

Farm Credit
of
Central Florida, ACA



SECOND AMENDED AND
RESTATED BYLAWS

January 25, 2023

FARM CREDIT OF CENTRAL FLORIDA, ACA SECOND AMENDED AND RESTATED BYLAWS

Definitions

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

“Annual Meeting” - the Annual Meeting of Shareholders pursuant to Article III of these Bylaws.

“Appointed Stockholder Director” - shall have the meaning set forth in Section 400.3 hereof.

“Association” - Farm Credit of Central Florida, ACA.

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

“Board” - the Board of Directors of the Association. All references in these Bylaws to the “Board” shall refer both to the directors of the Association sitting as of the effective date of the Bylaws and to any successors thereof pursuant to these Bylaws, unless the context otherwise requires.

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

“Code” - shall have the meaning ascribed to such term under Section 830.1.

“FCA” - the Farm Credit Administration.

“FCB” or “Bank” - the AgFirst Farm Credit Bank, or any successor entity thereto.

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

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

“Member” - a holder of stock or participation certificates in the Association, except another System institution.

“Nominating Area” - shall have the meaning set forth in Section 400.1 hereof

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

“PCA” - the Farm Credit of Central Florida, PCA, a production credit association and a subsidiary of the Association.

“Patron” - shall have the meaning ascribed to such term under Section 860.
“Record Date” - shall have the meaning set forth in Section 350.6 hereof.
“Regulations” - FCA regulations or directives applicable to and binding on the Association.
“Section” - shall have the meaning ascribed to such term in Section 105 hereof.
“Sectional Session” - shall have the meaning ascribed to such term in Section 300.3 hereof.
“Stock” - means all classes of outstanding capital stock of the Association.
“Stockholder” - means a holder or joint holder of any Stock.
“Stockholder-Elected Director” - shall have the meaning ascribed to such term in Section 4.01(a) hereof.
“Subsidiaries” - shall have the meaning ascribed to such term in Section 110 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 in accordance with these Bylaws.

ARTICLE I -- PREAMBLE

100 The Association is a federally chartered, Member-owned, cooperative credit institution operating pursuant to the Act. Subject to the Act and the Regulations and under the supervision of the Bank, the Association in its chartered territory possesses and may exercise all lending, participation and similar authorities granted by the Act, other statutes or Regulations, as may be amended from time to time. The Bank possesses no authority in the corporate governance of the Association other than that mandated by law. Without limiting the foregoing, the Association:

(a) may make, guarantee or participate with other lenders in short, intermediate and long-term loans and provide other similar financial assistance to:

(1) bonafide farmers and ranchers and the producers or harvesters of aquatic products, for agricultural or aquatic purposes and other requirements of such borrowers,

(2) rural residents for housing financing, and

(3) persons or organizations furnishing to farmers and ranchers farm-related services directly related to their on-farm operating needs; and

(b) may make or participate with other lenders in long-term real estate mortgage loans in rural areas, as defined by the FCA, or to producers or harvesters of aquatic products, and make continuing commitments to make such loans under specified circumstances, for terms of not less than 5 nor more than 40 years; and

(c) provide technical assistance to borrowers, applicants, and Members, and make available to them, at their option, such financially related services appropriate to their on-farm and aquatic operations to the extent authorized by the Act and the Regulations.

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

110 Lending Authorities

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

120 Relationship with FLCA and PCA

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

ARTICLE II -- MEMBERSHIP

200 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 this Association is authorized by the Act and Regulations to extend credit or other related services is eligible to apply for a loan or such other services from this Association and become a Member of the Association. In the case of a deceased or legally incompetent Shareholder, the executor, administrator,

guardian, or other legally authorized representative of such Shareholder shall be considered to be the Stockholder for the purpose of voting. Each Shareholder, or individual designated in accordance with these Bylaws to vote the Class C Common Stock of a Voting Stockholder, is authorized to speak on any question being considered at Shareholders' meetings when recognized by the chairman of the meeting. Motions, nominations and seconds may be made and voted on only by the individuals designated to vote the Class C Common Stock of Voting Stockholders in accordance with these Bylaws.

ARTICLE III -- MEETINGS OF SHAREHOLDERS

300 Time and Place

- 300.1 Annual Meetings - There shall be an Annual Meeting of Shareholders at such place(s) in the Association's chartered territory or, when approved by the Board, within a reasonable distance thereof at such date(s) and time(s) as the Board may by resolution provide. Notwithstanding the foregoing, in accordance with Section 611.110(a) of the Regulations, the Board may allow an online meeting space to be used in addition to a physical meeting space to conduct an Annual Meeting. Unless the FCA shall permit otherwise, a physical meeting space must always exist to conduct an Annual Meeting.
- 300.2 Special Meetings - Special meetings of Shareholders may be called at any time by resolution of the Board. Such meetings shall be called at any time upon written request of at least five percent of the Voting Stockholders. Each notice of a special meeting of Shareholders shall state the time, place, and purposes of the meeting. If the Board fails or refuses to order such notice to be made, the notice may be given by the Voting Shareholder(s) who made the call in accordance with the provisions of Section 310.
- 300.3 Sectional Sessions. The Board may provide for the Annual Meeting or special meetings of Shareholders to be held in consecutive sectional sessions at different times and places ("Sectional Session"). The date of the convening of the first Sectional Session shall be the date of the meeting for the purpose of notice thereof to the Shareholders. Each Shareholder shall be notified of all sessions to be convened and shall be entitled to attend any or all of such sessions. At each Sectional Session except the last, the meeting shall be adjourned until the next session of the meeting. The last Sectional Session must be scheduled for a time no later than fifteen calendar days after the first Sectional Session. The attendance at all Sectional Sessions shall be combined for the purpose of constituting a quorum, but no Voting Stockholder shall be counted or permitted to vote at more than one session. The votes duly cast at all sessions shall be counted together to constitute the vote of the meeting. Nominations from the floor for directors and nominating committee members, and matters requiring a vote of Voting Stockholders, must be introduced at the

first Sectional Session of the meeting and so announced in the notice of the meeting; provided however, that if the vote is by mail ballot as provided in Section 410.5 of these Bylaws, nominations may be made and matters requiring a vote of all Voting Stockholders may be introduced at any Sectional Session of the meeting.

- 305 Action Without Meeting - Any action required to be taken, or which may be taken, at any annual or special meeting of Shareholders may be taken without a meeting, without notice, and without a vote, if consent in writing, setting forth the action to be taken, shall be signed by 75% of the Voting Stockholders, or by duly authorized representatives thereof.
- 310 Notice of Meetings - The Chairman of the Board shall cause written notice of each annual and special meeting of Stockholders to be mailed not less than ten (10) business days, but not more than twenty (20) business days before the date of the meeting to all the Stockholders. The list of Stockholders entitled to such notice shall be a current list of Stockholders. The notice shall be mailed to the last known post office address of the Stockholder as it appears on the Association's records. The notice shall state the purpose, time and place of the meeting. Simultaneous with the mailing, the Annual Meeting Information Statement (AMIS) may be published on the Association's website. If published on the website, the AMIS shall be available for at least thirty days. The AMIS shall be available for public inspection at all offices. No business shall be transacted at special meetings other than the business referred to in the notice. All notices of Annual Meetings must be signed by the president, chief financial officer and a member of the Board.
- 320 Quorum - At each annual or special meeting of the Stockholders, three (3%) percent of the total number of Voting Stockholders determined as of the Record Date shall constitute a quorum. For purposes of determining a quorum at the annual or special meeting where mail balloting is used for director elections, mail ballots shall be used to determine a quorum. Proxies will also be included to establish a quorum when proxies are permitted under Section 350.2 of these Bylaws. If less than a quorum is present at any meeting of the Stockholders, the chairman of the meeting may adjourn the meeting from time to time until a quorum is obtained. The Voting Stockholders 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 persons designated by the Board. The reports required or authorized by Section 1010 shall be presented. Other items of business which may come before the meeting include but are not limited to: (a) determination of the existence 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 members; (f) unfinished business; (g) new business; and (h) a report of the Association's key

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

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

340 Nominating Committees

340.1 Qualifications and Election of Nominating Committee

- (a) At each Annual Meeting, the Voting Stockholders determined as of the Record Date shall elect a nominating committee composed of three Stockholders who own or jointly own Class C Common Stock and two alternates to serve for the following year. Also, an individual designated in accordance with these Bylaws to vote the Class C Common Stock held by a Voting Stockholder may serve as a member or alternate on the nominating committee of the Association so long as that individual meets all of the other requirements for serving on the nominating committee of the Association. Notwithstanding anything contained herein to the contrary, only one Stockholder jointly sharing ownership of the Class C Common Stock of the Association may seek the opportunity and serve on the nominating committee within an election cycle, and that individual is not required to be designated to cast votes on behalf of all the Stockholders sharing ownership of the Class C Common Stock. Stockholders who neither reside nor have their farm operations headquartered in the Association's chartered territory are not eligible to serve on the nominating committee.
- (b) Directors, salaried officers and employees of the Association are not eligible to serve on the nominating committee.
- (c) A nominating committee member may not be a candidate for election to the Board in the same election for which the committee is identifying nominees.
- (d) Nominating committee members and alternates shall meet the same qualifications for election and continuing service as are set forth for directors in these Bylaws.
- (e) The nominating committee so elected shall serve for a term of one year.
- (f) A member of the nominating committee is eligible to be elected to serve as a member of the nominating committee for up to two consecutive one-

year terms. After the expiration of two consecutive one-year terms as a member of the nominating committee, a person must be absent from membership on the nominating committee for at least one year before becoming eligible for election to the nominating committee. An alternate elected by the Voting Shareholders that does not fill a vacancy on the nominating committee is not subject to the two consecutive one-year term limit set forth above.

