also hold Voting Common Stock, shall be considered to be nonvoting associate members of the Association.

Section 3. Notices. Notice given by mail may be given by depositing the same in a post office or letter box, in a postpaid sealed wrapper, addressed to such director or stockholder at such address as appears on the records of the Association, and such notice shall be deemed to be given at the time when the same shall be thus mailed. Notice given by FAX or other telephonic transmittal will be deemed given under such method when it is received.

Section 4. Waivers of Notice. Whenever any notice is required to be given under the provisions of the statutes or of the Articles of Incorporation or of these Bylaws, a waiver thereof in writing signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Section 5. Amendments. These Bylaws may be amended by a majority vote of the Board of Directors at any time or by the stockholders at a regular or special meeting called for that purpose upon the affirmative vote of a majority of the voting power of the Voting Common Stockholders, voting in person or by mail ballot. However, any amendment made by the Board of Directors may be repealed by the stockholders upon the affirmative vote of a majority of the voting power of the Voting Common Stockholders, voting in person or by mail ballot, with such action to be effective from the date of such action by the stockholders.