

BYLAWS OF WESTERN AGCREDIT, ACA	3
ARTICLE I - PREAMBLE.....	3
100 In General.....	3
110 Lending Authorities	3
120 Relationship with PCA and FLCA	3
130 Adoption	4
ARTICLE II -- MEMBERSHIP	4
200 Definition of Member	4
ARTICLE III -- MEETINGS OF MEMBERS	4
300 Time and Place.....	4
310 Notice of Meeting	5
320 Quorum	5
330 Conduct of Annual Meeting.....	5
340 Nominating Committee.....	5
350 Voting	6
ARTICLE IV -- DIRECTORS.....	7
400 Number and Qualifications of Directors.....	7
410 Election of Directors	8
420 Term.....	10
430 Vacancies	11
440 Duties of Directors	11
450 Board Meetings	11
460 Honoraria	12
470 Quorum	12
480 Removal	12
490 Boards of PCA and FLCA	13
495 Resignation	13
ARTICLE V -- OFFICERS AND EMPLOYEES	13
500 Election of Senior and Other Officers	13
510 Duties of Officers.....	13
520 Removal	14
530 Joint Management.....	14
ARTICLE VI -- COMMITTEES.....	15
600 Board of Directors Executive Committee.....	15
610 Loan Committee.....	15
620 Other Committees	15
630 Quorum	15
640 Withdrawal from Meeting.....	15
650 Minutes	15
660 Vacancies	16
ARTICLE VII -- CAPITALIZATION	16
700 General Authority to Issue	16
705 Ownership.....	16
710 Authorized Shares.....	16
715 Capital Policy.....	17
720 Rights, Preferences, and Limitations of Classes of Stock	17

725	Application of Earnings and Losses	19
730	Dividends	20
735	Patronage Refunds	21
740	Retirement.....	24
745	Allocated Surplus Account	25
750	Transferability.....	26
755	First Lien.....	27
760	Distribution on Liquidation.....	27
765	Interest Rates and Fees.....	27
770	Issuance of Preferred Stock	27
ARTICLE VIII -- EXECUTION OF DOCUMENTS		28
800	Transactions with Supervising Bank, Releases, and Uniform Commercial Code Transactions.....	28
810	Other Transactions	28
820	Expenses and Checks	28
ARTICLE IX -- RECORDS AND REPORTS		28
900	Records	28
ARTICLE X -- UNCLAIMED PROPERTY		29
ARTICLE XI -- FISCAL YEAR		29
ARTICLE XII -- SEAL		29
ARTICLE XIII -- INDEMNIFICATION OF DIRECTORS, OFFICERS, AND EMPLOYEES		30
1300	Indemnification	30
1310	Additional Indemnification Provisions	30
1320	Procedure	30
1330	Advances of Expenses	31
1340	Right of Claimant to Bring Suit.....	31
1350	Contractual Rights	31
1360	Requested Service.....	32
1370	Other Rights	32
1380	FCA Penalties	32
1390	Applicable Law	32
ARTICLE XIV -- AMENDMENTS.....		33
1400	Board Authority to Amend Bylaws	33
1405	Shareholder Approval Required for Certain Amendments.....	33

BYLAWS OF WESTERN AGCREDIT, ACA

ARTICLE I - PREAMBLE

100 In General

This Agricultural Credit Association (hereinafter referred to as the “Association” is a federally chartered, member-owned, cooperative credit institution operating within the authority of the Farm Credit Act of 1971, as amended (hereinafter referred to as the “Act”), and the Farm Credit Administration Regulations (hereinafter referred to as “Regulations”). Under the supervision of Western Farm Credit Bank (hereinafter referred to as the “FCB”), where mandated by the Act and Regulations, the Association makes or participates with other lenders in long-term real estate mortgage loans, short- and intermediate-term loans and other similar financial assistance to: (1) bona fide farmers and ranchers and the producers or harvesters of aquatic products, (2) owners of rural homes, and (3) persons furnishing to farmers and ranchers farm-related services directly related to their on-farm operating needs. The Association also may provide technical assistance to borrowers, applicants, and members, and may make available, at their option, financially related services appropriate to their operations to the extent authorized by Regulations. These bylaws constitute the rules for the internal operation of the Association.

110 Lending Authorities

Upon FCA and Voting Stockholder approval, the Board may authorize Western AgCredit, PCA (“PCA”) and Western AgCredit, FLCA (“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 PCA and FLCA

Upon an Authorization Event, the Association, PCA and FLCA shall conduct an integrated lending operation. To the extent authorized, PCA shall make short- and intermediate-term loans and provide financially related services to qualified borrowers in the Association’s territory. To the extent authorized, FLCA shall make long-term real estate loans, purchase and sell participations in 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 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 obligation of all three institutions. The Association at all times will own all of the voting stock of PCA and FLCA.

130 Adoption

At the first meeting of the Board, the Board shall approve these Bylaws effective as of December 31, 2000.

ARTICLE II -- MEMBERSHIP

200 Definition of Member

Members of the Association shall include all holders of legal title to capital stock and participation certificates as evidenced on the books of the Association, except the FCB. Any person to whom an Association is authorized by the Act, to extend credit and other services is eligible to apply for a loan or other services and become a member of the Association. In the case of a deceased or legally incompetent member, the executor, administrator-guardian, other legally authorized representative shall be considered to be the member for the purpose of these bylaws. Each member is authorized to speak on any questions being considered at members' meetings when recognized by the chairman. Motions (except any motion to authorize preferred stock) and nominations or seconds thereto may be made and voted on only by holders of Class C Common Stock of the Association.

ARTICLE III -- MEETINGS OF MEMBERS

300 Time and Place

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

300.2 Special meetings of members of the Association may be called at any time by resolution of the Association's Board. These meetings will be held in the Association's chartered territory or within reasonable distance of the Association's territory. Such meetings shall be called at any time upon written request of at least ten (10) percent of the Voting Stockholders, except, in no case shall the required number of signatures to such a request be less than fifty (50). All notices of special meetings shall state the time, place, and purpose of the meeting. If the Board fails or refuses to order such notice to be made, the notice may be given by the person or persons who made the call in accordance with the provisions of Section 310.

300.3 The Board may provide for the annual meeting or special meetings of members to be held in consecutive sectional sessions at different times and places. The date of the convening of the first sectional session shall be the date of the meeting for the purpose of notice thereof to members. Each member shall be notified of all sessions to be convened and shall be entitled to attend any or all of such sessions of the annual meeting. 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 not later than sixty

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 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 all stockholders must be introduced at the first sectional session of the meeting and so announced in the Notice of Meeting, except that if balloting is by mail as stipulated in Section 410.4, nominations may be made at all sectional sessions of the meeting

310 Notice of Meeting

The chairman of the Association's Board shall cause written notice of every annual and special meeting of members to be sent at least 10 calendar days prior to the meeting to all holders of stock of record as of the close of business no earlier than 20 calendar days preceding the meeting. The notice shall be mailed to the last known post office address of the member as it appears on the records of the Association. The notice shall state the purpose and the time and place of meeting. No business shall be transacted at special meetings other than that referred to in the call.