340.2 Functions of the Nominating Committee

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

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

340.3 Availability of Resources.

The Association will provide the nominating committee reasonable access to administrative resources in order to perform its duties. At a minimum, the nominating committee will be provided a current list of the holders of all classes of Stock of the Association as set forth in Section 340.2 of these Bylaws, the most recent Bylaws, the current Director Qualifications Policy, and a copy of the Impartiality of Director Elections Policy. At the request of the committee,

the Association shall provide a summary of the current Board self-evaluation. However, the Association will require a written pledge of confidentiality by committee members prior to releasing evaluation documents.

340.4 Nomination of Candidates to the Nominating Committee

- (a) At each meeting at which nominating committee members are to be voted upon (including voting to be conducted after such meeting by mail ballot under Section 410.5), the nominating committee shall present a list of candidates, who shall be Stockholders who own or jointly own the Class C Common Stock and individuals designated in accordance with these Bylaws to vote the Class C Common Stock held by a Voting Stockholder, for the Voting Stockholders to consider in electing the nominating committee for the following year.
- (b) 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 C Common 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 where voting occurs, nominations from the floor will only be accepted at the first Sectional Session.
- (c) The nominators must be Voting Stockholders or individuals designated in accordance with these Bylaws to vote the Class C Common Stock held by a Voting Stockholder. The nominees must be Stockholders that own or jointly own the Class C Common Stock or individuals designated in accordance with these Bylaws to vote the Class C Common Stock held by a Voting Stockholder. Each nominee nominated from the floor shall be responsible for providing in paper or electronic form such nominee's biographical and disclosure information as required by law, Regulations, 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 after 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.
- (d) Upon receiving a floor nomination, the Annual Meeting process will be stopped until eligibility is determined. The nominee's biographical, and disclosure information (if available), will be immediately reviewed by the Association's president or designee and due diligence performed to determine initial eligibility. After initial eligibility is determined, the meeting will proceed.

- (e) After receiving a floor nomination, the floor nominee must state if he or she accepts the nomination for election to the nominating committee. Nominations from the floor do not require a "second" before being placed on a ballot, although the chairman conducting the meeting, in his sole discretion, may permit Voting Stockholders to second a nomination to show support.
- (f) The three nominees for election to the nominating committee receiving the greatest number of votes cast shall be elected to serve as the three (3) members of the nominating committee for the following year. The two (2) nominees for election to the nominating committee receiving the next greatest number of votes cast shall be elected to serve as alternates to the nominating committee for the following year. In the event a member of the nominating committee is unable or unwilling to serve, the remaining members of the nominating committee (which may be less than a quorum) shall by majority vote select from the alternates a substitute to replace such member of the nominating committee who is unable or unwilling to serve.
- (g) Following the Annual Meeting, the Association shall as necessary conduct additional due diligence to determine if each nominee meets all the eligibility requirements imposed by the Regulations, Bylaws and the Association's policies. Each nominee meeting all eligibility requirements will be placed on the ballot. If the nominee is ineligible to be elected to the position nominated, the nominee shall be removed from the ballot. Following the Annual Meeting, if the newly elected nominating committee member or alternate is ineligible, the nominating committee member or alternate shall be immediately removed from office and the position filled in Accordance with these Bylaws.
- (h) The requirements for a floor nomination of candidates for election to the nominating committee shall be included in the Association's information statement as well as in the notice provision for any nominating committee elections.

340.5 Quorum and Minutes – A majority of the members of the nominating committee then in office shall constitute a quorum for transacting the business of the nominating committee. The committee shall keep minutes of its deliberations, which minutes shall be maintained by the Association's president or his or her designee in accordance with the Association's records disposal schedule.

350 Voting

350.1 Voting, Voting Strength, and Designee for Voting Stock - Each Voting Stockholder determined as of the Record Date is designated and duly authorized to vote; provided however, each Voting Stockholder determined as of the Record Date shall be entitled to only one vote regardless of the number of single

or joint loans such Voting Stockholder may have with the Association. For the purpose of this Section, loan(s) made to one or more members of such Voting Stockholder's household, or to one or more entities in which such Voting Stockholder is an equity owner, and which the Association reasonably believes to be for the sole purpose of creating multiple votes, shall be deemed to be loan(s) made to such Voting Stockholder. In the case of joint loans, the vote may be cast by only one of the joint holders designated and duly authorized by the other joint holder(s) in a writing filed with the Association. The vote of a Voting Stockholder that is a legal entity shall be cast by an individual equity owner or officer of the entity, designated and duly authorized in a writing filed with the Association. In no event may an individual vote more than once, nor 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 when the use of proxies is permitted under the Act and Regulations and approved by resolution of the Board. Proxy forms and ballots shall be prescribed by the Board. The executed proxy shall be filed with the secretary of the Association prior to any or all sessions of the Stockholder's meeting. In the event that the written instrument shall designate two or more persons to act as proxies, a majority of such persons present at the meeting (or, if only one shall be present, then that one) shall have and may exercise all of the powers conferred by such written instrument upon all of the persons so designated, unless the instrument shall provide otherwise. No proxy shall be valid after the expiration of eleven months from the date of its execution unless coupled with an interest, or unless the person executing it specified therein the length of time for which it is to continue in force, which in no case shall exceed seven years from the date of its execution. Subject to the above, any proxy duly executed continues in full force and effect until a written instrument revoking it or a duly executed proxy bearing a later date is filed with the secretary of the Association. Subject to the foregoing, a Voting Stockholder may revoke a proxy in writing before voting begins at the Stockholder's meeting.

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

- 350.4 Majority Vote - When a quorum is established in accordance with Section 320 of these Bylaws, the vote of a majority of the Voting Stockholders determined as of the Record Date, present in person, represented by proxy or voting by mail ballot under Section 410.5, shall decide any question brought before the meeting, unless the question is one upon which by express provisions of these Bylaws, applicable law, or Regulations a different vote is required, in which case such express provision shall govern and control. If a meeting is held in consecutive Sectional Sessions, the results of the votes cast at all sessions of the meeting shall be reported to the Stockholders only after the last Sectional Session.
- 350.5 Issuance of Preferred Stock - Notwithstanding any other provision of these Bylaws, issuances of preferred stock shall be subject to the vote of the Voting Stockholders in accordance with Section 615.5230(b)(1) of the Regulations.
- 350.6 Record Date - The record date for the determination of those Stockholders entitled to vote (“Record Date”) shall be set by the Board as of the close of business of a day not less than 10 business days, but not more than 90 business days preceding the date of the meeting.

ARTICLE IV -- DIRECTORS

400 Board; Outside Director

400.1 Composition of the Board

- (a) The Board shall consist of nine (9) directors elected by the Voting Stockholders (“Stockholder-Elected Directors”), at least one (1) director shall be appointed by the Board in accordance with Section 400.2 hereof, and up to one (1) Appointed Stockholder Director appointed by the Board in accordance with Section 400.3 hereof; provided however, the Stockholder-Elected Directors shall constitute at least 60 percent of the members of the Board. In order to stand for election or be appointed to a Stockholder-Elected Director position, the candidate must be a resident of, or have the candidate’s farm operations headquartered in, the Nominating Area corresponding to such position, as shown below:

<u>Stockholder-Elected Director Position</u>	<u>Nominating Area</u>
	<i>Area A</i> - Polk, Osceola, or Brevard Counties
	<i>Area B</i> - Hillsborough, Pinellas, Pasco, Hernando, Sumter, or Citrus Counties
	<i>Area C</i> - Orange, Lake, Seminole, or Volusia Counties
1	A
2	C
3	A
4	C
5	B
6	B
7	C
8	A
9	B

Each Stockholder who neither resides nor has its farm operations headquartered in the Association's chartered territory shall be treated as residing in the Nominating Area where the branch servicing the Stockholder's loan is located, but such Stockholder is not eligible to serve as a Stockholder-Elected Director.

