

ALABAMA FARM CREDIT, ACA
AMENDED AND RESTATED BYLAWS

June 25, 2020

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ALABAMA FARM CREDIT, ACA
AMENDED AND RESTATED BYLAWS

October 30, 2019

BYLAW DEFINITIONS

- “Act” - the Farm Credit Act of 1971, as it may be amended from time to time.
- “Annual Meeting” - the annual meeting of Stockholders pursuant to Article III of these Bylaws.
- “Association” – Alabama Farm Credit, ACA, an agricultural credit association.
- “Authorization Event” – shall have the meaning set forth in Section 110 hereof.
- “Board” – the Association’s board of directors.
- “Bylaws” - these Amended and Restated Bylaws, as they may be further amended from time to time pursuant to Article XV hereof.
- “Code” – shall have the meaning set forth in Section 820.1 hereof.
- “FCA” - the Farm Credit Administration.
- “FCB” or “Bank” - Farm Credit Bank of Texas or any successor entity thereto.
- “FLCA” – Alabama Farm Credit, FLCA, association with direct lending authority and a wholly-owned subsidiary of the Association.
- “GFA” - shall have the meaning ascribed to it under Section 110 hereof.
- “Member” – shall have the meaning set forth in Article II hereof.
- “Other Appointed Director” - shall have the meaning ascribed to it under Section 400.1 hereof.
- “Outside Director” - shall have the meaning ascribed to it under Section 400.1 hereof.
- “PCA” – Alabama Farm Credit, PCA, a production and a wholly-owned subsidiary of the Association.
- “Record Date” - shall have the meaning ascribed to it under Section 340 hereof.
- “Regulations” - FCA Regulations or directives applicable to and binding on the Association.
- “Sectional Session” - shall have the meaning ascribed to it under Section 300.3 hereof.
- “Stock” - means all classes of outstanding capital stock and participation certificates of the Association.
- “Stockholder” - means a holder or joint holder of any Stock.
- “Stockholder-Elected Director” - shall have the meaning ascribed to it under Section 400.1 hereof.
- “System” - the Farm Credit System.
- “Voting Stockholder” - means a holder of Association equity 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 **Introductory statement**

The Association is an agricultural credit association which is a federally chartered, Member-owned, cooperative credit institution operating within the authority of the Act and the Regulations. Under the supervision of the Bank and its policies and procedures, the Association makes and services loans to (1) farmers, ranchers, and producers or harvesters of aquatic products, (2) persons or organizations furnishing to farmers and ranchers farm-related services directly related to their on-farm operating needs, (3) owners of rural homes in its territory, and (4) certain processing and marketing operations. The Association also may provide technical assistance to Members, borrowers, applicants, and other eligible persons and make available to them, at their option, related services appropriate to their operations to the extent authorized by the Bank and the Regulations.

110 **Relationship with FLCA and PCA**

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

120 **Construction of Bylaws**

These Bylaws constitute the rules for the internal operation of the Association. These Bylaws hereby amend, restate, and replace in its entirety any prior bylaws of the Association. These Bylaws shall be construed to be consistent with, and to give effect to, the purposes for which the Association was chartered as set forth in this preamble. These Bylaws shall not be construed in a manner which would result in their being in violation of, or inconsistent with, applicable law or Regulations. No provision of these Bylaws shall be construed to grant FCB, or its corporate successor, any approval authority over the corporate governance of the Association other than that mandated by law.

ARTICLE II--MEMBERSHIP

200 Definition of Members

Members of the Association shall include all holders of legal title to capital stock or participation certificates as evidenced on the books of the Association, except any System institution. Any person to whom the Association is authorized by the Act to extend credit and other related services is eligible apply for a loan or other services from the Association to become a Member of the Association. In the case of a deceased or legally incompetent Member, the executor, administrator, guardian, or other legally authorized representative of such Member shall be considered to be the Member for the purpose of voting. Each Member, or individual designated in accordance with these Bylaws to vote the Class A Stock of a Voting Stockholder, is authorized to speak on any question being considered at a Stockholders' meeting when recognized by the chairman of the meeting. Motions (except motions to authorize preferred stock) and nominations or seconds thereto may be made and voted on only by Voting Stockholders and the individuals designated to vote the Class A Stock of Voting Stockholders in accordance with these Bylaws.

ARTICLE III--MEETINGS OF STOCKHOLDERS

300 Time and Place

300.1 Annual Meeting

There shall be an Annual Meeting at such place(s) in the Association's chartered territory or within reasonable distance of the Association territory at date(s) and time(s) as the Board may by resolution provide.

300.2 Special Meetings

Special meetings of the Stockholders for any purpose or purposes may be called by the chairman of the board or the chief executive officer, and shall be called by the chief executive officer or secretary at the request in writing of a majority of the Board or at the request in writing of at least ten (10) percent of the Voting Stockholders. Such request shall state the purpose or purposes of the proposed meeting. Business transacted at any special meeting of Stockholders shall be limited to the purposes stated in the notice of the meeting. 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 any Stockholders meeting to be held in consecutive sectional sessions ("Sectional Session") at different times and places. In such case, the date of the convening of the first Sectional Session shall be the date of the meeting for the purpose of satisfying time requirements under these Bylaws. Each Stockholder shall be notified of all sessions to be convened and shall be entitled to attend any or all sessions. At each Sectional Session except the last, the meeting shall be adjourned until the next session of the meeting. The last session must be

scheduled for a time no later than fourteen (14) calendar days after the first session. The attendance at all Sectional Sessions shall be combined for the purpose of constituting a quorum, but no Stockholder shall be counted more than once for such purpose, and no Stockholder shall be permitted to vote at more than one session. The votes at all sessions shall be counted together to constitute the vote of the meeting. Nominations from the floor, and matters requiring the vote of Stockholders, including the election of directors and nominating committee members, must be introduced at the first Sectional Session of the meeting, except that if balloting is by mail as stipulated in Section 410.1(f), nominations may be made at all Sectional Sessions of the meeting.

310 Notice of Meeting

Notices of annual and special meeting of Stockholders shall be in writing and signed by the chairman of the board, an officer of the Association, or by any other person the Board may designate; provided however, all notices of Annual Meetings must be signed by the chief executive officer, chief financial officer and a member of the Board. The notice shall state the place, day and hour of the meeting (with respect to each session if the meeting is to be held in consecutive Sectional Sessions) and in case of a special meeting, the purpose or purposes for which the meeting is called. A copy of the notice shall be either delivered personally or shall be mailed, postage prepaid, to each Stockholder as of the Record Date not less than ten (10) business days, nor more than thirty (30) business days, prior to the date of the meeting. Personal or mailed delivery of the notice to any officer of a corporation or association or to any member of a partnership shall constitute delivery of the notice to the corporation, association or partnership. In the event of the transfer of a share after delivery or mailing of the notice of and prior to the holding of the meeting, it shall not be necessary to deliver or mail notice of the meeting to the transferee. The notice shall be mailed to the last known post office address of the Stockholder as it appears on the records of the Association.

320 Quorum

Fifteen (15) Voting Stockholders in attendance at any Stockholders meeting, or where permitted by Section 350.2 of these Bylaws, represented by proxy, shall constitute a quorum for the transaction of business, except as otherwise provided by law or Regulation. For purposes of determining a quorum at any Stockholders meeting where mail balloting is used for Stockholder-Elected Director elections, mail ballots shall be used to determine a quorum. 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 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 shall be given by a person designated by the Board. Other items of business which may come before the meeting include but are not limited to: (a) determination of a quorum, (b) proof of due notice of meeting, (c) reading

and disposition of minutes, (d) annual reports of officers and committees, (e) election of directors and nominating committee, (f) unfinished business, and (g) new business. 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 Lists of Members, Stockholders and Voting Stockholders

The Association shall maintain a list of the Members, which list shall include all borrowers who are primarily liable for repayment of a loan to the Association, a list of Stockholders, and a list of Voting Stockholders indicating the names of the individuals that are designated in accordance with these Bylaws to vote the Class A Stock of the Voting Stockholders. The lists 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. The lists shall also be used to assure that no Voting Stockholder votes more than once in connection with each meeting of the Stockholders. The lists shall also be used for communication among such Members, as provided in the Act and Regulations.

340 Record Date

The Board may fix in advance a date, not exceeding ninety (90) days preceding the date of any meeting of Stockholders, or the date for the allotment of any rights, or the date when any change or conversion or exchange of capital stock shall go into effect, as a record date ("Record Date"). Such Record Date shall be used for the determination of the Stockholders entitled to notice of and Voting Stockholders entitled to vote in the meeting, or to any allotment of rights, or to exercise the rights in respect of any change, conversion or exchange of capital stock. In such case, only such Stockholders who are Stockholders of record on the Record Date shall be entitled to the notice of, and Voting Stockholders of record on the Record Date shall be entitled to vote at, the meeting, or to receive any allotment of rights, or to exercise rights, as the case may be, notwithstanding the transfer of any stock on the books of the Association after the Record Date so fixed. In the absence of contrary action by the Board, the date on which the last notice of a meeting is mailed or delivered shall be the Record Date for determination of Stockholders entitled to notice of and to vote at any such meeting, and the date on which the Board adopts the resolution declaring an allotment of rights, or change or conversion or exchange of capital stock, shall be the Record Date for the determination of the Stockholders entitled to receive the allotment of rights or to exercise the rights in respect of the change, conversion or exchange of capital stock.