320 Quorum

A quorum is established at a minimum of two (2) per centum of the Voting Stockholders. If balloting is to be by mail ballot, mail ballots shall be included to establish a quorum. Proxies will be included to establish a quorum count when such manner of voting is permitted under Section 350.2 of these bylaws. If less than a quorum is present at any meeting, the chairman of the meeting may adjourn the meeting from time to time until a quorum is obtained. If a quorum at a meeting would not be present but for representation by mail ballot, no matter shall be submitted to a vote of the Voting Stockholders at such meeting unless the form of such ballot provides for a vote on such matter.

330 Conduct of Annual Meeting

At the annual meeting of members, reports of the Board shall be given by a person designated by the Board. The reports required by Section 910 of these bylaws shall be presented. Other items of business which may come before the meeting include, but are not limited to: (a) determination of quorum, (b) proof of due notice of meeting, (c) reading and disposition of minutes, (d) annual reports of officers and committees, (e) election of directors and nominating committee, (f) unfinished business, and (g) new business.

340 Nominating Committee

340.1 At the annual meeting, the Voting Stockholders shall elect a nominating committee consisting of three (3) Voting Stockholders from the Association, and at the discretion of the Association's Board, an appropriate number of alternates to serve for the

following year. Board members or salaried officers or employees of the Association are not eligible to serve on the nominating committee.

340.2 Voting Stockholders may elect three (3) alternate members for the nominating committee from the nominees presented pursuant to Section 340.4. Vacancies on the nominating committee shall be filled: first, by the alternate(s) specifically designated by a vote of the stockholders to replace the absent committee member; second, from among the alternates, if any, by a vote of the remaining members of the committee; and third, if there are no alternates eligible to serve, the remaining members of the committee shall fill the vacant position(s) from among the Voting Stockholders willing to serve.

340.3 The nominating committee shall review lists of Voting Stockholders who are eligible to serve as directors of the Association, ascertain their willingness to serve, and submit for election a slate of eligible candidates which shall include at least two nominees for each director position to be filled. In doing so, the committee shall endeavor to assure representation from all sections of the Association territory and as nearly as possible from all types of agricultural practices within the area.

If the nominating committee after diligent effort is unable to find a sufficient number of willing candidates to provide for at least two nominees for each position to be filled, the nominating committee shall have the authority to submit a slate of candidates with less than two nominees for any position to be filled.

340.4 The nominating committee shall present a list of candidates for Voting Stockholders to consider in electing the nominating committee for the ensuing year. Nominations also may be made from the floor in accordance with Section 300.3.

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

350 Voting

350.1 Each Voting Stockholder shall be entitled to only one vote regardless of the number of single or joint loans the stockholder may have with the Association or its Subsidiaries. In the case of a joint loan, the vote may be cast by only one of the joint holders duly authorized in writing by the other joint holders. The vote of a stockholder that is a legal entity shall be cast by an individual stockholder of the entity, duly authorized in writing and filed with the Association. If a Voting Stockholder controls the business affairs of another Voting Stockholder, the controlling stockholder and the controlled stockholder shall be considered as one person and shall be entitled to a total of only one vote. For the purpose of this section of the bylaws, a Voting Stockholder shall be deemed to control another Voting Stockholder if the stockholder has, directly or indirectly, more than a 50 percent ownership interest in (1) the other stockholder or (2)

the primary collateral securing the other stockholder's loan. In no event may an individual vote more than once.

350.2 Voting by proxy or mail ballot at members' meetings shall be permitted and shall be counted toward meeting quorum requirements. Voting in person or by proxy shall be used in mergers of the Association with other Farm Credit System associations.

350.3 A list of Voting Stockholders shall be maintained by the Association. The list shall be used when distributing ballots at an annual or special meeting and for the nomination and election of FCB board members. If a meeting is held in consecutive sectional sessions, the list shall be used at each sectional session to assure that no stockholder votes more than once.

ARTICLE IV -- DIRECTORS

400 Number and Qualifications of Directors

400.1 The Association shall have a Board of eight (8) directors who will be elected by the Voting Stockholders in accordance with bylaw Section 410, and at least (2) outside directors appointed by the other directors in accordance with bylaw Section 400.6. The exact number of appointed director(s) shall be determined from time to time by the elected directors at their sole discretion. No person shall be a director elected by Stockholders or continue to serve as such unless he or she is a holder of voting stock as described in Section 720.3 of these bylaws, is in compliance with the Regulations, is a bona fide farmer, rancher, or producer or harvester of aquatic products and either resides or farms in the Association's territory. An individual designated to vote the stock of a corporation or partnership may be an elected director as long as that individual holds stock in the corporation, is a member of the partnership, and meets all other requirements for serving as an elected director of the Association.

400.2 An individual who is a FCB director or a salaried officer or employee of the Association or any other organization within the Farm Credit System is not eligible to be elected or appointed and may not serve as a director. An individual may not be a director of the Association and a director of another farm credit association simultaneously (other than a director of PCA or FLCA). A former salaried officer or employee of any Association or any other organization within the Farm Credit System is not eligible to be elected or appointed as a director within one year after ceasing to be employed by the Association or any other organization within the Farm Credit System. A legally authorized representative of a deceased or incompetent member is not eligible to be elected or appointed as a director unless such representative also holds voting stock in his or her own right.

400.3 No individual shall become or continue as an elected or appointed director if the individual is a director, officer, employee or agent of any non-System financial institution which is authorized to make the same types of loans that are available through this Association.

400.4 The office of any elected or appointed director shall automatically become vacant in the event such director; (1) files a petition for relief in voluntary bankruptcy, bankruptcy, or otherwise institutes suit under applicable voluntary Federal or State bankruptcy, insolvency, or receivership laws; or (2) is adjudged a debtor in an involuntary Federal bankruptcy or placed in receivership in a state proceeding; or (3) seeks reorganization under the Bankruptcy Code for personal business interests or that of a corporation in which the director owns the controlling interest; or (4) is party to a foreclosure proceeding (judicial or non-judicial) involving property in which the director has an interest, which is instituted because of the director's default on indebtedness to a Farm Credit System institution; or (5) is convicted of any felony while holding office; or (6) is declared legally incompetent.

400.5 The absence of a director from three (3) consecutive regular meetings of the Board, unless explained to the satisfaction of the other directors, shall automatically terminate the director's service and the vacancy shall be filled as provided in Section 430 of these bylaws.

400.6 Two members of the Board shall be persons who, at the time of appointment to the Board of the Association is not a director (other than a director of PCA and FLCA), officer, agent, employee or stockholder of any System institution. Such persons shall be appointed to the Board by the other elected and appointed directors, and the term and bases for removal of such persons shall be the same as those for the elected directors. The qualifications, manner of nomination and election and related matters pertaining to the appointed director positions, shall be determined from time to time by the other members of the Board. After appointment of the appointed directors, the office of said directors shall automatically become vacant in the event said appointed directors become an officer, agent, director (other than a director of PCA and FLCA), employee or stockholder of any System institution.

400.7 No person shall be eligible for election or appointment to the Association's Board if, at the time of nomination for election or the consideration for appointment is made, all or any part of any loan with a System institution, for which the person is personally liable, has been formally restructured, or the loan is delinquent for a period of time exceeding 90 days without a formal documented plan for correction.

No director shall continue to serve on the Board of the Association if all or any part of his/her loan has been formally restructured, or the loan is delinquent for a period of time exceeding 90 days without a formal, documented plan for correction.