For purposes of this section, (i) an individual is deemed to reside where the individual maintains his or her primary residence, (ii) a Voting Stockholder is deemed to reside where the individual designated to vote the Class C Common Stock of the Voting Stockholder in accordance with these Bylaws maintains his or her primary residence, and (iii) the farm operations of a Stockholder, Member or candidate are deemed headquartered at the mailing address of record on file with the Association.

Notwithstanding the foregoing, in the event a candidate for a Stockholder-Elected Director position is a resident of one Nominating Area, but the candidate's farm operations are headquartered in a different Nominating Area, the candidate is eligible to stand for election or be appointed to a Stockholder-Elected Director position only for the Nominating Area where the candidate's farm operations are headquartered.

(b) In accordance with Section 350.1, each Voting Stockholder as of the Record Date will be entitled to vote in the election for each Stockholder-Elected Director position.

400.2 Outside Director - Notwithstanding Section 400.1 or any other provision of these Bylaws, at least one member of the Board shall be a person who is not, at the time that such person becomes a member of the Board, a director of another System institution (other than a director of the PCA or FLCA), or an officer, employee, agent or stockholder of any System institution (the "Outside Director"). An outside director shall be automatically terminated if and when he or she becomes a director of another System institution (other than a director of the PCA or FLCA), or becomes an officer, employee, agent or stockholder of a System institution. Notwithstanding Section 400.1 or any other provision of these Bylaws, in the event the Association has total assets exceeding \$500 million on January 1 of a calendar year, the Board shall have no fewer than two (2) Outside Directors.

Each Outside Director shall be elected to the Board by all of the directors (other than the Outside Director seeking reelection). Except as expressly otherwise provided in these Bylaws, the qualifications, manner of nomination, election, bases of removal, and related matters respecting the Outside Director(s) shall be determined from time to time by the Board, subject to applicable Regulations. The term of the Outside Directors shall be the same as those for directors elected by the Voting Stockholders.

400.3 Appointed Stockholder Directors - Notwithstanding Section 400.1 or any other provision of these Bylaws, the Board may include up to one (1) Stockholder that owns or jointly owns Class C Common Stock (or individuals designated in accordance with these Bylaws to vote the Class C Common Stock of Voting Stockholders) appointed by the Board to address specific areas where there is a need on the Board for added commodity representation, diversity, expertise or skill sets (the "Appointed Stockholder Director"). Subject to the foregoing, the number of Appointed Stockholder Directors, if any, shall be determined by the Board from time to time; provided however, that the reduction in the number of Appointed Stockholder Directors shall not have the effect of shortening the term of an incumbent Appointed Stockholder Director. Each Appointed Stockholder Director position approved by the Board from time to time shall be filled by an individual who is otherwise eligible to serve as a director elected by the Voting Stockholders. Each Appointed Stockholder Director shall be elected to the Board by the Stockholder-Elected Directors, Outside Directors, and Appointed Stockholder Director(s) (other than the Appointed Stockholder Director seeking reelection) in accordance with Section 470 hereof. Except as expressly otherwise provided in these Bylaws, the qualifications, manner of nomination, election, bases of removal, and related matters respecting the Appointed Stockholder Director(s) shall be determined from time to time by the Board, subject to applicable Regulations. The term of the Appointed Stockholder Director(s) shall be the same as those for directors elected by the Voting Stockholders. An Appointed Stockholder Director shall be automatically terminated if and when he or she becomes a director (other than of the PCA or FLCA), officer, employee, or agent of a System institution.

400.4 Qualifications of Stockholder-Elected Directors –

- (a) Except for the Outside Director(s), no person shall be nominated, elected or appointed, or allowed to continue to serve, as a director, unless he or she is a holder or joint holder of Class C Common Stock, or is an individual designated in accordance with these Bylaws to vote the Class C Common Stock of a Voting Stockholder; is a bona fide farmer, rancher, or producer or harvester of aquatic products; and resides or has its farm operations headquartered in the Association's chartered territory. For purposes of this section, (i) a director is deemed to reside where such director maintains his or her primary residence, (ii) a Stockholder who is a holder or joint holder of Class C Common Stock is deemed to reside where the individual designated to vote the Class C Common Stock of the Stockholder in accordance with these Bylaws maintains his or her primary residence, and (iii) the farm operations of a director are deemed headquartered at the mailing address of record on file with the Association. No person shall be nominated, elected or appointed or continue to serve if such person's service is prohibited by the

Regulations. If the Class C Common Stock held by a director is converted during the director's term into other stock, such conversion shall not disqualify the director from completing his or her term.

- (b) An individual designated to vote the Class C Common Stock of an entity may be a director of the Association so long as that individual meets all the other requirements for serving as a director. A legally authorized representative of a deceased or incompetent Stockholder shall be ineligible to be elected as a Stockholder-Elected Director unless such representative is a Stockholder who is a holder or joint holder of Class C Common Stock in his or her own right or is designated to vote the Class C Common Stock of a Stockholder who is a holder or joint holder of Class C Common Stock.
- (c) Notwithstanding anything contained herein to the contrary, no person shall be nominated, elected or appointed, or allowed to continue to serve as a director or 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 Board shall adopt a policy identifying additional desirable director qualifications including the type and level of knowledge and experience desired for Board members and explaining how the desired qualifications were identified. The policy on desirable director qualifications shall be reviewed and updated periodically as needed and shall be provided to the nominating committee as guidance in their selection of potential director candidates.

400.5 Additional Qualifications of Directors - Notwithstanding anything contained herein to the contrary, no more than one Stockholder jointly sharing ownership of the Class C Common 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 C Common Stock. An individual who is a salaried officer or an employee of the Association or of any other organization within the System is not eligible to be elected or appointed and may not serve as a director of the Association. A former salaried officer or employee of an association or any other organization within the System is not eligible to be elected or appointed as a director within one year after ceasing to be employed by an association or any other organization within the System. A legally authorized representative of a deceased or incompetent Stockholder is not eligible to be elected or appointed as a director or a member

of a nominating committee unless such representative is also a Stockholder who is a holder or joint holder of Class C Common Stock in his or her own right or is designated to vote the Class C Common Stock of a Stockholder who is a holder or joint holder of Class C Common Stock. Notwithstanding anything contained herein to the contrary, a director of the Association may serve simultaneously on the board of directors of the Bank.

An individual is not eligible to be elected or appointed as a director, or if a director shall automatically be removed from the Board, if (i) the Association has sustained a charge-off on that individual's loan or the loan(s) in which the individual is a party, or (ii) if such loan is adversely classified and the individual has not, within sixty days of receiving notice of such classification, submitted to the Board a written plan in accordance with applicable regulations and policy and satisfactory to the Board in its sole discretion, to upgrade the loan to an acceptable classification within a reasonable period of time as determined by the Board in its sole discretion.

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

- 400.6 Service as Director for an Outside Financial Institution - Any person who is a director of any non-System financial institution which is authorized to make the same type of loans or to provide the same type of financial services as may be obtained through a System institution shall be eligible to be elected as a director of the Association so long as any such relationship with the other financial institution is fully disclosed to the Board and Nominating Committee, and the individual is not an officer or an employee of such an institution.
- 400.7 Prohibition to Continue as Director - The office of any director shall automatically become vacant in the event that such director: (a) files a petition for relief in voluntary bankruptcy, or otherwise institutes suit under applicable voluntary federal or state bankruptcy, insolvency, or receivership laws; or (b) is adjudged a debtor in an involuntary federal bankruptcy or placed in receivership in a state proceeding; or (c) seeks reorganization under the Bankruptcy Code of personal business interests or of a corporation in which the director owns the controlling interest; or (d) is party to a foreclosure proceeding (judicial or nonjudicial) involving property in which the director has an interest, which proceeding has been instituted because of the director's default on indebtedness to a System institution; or (e) is convicted of any felony or any criminal offense involving dishonesty or breach of trust while holding office; or (f) becomes legally incompetent; or (g) is held liable for damages for fraud.
- 400.8 Absence from Board Meetings - The absence of a director from two consecutive regular meetings of the Board, unless explained to the satisfaction of the other

directors, shall automatically terminate the director's service and the resulting vacancy shall be filled as provided in Section 430.1.