345 Majority Vote

When a quorum is present or represented at any meeting, the vote of a majority of the Voting Stockholders, present in person, represented by proxy or voting by mail ballot under Section 410.1(f), shall decide any question brought before the meeting, unless the question is one upon which by express provisions of applicable law or Regulations a different vote is required, in which case such express provision shall govern and control. If a meeting is held in consecutive Sectional Sessions, the results of the votes cast at all sessions of the meeting shall be reported to the Stockholders only after the last Sectional Session.

350 Voting

350.1 Voting Strength and Designee for Voting Stock; Voting for Directors

Except as may be otherwise expressly provided by applicable law or Regulations or as may be specifically provided elsewhere in these Bylaws, only holders of Class A Stock shall be entitled to vote at any meeting of the Stockholders. Each holder of Class A Stock, regardless of the number of shares of stock held and regardless of the number of joint or single loans the Stockholder may have with the Association, shall be entitled to one vote on each matter submitted to a vote at a meeting of Stockholders. 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 a joint loan, the vote may be cast by only one of the joint holders authorized and designated by the other joint holders in a writing filed with the Association. The vote of a Voting Stockholder which is a legal entity shall be cast by an individual duly authorized in a writing filed with the Association, so long as that individual is an officer of or holds equity in the entity. In no event may an individual vote more than once, nor in accordance with Section 710.4 shall any Voting Stockholder be entitled to cumulate votes.

350.2 Proxy Voting

At any meeting of the Stockholders, any Voting Stockholder may be represented and vote by a proxy appointed by an instrument in writing; provided, however, voting by proxy shall only be permitted with respect to matters for which proxy voting is expressly permitted under the Act, or the Regulations, and provided further that proxy voting shall not be permitted with respect to election of directors or nominating committee members. Proxy forms and ballots shall be prescribed by the Board. The proxy shall be filed with the secretary of the Association prior to any and all sessions of the meeting. In the event that the written instrument shall designate two or more persons to act as proxies, a majority of such persons present at the meeting (or, if only one shall be present, then that one) shall have and may exercise all of the powers conferred by such written instrument upon all of the persons so designated, unless the instrument shall provide otherwise. No proxy shall be valid after the expiration of eleven months from the date of its execution unless coupled with an interest, or unless the person executing it specified therein the length of time for which it is to continue in force, which in no case shall exceed seven years from the date of its execution. Subject to the above, any proxy duly executed is not revoked and continues in full force and effect until 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 Stockholders meeting. Voting in person or by proxy shall be used in mergers of the Association with other System associations and on other matters where required under the Act or Regulations.

350.3 Method of Voting; Action Without Meeting

Any action required to be taken, or which may be taken, at any annual 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 their duly authorized representatives, entitled to vote with respect to the subject matter thereof. At all Stockholder meetings the manner of voting shall be at the discretion of the chairman of the meeting unless any Stockholder at the meeting shall demand voting by written ballot or unless otherwise specified by law, Regulations or these Bylaws, in which event voting shall be conducted by written ballot or as otherwise so specified; provided, however, that with respect to any proceeding subject to a vote of the Stockholders: (a) signed ballots shall not be used; and (b) measures shall be implemented to safeguard the voting process for the protection of the right of Stockholders to a secret ballot. The foregoing shall not impair the Association's ability to use mail balloting in the election of directors and nominating committee members as provided in Section 410.1(f).

350.4 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 Board or chairman of the meeting to serve in that capacity.

360 Nominating Committee

360.1 Election of the Nominating Committee

(a) At each Annual Meeting, the Voting Stockholders shall elect a nominating committee for a one (1) year term consisting of three (3) Stockholders who own or jointly own Class A Stock of the Association; provided however, only one Stockholder jointly sharing ownership of the Class A Stock of the Association may seek the opportunity and serve on the nominating committee within an election cycle. Also, an individual designated in accordance with these Bylaws to vote the Class A 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. The nominating committee shall operate under policies and procedures approved by the Board consistent with applicable Regulations.

(b) Stockholders who do not reside or farm in the Association's chartered territory are eligible to serve as members of the nominating committee.

(c) 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.

(d) The Voting Stockholders shall also elect three (3) or more alternate members of the nominating committee to serve in the event any member of the nominating committee is unable to carry out his or her duties. A vacancy shall be filled from among the alternates by a majority vote of the remaining members of the nominating committee.

(e) No individual may serve on a nominating committee who, at the time of selection to or during service on a nominating committee, is an employee, director, a candidate for a director position, or agent of the Bank or Association. Members of the Board and candidates for Board member positions are not eligible to serve on the nominating committee. A salaried officer or employee of the Association or any institution of the System is not eligible to serve on the nominating committee and may not serve on the nominating committee within one (1) year after ceasing to be employed by the Association or any other institution of the System.

(f) Notwithstanding anything contained herein to the contrary, a person is not eligible to serve more than two (2) consecutive one-year terms as a member or alternate of the nominating committee.

360.2 Function of the Nominating Committee

(a) 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 the Stockholders of all classes of Stock of the Association, the most recent Bylaws, and the current Director Qualifications Policy. The nominating committee shall review the current list of Stockholders of all classes of Stock of the Association who are eligible to serve as directors of the Association. Such list shall (i) denote the class of Stock held by each such holder, and (ii) shall also include the individuals designated in accordance with these Bylaws to vote the Class A Stock held by a Voting Stockholder, who are eligible to serve as Stockholder-Elected Directors if elected. 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.

(b) The nominating committee shall evaluate the candidate's qualifications, including consideration of whether there are any known obstacles preventing a candidate from performing duties as a Board member, ascertain their willingness to serve, and submit for election a slate of eligible candidates which shall include at least two (2) nominees for each Stockholder-Elected Director position to be filled. No individual shall be eligible to be nominated as a candidate for election to the Board in the same election cycle for which the nominating committee is identifying candidates if that individual was elected to serve on the nominating committee and attended any meeting called by the nominating committee. The nominating committee shall endeavor to assure representation to all sections of the Association territory and as nearly as possible to all types of agricultural practices within the Association territory.

(c) 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 for such position, to the extent described in the explanation. The description of nominating committee's efforts to identify more than one eligible candidate shall be included in the Association's annual meeting information statement.

360.3 Nomination of Candidates for Election to Nominating Committee

(a) At the Annual Meeting, the nominating committee may present a list of candidates for the Voting Stockholders to consider in electing the nominating committee for the ensuing year. The nomination of candidate(s) for election to the nominating committee may be made from the floor by Voting Stockholders and individuals designated in accordance with these Bylaws to vote the Class A Stock held by a Voting Stockholder. Nominations from the floor must be eligible and qualified candidates. In accordance with Section 300.3, in the event of Sectional Sessions, nominations from the floor will only be accepted at the first Sectional Session; provided however, if the voting shall occur by mail in accordance with Section 410.1(f) below, nominations from the floor will be accepted at each Sectional Session. The nominators must be Voting Stockholders or individuals designated in accordance with these Bylaws to vote the Class A Stock held by a Stockholder. The nominees must be Stockholders that own or jointly own the Class A Stock or individuals designated in accordance with these Bylaws to vote the Class A Stock held by a Stockholder. Each nominee shall be responsible for providing in paper or electronic form such nominee's biographical and disclosure information as required by law, Regulations, these Bylaws, and the policies of the Association 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.

(b) 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. After receiving a floor nomination, the floor nominee must state at the meeting if he or she accepts the nomination for election to the nominating committee. Nominations from the floor shall require a "second" at the meeting before being placed on a ballot.

(c) Following the Annual Meeting, the Association shall as necessary conduct additional due diligence to determine if the floor nominee meets all the eligibility requirements imposed by the Regulations, Bylaws and the Association's policies. Floor nominees meeting all eligibility requirements will be placed on the ballot. If the floor nominee is ineligible to be elected to the nominating committee, the floor nominee shall be removed from the ballot. If a newly elected nominating committee member is determined to be ineligible, the nominating committee member shall be immediately removed from office and the vacancy filled in accordance with Section 360.1(d).

(d) 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.

360.4 Quorum and Minutes

A majority of the members of the nominating committee shall constitute a quorum for transacting business of the committee. The committee shall keep minutes of its deliberations which shall be turned over to the secretary of the Association to be maintained in accordance with the Association's records disposal schedule.

ARTICLE IV--DIRECTORS

400 Number and Qualifications of Directors

400.1 Number of Directors on Board

The Association shall have a Board of six (6) directors elected by the Voting Stockholders ("Stockholder-Elected Directors") and at least one (1) director elected by the other directors as set forth in Section 400.2(b) of these Bylaws ("Outside Director") who shall not be a director, officer, employee, stockholder, or agent of a System institution (other than the FLCA and PCA) until such time as the assets of the Association reach \$500 million, at which point the Association shall have at least two (2) such Outside Directors (unless this would cause the percent of sitting Stockholder-Elected Directors to be less than 75 percent of the Board). In addition, the Board may select other appointed directors who may be Stockholders (each an "Other Appointed Director") as set forth in Section 400.2(c) of these Bylaws and pursuant to the Board policy on the appointment of directors.