For the purposes of this section of the bylaws, a loan is considered delinquent when payment is not made in accordance with the loan instruments within one day beyond the installment or maturity date and when the loan is not extendable or renewable. A loan is considered formally restructured if it meets the criteria for a Troubled Debt Restructure as defined by GAAP.

400.8 No person shall become or continue as a director if such person's loan is classified substandard or below, except that if such loan is classified substandard, the director will have thirty (30) calendar days to develop a plan, satisfactory to the Association, for restoring the loan to an acceptable or OAEM classification (PD 10 or better) within a two-year period of time. If at the end of two (2) years there has not been sufficient progress to upgrade the credit classification of the loan, the position held by the Board member will automatically become vacant.

410 Election of Directors

410.1 In the manner provided in these bylaws, the Voting Stockholders shall elect each year one or more directors as may be required to fill the position of each director whose term is expiring or to fill any vacancy on the Board.

410.2 At the annual meeting the nominating committee (or designee) shall submit a slate of candidates to the Association members for election of those director positions that are expiring or are vacant, after which the chairman conducting the election will entertain nominations from the floor as provided in Section 300.3 of these bylaws.

410.3 The Association's Board shall request the chief executive officer, or designee, to conduct the election in the manner consistent with these bylaws for any vacancies to the Association's Board, or for nominating committee members as authorized under Section 340.1, by performance of those functions necessary which may include, but are not limited to: (1) assist the nominating committee in performing its role as identified in these bylaws, (2) submit to the Voting Stockholders the slate of candidates presented by the nominating committee, (3) carry out the election processes of the Association to facilitate the election of members to the Board and the nominating committee, (4) validate proxies, (5) appoint an independent auditor or Tellers Committee, and (6) report the results of the election to the Association membership.

410.4 The independent auditor (or Tellers Committee) shall convene to tally the ballots and shall report the results to the chairman conducting the election who shall inform the members of the results. Salaried officers and employees and Voting Stockholders who are directors, candidates, or members of the nominating committee and alternates are ineligible to serve on a Tellers Committee.

If the meeting is held in consecutive sectional sessions, the results of the votes cast at all sessions of the meeting shall be reported to the members only after the last sectional session. All voting for directors under this section and for nominating committee members under Section 340.1 may be by proxy or mail ballot as provided under Section 350.2. If proxy voting is authorized, a proxy shall be sent to each Voting Stockholder with the notice of the annual meeting, or the notice of a special meeting to be held to conduct the election. The notice shall specify when the proxy shall be returned. If the Board authorizes mail ballots for the election of directors and nominating committee members, the following procedure shall be followed: Within 10 business days following the date of the annual meeting, or of the last sectional session if the annual meeting is

held in consecutive sectional sessions, a ballot shall be mailed to each Voting Stockholder. The election polls shall be closed at the end of the 15th business day following the date on which the ballots are mailed to the Voting Stockholders. Within 1-7 business days after the polls are closed, the Teller's Committee shall convene in the office of the Association to tally the ballots returned to the Association prior to the closing of the polls. The Teller's Committee shall report the results of the election to the chief executive officer and Board Chairman, who shall send a notice to the members within 10 business days announcing the results of the election. The Board shall adopt appropriate measures to safeguard the voting process for the protection of the right of stockholders to a secret ballot.

410.5 All candidates shall be listed on the ballot, in alphabetical order of their last names, by the position to be filled. For each vacancy, two or more different candidates will stand for election. If more than one position is to be filled, the election for each position shall be conducted independently. The candidate receiving the largest number of votes for each position shall be declared elected.

410.6 If no person is elected to a position because of a tie vote, a runoff election between those tying shall be held. The ballots shall be cast and counted and the results shall be reported to the members in the same manner as in the original election. However, if the tie is between only two candidates and if the candidates agree, the tie may be broken by any other method approved in advance and announced in the Notice of Meeting.

420 Term

420.1 An elected director shall serve until the third annual meeting after being elected, or for the unexpired portion of the term for which the director was elected, and until a successor is elected and qualified, unless the director shall (1) resign, (2) be removed from office, (3) become unable to act by reason of death or disqualification, or (4) unless the term of that position is shortened or terminated by action of the Voting Stockholders in connection with a merger or consolidation.

420.2 If as a result of change in the number of directors, or for other reasons, the terms of directors do not expire equitably on a staggered basis, the terms of the directors elected thereafter shall be for such periods, not to extend beyond the third annual meeting thereafter, as will reestablish expiration of terms of directors on an equitably staggered basis.

420.3 An Appointed Director shall serve until the first monthly Board meeting following the third annual meeting after being appointed, or for the unexpired portion of the term for which the director was appointed, and until a successor is appointed and qualified, unless the director shall (1) resign, (2) be removed from office, (3) become unable to act by reason of death or disqualification, or (4) unless the term of that position is shortened or terminated by action of the Voting Stockholders in connection with a merger or consolidation.

430 Vacancies

430.1 Subject to Section 5.34 of the Act, whenever a vacancy occurs in the Board, other than from the expiration of a term of office, the remaining directors may either elect a qualified Voting Stockholder to fill the vacancy to serve for the duration of the unexpired term of the position vacated, or vote to eliminate the position and thus reduce the number of members on the Board, provided the reduction does not result in the number of members being less than required by Section 400.1, or leave the position open until the next regularly scheduled nominating committee is established and ask that nominating committee to select a slate of candidates for this position as well as the other positions that are up for election as a part of the normal election cycle.

430.2 Subject to Section 5.34 of the Act, if a majority, but not all, of the director positions become vacant, the remaining director(s) shall first appoint qualified persons to fill sufficient vacancies to constitute a quorum. If all of the director positions become vacant, the Association President, in consultation with the nominating committee, shall appoint qualified persons to fill sufficient vacancies to constitute a quorum. Directors constituting a quorum shall then elect qualified persons to fill the remaining vacancies. The persons so appointed and elected shall hold office until the next annual meeting of stockholders or special meeting called for the purpose of director elections at which time directors shall be elected by the stockholders to fill any unexpired terms.

440 Duties of Directors

440.1 The Board shall be responsible for 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 provisions of the Act, Regulations, and district and FCB board policies, procedures and objectives. The Board shall recognize that the Association, PCA and FLCA are responsible for, and dependent on, each other's financial condition. Accordingly, the Board shall manage the Association's affairs and establish policies with the primary objective of improving the three institution's combined financial condition.

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

450 Board Meetings

450.1 Regular meetings of the Board shall be scheduled and held at least quarterly at such times and at such places as the Board or chief executive office may determine.

450.2 Special meetings of the Board shall be held whenever called by (1) the chairman or president of the Board, (2) the chief executive officer, or (3) a majority of the directors. Urgent business may be conducted 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. All actions taken by telephone conference shall be ratified at the next regular meeting of the Board.

450.3 Oral or written notice of each meeting of the Board, except regularly scheduled meetings specified by the Board, shall be given each director by the chief executive officer, or other designated employee of the association, not less than 48 hours prior to the time of the meeting. On the signing of a waiver of notice of a meeting by a majority of directors, a meeting of the Board may be held at any time.

450.4 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 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

460.1 The Association may allow directors reasonable honoraria for attendance at Board meetings, committee meetings, or for special assignments. The Association may also reimburse the director for reasonable expenses incurred in connection with the meetings or assignments. The FCB may share in payment of a director's honoraria when it requests a director to attend a meeting or perform a special assignment on its behalf.

