

**BYLAWS OF FARM CREDIT SERVICES OF MID-AMERICA,
AN AGRICULTURAL CREDIT ASSOCIATION
DECEMBER 2007**

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ARTICLE I – DEFINITIONS

100 Definitions

- 100.1 "Act" means the Farm Credit Act of 1971, as it may be amended from time to time.
- 100.2 "Annual Meeting" means the annual meeting of Members and Equityholders pursuant to Article IV of these Bylaws.
- 100.3 "Association" means the Farm Credit Services of Mid-America, An Agricultural Credit Association.
- 100.4 "Authorization Event" shall have the meaning set forth in Section 210 hereof.
- 100.5 "Bylaws" means these Bylaws, as they may be amended from time to time pursuant to Article XIV hereof.
- 100.6 "Borrower" means a borrower of the Association, MidAm, PCA and/or MidAm, FLCA.
- 100.7 "Equityholder" means a holder of equity in the Association other than voting stock.
- 100.8 "FCA" means the Farm Credit Administration.
- 100.9 "FCB" means the AgriBank Farm Credit Bank or any successor entity thereto.
- 100.10 "FLBA 4th" means Federal Land Bank Association of the Fourth District.
- 100.11 "FLBA B" means Federal Land Bank Association of Bellefontaine.
- 100.12 "FLBA M" means Federal Land Bank Association of Minerva.
- 100.13 "Member" means a holder of Stock in the Association, some or all of which stock has voting rights.
- 100.14 "Merger Date" means April 1, 1989, the effective date of merger between FLBA 4th and PCA 4th forming the Association.
- 100.15 "MidAm, FLCA" means the Farm Credit Services of Mid-America, FLCA, a federal land bank association.
- 100.16 "MidAm, PCA" means the Farm Credit Services of Mid-America, PCA, a production credit association.
- 100.17 "PCA 4th" means Production Credit Association of the Fourth District.
- 100.18 "Participation Certificate" means an equity in the Association, the holder of which is not eligible to vote on any matter requiring a vote at any annual or special meeting of Members or Equityholders.
- 100.19 "Regulations" means FCA regulations or directives applicable to and binding on this Association.
- 100.20 "Stock" means an equity in the Association, the holder of which may be eligible to vote on all matters requiring a vote at any annual or special meeting of Members or Equityholders.
- 100.21 "System" means Farm Credit System.
- 100.22 "1987 Act" means the Agricultural Credit Act of 1987, as the same may be mended from time to time.

110 References to "Board"

All references in these Bylaws to the "Board" shall refer both to the directors currently sitting and to any successors thereof pursuant to these Bylaws, unless the context otherwise requires.

ARTICLE II -- LEGAL STATUS; AUTHORITIES

200 Introductory Statement

This Association is a cooperative credit institution which is owned by its Members and Equityholders and is federally chartered pursuant to the Act. Subject to the Act and the Regulations and under the supervision of the FCB, the Association in its chartered

territory possesses and may exercise all lending, participation and similar authorities granted by statute or regulation, as such statutes and regulations may be amended from time to time, to a Production Credit Association or, with respect to long-term real estate loans, to a Farm Credit Bank. Without limiting the foregoing, this Association is authorized:

- (a) to make, guarantee or participate with other lenders in short- and intermediate-term loans, long-term real estate loans for a term of not more than 40 years, and other similar financial assistance to:
 - (1) bona fide farmers and ranchers and producers or harvesters of aquatic products, for agricultural or aquatic purposes and other requirements of such borrowers as specified in the Act;
 - (2) rural residents for financing of housing in rural areas; and
 - (3) persons furnishing to farmers and ranchers farm-related services directly related to their agricultural production; and
- (b) to provide technical assistance to borrowers, applicants, Members and Equityholders and make available to them, at their option, such financially related services appropriate to their agricultural production and aquatic operations as is determined feasible by the FCB in accordance with applicable Regulations.

210 Lending Authorities

Upon FCA and Member approval, the Board may authorize MidAm, PCA and MidAm, FLCA to conduct some or all of the authorities granted to PCAs and FLCAs, respectively (“Authorization Event”), whereupon the Association shall cease exercising such authorities.