410 Election of Directors

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

410.2 Nominations for Stockholder-Elected Directors –

- (a) At each meeting at which Stockholder-Elected Directors are to be voted upon (including voting to be conducted after such meeting by mail ballot under Section 410.5), the nominating committee with respect to each Stockholder-Elected Director position in which there is a term expiration or vacancy shall submit a slate of candidates for election to the Board who comply with the eligibility and qualification requirements of the Nominating Area corresponding to such position as set forth in Section 400.1, after which the chairman of the meeting will entertain nominations from the floor for candidates for election to the Board. Nominations from the floor must meet the same eligibility and qualification requirements as candidates nominated by the nominating committee. In accordance with Section 300.3, in the event of Sectional Sessions where voting occurs, nominations from the floor will only be accepted at the first Sectional Session.
- (b) The nominators must be Voting Stockholders or individuals designated in accordance with these Bylaws to vote the Class C Common Stock held by a Voting Stockholder. The nominees must be Stockholders that are owners or joint owners the Class C Common Stock of the Association or individuals designated in accordance with these Bylaws to vote the Class C Common Stock held by a Voting Stockholder. Each nominee nominated from the floor shall be responsible for providing in paper or electronic form such nominee's biographical and disclosure information as required by law, Regulations, 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 after the nomination. Disclosure information forms will be available at the Association's corporate office for any potential floor nominee consideration and at the Annual Meeting.

- (c) Upon receiving a floor nomination, the Annual Meeting process will be stopped until eligibility is determined. The nominee's biographical, and disclosure information (if available), will be immediately reviewed by the Association's president or designee and due diligence performed to determine initial eligibility. After initial eligibility is determined, the meeting will proceed.
- (d) After receiving a floor nomination, the floor nominee must state if he or she accepts the nomination for election to the Board. Nominations from the floor do not require a "second" before being placed on a ballot, although the chairman conducting the meeting, in his sole discretion, may permit Voting Stockholders to second a nomination to show support.
- (e) After the chairman conducting the election or his designee closes the floor nominations, unless voting shall be by mail ballot under Section 410.5, the Voting Stockholders determined as of the Record Date shall then cast ballots and the chairman of the meeting shall appoint a tellers committee of Voting Stockholders, or individuals designated in accordance with these Bylaws to vote the Class C Common Stock held by a Voting Stockholder, to tally the ballots. Salaried officers and employees and Voting Stockholders who are directors, candidates, or members of the nominating committee and alternates are ineligible to serve on the tellers committee. In lieu of a tellers committee, a third independent party may be retained to tally the votes.
- (f) Following the Annual Meeting, the Association shall as necessary conduct additional due diligence to determine if each nominee meets all the eligibility requirements imposed by the Regulations, Bylaws and the Association's policies. Each nominee meeting all eligibility requirements will be placed on the ballot. If the nominee is ineligible to be elected to the position nominated, the nominee shall be removed from the ballot. If a newly elected Stockholder-Elected Director is determined to be ineligible, the Stockholder-Elected Director shall be immediately removed from office and the position filled per Section 430 of these Bylaws.
- (g) The requirements for a floor nomination of candidates for election to the Board shall be included in the Association's information statement as well as in the notice provision for any director elections.

410.3 Election by Position - All candidates shall be listed on the ballot by the position to be filled. Incumbents will not be designated as such on the ballot. If more than one position is to be filled, the election with respect to each position shall be conducted independently. The candidate receiving the largest number of

votes for each position shall be declared elected.

- 410.4 Tallying the Ballots - The tellers committee, or such independent third party if retained to tally the votes, shall convene to tally the ballots and shall certify the results to the chairman of the meeting, who shall inform the Stockholders of the results. If the meeting is held in Sectional Sessions, the results of the votes cast at all sessions of the meeting shall be certified to the Stockholders only after the last Sectional Session.
- 410.5 Mail Balloting - The Board may elect to hold all voting for Stockholder-Elected Directors and nominating committee members by mail ballot. The procedure for such mail ballot shall be as follows:

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

Mailing a ballot to a Voting Shareholder's address as recorded in the books or records of the Association shall be conclusive evidence of receipt of the ballot by the Voting Shareholder. The receipt, collection, and tallying of ballots may be under the supervision and guidance of either the Association's legal counsel or outside auditing firm. If the Board so directs, the legal counsel or outside auditing firm shall certify as to the results of the election prior to any public announcement of the results of the election.

- 410.6 Tie Votes - If no person is elected to a position because of a tie vote, the tie vote may be broken by a "flip of a coin" or any other impartial method approved by the Board.
- 410.7 Director/Nominee Disclosure to Stockholders - All candidates for director positions shall provide disclosure as required by law and these Bylaws. The form of disclosure shall be the same for all candidates and will be provided by the Association's president.

420 Term

- 420.1 Length of Term - Except as otherwise provided in Section 400.1, a Stockholder-Elected Director shall serve until the third Annual Meeting after being elected,

or for the unexpired portion of the term for which the Stockholder-Elected Director was elected, and until a successor is elected and qualified. Notwithstanding anything contained herein to the contrary, the director shall: (a) resign; (b) be removed from office; (c) become unable to act by reason of death or disqualification; or (d) occupy a position that is shortened or terminated by due action of the Voting Stockholders. The terms and basis for removal of the Outside Director(s) and Appointed Stockholder Director(s) shall be the same as those for directors elected by the Voting Stockholders.

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

420.3 Age Qualification - Notwithstanding anything contained herein to the contrary, no individual who is seventy-two (72) years of age or older on December 31 of the year preceding the date of election or appointment shall be eligible to be nominated, elected or appointed as a director, regardless of whether such election or appointment is by the Board or by the stockholders and regardless of whether such individual is serving as a director at the time of such proposed nomination, election or appointment. Subject to Section 420.1 and the foregoing, a director serving at the time of his or her 72nd birthday may complete such director's then current term.

430 Vacancies

430.1 Filling a Vacancy on the Board - Subject to Section 5.34 of the Act, and Section 420.1 hereof, whenever a vacancy occurs in a Stockholder-Elected Director position, other than from the expiration of a term of office, the remaining directors shall appoint a Stockholder who is a holder or joint holder of Class C Common Stock, or individual designated to vote the Class C Common Stock of a Voting Stockholder in accordance with these Bylaws, who complies with the eligibility and qualification requirements of the Nominating Area corresponding to such position as set forth in Section 400.1 to fill the vacancy until the next Annual Meeting at which time an election will be held to fill the vacancy for the remaining unexpired term; provided, however, that if the vacancy occurs within six months preceding the next Annual Meeting, the Board may elect not to appoint a replacement and instead keep the position vacant until such Annual Meeting. Any Stockholder-Elected Director appointed by the Board shall be not treated as a Stockholder-Elected Director for purposes of the Regulation requiring that at least 60% of the sitting directors on the Board must be directors elected by the Voting Stockholders. If the vacant directorship is that of an Outside Director or Appointed Stockholder Director, then either (a) the remaining members of the Board, including Outside Directors and

Appointed Stockholder Director, will appoint a replacement Outside Director or Appointed Stockholder 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 Appointed Stockholder Director position so long as there is at least such number of remaining Outside Directors currently serving as set forth in Section 400.2, unless otherwise provided by law, regulation, or these Bylaws.

430.2 Vacancies of All or a Majority of the Board - Subject to Section 5.34 of the Act, if all or a majority of the director positions become vacant for any reason, the nominating committee shall promptly meet, and, by a vote of a majority of the committee's members who are present at such meeting (provided a quorum of the committee is present), shall appoint eligible and qualified persons to fill sufficient vacancies on the Board to constitute a quorum. The Board shall thereafter promptly elect eligible and qualified Stockholders who are holders or joint holders of Class C Common Stock to fill the remaining vacancies. Such Directors appointed pursuant to this Section 430.2 shall be elected to serve until the next Annual Meeting or a special meeting of Stockholders called to elect director(s).

440 Duties of Directors

440.1 The Board shall be responsible for the general control and direction of the affairs of the Association. The Board shall determine Association policy matters, periodically review the operations of the Association, and keep itself informed of the Association's fulfillment of its objectives, goals, and responsibilities in accordance with the Act and Regulations, and with Bank policies, procedures, and objectives. The Board shall recognize that the Association, FLCA and PCA are responsible for, and dependent on, each other's financial condition. Accordingly, the Board shall govern the Association's affairs and establish policies with the primary objective of improving the three institution's combined financial condition.