470 Quorum

A majority of the Board shall constitute a quorum at any meeting of the Board, and a vote of a majority of the directors present shall determine the decision of the Board.

480 Removal

An elected director may be removed from the Board before the expiration of the director's term by a majority vote of all Voting Stockholders voting, in person or by proxy, upon a motion for removal duly made and seconded at an annual meeting or special members' meeting, provided the notice of the meeting contains a notification that the removal is to be considered.

When the removal of an outside director is sought before the expiration of the outside director's term, the reason for the removal must be documented. Western AgCredit's Director removal procedures will allow for removal of an outside director by a majority vote of all Voting Stockholders voting, in person or by proxy, or by a two-thirds majority vote of the full Board of Directors. The outside director subject to the removal action is prohibited from voting on their own removal action.

490 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 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.

495 Resignation

A director may resign by delivering written notice to the Board specifying the date upon which such resignation is to be effective. On such specified date, said director's position on the Board shall automatically become vacant; such vacancy to be filled pursuant to Section 430 of these Bylaws.

ARTICLE V -- OFFICERS AND EMPLOYEES

500 Election of Senior and Other Officers

500.1 As soon as practicable following the annual meeting of members, and at such other times during the year as is necessary to fill vacancies, the Board shall elect a chairman and a vice chairman from among the members of the Board.

500.2 The Board shall select a chief executive officer who shall serve at the pleasure of the Board, and shall continue in office until a successor is elected and takes office unless the chief executive officer shall resign, die, retire, or be removed by the Board. Other Association officers shall be a secretary, a treasurer (or chief financial officer), and any other salaried officers provided for by the Board. Individuals may be appointed to these positions by the Board or by the chief executive officer as prescribed in Section 510.3 of these bylaws. A combination of these offices may be held by one individual.

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

510 Duties of Officers

510.1 Duties of Chairman of the Board

The chairman (1) shall preside over all meetings of the Board and the chairman or the Board's designee shall preside over all meetings of the Association members; (2) shall see that all orders and resolutions of the Board, regulations with respect to the Association, and all policies and procedures prescribed by the district board and the FCB are carried into effect; and (3) shall perform such other duties as may be prescribed by the Board. The chairman may sit on any committee the Board so directs.

510.2 Duties of 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.

510.3 Duties of the Chief Executive Officer

The chief executive officer (1) shall perform such duties and exercise such authority as vested by the Board; (2) shall be responsible for the ordinary and usual business operations of the Association; and (3) shall, unless this power is reserved to or limited by the Board, employ, supervise, and dismiss any and all officers and employees of the Association, determine their compensation, and designate the order of precedence in which the other officers shall act in the absence of any officer. The chief executive officer shall have the title of President, and such other title as determined by the Board.

510.4 Duties of the Secretary

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

510.5 Duties of the Treasurer (or Chief Financial Officer)

The treasurer (or chief financial officer) (1) shall have custody of all funds, securities, and assets of the Association; (2) shall provide full and complete records of all assets and liabilities of the Association; (3) shall make such reports as may be required; (4) shall keep complete stock ownership records; and (5) shall perform such other duties with respect to the finances of the Association as may be prescribed by the chief executive officer or by the Board.

520 Removal

The chairman and the vice chairman may be removed from their positions as officers of the Board, and the chief executive officer may be removed from office at any time by a majority vote of the entire membership of the Board.

530 Joint Management

All officers appointed hereunder shall have the same positions and authorities with respect to Association, PCA and FLCA.

ARTICLE VI -- COMMITTEES

600 Board of Directors Executive Committee

The Board may elect from its number one or more directors to act with the chief executive officer or an alternate, who shall be an employee designated by the Board, as an executive committee. It shall have such authorities as delegated by the Board. Any or all of the directors who are not regular members of this committee may be designated by the Board as alternate members. A majority of the committee, whether regular or alternate, shall constitute a quorum, one person of which shall be the chief executive officer or an employee alternate. Meetings of this committee may be conducted by telephone conference call provided a reasonable attempt is made to reach all members, a quorum is present, and the technical arrangements permit all persons participating to hear each other. Actions taken under this authority shall be reported to the Association's Board at its next regular meeting.

610 Loan Committee

The Board shall delegate to the chief executive officer, who may then redelegate to designated employees or group(s) of employees the authority to approve applications for membership and loan actions or participations within specified limits. Periodic reports of actions on loans and loan applications, including participations, shall be submitted to the Board at its regular meetings, or earlier if required.

620 Other Committees

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

630 Quorum

A majority 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 shall so state.

650 Minutes

Each committee shall keep a written record of its proceedings.

660 Vacancies

Vacancies on any committee shall be filled from among the alternates, if any, by vote of the entire Board.

ARTICLE VII -- CAPITALIZATION

700 General Authority to Issue

The Board may determine the amount of the initial or additional stock in the Association to be subscribed for by borrowers served by the Association in order to meet the capital needs of the Association.

700.1 Additional Subscriptions

Notwithstanding the general authority to issue stock, the Association may require its shareholders to subscribe to additional capital to meet its capital requirements under minimum capital adequacy Regulations.

700.2 Stock Purchased as a Condition of Obtaining a Loan

If at any time the Association does not meet the minimum capital adequacy standard(s) established by the Farm Credit Administration, all stock or participation certificates required to be purchased as a condition of obtaining a loan shall be purchased from the Association and may not be purchased from persons other than the Association.

705 Ownership

Except as otherwise required by Regulations, evidence of ownership of stock and participation certificates may be by book entry, or in definitive form prescribed by the Association. All stock required to be purchased as a condition of obtaining the loan shall be paid for by the time the loan is closed.

710 Authorized Shares

The Association is authorized to issue such amounts of stock and participation certificates as are necessary to meet the capital adequacy standards established under Regulations and is specifically authorized to issue:

710.1 Up to 50,000,000 shares of Class A Preferred Stock with a par value of \$5 per share as authorized under Section 770 hereof;

710.2 Up to 50,000,000 shares of Class A Common Stock with a par value of \$5 per share;

710.3 An unlimited number of shares of Class C Common Stock with a par value of \$5.00 per share;

710.4 Up to 5,000,000 shares of Class D Common Stock may be issued to the FCB as the need arises, with a par value of \$1,000.00 per share;

710.5 An unlimited number of Class F Participation Certificates with a face value of \$5 per unit;

710.6 Such number of participation certificates and shares of such other classes of capital stock, as may be provided for in an amendment or amendments to the bylaws adopted from time to time as provided in Article XIV and, if preferred stock, Section 770 hereof.

715 Capital Policy

715.1 The Association's Board shall establish and adopt a capitalization plan with a minimum capital policy setting forth the minimum required capital level for Members of the Association. The minimum required capital level of each Member may not be less than the lesser of two percent (2%) of the collective total balance of such Member's loan(s) with the Association and the Subsidiaries, or \$1,000 per Member (floor), nor shall it exceed 10% (ceiling) of the face amount of the Member's note(s), and shall be evidenced by one or more classes of stock or participation certificates.

715.2 Unless the Board established otherwise in the capitalization plan and subject to the Act and Regulations, the required capital level of a Member shall be obtained by direct purchase of stock or participation certificates from the Association.