As required in Section 611.210 of the Regulations, at all times at least one (1) Association director shall be a financial expert. The number of Stockholder-Elected Directors shall at all times constitute at least sixty percent (60%) of the total number of all sitting directors on the Board. If at any time, the number of Stockholder-Elected Directors sitting on the Board does not equal or exceed sixty percent (60%) of the total number of directors on the Board, the Board shall call a special Stockholders' meeting for the purpose of electing directors to fill any vacancy in a Stockholder-Elected Director position as provided in the Section 410.1 of these Bylaws. Voting for all Stockholder-Elected Directors shall be at-large with each Voting Stockholder having the right to vote for each Stockholder-Elected Director position open for election. The Board may, from time to time, by amendment to this Bylaw, change the number of directors, establish or eliminate geographic regions for Board positions, change the number and boundaries of such geographic regions represented by each Board position, and the manner in which directors shall be elected in accordance with the requirements of law, Regulations, and these Bylaws.

400.2 Qualifications

(a) Stockholder-Elected Directors

(1) All Stockholder-Elected Directors must be a holder or joint holder of Class A Stock in the Association or is an individual designated to vote the Class A Stock held by an entity so long as that individual is an officer of or holds equity in the entity and meets all other requirements for serving as an Association director. Notwithstanding anything contained herein to the contrary, no more than one Stockholder jointly sharing ownership of the Class A Stock of the Association 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 A Stock.

(2) No person shall be elected or continue to serve as a Stockholder-Elected Director unless he or she is in compliance with the Act and Regulations, is a bona fide farmer, a rancher, or a producer or harvester of aquatic products and either resides or farms in the Association territory; provided however, out-of-territory Stockholders are eligible to serve as Stockholder-Elected Directors. A legally authorized representative of a deceased or incompetent Stockholder is not eligible to be elected or appointed as a Stockholder-Elected Director unless such representative also holds voting stock in his or her own right.

(3) A salaried officer or employee of any institution of the System is not eligible to be elected or appointed and may not serve as a director nor shall any such person be elected or appointed as a director within one (1) year after ceasing to be employed by the Association or any other institution of the System. No director of the Farm Credit Bank with which the Association has a discount or funding relationship may serve as a Stockholder-Elected Director of the Association within one year of ceasing to be a director for such bank

(4) An individual who is a director of a bank or association within the System is not eligible to be elected or appointed and may not serve as a Stockholder-Elected Director, except as hereinafter provided: (i) A director elected to the Bank board of directors may continue to serve until the next Annual Meeting or a special meeting of the Stockholders called for the purpose of election of directors, and (ii) an individual may be director of the Association and a director of the PCA and FLCA simultaneously.

(5) For the purposes of eligibility requirements in these Bylaws, it is incumbent upon the director or the director nominee to provide verifiable evidence to establish eligibility if questioned. Evidence must be provided to either the nominating committee or Standard of Conduct Officer in a

reasonable form and within a reasonable time to verify the information submitted.

(b) Outside Directors

As required in Section 2.11 of the Act and Section 400.1 above, one or more persons shall be elected by the Board to serve as an Outside Director, and no such person shall be elected by the Board to serve as an Outside Director if such person is a director, officer, employee, stockholder, or agent of a System institution other than the PCA or FLCA (an “Outside Director”). No individual shall be eligible to serve as an Outside Director who has been, within the one-year period preceding the date the term of office begins, a salaried officer or employee of any System bank or association or a director of the Bank. An Outside Director may serve consecutive terms. A director elected to the Board of any other System institution may continue to serve as director for the Association until the first meeting of the Board of such System institution. An individual may not be an Outside Director of the Association and any other System institution simultaneously except an Outside Director of the PCA or FLCA. 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.

(c) Other Appointed Directors

Other Appointed Directors may be selected by the Board when the Board believes that the best interest of the Association will be served by selecting Other Appointed Directors who will facilitate diversity, add needed skills, address any discrepancies in either geographical or types of agriculture representation of the Board or otherwise enhance the Board’s governance. Except as expressly otherwise provided in these Bylaws, the qualifications, manner of nomination, election, bases of removal, and related matters respecting the Other Appointed Directors shall be determined from time to time by the Board, subject to applicable Regulations.

(d) Desired Qualifications of Directors

In addition to the required statutory, regulatory and Bylaw eligibility criteria for Stockholder-Elected Directors, Outside Directors, and Other Appointed Directors, the Board shall identify desired qualifications in a Board approved policy. Each director shall qualify under the Association policy identifying desirable director qualifications. 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.

400.3 Service as Director, Officer or Employee of Non-System Financial Institution

Subject to the Regulations, a person who is a director, officer or employee of a non-System financial institution which is authorized to make the same types of loans that may be obtained from the Association is eligible to be elected or appointed as a director of the Association.

400.4 Prohibition to Continue as Director

(a) Involvement in Certain Legal Proceedings; Loan Status; Legal Incompliance

The office of any elected or appointed director, whether Stockholder-Elected Director, Outside Director, or Other Appointed Director, shall automatically become vacant in the event such director: (1) files a petition for relief in voluntary bankruptcy, or otherwise institutes suit under applicable voluntary Federal or State bankruptcy, insolvency, or receivership laws; or (2) is adjudged a debtor in an involuntary Federal bankruptcy or placed in receivership in a State proceeding; or (3) seeks reorganization under the Bankruptcy Code of personal business interests or that of a corporation in which the director owns the controlling interest; or (4) is party to a foreclosure proceeding (judicial or nonjudicial) or a voluntary conveyance in lieu of foreclosure involving property in which the director has an interest, which is instituted or executed because of the director's default on indebtedness to a System institution; or (5) is a party to a loan and the Association sustains a charge-off on that loan or if such loan or a portion of such loan is adversely classified; or (6) is not in compliance with the Association's Standards for Official Loans Policy; or (7) is convicted of any criminal offense involving dishonesty or breach of trust, or a felony, or is held liable for damages for fraud while holding office; or (8) is declared legally incompetent.

(b) Stockholder-Elected Director and Other Appointed Director

In the event that a Stockholder-Elected Director or Other Appointed Director ceases to be a borrower of the Association, regardless of whether or not the Stockholder-Elected Director or Other Appointed Director continues to hold voting or non-voting stock, such Stockholder-Elected Director or Other Appointed Director's position on the Board shall automatically become vacant. The resulting vacancy on the Board shall be filled as provided in Section 440.

(c) Outside Directors

Except to the extent permitted by Section 400.2(b), the position of any Outside Director shall automatically become vacant in the event that such director becomes a director (other than a director of the PCA or FLCA) of another System institution, or an officer, employee, Stockholder, or agent of the Association or any other System institution. The resulting vacancy on the Board shall be filled as provided in Section 440.

400.5 Training Requirements

All newly elected or appointed directors must complete director orientation training within 1 year of assuming their position and incumbent directors must attend training as outlined by Association Policy to advance their skills.

400.6 Attendance

The absence of any director, whether Stockholder-Elected Director, Outside Director, and Other Appointed Director, from three (3) consecutive regular meetings of the Board, unless explained to the satisfaction of the other directors, shall automatically terminate the director's service and the vacancy shall be filled as provided in Section 440 of these Bylaws.

410 Election of Directors

410.1 By Stockholders

(a) Elected to Fill Expired Terms & Vacancies

In the manner provided in these Bylaws, the Voting Stockholders shall elect each year 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 any vacancy on the Board other than the positions held by directors appointed by the other directors.

(b) Nominations Made From Floor and Casting Ballots

(1) At the Annual Meeting where any Stockholder-Elected Directors are to be voted upon, the nominating committee may present a list of candidates for the Voting Stockholders to consider in electing Stockholder-Elected Directors. The nomination of candidate(s) for election of Stockholder-Elected Directors may be made from the floor by Voting Stockholders and individuals designated in accordance with these Bylaws to vote the Class A Stock held by a Voting Stockholder. 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, nominations from the floor will only be accepted at the first Sectional Session; provided however, if the voting shall occur by mail in accordance with Section 410.1(f) below, nominations from the floor will be accepted at each Sectional Session.

(2) The nominees for Stockholder-Elected Director positions must be Stockholders that own or jointly own the Class A Stock or individuals designated in accordance with these Bylaws to vote the Class A Stock held by a Stockholder. Each nominee shall be responsible for providing in paper or electronic form such nominee's biographical and disclosure information as required by law, Regulations, these Bylaws, and the policies of the Association 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.

(3) 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. After receiving a floor nomination, the floor nominee must state at the meeting if he or she accepts the nomination for election to the Board. Nominations from the floor shall require a "second" at the meeting before being placed on a ballot.

(4) The requirements for a floor nomination of candidates for election to the Board shall be included in the Association's annual meeting information statement as well as in the notice provision for any Stockholder-Elected Director elections.

(c) Listing Nominees on the Ballot

All candidates shall be listed on the ballot by the position to be filled. Incumbents will not be designated as such on the ballot. For each vacancy, except as otherwise provided in Section 360.2(c), two (2) or more candidates will stand for election and no individual may be nominated for more than one vacancy. If more than one (1) position is to be filled, the election for each position shall be conducted independently. The candidate receiving the largest number of votes for each position shall be declared elected.

(d) Tallying the Ballots

Voting Stockholders shall cast secret ballots and the chairman conducting the election shall appoint a tabulator (“Tabulator”), which shall be a tellers committee of eligible Voting Stockholders or an independent third party to tally the ballots. Voting Stockholders who are directors, candidates, employees or members of the nominating committee and alternates are ineligible to serve as the Tabulator. The Tabulator shall convene to tally the ballots and shall report the results to the chairman conducting the election who shall inform the Stockholders of the results. If the 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.