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

445 Officers of the Board

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

- 445.2 Duties of the Chairman of the Board - The chairman shall: (a) preside over all meetings of the Board (and the chairman or the Board's designee shall preside over all meetings of the Stockholders), and (b) perform such other duties as may be prescribed by the Board.
- 445.3 Duties of the Vice Chairman of the Board - In the absence of the chairman, the vice chairman shall perform the duties of the chairman. 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.
- 445.4 Removal - The chairman and vice chairman may be removed from their positions as officers of the Board at any time by a majority vote of the entire membership of the Board.

450 Board Meetings

- 450.1 Regular Meetings - Regular meetings of the Board shall be scheduled and held at least quarterly at such times and at such places as approved by the Board.
- 450.2 Special Meetings - Special meetings of the Board shall be held whenever called by (a) the chairman; (b) the president; or (c) a majority of the directors. Business may be conducted at regular or special meetings of the Board by telephone conference call provided a reasonable attempt is made to reach all directors, a quorum is present, and technical arrangements permit all persons participating to hear each other at the same time. Such participation shall constitute presence in person at the meeting.
- 450.3 Notice of Meeting - Notice of each meeting of the Board, except regularly scheduled meetings specified by resolution of the Board, shall be given to each director by the president, secretary, or by another employee of the Association as may be designated by the Board. Such notice may be given by mail, written or electronic means, or by telephone. If given by mail, such notice shall be mailed at least five (5) days before the meeting date. If given by electronic or telephonic means, such notice shall be sent at least forty-eight hours prior to the time of the meeting. If given by telephone, the president, secretary, or designated employee shall make a reasonable effort to reach all directors, and shall certify that such notice has been given, or such efforts made, at least forty-eight hours prior to the time of the meeting. Notice of any meeting may be waived in writing, either before or after the meeting. On the signing of the waiver of notice of a meeting by a majority of the directors, a meeting of the Board may be held at any time. Participation at a meeting shall constitute waiver of notice of that meeting, except where the director attends the meeting for the sole and express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

- 450.4 Action without Meeting - Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of the Board or committee, as the case may be.
- 460 Honoraria - The Association may allow directors reasonable honoraria for attendance at Board meetings, committee meetings, or for special assignments. The Association may also reimburse directors for reasonable expenses incurred in connection with the meetings or assignments. However, when a director represents both the Association and another System institution at a single meeting or assignment, the honoraria and expenses may be shared on a pro rata basis between the two institutions. The Bank may share in the payment of honoraria when agreed to by the Association and the Bank in accordance with Bank policies.
- 470 Quorum and Majority Vote - A majority of the directors then serving in office at a meeting duly assembled shall be necessary to constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board, except as may be otherwise specially provided by law, Regulations or these Bylaws. If a quorum shall not be present at any meeting of the directors, the directors in attendance may adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum shall be present. At any adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The directors present at a duly convened meeting may continue to transact business until adjournment notwithstanding the withdrawal from the meeting of enough directors so that less than a quorum remains.
- 480 Removal of Directors - A director may be removed from the Board by a majority vote of the Voting Stockholders present in person or by proxy at an annual or special meeting of the Stockholders, upon a motion for removal, duly made, seconded and carried, provided the notice of the meeting contains notification that the removal is to be considered. The terms and basis for the removal of an Outside Director or Appointed Stockholder Director shall be the same as those for directors elected by the stockholders, except the Outside Director or Appointed Stockholder Director may be removed by a two-thirds majority vote of the full Board. The Outside Director or Appointed Stockholder Director subject to the removal action is prohibited from voting in his or her own removal action. The reason for removal must be documented.
- 490 Resignation - A director may resign by delivering written notice to the Board specifying the date upon which such resignation is to be effective.
- 495 Boards of PCA and FLCA - Upon being elected or appointed as a director of the Association, such director shall automatically become a member of the Boards of

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

ARTICLE V -- OFFICERS AND EMPLOYEES

500 Election of Senior And Other Officers

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

500.2 Previous Directors as Salaried Employees - No individual shall be eligible to become a salaried officer or employee of the Association if within the previous twelve months the individual served as a director of the Association or of the Bank.

510 Duties of Officers

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

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

- 510.3 Duties of the Treasurer (Chief Financial Officer) - The treasurer shall: (a) have custody of all funds, securities, and assets of the Association; (b) provide full and complete records of all assets and liabilities of the Association; (c) make such reports as may be required; (d) maintain complete equity ownership records; and (e) perform such other duties with respect to the finances of the Association as may be prescribed by the president or by the Board.
- 520 Removal - The president may be removed from office with or without cause by a majority vote of the entire Board.
- 530 Service Contract - The Board may enter into a contract with the Bank pursuant to which the Bank may perform on behalf of the Association some of the administrative or clerical duties and responsibilities that would otherwise be performed by officers and employees of the Association. The duties to be performed by the Bank under such contract shall not, however, include discretionary duties which, under these Bylaws, are required to be performed by the Board or president.
- 540 Joint Management - Unless the Board directs otherwise, all officers appointed hereunder shall have the same positions and authorities with respect to Association, PCA and FLCA.

ARTICLE VI -- COMMITTEES

- 610 Loan Committee - The Board, may delegate to the president, individual employee(s), or committee(s) of employees of the Association the authority to approve applications for membership and loans or participations within specified limits. No loan shall be made unless the application therefor has received the approval of a majority of the members of the loan committee present at the meeting at which action is taken. The loan committee shall have, possess, and exercise such other power and authority as may be delegated to it by the Board. Periodic reports of all actions on loans and applications shall be submitted to the Board at its regular meeting, or earlier, if required.
- 611 Audit Committee – The Board shall appoint an audit committee of at least three and no more than seven members of the Board, to act in accordance with its Board-approved charter, as amended from time to time by the Board. All audit committee members should be knowledgeable in at least one of the following: public and corporate finance, financial reporting and disclosure, or accounting procedures. The audit committee will be responsible for the following: (i) oversee management preparation of financial reports to shareholders; (ii) determine the appointment, compensation, and retention of external auditors, and review the external auditors work; and (iii) oversee managements system of internal controls relating to the preparation of financial reports, to include controls relating to the institutions compliance with applicable laws and regulations. The audit committee must have at least one Board member designated as the “Financial Expert” as defined in the Regulations.

- 612 Compensation Committee – The Board will establish a compensation committee of at least three Board members, to act in accordance with its Board-approved charter. The compensation committee will have the responsibility of reviewing and approving the Association’s total compensation philosophy, including benefit programs; oversee the development and utilization of appropriate policies and programs to attract, retain, motivate and reward high performing individuals; monitor executive practices in order to ensure succession alternatives for the organization, evaluate the performance of the president, and report to the Board its recommendations and observations with respect to the foregoing, and with respect to the specific to duties set forth in its Board-approved charter, as amended by the Board from time to time.
- 613 Governance Committee – The Board will establish a governance committee of at least three Board members, to act in accordance with its Board-approved charter. The governance committee will be responsible for the following: (i) evaluate and recommend to the Board candidates to be appointed Board members; (ii) review, evaluate and recommend levels of Board compensation, honorarium and travel expense reimbursement; (iii) review and recommend availability and levels of continuing education and training for directors; (iv) ensure that the board self-evaluation is completed annually; and (v) such other matters as determined by the Board from time to time.
- 620 Other Committees - The Board may, at its discretion, appoint such other committees as may be necessary or desirable, shall appoint or discharge any member of such a committee, and shall prescribe the duties and responsibilities of each such committee it establishes.
- 630 Quorum - A majority of the members of any committee shall constitute a quorum.
- 640 Withdrawal from Meeting - A member of the Board or an employee or director serving on any committee shall withdraw from the meeting of the Board or committee during its deliberation and determination of any matter related to the director’s or employee’s personal interests, and the minutes of the meeting shall so state.
- 645 Minutes - Each committee shall keep a written record of its proceedings.

ARTICLE VII -- CAPITAL STOCK AND PARTICIPATION CERTIFICATES

700 Authorization, Classes, Par or Face Value - The Association is authorized to issue and have outstanding Class A Preferred, Class A Common, Class B Common, Class C Common, Class E Common and Class D Preferred Stock, and Class B and Class C Participation Certificates, each in such amount as specifically provided herein, or, if no amount is specifically so provided, in such amount as may be necessary to conduct the Association's business. Issuances of Class A Preferred Stock and Class D Preferred Stock shall require the affirmative vote of a majority of the shares of each class of equity affected by the preference, voting as a class, whether or not otherwise authorized to vote, in person or by proxy, at a duly authorized meeting of stockholders.