715.3 The Board has authority to reduce the minimum required capital level of a Member if the Member agrees to exchange that portion of capital held as stock or participation certificates not deemed to be Association permanent capital, for an equivalent amount of stock or participation certificates that qualifies as Association permanent capital. However, the Board may not reduce the minimum required capital level below the statutory floor.

715.4 The Board shall have authority, without Member approval, to change the percentages utilized to determine minimum required capital levels as long as the change is within the range authorized in Section 715 of these bylaws.

715.5 Changes to the minimum capital policy outside the parameters set forth in Section 715 shall require Member approval as provided in Article XIV of these bylaws.

720 Rights, Preferences, and Limitations of Classes of Stock

720.1 Class A Common Stock (Non-voting, At-risk)

Class A Common Stock shall be issued as follows: (i) in exchange for Class C Common Stock and Class F Participation Certificates as provided in Sections 720.3 and 720.4; (ii) for dividends payments; (iii) in exchange for allocated surplus; and (iv) as patronage refunds. Class A Common Stock is non-voting and shall be retired in accordance with Section 740.1 of these Bylaws.

720.2 Class A Preferred Stock (Non-voting, At-risk)

If authorized under Section 770 hereof, Class A Preferred Stock may be issued to investors who need not be eligible to borrow from the Association. Class A Preferred Stock shall have a preference as to dividends. Ownership of Class A Preferred Stock provides no voting rights. Class A Preferred Stock shall be retired in accordance with Section 740.1 of these Bylaws.

720.3 Class C Common Stock (Voting, At-risk)

Class C Common Stock shall be issued solely to, and shall be acquired by, borrowers and other applicants who are farmers, ranchers, or producers or harvesters of aquatic products and who are eligible to vote under the provisions of the Act and Regulations. Class C Common Stock shall be retired in accordance with Section 740.1 of these bylaws. Each Class C Common Stock holder shall hold at least one share as long as the holder continues business with the Association. Within two (2) years after the holder terminates its relationship with the Association, any outstanding Class C Common Stock shall be converted to Class A Common Stock (nonvoting stock).

720.4 Class F Participation Certificates (Nonvoting, At-risk)

Up to 500 million Class F 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; (c) other persons or organizations who are eligible to borrow from or participate with the Association but who are not eligible to hold voting stock. Class F Participation Certificates may be issued to any person who is not a stockholder but who is eligible to borrow from the Association, PCA or FLCA for the purpose of qualifying such person for technical assistance, financially related services and leasing services offered by the Association, PCA or FLCA. Class F Participation Certificates may be issued at the discretion of the Association's Board to persons who sell participation interests in loans or leases to the Association, PCA or FLCA. Within two (2) years after the holder terminates its relationship with the Association, any outstanding Class F Participation Certificates shall be converted to Class A Common Stock. Class F Participation Certificates shall be retired in accordance with Section 740.1 of these bylaws. Class F Participation Certificates shall be nonvoting.

720.5 Class D Common Stock (Nonvoting, At-risk)

Class D Common Stock shall be issued only to the FCB and may be retired in accordance with Section 740.1 of these bylaws. Class D Common Stock shall be nonvoting.

720.6 Other classes of capital stock shall have such rights, designations, preferences, qualifications, limitations and restrictions as shall be provided in the amendment or amendments of the bylaws establishing such classes of capital stock.

720.7 No fractional shares of stock or participation certificates, or cash in lieu of fractional shares, shall be issued or paid, except when necessary to implement issuance or retirement of any non-voting stock.

720.8 Loans designated for sale or sold into the secondary market.

- a) Notwithstanding the foregoing stock issuance provisions of these bylaws, no purchase or issuance of voting stock or participation certificates shall be required in the case of a loan made on or after February 10, 1996, that is designated at the time the loan is made for sale into the secondary market. Except, however, if the loan so designated for sale is not sold into the secondary market during the 180 days beginning on the date of designation, the stock purchase requirements shall apply. If the loan is sold into the secondary market after the end of the 180-day period, the stock or participation certificates shall be retired provided that the Association would not, after or due to such retirement, fail to meet the applicable minimum capital adequacy standards established by FCA pursuant to the Act or Regulations promulgated thereunder.
- b) In the case of a loan made prior to February 10, 1996, but is thereafter sold into the secondary market, all outstanding stock or participation certificates issued in connection with the loan shall be retired provided that the Association would not, after or due to such retirement, fail to meet the applicable minimum capital adequacy standards established by FCA pursuant to the Act or regulation promulgated thereunder.
- c) Parts a) and b) shall apply even though the Association retains a subordinated participation interest in a loan or pool of loans or contributes to a cash reserve.

725 Application of Earnings and Losses

725.1 At the end of each fiscal year, the Association shall, after paying or providing for all operating expenses (including, without limitation, provisions for loan losses and losses on acquired property determined in accordance with generally accepted accounting principles), determine the amount of its consolidated net earnings or net losses for such year.

725.2 Any net earnings determined pursuant to Section 725.1 shall be applied in the following order of priority:

First, to the restoration of the amount of the impairment, if any, of all classes of preferred stock in the reverse order of such impairment on a pro-rata basis;

Second, to the restoration, pro rata, of the amount of the impairment, if any, of all classes of common stock and participation certificates on a pro-rata basis;

Third, to the restoration of the amount of the impairment, if any, of the allocated surplus account in the reverse order of impairment;

Fourth, to increase surplus to meet minimum capital adequacy standards established by Regulations;

Fifth, to increase surplus to meet Association capital adequacy standards, to such levels as is necessary to support competitive pricing at targeted earnings levels;

Sixth, to an appropriate contingency reserve as the Board, in its sole discretion, deems necessary;

Seventh, subject to the Act and the Regulations thereunder, in such manner as shall be determined by the Board including, without limitation, to the payment of dividends, patronage refunds, and retirement of any portion of any class of stock as provided for in Sections 730, 735 and 740 of these bylaws.

725.3 Any net losses determined pursuant to Section 725.1 to the extent they exceed any contingency reserve and unallocated surplus shall, except as otherwise provided in the Act, be treated as impairing: first, allocated surplus evidenced by nonqualified written notices of allocation in the reverse order of issuance until all such allocated surplus has been impaired; second, allocated surplus evidenced by qualified written notices of allocation in the reverse order of issuance until all such allocated surplus has been impaired; third to all classes of common stock and participation certificates until fully impaired; and fourth, to preferred stock (if any) until fully impaired. Impairments shall be considered as being applied pro rata to each share and/or unit outstanding in the class or, with respect to allocated surplus, pro rata based on year of issuance.

730 Dividends

730.1 Non-cumulative Dividends on Common Stock

Subject to the Act and the Regulations thereunder, and provided that at the time of declaration thereof no class of common stock and participation certificates shall be impaired, non-cumulative dividends may be declared on all classes of common stock and participation certificates as the Board from time to time may, in its sole discretion, determine. Dividends may be distributed in cash, stock which the recipient is eligible to hold, or both. Any dividends paid to the holders of common stock and participation certificates shall be on a per share basis without preference between classes of common stock and participation certificates or between holders of the same class of stock except that any class of common stock that results from the conversion of allocated surplus may be subordinated to other classes of common stock and participation certificates in the payment of dividends. Dividends may not be paid if the action would result in failure of

the Association to meet minimum capital adequacy requirements established under Regulations. No dividends on common stock and participation certificates shall be paid with respect to any year for which the Association has passed an obligating resolution to distribute patronage under Section 735 hereof.