(e) Breaking Tie Vote

If no individual is elected to a position because of a tie vote, a runoff election between those tying shall be held. The ballots shall be cast and counted and the results shall be reported to the Stockholders in the same manner as in the original election. If the runoff election results in no person being elected to a position because of a tie vote, the tie vote shall be broken by the toss of a coin. If the meeting is held in consecutive Sectional Sessions and no individual is elected to a position because of a tie vote, the tie shall be broken by reballoting, by mail, those Voting Stockholders which were registered in attendance at the consecutive Sectional Sessions of the Annual Meeting. The ballots will be cast by mail, counted by the Tabulator, and the results reported to the Shareholders as outlined in Section 410.1(f). If the runoff election results in no individual being elected to a position because of a tie vote, the tie vote shall be broken by the toss of a coin. Notwithstanding the above, if any tie vote is between only two candidates and the two candidates agree, the tie may be broken by the toss of a coin in place of a runoff election.

(f) Voting by Mail.

The Board may elect to hold all voting for Stockholder-Elected Directors and nominating committee members by mail ballot and such determination must be announced in the Notice of Meeting. The procedure for such mail ballot shall be as follows:

(1) 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 consecutive Sectional Sessions, a ballot shall be mailed to each Voting Stockholder.

(2) Mailing a ballot to a Voting Stockholder’s address as recorded in the books and records of the Association shall be conclusive evidence of receipt of the ballot by the Voting Stockholder.

(3) 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.

(4) On the first business day after the polls are closed, the Tabulator shall convene to tally the ballots returned prior to the closing of the polls.

(5) The Tabulator 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.

(6). The tallying of ballots shall be under the supervision and guidance of the Tabulator. The Tabulator shall certify as to the results of the election prior to any public announcement of the results of the election.

(7) If voting is conducted by mail ballot and no individual is elected to a position because of a tie vote, the tie vote shall be broken by the toss of a coin.

410.2 By Directors

(a) Elected to Fill Expired Terms and Vacancies

In the manner provided in these Bylaws, the directors shall elect a director meeting the requirements of Section 400.2 to fill the position of a director whose term is expiring or to fill a vacancy of an Outside Director position. Each Outside Director shall be elected by a majority the other directors present at a duly called and authorized meeting as soon as practical following either the expiration of the term of office of an Outside Director or at the time the position of an Outside Director becomes vacant for any reason. Other Appointed Directors may be elected by a majority the other directors present at a duly called and authorized meeting in the event the Board believes that the best interest of the Association will be served by electing Other Appointed Director(s).

(b) Search Committee

The Board shall conduct a search for an eligible candidate willing to serve as an Outside Director and Other Appointed Director. A majority of the directors, present at a duly called and authorized meeting as soon as practical following either the expiration of the term of office of an Outside Director or at the time the position of an Outside Director becomes vacant for any reason. Other Appointed Directors may be selected by the Board when the Board believes that the best interest of the Association will be served by selecting Other Appointed Directors.

420 Term

420.1 Length of Term

A Stockholder-Elected Director shall serve until the first Board meeting following the third Annual Meeting after being elected, or for the unexpired portion of the term for which the Stockholder-Elected Director was elected, and thereafter until a successor is elected and qualified. An Outside Director or Other Appointed Director shall serve until the first Board meeting after the third anniversary of his/her election by the Board, or for the unexpired portion of the term for which the Outside Director or Other Appointed Director was elected, and thereafter until such Outside Director or Other Appointed Director's successor is elected and qualified. Notwithstanding the foregoing, a director's term of office shall terminate if the director shall resign, be removed from office, become unable to act by reason of death or disqualification or if the term of the director's position is shortened or terminated by action of the voting stockholders in connection with a merger or consolidation.

420.2 Staggering Terms

If as a result of a change in the number of directors or for any other reason the terms of directors do not expire on a staggered basis, the terms of the directors elected thereafter shall be for such periods not to extend beyond the first Board meeting following the third Annual Meeting thereafter with respect to Stockholder-Elected Directors, and not to extend beyond the first Board meeting following the third anniversary of his or her election with respect to Outside Directors or Other Appointed Directors, as will establish or re-establish expiration of terms of directors on an equitably staggered basis.

430 (Reserved)

440 Vacancies

440.1 Filling a Vacancy on the Board

Subject to Section 5.34 of the Act, whenever a vacancy occurs in one or more of the Stockholder-Elected Director positions other than from the expiration of a term of office, the remaining directors shall by majority vote appoint an eligible qualified holder or joint holder of Class A Stock in the Association or individual designated to vote the Class A Stock held by an entity in accordance with these Bylaws to fill the vacancy until the next Annual Meeting or a special meeting of the Stockholders called for that purpose. Any director so appointed by the Board shall not be treated as a Stockholder-Elected Director elected by the Voting Stockholders for purposes of the Regulation requiring that at least 60% of the directors must be Stockholder-Elected Directors elected by the Voting Stockholders. If such appointment would cause the number of Stockholder-Elected Directors elected by the Voting Stockholders to be less than 60% of the total number of directors then in office, the Board shall call a special meeting of Stockholders to fill the vacancy. If the vacancy occurs within six months preceding the next Annual Meeting, and the Stockholder-

Elected Directors then in office who were elected by the Voting Stockholders constitute at least 60% of the total number of directors then in office, the Board may elect not to appoint a replacement and instead keep the position vacant until such Annual Meeting.

440.2 Appointment to Fill Vacancies for Quorum

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 A Stock or individuals designated to vote the Class A Stock held by an entity in accordance with these Bylaws to fill the remaining vacancies. Such Directors appointed pursuant to this Section 440.2 shall be elected to serve until the next Annual Meeting or a special meeting of Stockholders called to elect director(s).

440.3 Filling a Vacancy of an Outside Director or Other Appointed Director Position

Whenever a vacancy in the Outside Director or Other Appointed Director position occurs on the Board, then either (a) the remaining members of the Board, including Outside Directors and Other Appointed Director will appoint a replacement Outside Director or Other Appointed Director, as the case may be, to serve the remaining unexpired term, or (b) the Board will determine to retain the vacancy in the Outside Director or Other Appointed Director seat so long as there is at least such number of remaining Outside Directors currently serving as set forth in Section 400.1, unless otherwise provided by law, regulation, or these Bylaws.

450 Duties of Directors

450.1 General Control of Association

The Board shall be responsible for the general control and direction of the affairs of the Association. The Board shall determine Association policy consistent with applicable law and Regulations and shall see that its policies are implemented by the management of the Association. In performing its duties, the Board shall exercise all powers of the Association and shall have the authority to take all such lawful acts with respect to the affairs of the Association except those which are specifically reserved to the Stockholders under applicable law, Regulations, the Association's charter or these Bylaws. Unless prohibited by applicable law, Regulations, the Association's charter or these Bylaws, the Board may delegate to committees as the Board deems composed of all or less than all of its members the responsibility for performing specific Board functions and may grant to the committee such rights, powers and authority as may be necessary to enable the committee to carry out those responsibilities. The Board shall recognize that the Association, FLCA, and PCA are responsible for, and dependent on, each other's financial condition. Accordingly, the Board shall manage the Association's affairs

and establish policies with the primary objective of improving the combined financial condition of the three institutions.

450.2 Elect and Fix Salary of CEO

The Board shall elect 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 payment from general funds of the reasonable and necessary expenses incurred by officers, employees, and committees of the Association in connection with the Association's business.

460 Board Meetings

460.1 Regular Meetings

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

460.2 Special Meetings

Special meetings of the Board shall be held whenever called by (1) the chairman of the board, (2) the chief executive officer, or (3) a majority of the directors then in office.

460.3 Notice

Notices to directors shall be in writing and delivered personally or mailed to the directors at their addresses appearing on the records of the Association. Notice by mail shall be deemed to be given at the time when the same shall be deposited in a United States post office or mail box, postage prepaid. Notice to directors may also be given by electronic mail or facsimile and shall be deemed to be given at the time when confirmation of receipt of electronic mail or facsimile is made. Written notice of each meeting of the Board, except regularly scheduled meetings specified by resolution of the Board, shall be given each director by the chief executive officer, or other designated employee of the Association, not less than 48 hours prior to the time of the meeting. Except as may be otherwise expressly provided by law, Regulations or these Bylaws, the matters to be considered and the purpose of any regular or special meeting of the Board need not be specified in the notice of the meeting. Whenever any notice is required to be given under the provisions of the law, Regulations or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent to proper notice. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except when a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened.

460.4. Participation by Telephone

A director shall be considered present at a meeting if he or she is in telephone communication with the other directors participating in the meeting.

470 Director Compensation

The directors shall receive a monthly retainer and receive compensation for time devoted to meetings and other activities of the Board. Also, directors shall receive reasonable allowances for necessary expenses of travel, lodging and subsistence incurred while attending meetings and other activities of the Board in amounts determined from time to time by the Board, in accordance with the Act, and Regulations.

480 Quorum and Majority Vote

A majority of the Board 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.

485 Action Without Meeting

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

490 Removal

Any director may be removed from the Board by a majority vote of the Voting Stockholders present in person or by proxy at an annual or special Stockholders' meeting upon a motion for removal, duly made, seconded and carried, provided the notice of the meeting contains a notification that the removal is to be considered. In addition, an Outside Director or Other Appointed Director may be removed from the Board at a special or regular meeting of the Board by a two-thirds majority vote of all directors (elected or appointed) on the Board (excepting the director subject to the removal action) upon a motion for removal, duly made, seconded and carried. The notice of the meeting must contain a notification that removal is to be considered. The reason for removal must be documented in the Board's minutes.