The features of these classes are summarized in the Features of Equities table at the end of these Bylaws. Class A Common, Class B Common and Class B Participation Certificates constitute "protected stock" under Section 4.9A of the Act. Except as provided herein, no further shares of these classes may be issued. Other classes of equity may be issued as provided in Section 720. Each share of stock (common and preferred) and unit of participation certificates shall have a par or face value of \$5.00. Fractional shares of stock or units of participation certificates shall not be issued. Except as to Class A Common, Class B Common and Class B Participation Certificates, all transfers, exchanges, conversions, and retirements of stock and participation certificates shall be at book value not to exceed par. Equities shall vote in accordance with Section 350 hereof. Thus, among other things, (a) each new issuance of preferred stock is subject to the approval of a majority of the shares of each class of equities affected by the preference, voting as a class, whether or not otherwise authorized to vote, and (b) no Voting Stockholder is entitled to cumulate votes.

710 Ownership and Form of Issuance - Evidence of ownership of capital stock and participation certificates may be by book entry or in definitive form as determined by the Board. Unless otherwise directed by the Board, all classes of equity will be issued in book entry form and ownership shall be confirmed by the Association upon the request of the holder. The Association shall be its own transfer agent in all matters relating to its capital stock and participation certificates.

720 Issue, Rights, Preferences and Limitations

720.1 Class A Nonvoting Stock

- (a) Class A Preferred Stock may be retired only at the discretion of the Board. Class A Preferred Stock shall have preference as to dividends (Section 850). Ownership of Class A Preferred Stock provides no voting rights. Dividends on Class A Preferred Stock are non-cumulative. If authorized under the last sentence of Section 700 hereof, up to \$50 million shares of Class A Preferred Stock may be issued:

- (1) To the Bank;
- (2) In such amounts and to such persons as may be permitted under a plan adopted by the Board;
- (3) For allocated surplus distributions (Section 830), dividend payments (Section 850), and patronage distributions (Section 860); and
- (4) In exchange for Class A Common, Class C Common or Class C Participation Certificates converted pursuant to the provisions of Section 740 of these Bylaws and/or Section 4.3A(c)(1)(E)(ii) of the Act.

Only persons to whom Class A Preferred may be issued may own such Class A Preferred. There shall be no preference as between Class A Preferred and Class D Preferred in respect of distributions or liquidation or other matters.

- (b) Class A Common Stock shall be retired at its par value. Ownership of Class A Common Stock provides no voting rights. Shares of Class A Common Stock may be exchanged for shares of Class A Preferred Stock (if authorized) on a one-for-one basis. Since such exchange constitutes a distinct investment decision by the borrower, the Association will, in connection with each such exchange, furnish the borrower with disclosure comparable to the disclosure that is, pursuant to Section 615.5250(d) of the Regulations, supplied to new borrowers. Class A Common Stock may only be owned by those borrowers who held Class A Common Stock in the Association's predecessor production credit association upon the formation of the Association. No further shares of Class A Common Stock may be issued.

720.2 Class B Common Stock - Class B Common Stock does not confer voting rights. It shall be retired at its par value. Class B Common may only be owned by only those borrowers who held Class B Common in the Association's predecessor Federal land bank association and/or production credit association upon the formation of the Association. No further shares of Class B Common Stock may be issued.

720.3 Class C Common Voting Stock - Class C Common Stock shall be issued as follows:

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

- (a) two hundred (200) shares (\$1,000 par value); or
- (b) one (1) share for each \$250.00 (or fraction thereof) of the amount of the loan.

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

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

720.4 Participation Certificates

720.41 Class B Participation Certificates may only be owned by those borrowers who held Class B Participation Certificates in the predecessor Federal land bank association or predecessor production credit association upon the formation of the Association. Class B Participation Certificates do not confer voting rights. They shall be retired at face value. No further Class B Participation Certificates may be issued.

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

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

- (a) Rural residents, to capitalize rural housing loans;
- (b) Persons or organizations furnishing farm related services to

capitalize their loans; and/or

- (c) Other persons or organizations who are eligible to borrow from the Association or participate in Association loans but who are not eligible to hold voting stock (as defined in Section 720.3).

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

720.45 Class C Participation Certificates may be issued to any person who is not a stockholder but who is eligible to borrow from the Association, for the purpose of qualifying such person for technical assistance, financially related services, and/or leasing services offered by the Association.

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

720.5 Class D Preferred Stock - Subject to part (a) of the last sentence of Section 700 hereof, up to \$25 million of Class D Preferred Stock may be issued to such persons or investors (and may be owned by such persons or investors) as may be permitted under a plan adopted by the Board. Class D Preferred Stock may be retired only at the discretion of the Board. Class D Preferred Stock shall have such terms and dividend rate as may be determined by the Board. Class D Preferred Stock shall confer no voting rights and shall have preference as to dividend(s) (Section 850). Dividends on Class D Preferred Stock shall be noncumulative. There shall be no preference as between Class A Preferred and Class D Preferred in respect of distributions or liquidation or other matters.

720.6 Class E Common Stock - Class E Common Stock may be issued: (1) for allocated surplus distributions (Section 830), dividend payments (Section 850), and patronage distributions (Section 860); and (2) in exchange for Class C Common Stock or Class C Participation Certificates converted pursuant to the provisions of Section 740 of these Bylaws and/or Section 4.3A(c)(1)(E)(ii) of the Act. Class E Common Stock shall be retired at its par value not to exceed book value. Ownership of Class E Common Stock provides no voting rights. Dividends on Class E Common Stock shall be non-cumulative.

720.7 Transfer of Equities in Lieu of Purchase - The requirements, set forth in preceding subsections of this Section 720, for borrowers to purchase Association stock or participation certificates at the time loans are made to such borrowers, apply only when the capital adequacy requirements applicable to the Association (as provided in the Act and Regulations) are not met. At all

other times, the requirements of this Section 720 for borrowers to purchase stock or participation certificates at the time loans are made to such borrowers may be met either through purchase from the Association or through transfer of such stock or participation certificates from authorized holders thereof.

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

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

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

740 Conversion

740.1 Shares of Class A Preferred and Class D Preferred may be converted to a like amount of Class C Common or Class C Participation Certificates by those

holders eligible to borrow from the Association at the time of the first loan disbursement.

740.2 Class C Stock or Class C Participation Certificates shall automatically be converted to Class A Preferred Stock (if authorized), or Class E Common Stock (if Class A Preferred Stock is not authorized), within two years after the holder ceases to be a borrower, as determined by the Board. Since such exchange constitutes a distinct investment decision by the borrower, the Association will, in connection with each such exchange, furnish the borrower with disclosure comparable to the disclosure that is, pursuant to Section 615.5250(d) of the Regulations, supplied to new borrowers.

740.3 Class A Common Stock issued and outstanding may be converted to Class A Preferred Stock (if authorized) at the option of the holder of such Class A Common Stock. Since such exchange constitutes a distinct investment decision by the borrower, the Association will, in connection with each such exchange, furnish the borrower with disclosure comparable to the disclosure that is, pursuant to Section 615.5250(d) of the Regulations, supplied to new borrowers.

750 Retirements

750.1 Subject to the Regulations, Class A Common, Class B Common and Class B Participation Certificates shall be retired in ways that come within the meaning of “the ordinary course of business” as defined by the Regulations.

750.2 Subject to section 615.5280 of the Regulations, when the debt of a borrower is in default, the Association may, but is not required to, order the retirement of any stock or participation certificates held by the borrower and the application of the proceeds thereof against the borrower’s indebtedness to the Association. Any such retirement and application of proceeds shall be after notice to the borrower consistent with section 615.5280(f) of the Regulations and after similar retirement and application of surplus account allocations and equity reserve, if any, owned by the borrower and pledged to the Association.

760 Impairment

760.1 Any losses suffered by the Association shall first be applied against unallocated surplus as reflected on the books of the Association. To the extent that such losses exceed unallocated surplus, resulting in an impairment of the Association’s allocated surplus or capital stock, such losses shall be allocated in accordance with Section 840.3.

760.2 Impaired stock and participation certificates shall be restored in the sequence provided in Section 840.2 until each share of stock and unit of participation certificates has a book value equal to its par or face value, respectively.