730.2 Cumulative Dividends on Preferred Stock

Subject to the Act and the Regulations thereunder, and provided that at the time of declaration thereof no class of common stock and participation certificates shall be impaired, cumulative dividends may be declared on all classes of preferred stock, as the Board from time to time may, in its sole discretion, determine, and not on a date certain or on the happening of any event, such as repayment of the loan. However, the obligation of the Association to pay dividends may be indefinitely deferred as long as no dividend is paid to holders of common stock and participation certificates and as long as no patronage refunds have been paid. The obligation of the Association to pay cumulative dividends is subordinated to the rights of holders of common stock and participation certificates to have their stock retired at book value not to exceed par upon liquidation. Cumulative dividends may be paid only in cash. Dividends may not be paid if the action would result in failure of the Association to meet minimum capital adequacy requirements established under Regulations.

730.3 Mandatory Reinvestment from Dividend Payment

If at the time of any cash dividend payment any Member's investment is below the minimum required capital level for such Member, established pursuant to Section 715 of these bylaws, the Association is authorized to use part of the dividend proceeds to increase the Member's investment to such minimum required level.

735 Patronage Refunds

735.1 General. Subject to the Act and the Regulations thereunder, and provided that at the time of declaration thereof no participation certificates and no class of stock shall be impaired, prior to the beginning of any fiscal year, the Association's Board may, by adoption of a resolution, obligate the Association to distribute as patronage dividends, as defined in 26 USC 1388, to members and other patrons identified in the obligating resolution (collectively, the "Patrons"), on the basis of the quantity or value of business done with the Association and its Subsidiaries, all or any portion of the available consolidated net earnings of the Association and its Subsidiaries. For this purpose, the available consolidated net earnings shall be defined as the consolidated net income of the Association and Subsidiaries attributable to business done with or for Patrons. Unless a plan using an alternative equitable and nondiscriminatory basis has been approved by the Board, all patronage distributions shall be in the proportion that the amount of income paid by, or earned from, each Patron bears to the total income paid by, or earned from, all Patrons. Any earnings pool that may be established for the payment of patronage distributions shall be established on a rational and equitable basis and shall insure that each Patron of the Association receives its fair share of the earnings of the Association

and bears its fair share of the expenses of the Association. The Board retains the discretion not to pay patronage with respect to one or more such earning pools provided that all Patrons are treated fairly and equitably. Said resolution shall establish an irrevocable, legal obligation to distribute patronage in accordance with the provisions hereof.

735.2 Mandatory Reinvestment from Cash Patronage Refunds

If at the time of any cash patronage refund payment, any Member's investment is below the minimum required capital level for such Member, established pursuant to Section 715 of these bylaws, the Association is authorized to use the cash patronage refund proceeds, except the portion required to be paid in cash, to increase the Member's investment to such minimum required level.

735.3 Restrictions on Distributions. The available consolidated net earnings shall be determined after (i) making provision for the requirements of Section 725, including the setting aside of a portion of the net earnings in the unallocated surplus account, as deemed prudent for sound capital accumulation; and (ii) 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 transactions with or for Patrons 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.

735.4 Payment of Distributions. Patronage refunds may be in cash, Class A Common Stock, or allocations of earnings retained in an allocated surplus account, or any combination thereof; provided that the cash portion of any patronage distribution which includes a "qualified written notice of allocation" shall not be less than the amount required to qualify such distribution as a deduction for Federal income tax purposes. Distributions in the form of Class A Common Stock and allocated surplus may be in qualified or nonqualified form, as those terms are defined in 26 U.S.C. § 1388.

In the event that the total patronage distribution to a Patron is less than the minimum amount as determined annually by the Board, prior to the end of the taxable year, such distribution may be paid entirely in cash or applied to the Patron's indebtedness.

In the event that the cash distribution to a Patron is less than \$20, such cash distribution may, at the discretion of the Board, be retained by the Association. In such cases, the aggregate amounts so retained shall be subject to income tax to the same extent as other undistributed income.

If the Association distributes patronage allocations to a Patron who (1) does not consent to include the patronage refund in his or her income as provided below; (2) is unable to receive the distribution; or (3) cannot be located for redemption of patronage refunds,

such patronage refunds shall forfeit to the Association and be added to the unallocated surplus.

735.5 Application to Debt - Any part of the patronage allocated to a borrower, except any portion required to be allocated in cash, may, in the sole discretion of the Association, be applied to such borrower's indebtedness to the Association. If the debt of a borrower is in default, any part of the patronage distribution to that borrower may, at the discretion of the Association, be applied against the borrower's indebtedness to the Association, PCA and/or FLCA.

735.6 Patron's Consent to Take Patronage Distribution into Income - Each person who hereafter applies for and is accepted to membership in this Association and each member of this Association on the effective date of this bylaw who continues as a member after such date, and each person who thereafter applies for and is issued stock or participation certificates of this Association shall, by such act alone, consent that the amount of any distributions with respect to the member's patronage occurring after the date these bylaws were adopted, which are made in or evidenced by "qualified written notices of allocation" as defined in 26 U.S.C. 1388 (including patronage allocations of surplus account and patronage refunds paid in stock of the Association), and which are received by the member from the Association, will be taken into account (as income) by the member at their stated dollar amounts in the manner provided in 26 U.S.C. 1385(a) in the taxable year in which such written notices of allocation are received by the member. Such members also consent by such act alone, to take into account (as income) in the same manner, the amount of any distributions with respect to patronage provided the member receives written notice that such amount has been applied on the member's indebtedness to the Association, PCA or FLCA.

The Association may obtain the written consent of each Patron that the amount of any distributions with respect to the Patron's patronage, which are made in or evidenced by qualified written notices of allocation, as defined in 26 U.S.C. 1388 (including patronage allocations of surplus accounts 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 26 U.S.C. 1385(a) in the taxable year in which such written notices of allocation are received. Such written consent shall include a consent 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. The form of consent shall be prescribed by the Board, except that it shall be continuing in effect until revoked by the Patron, and it may be included as part of the loan application or other appropriate form signed by borrowers. Any revocation shall become effective only with respect to patronage occurring on or after the first day of the first fiscal year of the Association beginning after the revocation is filed with the Association. Consent may also be obtained by use of a qualified check in the manner provided for in 26 U.S.C. 1388.

735.7 Capital Adequacy Standards - Notwithstanding other provisions of this section, the Association may not obligate itself to distribute earnings on a patronage basis if the permanent capital of the Association would be reduced to the extent that the Association would not meet its capital adequacy standards as determined from time to time in accordance with the Regulations.

735.8 Discretionary Retirement - If, at any time, the Board in its sole discretion shall determine that the financial condition of the Association shall not be impaired thereby, the patronage allocated to the accounts of Patrons may be retired in full or in part. No legal or equitable right to payment or redemption shall exist unless and until the Board shall have determined that funds are available and until the holder of allocated patronage shall have responded to a call for payment duly issued by the Board. Any such retirement of allocated patronage shall be made in such order of priority as shall be determined by the Board in its sole discretion.

Notwithstanding any other provision of these bylaws, the Board, in its sole discretion, shall have the power to retire the patronage allocated to any Patron in such events as death or bankruptcy, or to settle a dispute, on such terms and conditions as may be deemed appropriate by the Board, or in any instance in which the interests of the Association and its stockholders are deemed to be furthered thereby; and funds are determined by the Board to be available for such purpose.