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

ARTICLE V--OFFICERS AND EMPLOYEES

500 Election of Senior and Other Officers

500.1 Officers of the Board

As soon as practicable following the Annual Meeting, or when the election of directors is conducted by mail ballot, its first meeting after the results of the election are known, and at such other times during the year as is necessary to fill vacancies, the Board shall elect a Chairman and a Vice-Chairman from among the members of the Board.

500.2 CEO and Other Officers

The Board shall appoint a chief executive officer who shall serve at the pleasure of the Board, and shall continue in office until a successor is elected and takes office unless the chief executive officer shall resign, die, retire, or be removed by the Board. Other Association officers shall be a secretary, a treasurer, and any other salaried officers 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 510.3 of these Bylaws. A combination of these offices may be held by one individual.

500.3 Eligibility as Salaried Officer or Employee

No individual shall be eligible to become a salaried officer or employee if within the previous 12 months the individual served as a director of the Association or Bank.

510 Duties of Officers

510.1 Chairman of the Board

The Chairman shall (1) preside over all meetings of the Board and the Chairman or the Board's designee shall preside over all meetings of the Stockholders; and (2) perform such other duties as may be prescribed by the Board. The Chairman shall not serve as a nonvoting ex officio member of any committee of the Board; provided however the Chairman may be appointed to serve as a voting member of any committee of the Board in accordance with Article VI hereof.

510.2 Vice-Chairman of the Board

In the absence of the Chairman, the Vice-Chairman shall perform the duties of the Chairman as well as such other duties as may be prescribed by the Board. In the

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

510.3 Chief Executive Officer

The chief executive officer shall (1) perform such duties and exercise such authority as vested or delegated by the Board; (2) subject to guidelines and limitations established by the Board be responsible for the day-to-day ordinary and usual business operations of the Association; (3) see that all orders and resolutions of the Board, laws and Regulations with respect to the Association and all applicable policies and procedures are carried into effect; (4) unless this power is reserved to or limited by the Board, employ, supervise, and dismiss any and all officers and employees of the Association, fix their compensation within salary plans approved by the compensation committee; and (5) 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.

510.4 Executive Vice-Presidents

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

510.5 Secretary

The secretary shall (1) keep a complete record of all meetings of the Association and the Board except those of the nominating committee, (2) be responsible for the corporate records of the Association, (3) keep the corporate seal, if any, and shall affix it to all documents requiring a seal, (4) make all reports required by the Act or the Regulations, and (5) perform such other duties as may be required by the chief executive officer and the Board.

510.6 Treasurer (Chief Financial Officer)

The treasurer (1) shall have custody of all funds, securities, and assets of the Association, (2) shall provide full and complete records of all assets and liabilities of the Association, (3) shall make such reports as may be required, (4) shall keep complete stock ownership records, and (5) shall 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 Chairman and the Vice-Chairman may be removed from their positions as officers of the Board, and the chief executive officer may be removed from office at any time by a majority vote of the entire membership of the Board.

530 PCA and FLCA Officer Positions

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

610 Loan Committee

The Board shall delegate to the chief executive officer the authority to approve applications for membership and loans or participations within specified limits pursuant to policies established by the Board. The chief executive officer has the authority to establish a loan committee of employees, and delegate this authority at his discretion to such loan committee or individual employees. Reports will be provided to the board demonstrating the activities and effectiveness of the loan committee upon the board's request.

615 Audit Committee

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

616 Compensation Committee

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

620 Other Committees

The Board may, at its discretion, appoint such other committees as may be necessary, shall appoint or discharge any member of such committees, and shall prescribe the duties and responsibilities of the 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 or director serving on any committee shall withdraw from and shall not participate in, directly or indirectly, the meeting of the Board or committee during its deliberation and determination of any matter affecting the director's or employee's personal interests, or the interests of any relative of or any entity controlled by the director or employee, and the minutes shall so state.

ARTICLE VII--CAPITAL STOCK AND PARTICIPATION CERTIFICATES

700 Authorization

The Association is authorized to have outstanding Class A Common Stock, Class C Common Stock, Class P Common Stock, and Participation Certificates. Each share of stock or participation certificate issued shall have a par value of \$5.00. Fractional shares of stock or participation certificate shall not be issued. Except where expressly stated in these Bylaws, all transfer, exchange, conversion and retirement of stock and participation certificates shall be at the sole discretion of the Board at book value not to exceed par.

705 Ownership

Evidence of ownership of stock and Participation Certificates shall be by book entry. The Association shall be its own transfer agent in all matters relating to its capital stock and Participation Certificates.

706 Stockholder Approval

The Bylaws in Article VII and VIII shall not become effective until approved by a majority of the Voting Stockholders, voting in person or by written proxy, at a duly authorized Stockholders' meeting in accordance with Section 4.3A of the Act. Amendments to the Bylaws in Articles VII and VIII (including provisions permitting or prohibiting cumulative voting, if any), and the capitalization bylaws of FLCA and PCA, other than technical amendments not affecting substantive rights, shall not be effective without the approval of a majority of the Voting Stockholders voting, in person or by written proxy, at a duly authorized Stockholders' meeting. Any amendment authorizing the issuance of preferred stock must be approved by a majority of the shares of each class of equities adversely affected by the preference, voting as a class, whether or not such classes are otherwise authorized to vote.

707 First Lien

The Association, PCA and FLCA, as applicable, shall have first lien on all stock and Participation Certificates to secure any indebtedness of the holder of such stock or Participation Certificates to the Association, PCA and FLCA.

710 Class A - Voting Stock

710.1 Holder

This stock may be issued as a condition for obtaining a loan to borrowers who are farmers, ranchers or producers or harvesters of aquatic products.

710.2 Amount

Class A Stock purchased as a condition to obtaining a loan may be issued in unlimited amounts.

Class A Stock shall be purchased by borrowers eligible to hold it as a condition for obtaining a loan in an amount as may be determined by the Board at its discretion within a range between a minimum of 2 percent of the aggregate amount of all the borrower's loans or \$1,000, whichever is less, and a maximum not to exceed 10 percent of the amount of each of the borrower's loans.

Class A stock need not be purchased by any borrower whose loan, at the time the loan is made, is designated for sale, and is in fact sold within the 180-day period beginning on the date of designation, into a secondary market. If such loan is not sold into a secondary market by the expiration of the 180-day period, the borrower shall purchase Class A stock in the amount set forth above for loans not sold into a secondary market. In cases where (1) stock has been issued on a loan made before February 10, 1996, the effective date of the Farm Credit System Reform Act of 1996, or (2) stock is issued on a loan made on or after February 10, 1996 that is designated for sale into a secondary market but is not sold during the 180-day period beginning on the date of designation, and where such loan is subsequently sold into a secondary market, the stock shall be retired provided that minimum regulatory capital adequacy standards are met. The retention by the Association of a subordinated participation interest in any loan sold into a secondary market under title VIII of the Act shall not affect the application of this Bylaw to such loan.

710.3 Retirement

Except as provided in Section 710.2, Class A Stock may be retired and paid at the sole discretion of the Board provided that minimum regulatory capital adequacy standards or any higher Board-established capital standards are met.

710.4 Voting

Holders of Class A Stock shall be entitled to full voting rights. Each Class A stockholder shall only have one vote, regardless of the number of shares owned or the number of loans outstanding, except as provided in Section 706 regarding the issuance of preferred stock. Cumulative voting for directors shall not be permitted.

710.5 Dividends

Dividends may be paid on Class A Stock at the sole discretion of the Board under the following conditions:

(1) After payment of the dividend, the Association will continue to exceed the regulatory minimum capital adequacy standards or any Board-established capital standard, whichever is higher.

(2) Current earnings or earned surplus is sufficient to pay the dividend amount.

Class A Stock shall have an equal right with other classes of common stock or Participation Certificates to any dividends declared by the Board.

710.6 Patronage Distributions

Holders of Class A Stock shall be eligible to receive patronage distributions in accordance with Article VIII of these Bylaws.

710.7 Transfer

Class A Stock may be transferred to persons who assume liability for the transferor's loan, provided the assumptor is eligible under these Bylaws to hold voting stock. Such a transfer shall be a necessary condition to the release of the transferor from liability on the loan.

Outstanding Class A Stock may be transferred to a third party eligible to hold it as a condition to obtaining a loan when the Association meets minimum regulatory capital adequacy standards.

Class A Stock shall not be pledged or hypothecated to third parties and may be transferred on the Association's books only as authorized by these Bylaws.

710.8 Conversion

Any outstanding Class A Stock shall be converted to Class C (nonvoting) Stock within two years after repayment of the related loan.

710.9 Cancellation of Stock Ownership in Default

If the debt of a holder of Class A Stock is in default, the Association may retire at book value, not to exceed par, all or part of such stock owned by the borrower in total or partial liquidation of the debt.

720 Class P Common Stock – Nonvoting

720.1 Holder

This stock may be issued to borrowers eligible to hold Class A common stock or Participation Certificates. The issuance of this stock for the purposes of accepting the distribution of Association earnings shall be a condition to obtaining a loan.

720.2 Amount

- (1.) Class P common stock may be issued in unlimited amounts. This stock shall be issued in series with the stock issued in each fiscal year constituting a separate series.
- (2.) Class P common stock may be issued as provided in these Bylaws only for allocated surplus distributions (Section 820), stock dividends (Section 830), and patronage distributions (Section 840).