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

- A) First, to the holders of Class A Preferred Stock and Class D Preferred Stock, if any, until an amount equal to the aggregate par value of all shares of said stock then issued and outstanding has been distributed to such holders on a pro rata basis;
- B) Second, to the holders of Class A Common Stock, Class B Common Stock, Class C Common Stock, Class E Common Stock, Class B Participation Certificates and Class C Participation Certificates pro rata in proportion to the number of shares or units of each such class of stock or participation certificates then issued and outstanding, until an amount equal to the aggregate par value or face amount of all such shares or units has been distributed to such holders;
- C) Third, to the holders of allocated surplus evidenced by qualified written notices of allocation, in the order of year of issuance and pro rata by year of issuance, until the total amount of such allocated surplus has been distributed;
- D) Fourth, to the holders of allocated surplus evidenced by nonqualified written notices of allocation, in the order of year of issuance and pro rata by year of issuance, until the total amount of such allocated surplus has been distributed;
- E) Fifth, insofar as is practicable, all unallocated surplus issued after April 15, 1999, shall be distributed to Patrons of the Association from the period beginning April 15, 1999, through the date of liquidation, on a patronage basis; and
- F) Sixth, any remaining assets of the Association after such distribution shall be distributed ratably to the holders of all classes of stock and participation certificates in proportion to the number of shares or units of such class of stock or participation certificates held by such holders.

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

780 Lien and Security Interest - Except with respect to stock held by a System institution, each holder of stock, participation certificates and allocated surplus in the Association shall be deemed to have granted to the Association, PCA and FLCA (as applicable) and the Association, PCA and FLCA (as applicable) shall have, a first lien and security interest

on all such stock, participation certificates and allocated surplus in the Association owned by such holder as additional collateral for any and all obligations of such holder to the Association, PCA and FLCA.

- 790 Amendment to Capitalization Bylaws - Any amendment to Articles VII and VIII of these Bylaws or to the capitalization bylaws of PCA or FLCA, other than those of a strictly technical nature not affecting substantive rights, shall not become effective unless approved by majority of Voting Stockholders of the Association voting, in person or by proxy, at a duly authorized meeting of Stockholders.

ARTICLE VIII - EARNINGS, SURPLUS, DIVIDENDS, PATRONAGE DISTRIBUTIONS

- 800 Capitalization Plan - The Board shall adopt, maintain, and amend from time to time, as the Board deems appropriate, a capitalization plan for the Association. The capitalization plan shall be designed to enable the Association to meet the capital adequacy standards established in the Regulations. Subject to these Bylaws, the capitalization plan shall provide for, among other things, the manner in which the Association's stock, participation certificates and allocated equities shall be issued, transferred, and retired. In connection with the Capitalization Plan, no dividends shall be cumulated.
- 810 Interest Rates - The Board shall authorize such interest rates or interest rate programs for use by the Association as are determined to be within the lending standards prescribed by the Bank. It shall be the objective of the Association to provide the types of credit needed by eligible borrowers, at a reasonable cost, on a sound business basis, taking into account the marginal cost of money to the Association, necessary reserves and expenses to the Association, and the services provided to borrowers and Stockholders.
- 820 Surplus Accounts - As contemplated in the Plan, the Association shall create an unallocated surplus account and an allocated surplus account. The Association shall maintain the unallocated surplus account and, subject to Section 830.1, may maintain the allocated surplus account. The minimum aggregate amount of these two accounts shall be determined by the Board. At the end of any fiscal year, if the surplus accounts otherwise would be less than the minimum amount determined by the Board as necessary to maintain adequate capital reserves to meet the requirements of any general financing agreement or other commitments of the Association, the Association shall apply earnings for the year to the unallocated surplus account in such amounts as may be determined necessary by the Board.
- 830 Allocated Surplus Account
- 830.1 As contemplated in the Plan, the Association shall create and, subject to the Regulations and Association policy, shall maintain an allocated surplus account

consisting of earnings held therein and allocated to Patrons on a patronage basis pursuant to Section 860. 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:

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

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

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

- 830.2 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.
- 830.3 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.
- 830.4 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.
- 830.5 Upon approval of the Board, any retirement of allocated surplus may be paid in cash or other forms of available equities, or applied against any of the holder’s

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

- 830.6 All qualified notices of allocation shall satisfy the definition of a "qualified written notice of allocation" as defined in section 1388 of the Code. All nonqualified notices of allocation shall satisfy the definition of a "nonqualified written notice of allocation" as also defined in section 1388 of the Code.
- 830.7 A record of the holders of allocated surplus shall be kept and maintained by the Association. Allocations of "qualified" amounts will be maintained separately from allocations of "nonqualified" amounts. Such surplus accounts shall be transferable only to the Association or to an eligible 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.

840 Application of Earnings or Losses

- 840.1 At the end of each accounting period the Association shall, after paying or providing for all operating expenses in accordance with the Act, determine the amount of its net earnings or net losses for such period.
- 840.2 Any net earnings determined pursuant to Section 840.1 shall be applied in the following order of priority:
- (a) First, to the restoration of the amount of the impairment, if any, of Class A Preferred and Class D Preferred Stock issued and outstanding, if any, until such stock is no longer impaired;
 - (b) Second, to the restoration of the amount of the impairment, if any, of Class A Common Stock, Class B Common Stock, Class C Common Stock, Class E Common Stock, Class B Participation Certificates and Class C Participation Certificates issued and outstanding, until such stock and equities are no longer impaired;
 - (c) Third, to the restoration of the amount of impairment, if any, of allocated surplus in the reverse order of impairment;
 - (d) Fourth, to unallocated surplus in an amount determined by the Board;
 - (e) Fifth, for payment of dividends on stock in accordance with these Bylaws if authorized by the Board; and

- (f) Sixth, any remaining net earnings may be distributed as patronage refunds, which may be paid in the form of allocated surplus, stock, cash or any combination of the above.

840.3 Any net losses determined pursuant to Section 840.1, to the extent they exceed unallocated surplus, shall, except as may be otherwise provided in the Act, be treated as impairing allocated surplus and stock in the following order:

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

Impairments shall be considered as being applied pro rata to each share and/or unit outstanding in the class.

850 Dividends

850.1 When approved by the Board in accordance with the Regulations, dividends may be paid on the capital stock and participation certificates of the Association, as the Board may determine by resolution; provided, however, that no dividend rate shall exceed eight percent (8%) of the par value of the respective capital stock and participation certificates. Such dividends may be paid solely on Class A Preferred and Class D Preferred Stock, or on all classes of stock and participation certificates. Subject to the provisions herein, the rate of dividends paid on Class A Preferred Stock for any fiscal year may not be less than the rate of dividend paid on Classes A, B, C or E Common Stock or participation certificates for such year. The rate of dividends on Class D Preferred Stock and Class A Preferred stock shall be as determined by the Board but shall not be greater than twenty percent per annum. The rate of dividends on Class A, B, C and E Common Stock and participation certificates

shall be at the same rate per share. No dividend shall be declared on common stock or participation certificates in any year for which the Board has passed a resolution authorizing the distribution of patronage.

- 850.2 Dividends may be paid to holders of record on the effective date of declaration or at such previous date as may be set by the Board by resolution.
- 850.3 Dividends on capital stock and participation certificates may be paid in cash, Class A Preferred or Class D Preferred, or partly in cash and partly in such stock, except that dividends on capital stock held by a Farm Credit System institution shall be paid in cash. Any part of such dividends to one owner payable in stock that is less than \$5.00 may be distributed in cash or held by the Association and cumulated with subsequent dividends, until the retained dividends equal \$5.00 so that the dividends may be distributed as one whole share of Class A Preferred or Class D Preferred Stock.
- 850.4 Dividends on subsequently authorized stock shall be paid in accordance with, and subject to, the resolution of stockholders authorizing the issuance of such stock.
- 850.5 Notwithstanding other provisions of this Section, no dividend may be declared if permanent capital would be reduced by payment of said dividend, unless the Association, after recording the dividend, will meet the capital adequacy standards under the Act and Regulations.

860 Patronage Distributions

- 860.1 Patronage Resolutions. 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 Stockholders 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 (a) through (e) of Section 840.2, 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 Board in its resolution may establish a minimum level of available earnings and if the available earnings fall below this level no patronage distribution will be made.