735.9 PCA and FLCA - In the event of an Authorization Event under Section 210 hereof, where the Association arranges for the provision of credit and/or related services to its members through PCA and/or FLCA, and such members 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.

740 Retirement

740.1 General

Subject to Section 4.9A of the Act and Sections 740.3 of these bylaws, the Board is authorized to retire all or any portion of any class of Stock as it may determine, in its sole discretion, is unnecessary to meet the capital requirements of the Association and not on a date certain or on the happening of any event such as repayment of a loan or pursuant to an automatic retirement or revolvement plan, and any such stock so retired shall be retired at book value not to exceed par value; provided that, the Association shall not retire Stock if the action would result in failure of the Association to meet minimum capital adequacy requirements established under Regulations; and provided further, that each Voting Stockholder continuing to do business with the Association shall retain at least one share of voting stock in accordance with Sections 720.3 of these bylaws. Class A Preferred Stock shall be retired in accordance with the plan authorizing its issuance.

740.2 Special Retirement

Except as is provided in law or Regulations, nothing in these bylaws shall restrict the authority of the Board to make special stock retirements on a case-by-case basis in consideration of the granting of forbearance, or the exchange of Association non-permanent capital for Association capital or any other appropriate business reason; provided that, the Association shall not retire stock if the action would result in failure of the Association to meet minimum permanent capital requirements, and provided further, that each Voting Stockholder continuing to do business with the Association shall retain at least one share of voting stock in accordance with Sections 720.2 and 720.6 of these bylaws.

740.21 When the debt of a holder of Class A Common Stock, Class C Common Stock or Participation Certificates is in default on a loan or loans from the Association or the Subsidiaries, the Board may, but is not required to, retire such stock or participation certificates at book value not to exceed par, and apply all or part of the retirement proceeds in total or partial satisfaction of the holder's indebtedness, as allowed by FCA Regulations.

740.3 Mandatory Reinvestment from Retirement Proceeds

If at the time of any stock retirement any Member's investment is below the required capital level established for such Member, pursuant to these bylaws, or, if retirement shall cause the Member's investment to fall below such minimum capital requirement, the Association is authorized to use part of the retirement proceeds to increase the Member's investment to such minimum required level.

745 Allocated Surplus Account

745.1 As set forth in the Capitalization Plan and subject to the Regulations, the Association may create an allocated surplus account consisting of earnings held therein and allocated to borrowers on a patronage basis. Allocated surplus may be evidenced by either "qualified written notices of allocation" or "non-qualified written notices of allocations," or both, as those terms are defined under Internal Revenue Code ("Code") Section 1388:

- a) All allocations in the form of qualified written notices of allocation shall be issued in annual series and shall be identified by the year of issuance. Each such series shall be retired fully or on a pro rata basis, only at the discretion of the Board, in order of issuance by year as funds are available.
- b) All allocations in the form of non-qualified written notices of allocation shall be issued in annual series and identified by the year of issuance. Each annual series may be subdivided between two or more classes. Each such series, or class thereof, shall be retired in the discretion of the Board.

In the event of a net loss for any fiscal year, such allocated surplus shall be subject to impairment in the order specified herein, and on the basis of most recent allocations first as provided in Section 725.3. Only those persons to which allocated surplus may be issued may own such allocated surplus.

745.2 The Association and Subsidiaries, as their interests may appear, shall have a first lien on all surplus account allocations owned by any borrower, and all distributions thereof, as collateral for the borrower's indebtedness to the Association and Subsidiaries.

745.3 When the debt of the borrower is in default or is in the process of final liquidation by payment or otherwise, the Board may, but is not required to, retire any and all surplus allocations owned by such borrower to be applied on the indebtedness. Any such retirement and application of surplus account allocations to indebtedness shall be before any similar retirement and application of any stock owned by the borrower.

745.4 The Association's Board is authorized to retire for cash or Class A Common Stock all or any portion thereof of the allocated surplus as it may, in its sole discretion, determine unnecessary to meet the capital requirements of the Association, and not on a date certain or on the happening of any event. The Association shall not retire any allocated surplus if the action would result in the failure of the Association to meet minimum capital adequacy requirements established under Regulations. The retirement of allocated surplus is subordinated to the rights of the holders of common stock and participation certificates to have their stock retired at book value not to exceed par. Any allocated surplus account protected under the provisions of Section 4.9A of the Act shall be retired in accordance with the provisions of said section.

745.5 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 the allocations of "non-qualified" amounts. Such surplus accounts shall be transferable only to the Association or to an eligible member of the Association in the manner established by the Board, and no transfer thereof shall be binding upon the Association unless so transferred on the books of the Association.

750 Transferability

750.1 Subject to Section 700.2 of these bylaws, all classes of stock and participation certificates shall be transferable to any holder to which such respective classes of stock and participation certificates may be issued in accordance with Section 720, et seq.

750.2 The Association shall be its own transfer agent in all matters relating to its capital stock and participation certificates.

750.3 Stock and participation certificates shall not be pledged or hypothecated by borrowers to third parties, except as provided in the Regulations and these bylaws, and may be transferred on the Association's books only as authorized by these bylaws.

755 First Lien

All capital stock and participation certificates are subject to a first lien in favor of the Association, PCA or FLCA, as their interests may appear, to secure any indebtedness of the holder of such capital investment.

760 Distribution on Liquidation

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

First, to the holders of all classes of preferred stock (if any) until an amount equal to the aggregate par value of all such shares then issued and outstanding has been distributed pro rata to such holders;

Second, to the holders, pro rata, of all classes of common stock and participation certificates, until an amount equal to the aggregate par value of all such shares then issued and outstanding has been distributed to such holders;

Third, to the holders of allocated surplus evidenced by qualified written notice of allocations, in the order of year of issuance and pro-rata by year of issuance;

Fourth, to the holders of allocated surplus evidenced by non-qualified written notice of allocations, in the order of year of issuance and pro-rata by year of issuance;

Fifth, any remaining assets of the Association after such distributions shall be distributed to present and former Patrons on a patronage basis, to the extent practicable.

765 Interest Rates and Fees

The Board shall authorize interest rates or interest rate programs for use by the Association. The Board may authorize a charge to borrowers of loan origination, loan service, appraisal, or other fees.

770 Issuance of Preferred Stock

Any amendments to this Article VII or to the capitalization bylaws of PCA and FLCA, except those of a technical nature not affecting substantive rights, shall not become effective unless approved by a simple majority of the holders of Class C Common Stock voting, in person or by proxy, at a meeting properly called as provided for in these bylaws. Any issuance of preferred stock shall be approved by a majority of the shares of each class of stock affected by the preference, voting as a class, whether or not such classes are otherwise authorized to vote as provided in Section 350 of these bylaws.

ARTICLE VIII -- EXECUTION OF DOCUMENTS

800 Transactions with Supervising Bank, Releases, and Uniform Commercial Code Transactions

All documents required to be executed in connection with transactions with the FCB, and releases of security, including releases and satisfactions of judgments, subordination agreements, and all security agreements, financing, continuation and termination statements, and other writings relating to secured transactions within the meaning of the Uniform Commercial Code, may be executed in the name of the Association by the chief executive officer or the chief executive officer's designee or any other employee designated by resolution of the Association's Board.