720.3 Retirement

This stock may be retired at the sole discretion of the Board in accordance with the policy and procedure of the Association Board provided the Association Board determines that the Association will meet or exceed minimum capital adequacy requirements established by regulations of the FCA, or such higher capitalization objectives that have been established by the Board, after the retirement, taking into account the payment of all declared dividends and/or payment of allocated equities to holders. There is no express or implied right for Class P Stock to be retired at the end of any revolvment cycle or at any other time.

720.4 Voting

Holders of Class P Stock shall not vote except as may be provided in Section 706 regarding the issuance of preferred stock.

720.5 Dividends

Dividends may be paid on Class P Stock at the sole discretion of the Board under the following conditions:

- (1) After payment of the dividend, the Association will continue to exceed the regulatory minimum capital adequacy standards or any Board-established capital standard, whichever is higher; and
- (2) Current earnings or earned surplus is sufficient to pay the dividend amount.

This stock shall have an equal right to any dividends on common stock declared by the Board.

720.6 Patronage Distributions

Ownership of Class P Stock will not entitle holders to any patronage distributions declared by the Board.

720.7 Transfer

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

720.8 Conversion

This stock may not be converted.

720.9 Cancellation of Stock Ownership in Default

If the debt of a holder of Class P Stock is in default, the Association may retire at book value, not to exceed par, all or part of such stock owned by the borrower in total or partial liquidation of the debt.

730 Class C Stock – Nonvoting

730.1 Holder

Class C Stock will be issued only for conversion of Class A Stock of borrowers upon repayment of the related loan. Such conversion must occur within two years of repayment.

730.2 Amount

Class C Stock issued upon conversion of Class A Stock may be issued in unlimited amounts. Par value will be the same as the converted Class A Stock.

730.3 Retirement

Retirement shall be at the sole discretion of the Board provided that minimum regulatory capital adequacy standards or any higher Board established capital standards are met.

730.4 Voting

Holders of Class C Stock shall not vote except as may be provided in Section 706 regarding the issuance of preferred stock.

730.5 Dividends

Dividends may be paid on Class C Stock at the sole discretion of the Board under the following conditions:

(1) After payment of the dividend, the Association will continue to exceed the regulatory minimum capital adequacy standards or any Board-established capital standard whichever is higher; and

(2) Current earnings or earned surplus is sufficient to pay the dividend amount.

Class C Stock shall have an equal right with other classes of stock to any dividends declared by the Board.

730.6 Patronage Distributions

Class C Stock shall not share in any patronage distribution.

730.7 Transfer

Class C Stock may be transferred to any person eligible to hold Class A Stock.

730.8 Conversion

Class C Stock held by a former borrower may be converted to Class A Stock when the former borrower receives a new loan and meets the eligibility requirements of 710.1.

If the Association meets the minimum capital adequacy standards, Class C Stock transferred to a third party may be converted to Class A Stock to satisfy stock purchase requirements for a new loan to the third party.

730.9 Cancellation of Stock Ownership in Default

If the holder of Class C Stock has a loan which is in default, the Association may retire at book value, not to exceed par, all or part of such stock owned by the borrower in total or partial liquidation of the debt.

740 Participation Certificates

740.1 Holder

- (1) Participation Certificates will be issued as a condition for obtaining a loan from the Association to borrowers and applicants who are:
 - a. rural residence borrowers;
 - b. persons or organizations furnishing farm-related services; or
 - c. other persons or organizations who are eligible to borrow, but are not eligible to hold Class A Stock.
- (2) Participation certificates may be issued to any person who is not a Member but who is eligible to borrow from the Association, or from another System institution, for the purpose of qualifying such person for technical assistance, related services, and leasing services offered by the Association.
- (3) Participation certificates may be issued at the discretion of the Association Board to lending institutions that originate loans in which the Association agrees to purchase a participation interest.

740.2 Amount

Participation Certificates issued under Section 740.1 may be issued in unlimited amounts.

Participation Certificates shall be purchased by borrowers eligible to hold it as a condition for obtaining a loan in an amount as may be determined by the Board at its discretion within a range between a minimum of 2 percent of the aggregate amount of all the borrower's loans or \$1,000, whichever is less, and at a maximum not to exceed 10 percent of the amount of each of the borrower's loans.

Participation certificates need not be purchased by any borrower whose loan, at the time the loan is made, is designated for sale, and is in fact sold within the 180-day period beginning on the date of designation, into a secondary market. If such loan is not sold into a secondary market by the expiration of the 180-day period, the borrower shall purchase Participation Certificates in the amount set forth above for loans not sold into a secondary market. In cases where (1) Participation Certificates have been issued on a loan made before February 10, 1996, the effective date of the Farm Credit System Reform Act of 1996, or (2) Participation Certificates are issued on a loan made on or after February 10, 1996 that is designated for sale into a secondary market but is not sold during the 180-day period beginning on the date of designation, and where such loan is subsequently sold into a secondary market, the Participation Certificates shall be retired provided that minimum regulatory capital adequacy standards are met. The retention by the Association of a subordinated participation interest in any loan sold into a secondary market under title VIII of the Act shall not affect the application of this Bylaw to such loan.

740.3 Retirement

Except as provided in Section 740.2, retirement shall be at the sole discretion of the Board provided that minimum regulatory capital adequacy standards or any higher Board-established capital standards are met.

740.4 Voting

Holders of Participation Certificates shall not have voting rights except as may be provided in Section 706 of these Bylaws regarding issuance of preferred stock.

740.5 Dividends

Dividends may be paid on Participation Certificates at the sole discretion of the Board under the following conditions:

(1) After payment of the dividend, the Association will continue to exceed the regulatory minimum capital adequacy standards or any Board-established capital standard whichever is higher; and

(2) Current earnings or earned surplus is sufficient to pay the dividend amount.

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

740.6 Patronage Distributions

Holders of Participation Certificates shall be eligible to receive patronage distributions in accordance with Article VIII of these Bylaws.

740.7 Transfer

Participation Certificates may be transferred to persons who assume liability for the transferor's loan, provided the assumptor is eligible under these Bylaws to hold such equities. Such a transfer shall be a necessary condition to the release of the transferor from liability on the loan.

Outstanding Participation Certificates may be transferred to a third party eligible to hold them as a condition to obtaining a loan when the Association meets minimum regulatory capital adequacy standards.

Participation Certificates shall not be pledged or hypothecated to third parties and may be transferred on the Association's books only as authorized by these Bylaws.

740.8 Conversion

Participation Certificates shall not be converted to any other class of stock.

740.9 Cancellation of Stock Ownership in Default

If the debt of a holder of Participation Certificates is in default, the Association may retire at book value, not to exceed par, all or part of such equities owned by the borrower in total or partial liquidation of the debt.

750 Impairment

750.1 Application of Losses

Any losses which result in impairment of Association capital stock will be borne ratably by each share or unit of Class A Stock, Class P Stock, Class C Stock and Participation Certificates.

750.2 Restoration

Any restoration of impairment shall be apportioned ratably to each share or unit of each class of common stock and Participation Certificates until the book value of all such stock and Participation Certificates is at least equal to the par value.

760 Distribution on Liquidation

In the event of the liquidation or dissolution of the Association, any assets of the Association remaining after payment or retirement of all liabilities shall be distributed to the holders of stock and Participation Certificates in the following order of priority:

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

Second, to the holders of Allocated Surplus as provided in Section 820 of the Bylaws pro rata, on the basis of the oldest allocations first, until an amount equal to the balance outstanding in this account has been distributed to the holders; and

Third, any remaining assets of the Association after such distributions shall be distributed to the Members and equity holders, both past and present, in proportion to which the aggregate patronage of each such Member and equity holder bears to the total patronage of all such parties insofar as practicable, calculated over a period of no less than five (5) years prior to the date of liquidation, unless otherwise provided by law.

ARTICLE VIII--DIVIDENDS AND PATRONAGE DISTRIBUTIONS

800 Application of Earnings or Losses

800.1 Earnings

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

- (1) To cover operating expenses including additions to loss allowances, in accordance with generally accepted accounting principles and as provided by law;
- (2) To restore the amount of any impairment of all capital stock and Participation Certificates as provided in Section 750 of the Bylaws;
- (3) To restore the amount of any impairment of allocated surplus in the reverse order of such impairment;
- (4) To create and maintain an unallocated surplus account as provided in Section 810 of these Bylaws;
- (5) To pay dividends on capital stock of the Association if authorized; and
- (6) To make patronage distributions if authorized pursuant to Section 840 of these Bylaws.

800.2 Losses

In the event of a net loss for any fiscal year, after applying earnings for such fiscal year as provided in Section 800.1, such loss shall be absorbed by: first, charges to the unallocated surplus account; second, impairment of the allocated surplus account to the extent evidenced by “Nonqualified Written Notices of Allocations”, in the reverse order of issuance, third, impairment of the allocated surplus account to the extent evidenced by “Qualified Written Notices of Allocation,” in the reverse order of issuance; and fourth, impairment of capital stock as provided in Section 750.1.

810 Surplus Accounts

The Association shall create and maintain an unallocated surplus account and may maintain an allocated surplus account. The minimum aggregate amount of these two accounts shall be determined by the Association’s Board. At the end of any fiscal year that the surplus accounts otherwise would be less than the amount determined to be sufficient by the Board, the Association shall apply earnings for the year to the unallocated surplus account in such amount as the Association Board may determine.