220 Relationship with MidAm, FLCA and MidAm, PCA

Upon an Authorization Event, the Association, MidAm, FLCA and MidAm, PCA shall conduct an integrated lending operation. MidAm, PCA shall make short and intermediate-term loans and provide financially related services to qualified borrowers in the Association’s territory. MidAm, FLCA shall make long-term real estate loans and provide financially related services to qualified borrowers in the Association’s territory. Association shall conduct such authorities and make such loans as determined by the Board and as allowed under the Act and regulations thereunder. 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 MidAm, PCA and MidAm, 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 MidAm, PCA and MidAm, FLCA.

ARTICLE III -- MEMBERSHIP; ELIGIBILITY TO BORROW

Any person to whom an Agricultural Credit Association is authorized by the Act and the regulations thereunder, to extend credit or other related services is eligible to become a Member or Equityholder of the Association. Members of the Association shall include all holders of legal title to Class B Common and Class D Common stock as evidenced on the books of the Association. In the case of a deceased or legally incompetent Member or Equityholder, the executor, administrator, guardian, or other legally authorized representative shall be considered to be the Member or Equityholder for purposes of these Bylaws. Each Member or Equityholder is authorized to speak on any question being considered at Members' and Equityholders' meetings, when recognized by the chairman. Motions, nominations and seconds may be made and voted on only by Members.

ARTICLE IV -- MEETINGS OF MEMBERS AND EQUITYHOLDERS

400 Time and Place

- 400.1 There shall be an annual meeting of Members and Equityholders at such place(s) in the Association's chartered territory or, when approved by the Board, within a reasonable distance of the Association's territory, at such date(s) and time(s) as the Board may by resolution provide.
- 400.2 Special meetings of Members and Equityholders of the Association 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 three percent (3%) of such Members. All notices of special meetings shall state the time, place, and purpose(s) of the meeting. If the Board fails or refuses to order such notice to be made, the notice may be given by the Member(s) and/or Equityholder(s) who made the call in accordance with the provisions of Section 410 of these Bylaws.

400.3 The Board may provide for the annual meeting or special meetings of Members and Equityholders 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 and Equityholders. Each Member and Equityholder 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 sixty (60) 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 Member 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 Members, 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 provided in Section 510.5(b) of these Bylaws, nominations may be made, and matters requiring a vote of all Members may be introduced, at all sectional sessions of the meeting. Nominations from the floor for nominating committee members may be introduced as stipulated in Section 440.4.

410 Notice of Meetings

The chairman of the Board shall cause written notice of every annual and special meeting of Members and Equityholders to be mailed at least ten (10) calendar days prior to the meeting to all Members and Equityholders as of the close of business no earlier than fifty (50) calendar days preceding the meeting. The notice shall be mailed to the last known post office address of each Member or Equityholder as it appears on the records of the Association. The notice shall state the purpose and the time and place of the meeting. If the meeting is to be held in consecutive sectional sessions, then the notice shall state the times and places of all sectional sessions. No business shall be transacted at special meetings other than that referred to in the notice.

420 Quorum

Three percent (3%) of the total number of Members voting in person, by proxy or by mail ballot shall constitute a quorum for purposes of conducting director elections or other stockholder votes required by the Act at annual or special meetings. Any two or more Members shall constitute a quorum for the purpose of conducting all other business at annual or special meetings except as stated above. 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.

430 Conduct of Annual Meetings

At the annual meeting of Members and Equityholders, reports of the Board shall be given by persons designated by the Board. The reports required by Section 1010 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 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, and (g) new business.

440 Nominating Committee

440.1 At each annual meeting, the Members shall elect a nominating committee consisting of twenty (20) regular Members and twenty (20) alternate Members to serve until the next annual meeting or until their successors are elected. The composition of the Nominating Committee shall be as follows:

Indiana	5
Kentucky	5
Ohio	5
Tennessee	5

Any vacancy arising on the nominating committee referred to above shall be filled by majority vote of the remaining members thereof. To the extent possible, the person elected to fill the vacancy shall possess the same qualifications as were applicable to the previous occupant of the position pursuant to the Act as in effect at the time of the election of such person.