810 Other Transactions

Bonds, contracts, conveyances, and all other documents, except checks and vouchers of the Association, shall be signed by the chief executive officer or any other employee of the Association designated by resolution of the Board, and, when required, shall be attested to by the secretary or any assistant secretary of the Association. When the Association holds a mortgage containing a provision for foreclosure by the Association under a power of sale, the Board, or the chief executive officer, if authorized by the Board, may, at either's discretion, convey the mortgaged property in the name of the Association. No person shall sign and attest the same document.

820 Expenses and Checks

The chief executive officer or any other employee(s) designated by the chief executive officer shall approve and pay all expenses of the Association and shall sign all checks and vouchers issued by the Association.

ARTICLE IX -- RECORDS AND REPORTS

900 Records

900.1 Copies of the organization papers of the Association, returns of Association elections, proceedings of all regular and special meetings of stockholders and directors, the bylaws and any amendments thereto, resolutions of the Board and reports of all committees shall be maintained in the Association's corporate records. The minutes of all committees and of the Board shall be signed by their respective chairmen or presiding officers and attested to by the person acting as secretary of the meeting.

900.2 To protect the confidentiality of the resolutions adopted by the Board in casting the ballots for nominations and election of FCB board members, the minutes shall reflect that balloting was held and the results of the balloting were mailed to the independent auditor prescribed by the FCB.

900.3 Association director ballots and proxy ballots shall be physically safeguarded before the time of distribution or mailing to Voting Stockholders and after the time of receipt by the Association until disposal. Ballots, proxy ballots, and election records shall be retained until the term of office of the director has expired and promptly destroyed thereafter.

900.4 The Association shall provide for an independent auditor or for the establishment of a Tellers Committee or other designated group of persons which shall be responsible for validating ballots and proxies and tabulating election results. Association directors, officers, and employees shall make no public announcement of the results of the election before the independent auditor or Tellers Committee or other designated persons have validated the results of the election.

910 Reports

As required by Regulations or more often as determined by the Board, the Association shall make available to each member a written financial report, including a statement of income and expense and a statement of condition which shall conform to generally accepted accounting principles and Regulations. Such reports shall be consolidated reports reflecting the activities of PCA and FLCA to the extent required by FCA.

ARTICLE X -- UNCLAIMED PROPERTY

The Association shall seek to pay the owners the proceeds of any retirement of stock and any accrued dividends. In the event the Association, after a period of five (5) years from the date payable, is unable to determine the address or whereabouts of the owner or the heirs and assigns of the owner, the funds may be taken into income of the Association unless other disposition is required by State law.

ARTICLE XI -- FISCAL YEAR

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

ARTICLE XII -- SEAL

The following impression or ink stamp facsimile thereof is the seal of this Association.

(seal)

ARTICLE XIII – INDEMNIFICATION OF DIRECTORS, OFFICERS, AND EMPLOYEES

1300 Indemnification

1300.1 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/she is, or was, a director, officer or employee of the Association, or is or was serving at the request or direction of the Association as a director, officer, employee, agent, administrator, advisor, fiduciary or member of another corporation, partnership, joint venture, holding company, subsidiary, trust, retirement or other employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines, penalties and amounts paid in settlement actually and reasonably incurred by him/her in connection with such action, suit or proceeding.

1300.2 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 Association's Board.

1300.3 As used in this Article, "party" means a defendant or respondent in an action, suit or proceeding.

1310 Additional Indemnification Provisions

Notwithstanding any other provision of this article, a director, officer or employee of the Association who has been successful, on the merits or otherwise, in the defense of any suit or proceeding referred to in Section 1300 of this article to which he/she was a party shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him/her in connection with such suit or proceeding.

1320 Procedure

Any indemnification under Section 1300 of this article (unless ordered by the 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 Association's 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 1320, independent legal counsel shall be selected by a majority of disinterested directors or, if such a majority is not obtainable, by the Board of Directors.

1330 Advances of Expenses

Notwithstanding the provisions of Section 1320, reasonable expenses incurred in defending any civil or criminal action, suit or proceeding, 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 to repay such amount in the event that it is ultimately determined, as provided herein, that such person is not entitled to indemnification for such amount. Advances of expenses shall be made promptly and, in any event, within 30 days, upon 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 1320 that the director, officer or employee is not entitled to indemnification for such expenses pursuant to section 1300.

1340 Right of Claimant to Bring Suit

If a claim for indemnification or advancement under this Article is not paid in full by the Association within thirty days after a written claim therefore has been received by the Association, the claimant may any time thereafter bring suit against the Association to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking has been tendered to the Association) that the claimant has not met the standards of conduct which make it permissible under the applicable law for the Association to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Association.

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

1350 Contractual Rights

The right to be indemnified or to the reimbursement or advancement of expenses pursuant to this article 1) 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, 2) is intended to be retroactive and shall be available with respect to events occurring prior to the adoption hereof, and 3) 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 affect the employment status of any employee.

1360 Requested Service

Any director, officer or employee of the Association serving, in any capacity, 1) another entity of which a majority of the securities entitled to vote in the election of its directors or comparable executives is held directly or indirectly by the Association and/or other Farm Credit System entities, 2) any employee benefit plan of the Association or of any entity referred to in clause (1) above, or 3) any committee, subcommittee, special asset group or other similar body related to the Farm Credit System, shall be deemed to be doing so pursuant to authorization in writing by the Association's Board of Directors.

1370 Other Rights

The indemnification provided by this article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any insurance or other agreement, vote of directors or otherwise, both as to actions in their official capacity and as to actions in another capacity while holding an office, and shall continue as to a person who has ceased to be a director, officer or employee and shall inure to the benefit of the heirs, executors and administrators of such person. The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or who is or was serving in any of the capacities referred to in Section 1300 hereof against any liability asserted against him/her or incurred by him/her in any such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him/her against such liability under the provisions of this article.

1380 FCA Penalties

Notwithstanding any other provision of this Article, the Association may neither indemnify, nor purchase or maintain insurance to indemnify, directors, officers, employees or agents against expenses, penalties, or other payments incurred as a result of an administrative proceeding or action instituted by the FCA, which results in a final order 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.

1390 Applicable Law

Interpretation of these bylaws shall be under the laws of the State of Utah.

ARTICLE XIV -- AMENDMENTS

1400 Board Authority to Amend Bylaws

Except as otherwise provided in Section 1405 below, these bylaws may be altered, amended, or repealed by a vote of the majority of the entire membership of the Board provided the notice of the meeting shall contain the exact language of the proposed change or amendment.

1405 Shareholder Approval Required for Certain Amendments

Any amendment to Article VII or to the capitalization bylaws of PCA or FLCA, other than those strictly of a technical nature not affecting substantive rights, shall not become effective unless approved by a simple majority of Voting Stockholders voting, in person or by proxy, at a meeting properly called as provided for in these bylaws. Any amendment to Article VII which authorizes the issuance of preferred stock shall be subject to the approval of stockholders as provided in Section 770 hereof.

CERTIFICATION

I, the undersigned corporate secretary of Western AgCredit, ACA, an Agricultural Credit Association, hereby certify that at a meeting duly held on the 20th day of May, 2008, the Board of said association duly adopted the foregoing Bylaws.

Matthew Y. Jarrett
Corporate Secretary

Date