820 Allocated Surplus Account

820.1 Creation

The Association may create and, subject to the Regulations and Association policy, maintain an allocated surplus account consisting of earnings held therein and allocated to Patrons on a patronage basis pursuant to Section 840 of these Bylaws. Allocated surplus may be evidenced by either “qualified written notices of allocation” or “non-qualified written notices of allocation,” or both, as those terms are defined under Internal Revenue Code (“Code”) Section 1388. All allocations in the form of qualified written notices of allocation shall be issued in annual series and shall be identified by the year of issuance. Each such series shall be retired fully or on a pro rata basis, only at the discretion of the Board, in order of issuance by years as funds are available. All allocations in the form of non-qualified notices of allocation shall be issued in annual series and identified by the year of issuance. Each annual series may be subdivided between two or more classes. Each such series, or class thereof, shall be retired in the discretion of the Board. 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 800.2.

820.2 Lien

The Association, PCA and FLCA (as applicable) shall have a first lien and security interest on all surplus account allocations owned by any Patron, and all distributions thereof, as additional collateral for any and all obligations of the Patron (or, if the Patron is another System institution from which a loan participation was purchased, then the obligations of the borrower on such loan) to the Association, PCA and FLCA.

820.3 Application Against Debt

Subject to the applicable provisions of the Regulations, when the debt or other financial obligation of a borrower or other customer 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 or other customer to be applied against such debt or financial obligation based on the fair value of such surplus account allocations as determined by the Board in its sole discretion. Any such retirement and application of surplus account allocations to indebtedness or other financial obligation shall be before similar retirement of capital stock owned by the borrower or other customer. Whenever all of the capital stock and Participation Certificates of the Association owned by a Member are retired or otherwise disposed of, any surplus account allocations owned by such Member shall be retired only in accordance with Sections 820.5 and 850 of these Bylaws.

820.4 No Right to Retirement

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

820.5 Form of Payment; Limitations

Allocated surplus may be distributed, oldest allocations first or otherwise as approved by the Association Board, in Class P Common Stock, other forms of available equities, or in cash. The cash proceeds may be applied against any of the holder's debt or other financial obligation to the Association, PCA or FLCA. In no event shall such distributions reduce the Association's permanent capital below the minimum amount prescribed by the Association Board or reduce the Association's capital adequacy ratio, after the payment, below the minimum required by the Regulations or such higher capitalization objectives that have been established by the Board. 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 an allocated surplus distribution in Class P stock to one Patron that is less than the \$5.00 par amount of one share may be held by the Association and cumulated with subsequent partial distributions to the Patron until the partial distributions equal one whole share of Class P Stock.

820.6 Notices of Allocation

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.

820.7 Records; Transfer

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 Patron 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 Dividends

830.1 Authorization

The Board may declare dividends out of current earnings or earned surplus on any class or classes of stock or participation certificate eligible to receive dividends, provided that at the time of declaration and after payment of the dividend, the Association meets minimum regulatory capital adequacy standards or any Board-established capital standard, whichever is higher, and no class of stock or Participation Certificates is impaired. Dividends shall be noncumulative, and shall be without preference as to rate and priority of payment between classes of common stock, between classes of common stock and Participation Certificates, and between holders of the same class of stock or Participation Certificates. The rate of dividends to be paid shall not exceed 15 percent.

830.2 Form

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

830.3 Payment Date and Qualifying Period

Dividends may be paid to holders of record on the effective date of the declaration, provided the stock or Participation Certificates were outstanding for at least 180 calendar days prior to the effective date of the declaration.

830.4 Limitation

Notwithstanding the foregoing, the Association shall not pay any dividends on common stock or Participation Certificates in any year with respect to which the Association has passed a resolution authorizing the payment of patronage under Section 840.

840 Patronage Distributions

840.1 Authorization

Subject to the provisions of the Act and Regulations, prior to the beginning of any fiscal year or other period, the Association’s Board may, by adoption of a resolution (the “Patronage Resolution”), obligate the Association to distribute its available Patronage-Sourced Net Earnings to Patrons on the basis of the quantity or value of patronage business done with the Association, PCA and FLCA. Patrons shall be defined in the Patronage

Resolution, and may include Members and such other customers, borrowers and financial institutions with which the Association, PCA and/or FLCA conduct business during the fiscal year. . Patronage-Sourced Net Earnings shall mean the consolidated pre-tax net earnings of the Association, PCA and FLCA for the fiscal year, as computed under generally accepted accounting principles, attributable to patronage business done with or for Patrons. All transactions done with or for Patrons shall be deemed patronage business unless otherwise provided in the Patronage Resolution. Any outstanding Patronage Resolution that is not rescinded prior to the beginning of a fiscal year shall become irrevocable and constitute a binding legal obligation of the Association with respect to such fiscal year. Patronage-Sourced Net Earnings of a fiscal year available for patronage distribution shall be determined only after making the applications as required in subsections (1) through (5) of Section 800.1, including the setting aside of a portion of the net earnings in the unallocated surplus account, as deemed prudent for sound capital accumulation, and making provision for payment of the Association's federal income or related taxes for the fiscal year; provided, that, these amounts shall first come from net earnings, if any, attributable to sources other than patronage business with or for Patrons of the Association and any non-patronage sourced net earnings not so applied shall be set aside in the unallocated surplus account. The amount available for patronage distribution for any fiscal year shall in no event exceed the net earnings from patronage business with Patrons and patronage received from the Bank for such year. Only patronage allocations received from the Bank in cash may be included as part of the income available for patronage refunds and distributions. 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.

840.2 Basis

All patronage distributions shall be in the proportion that the amount of income earned, or revenue received, by the Association, PCA and FLCA on patronage business with each Patron bears to the total income earned, or revenue received, by the Association, PCA and FLCA on all such patronage business during the fiscal year, or such other proportionate patronage basis as may be approved by the Board consistent with the requirements of Subchapter T of the Code. The Association Board may establish separate patronage pools for patronage business transactions of the same type or with similar characteristics provided that such pools are established on a fair and equitable basis that will ensure that each Patron of the Association receives a fair share of the Association's earnings and bears a fair share of Association expenses. Earnings from transactions that do not constitute patronage business will be segregated into a separate pool and will not be available for distribution.

840.3 Form

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 that the Patron is eligible to hold (including Class P Common Stock), 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 a class of equity to one Patron that is not a multiple of \$5.00 may be distributed in cash or held by the Association for the Patron and included in a subsequent distribution.

840.4 Default

If the debt or other financial obligation of a Patron is in default, any part of the patronage distribution to that Patron, except for the minimum amount that must be paid in cash to qualify the distribution as a deduction for Federal income tax purposes, may, at the discretion of the Association, be applied against such Patron’s debt or other financial obligation to the Association, PCA and FLCA. If a loan in which the Association, PCA or FLCA owns a participation interest is in default, the Association may apply the accrued patronage to the loan balance.

840.5 Nonaccrual Status

When the debt of a borrower is in default and has been placed in nonaccrual status by the Association or the Bank, the borrower shall not be entitled to receive and the Association shall not be obligated to distribute patronage distributions to such borrower while such debt is in nonaccrual status, unless the borrower paid interest on a cash basis notwithstanding the nonaccrual status of the debt.

840.6 Consent

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 of membership and receipt of a copy of this By-Law article, consent that the amount of any distributions with respect to patronage which are made in, or evidenced by, qualified written notices of allocation, as defined in Code Section 1388, including allocations of surplus and patronage refunds paid in cash to the member whether from current earnings or from allocated surplus or the retirement of Class P Stock of the Association, and which are received by him or her from the Association, will be taken into account as income by such Member at the stated dollar amount in the manner provided in Code Section 1385(a) in the taxable year in which such qualified written notices of allocation are received. Such 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 provided such Member receives written notice that such amount has been applied on the Member’s indebtedness to the Association, PCA or FLCA. Each such Member further consents that the amount of any distributions with respect to the Member’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 Member in the taxable year in which such nonqualified written notices of allocation are redeemed. Consent under this paragraph shall be continuing in effect, but shall cease to be effective with respect to patronage of a Member occurring after the Member has ceased to hold stock or Participation Certificates of the Association.

840.61. Form of Consent

The Association may obtain the written consent of each Patron that the amount of any distributions with respect to such person's patronage, which distributions are made in, or evidenced by, qualified written notices of allocation (as defined in Code Section 1388), including patronage allocation of surplus account, patronage refunds paid in stock or distributions with respect to patronage that has been applied to the Patron's indebtedness to the Association, PCA or FLCA and for which the Patron has received written notice, will be taken into account as income by Patron at their stated dollar amounts in the manner provided for in Code Section 1385(a) in the taxable year in which such qualified written notices of allocation are received by the Patron. The Association may further obtain the written consent of each Patron that the amount of any distributions with respect to such party'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 such party in the taxable year such nonqualified written notices of allocation are redeemed. The form of consent shall be prescribed by the Board and 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 Patrons. Consent may also be obtained by use of a qualified check in the manner provided for in Code Section 1388.

840.7. 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.

850 Retirement of Patronage Accounts

If at any time, the Board shall determine that the financial condition of the Association will not be impaired thereby, the capital then credited to Patrons' accounts may be retired in full or part. The Board shall have the sole discretion to retire any capital credited to a Patron's account. The Board may take into account special circumstances, such as the death of a Patron, in exercising its resolution at a duly called meeting. Any capital retired under this section shall be retired at present value based upon the current revolvment cycle, if any.