- 860.2 Basis of Distribution. Patronage distributions shall generally 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 Board may establish, on a fair and equitable basis, separate patronage pools for patronage business transactions of the same type or with similar characteristics. Earnings from transactions that do not constitute patronage business will be segregated into a separate pool and will be not available for distribution.
- 860.3 If the Association will meet its capital adequacy standards after making the patronage distributions, the patronage distributions may be in cash, authorized stock of the Association, allocations of earnings retained in an allocated surplus account, or any one or more of such forms of distribution. Patronage distributions of the Association's earnings may be paid on either a qualified or nonqualified basis, or a combination of both, as determined by the Board. All qualified notices of allocated surplus shall satisfy the definition of a "qualified written notice of allocation" as defined in Section 1388 of the Code. All nonqualified notices of allocated surplus shall satisfy the definition of a "nonqualified written notice of allocation" as set forth in Section 1388 of the Code. Any part of a patronage distribution in a class of equity to one borrower that is not a multiple of \$5.00 may be distributed in cash or held by the Association for the borrower and included in a subsequent distribution.
- 860.4 If 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.

- 860.5 Patron's Consent to Take Patronage Distribution into Income - Each holder of voting stock 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 stock, and which are received by him or her from the Association, will be taken into account as income by such person 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 holder 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 he or she receives written notice that such amount has been applied on his or her indebtedness to the Association, PCA or FLCA. Each such holder further consents that the amount of any distributions with respect to his or her patronage which are made in, or evidenced by, nonqualified written notices of allocation (as defined in Code Section 1388) will be taken into account (as income) by the holder in the taxable year in which such nonqualified written notices of allocation are redeemed. Consent under this paragraph shall be continuing in effect, but shall cease to be effective with respect to patronage of a distributee occurring after the distributee has ceased to hold voting stock of the Association.
- 860.6 The Association may 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, 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 the 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.
- 860.7 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.

- 870 Impact of Distributions on Patronage Earnings. Any dividend that is declared by the Board and distributed by the Association (other than a patronage dividend authorized by resolution adopted under Section 860.1) shall not reduce the net earnings from business done with or for Patrons for the year of distribution. Such dividend shall be treated as reducing, first, the net earnings of non-patronage business for the current year and, second, unallocated surplus.

ARTICLE IX -- EXECUTION OF DOCUMENTS

- 900 Transactions with the Bank, Releases, and Uniform Commercial Code Transactions - All documents required to be executed in connection with transactions with the Bank, and releases of security, including releases and satisfactions of judgments, subordination agreements, and all security agreements, financing, continuation and termination statements, and other writings relating to secured transactions within the meaning of the Uniform Commercial Code, may be executed in the name of the Association by the president, any vice president, or any other officer designated by the president and identified by name in a report to the Board and recorded in the minutes thereof.
- 910 Other Transactions - Bonds, contracts, conveyances, and all other documents, except checks and vouchers of the Association, shall be signed by the president, any vice president, or any other officer of the Association designated when required by him, and, when required, shall be attested to by other officer(s) or employee(s) designated by the Board. No person shall sign and attest the same document.
- 920 Expenses and Checks - The president or any other employee(s) designated by the president shall, subject to later approval of the Board, unless it shall require prior approval under its established policies, approve and pay all expenses of the Association and shall sign all checks and vouchers issued by the Association.

ARTICLE X -- RECORDS AND REPORTS

- 1000 Records - Copies of the organization papers of the Association, returns of Association elections, proceedings of all regular and special meetings of the Stockholders and directors, the Bylaws and any amendments thereto, resolutions of the Board and reports of all committees thereof shall be recorded in the minute books of the Association. The

minutes of all committees and of the Board shall be signed by the person acting as secretary of the meeting. The foregoing materials, and such others as the Board may specify from time to time, shall be retained by the Association in accordance with the records retention program approved by the Board.

- 1010 Reports - The Association shall make available to each Member and Stockholder such reports as are required by the Act and Regulations and such other reports as the Board deems advisable. The financial statements included in each annual report of the Association shall be audited by independent accountants.

ARTICLE XI -- UNCLAIMED PROPERTY

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

ARTICLE XII -- FISCAL YEAR

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

ARTICLE XIII -- SEAL

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

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

1400 Indemnification

1400.1 The Association shall indemnify, to the fullest extent permitted by law, any director, officer or employee who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director, officer or employee of the Association, or is or was serving, pursuant to authorization in writing by the Board or the Association's president, or his or her delegate, as a director, officer, employee, partner, agent, administrator, advisor, fiduciary or member of another corporation, non-profit or cooperative organization, partnership, unincorporated association, joint venture, trust, retirement or other employee benefit plan or other organization or entity, against expenses (including attorneys' fees), judgments, fines, penalties and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding.

1400.2 The Association may indemnify any agent of the Association to the same extent as and under the same provisions applicable to directors, officers and employees, but only by specific action of and to the extent designated by the Board.

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

1410 Additional Indemnification Provisions

Notwithstanding any other provision of this Article, a director, officer or employee of the Association who has been wholly successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Section 1400.1 to which he or she was a party shall be indemnified against expenses (including attorneys’ fees) actually and reasonably incurred by him or her in connection with such action, suit or proceeding.

1420 Procedure - Any indemnification under this Article (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director, officer or employee is proper in the circumstances. Such determination shall be made (1) by the Board by a majority vote of directors who were not parties to such action, suit or proceeding, even though less than a quorum, or (2) if such a majority is not obtainable (or, even if obtainable, a majority of disinterested directors so directs), by independent legal counsel in a written opinion. For the purposes of this Section 1420, independent legal counsel shall be selected by a majority of disinterested directors or, if such a majority is not obtainable, by the Board.

1430 Advances of Expenses - Notwithstanding the provisions of Section 1420, reasonable expenses incurred in defending any action, suit or proceeding referred to in Section 1400 of this Article, shall be paid by the Association in advance of the final disposition of such action, suit or proceeding, if the director, officer or employee shall undertake in writing to repay such amount to the extent that it is ultimately determined, as provided herein, that such person is not entitled to indemnification for such amount. Advances of expenses shall be made promptly and, in any event, within thirty (30) days, upon the written request of the director, officer or employee. Notwithstanding the foregoing, no advance shall be made by the Association if and to the extent a determination is reasonably made pursuant to Section 1420 that the director, officer or employee is not entitled to indemnification for such expenses pursuant to Section 1400.

1440 Right of Claimant to Bring Suit

(i) If a claim for indemnification or advancement under this Article is not paid in full by the Association within thirty (30) days after a written claim therefore has been received by the Association, the claimant may any time thereafter bring suit against

the Association to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking has been tendered to the Association) that the claimant has not met the standards of conduct which make it permissible under the applicable law for the Association to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Association.

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

1450 Contractual Rights

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

1460 Requested Service

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

1470 Other Rights - The indemnification and advancement of expenses provided by this Article XIV shall not be deemed exclusive of any other rights to which those seeking indemnification and advancement of expenses may be entitled under any insurance or other agreement, vote of shareholders or directors or otherwise, both as to actions in their official capacity and as to actions in another capacity while holding an office, and

shall continue as to a person who has ceased to be a director, officer or employee and shall inure to the benefit of the heirs, executors and administrators of such person. The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association or who is or was serving in any of the capacities referred to in Section 1400 against any liability asserted against or incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against such liability under the provisions of this Article. Notwithstanding the preceding sentences of this Section 1440 or any other provision of this Article XIV, the Association shall not purchase insurance to protect against expenses, other payments, or penalties incurred as a result of actions instituted by the FCA; provided, that if the defense is successful and innocence is established, the cost of such defense may be provided for by the Association through indemnification or insurance, but such expense shall be the personal responsibility of the director, officer, employee or agent if the penalty is sustained.

1450 FCA Penalties - Notwithstanding any other provisions of this Article XIV, the Association shall not indemnify any of its directors, officers, employees or agents against expenses, penalties, or other payments incurred as a result of an administrative proceeding or enforcement action instituted by the FCA, which results in a final order assessing civil money penalties personally against such individual(s) or requiring affirmative action by such individual(s) to make payments to the Association, PCA or FLCA.

1460 Applicable Law - The interpretation of this Article XIV shall be under the law of the state of Florida.

ARTICLE XV -- AMENDMENTS

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

CERTIFICATION

I, the undersigned, corporate secretary of Farm Credit of Central Florida, ACA, an Agricultural Credit Association, hereby certify that at a meeting duly held on the 25th day of January, 2023, the Board of Directors of said association duly adopted the foregoing Second Amended and Restated Bylaws.

A. Dawn Tuten

A. Dawn Tuten
Corporate Secretary

Date: January 25, 2023

**FEATURES OF EQUITIES
PROVIDED FOR IN BYLAWS OF
FARM CREDIT OF CENTRAL FLORIDA, ACA**

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

NOTES

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