860 Limitation

Notwithstanding any other provision of these Bylaws, no dividend or patronage refund may be declared or paid which would result in the failure of the Association to meet the regulatory minimum permanent capital adequacy standards as may from time to time be promulgated by the FCA pursuant to Section 4.3 of the Act.

ARTICLE IX-- EXECUTION OF DOCUMENTS

900 Documents Executed with Bank

All documents required to be executed in connection with transactions with the Bank may be executed by the chief executive officer or other employees so designated by the chief executive officer or by resolution of the Board, and such other documents for which authority is delegated to the Association to execute on behalf of the Bank, may be executed by the chief executive officer or any other employee so designated with the approval of the Bank.

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 the chief executive officer or by resolution of the Board, and, when required, shall be attested to by the secretary or any assistant secretary of the Association: provided, that no person shall sign and attest the same document.

920 Expense and Checks

The chief executive officer, or other employees so designated by the chief executive officer or by resolution of the Board, is authorized to sign all checks or demands for money and notes of the Association. The chief executive officer or Board may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. No loans shall be contracted on behalf of the Association, and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

ARTICLE X--RECORDS AND REPORTS

1000 Records

1000.1 Minutes Books

Copies of the organization papers of the Association, returns of Association elections, proceedings of all regular and special meetings of Stockholders and directors, the Bylaws and any amendments thereto, resolutions of the Board and reports of all committees shall be recorded in the minute books of the Association which may be kept in electronic form. The minutes of all committees and of the Board shall be signed by the person acting as secretary of the meeting.

1000.2 Confidentiality of Voting

To protect the confidentiality of the resolutions adopted by the Board in casting the ballots for nomination and election of Bank board members, the minutes shall reflect that balloting was held and that the results of the balloting were provided to the Bank's election officer, or the independent tabulator, as applicable. The Board minutes shall be the official record of the balloting.

1010 Reports

As required by FCA, the Association shall make available to each Stockholder a written financial report, including a statement of income and expense and a statement of condition which shall conform to accounting principles prescribed for the Association by the Act and Regulations. To the extent required by FCA, such reports shall be on a consolidated basis, including the results of operations of PCA and FLCA.

ARTICLE XI--UNCLAIMED PROPERTY

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

ARTICLE XII--FISCAL YEAR

The fiscal year of this Association shall end on the last day of December in each year.

ARTICLE XIII—SEAL

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

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

1400.1 Indemnification

- (a) The Association shall indemnify, to the fullest extent permitted by law, any director, officer or employee who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he/she is or was a director, officer or employee of the Association, or is or was serving, pursuant to authorization in writing by the Association's Board or its President or his/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/her in connection with such action, suit or proceeding. For purposes of this Article, "employee" and "officer" shall mean and include only those individuals that: (i) are or were listed on the Association's payroll; (ii) the Association has directly withheld and paid Federal Insurance Contributions Act (FICA) taxes with regard to such individual; and (iii) have or shall receive a Form W-2 Wage and Tax Statement from the Association. Further, for purposes of this Article, "employee" and "officer" does not include any individual that is a leased, joint or shared employee.
- (b) The Association may indemnify any agent of the Association to the same extent as and under the same provisions applicable to directors, officers and employees, but only by specific action of and to the extent designated by the Board.
- (c) As used in this Article, "party" means a defendant or respondent in an action, suit or proceeding.

1400.2 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/she was a party shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him/her in connection with such action, suit or proceeding.

1400.3 Procedure

Any indemnification under Section 1400.1 of 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 1400.3, independent legal counsel shall be selected by a majority of disinterested directors or, if such a majority is not obtainable, by a majority vote of the entire Board.

1400.4 Advances of Expenses

Notwithstanding the provisions of Section 1400.3, reasonable expenses incurred in defending any action, suit or proceeding referred to in Section 1400.1 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 in the event that it is ultimately determined, as provided herein, that such person is not entitled to indemnification. Advances of expenses shall be made promptly and, in any event, within 30 days, upon the written request of the Director, officer or employee. Notwithstanding the foregoing, no advance shall be made by the Association if and to the extent a determination is made pursuant to Section 1400.3 that the Director, officer or employee is not entitled to indemnification for such expenses pursuant to Section 1400.1.

1400.5 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 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/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.

1400.6 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.

1400.7 – 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.

1400.8 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 expenses may be entitled under any insurance or other agreement, vote of directors or otherwise, both as to actions in their official capacity and as to actions in another capacity while holding an office, and shall continue as to a person who has ceased to be a director, officer or employee and shall inure to the benefit of the heirs, executors and administrators of such person. The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association or who is or was serving in any of the capacities referred to in Section 1400.1 hereof against any liability asserted against him/her or incurred by him/her in any such capacity, or arising out of his/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.

1400.9 FCA Penalties

Notwithstanding any other provision in this Article, the Association will neither indemnify, nor purchase or maintain insurance to indemnify, directors, officers, employees, or agents against expenses, penalties, or other payments incurred as a result of an administrative proceeding or action instituted by the FCA, which results in a final order as now or hereafter defined in the Act, assessing civil money penalties personally against such individual(s) or requiring affirmative action by such individual(s) to make payments to the Association, PCA or FLCA.

1400.10 Applicable Law

Interpretation of this Article shall be under the law of Alabama to the extent not inconsistent with applicable federal law.

**RESOLUTION OF BOARD OF DIRECTORS
OF
ALABAMA FARM CREDIT, ACA**

June 25, 2020

The Board of Directors (“Board”) of Alabama Farm Credit, ACA (“Association”), adopted the following resolutions at a duly constituted meeting of the Board as of the date set forth above.

**Adoption of First Amendment to Amended and Restated Bylaws of
Alabama Farm Credit, ACA**

WHEREAS, Article XV of the Amended and Restated Bylaws of the Association dated October 30, 2019 (the “Bylaws”) authorizes the Board to amend the Bylaws;

WHEREAS, the proposed First Amendment to Amended and Restated Bylaws of the Association, a copy of which is attached hereto as Exhibit A (the “First Amendment”), has been distributed to and reviewed by the Board; and

WHEREAS, based upon the foregoing and their own deliberative process, the Directors of the Association believe that the First Amendment is fair to and in the best interests of the Association and its stockholders.

RESOLVED, that the First Amendment is hereby adopted and approved.

FURTHER RESOLVED, that the Secretary is hereby instructed to cause the original of such First Amendment to be inserted in the corporate minute book and to provide a copy of such First Amendment to any stockholder upon receipt of a written request therefor.

Miscellaneous

RESOLVED, that the officers of the Association and any person authorized to act by any officer of the Association are hereby severally authorized and directed to do such acts, to pay such costs, and to execute and deliver such notices, certificates, agreements, amendments to agreements, documents, and other instruments and communications, and to make such filings, with or without the corporate seal of the Association, as any of them deem necessary, appropriate, or advisable to carry into effect the intent of the foregoing resolutions or to comply with the requirements of any instruments, documents, and agreements authorized and approved by said resolutions.

FURTHER RESOLVED, that all the acts of the Directors and the officers of the Association and of any person authorized to act by such Directors and officers of the Association, which acts would have been authorized by the foregoing resolutions, except

that such acts were taken prior to the adoption of such resolutions, are hereby severally ratified, confirmed, approved, and adopted as acts on behalf of the Association.

The undersigned hereby certifies that at a meeting duly held on June 25, 2020, a majority of the entire membership of the Board of Directors of the Association voted in favor of the foregoing resolutions.

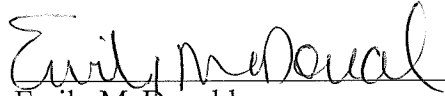

Emily McDonald
Title: Secretary

EXHIBIT A

**First Amendment to Amended and Restated Bylaws of
Alabama Farm Credit, ACA**

**FIRST AMENDMENT TO AMENDED AND RESTATED BYLAWS
OF
ALABAMA FARM CREDIT, ACA**

June 25, 2020

The Amended and Restated Bylaws of Alabama Farm Credit, ACA (the “Association”) dated October 30, 2019 (the “Bylaws”), are hereby further amended as follows:

- I. Article III, Section 320 of the Bylaws is hereby amended and replaced in its entirety to read as follows:

320 Quorum

Fifteen (15) Voting Stockholders in attendance at any Stockholders meeting, or where permitted by Section 350.2 of these Bylaws, represented by proxy, shall constitute a quorum for the transaction of business, except as otherwise provided by law or Regulation. For purposes of determining a quorum at any Stockholders meeting where mail balloting is used for Stockholder-Elected Director elections, mail ballots shall be used to determine a quorum. 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 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.

- II. Article IX, Section 920 of the Bylaws is hereby amended and replaced in its entirety to read as follows:

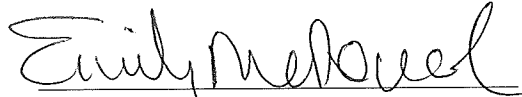
920 Expense and Checks

The chief executive officer, or other employees so designated by the chief executive officer or by resolution of the Board, is authorized to sign all checks or demands for money and notes of the Association. The chief executive officer or Board may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. No loans shall be contracted on behalf of the Association, and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

- III. To the extent that any other provision of the Bylaws conflict with the amendments contained herein, these amendments shall control. Except as specifically set forth above, the Bylaws shall remain in full force and effect as amended hereby.

CERTIFICATE

The foregoing are amendments to the Association's Amended and Restated Bylaws, adopted and effective as of June 25, 2020.



Emily McDonald

Title: Secretary

Date: June 25, 2020