440.2 (a) Nominating committees must conduct themselves in the impartial manner described by the policies and procedures adopted by the Association under §611.320 of the regulations.

(b) No individual may serve on a nominating committee who, at the time of selection to or during service on a nominating committee, is an employee, director, or agent of the Association. 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. Nominating committee members must be stockholders whose loan(s) are not adversely classified under the Association's internal review.

- (c) It is the responsibility of each nominating committee to identify, evaluate, and nominate candidates for stockholder election to the Association board of directors.
- (d) Each nominating committee must nominate individuals whom the committee determines meet the eligibility requirement to run for director positions. The committee must endeavor to assure representations from all areas of the Association's territory and as nearly as possible all types of agriculture practices within the territory.
- (e) The nominating committee must evaluate the qualifications of the director candidates. The evaluation process must consider whether there are any known obstacles preventing a candidate from performing the duties of the position.

440.3 Each state nominating subcommittee shall review lists of Members who transact business with Association, MidAm, PCA or MidAm, FLCA within its state who are eligible to serve as directors of the Association, ascertain their willingness to serve and submit to the nominating committee its recommendation of at least two eligible candidates for each position to be filled. The nominating committee (all state nominating subcommittees) shall then approve for election a slate of eligible candidates which shall include at least two nominees for each director position to be filled. A Member is eligible to be nominated for the state in which he or she transacts business with Association, MidAm, PCA or MidAm, FLCA. If a Member transacts business in more than one state, he or she can only be a candidate in the state in which his or her principal farming operation is located.

If after diligent effort the nominating committee is unable to find more than one willing nominee for each position to be filled the nominating committee must provide written explanation to the existing Board of the efforts to locate candidates or the reasons for disqualifying any other candidate that resulted in fewer than two nominees. If the Board is satisfied that the committee is unable, despite a good faith effort, to find two willing nominees for each position, the Association may, after calling for nominations from the floor, proceed with the election.

440.4 Under guidelines prescribed by the Board, each state nominating subcommittee shall present a list of at least ten candidates for Members within its state to consider in electing the state nominating subcommittee for the ensuing year. Nominations may also be made from the floor. Each Member is only entitled to make floor nominations for the state nominating subcommittee in the state in which he or she transacts business with Association, MidAm, PCA or MidAm, FLCA. If the Member transacts business in more than one state, he or she can only make nominations in the state in which his or her principal farming operation is located. No Member shall be eligible to be nominated as a candidate for both a director and nominating committee position in the same year.

If the meeting is held in consecutive sectional sessions, then at the directors' option, nominations may be made from the floor only at the first session or at the first sectional meeting held in each state and so announced in the Notice of Meeting. If nominations are made at the first sectional meeting held in each state, the nominations shall be limited to the state nominating subcommittee assigned to that state. The (5) candidates receiving the largest number of votes shall be elected to the state nominating subcommittee with the (5) candidates receiving the next largest number to serve as alternates, in order of votes received.

440.5 A majority of the nominating committee (all state nominating subcommittees) 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 Association's chief executive officer or his designee to be maintained in accordance with the Association's records disposal schedule.

440.6 In the event that, due to vacancies, there is not a sufficient number of regular and alternate members of the nominating committee to constitute a quorum, the Board shall appoint qualified Members to fill sufficient vacancies to constitute a quorum. These committee members shall then elect qualified Members to fill the remaining vacant positions.

440.7 The Association will provide the nominating committee reasonable access to administrative resources. The Association will provide the nominating committee with a current list of stockholders, the most recent bylaws, the current director qualifications policy, and a copy of the policies and procedures that the Association has adopted pursuant to §611.320(a) of the Regulations assuring impartial elections. On the request of the nominating committee, the Association will provide a summary of the current board self-evaluation. The Association may require a pledge of confidentiality prior to releasing the evaluation.

450 Voting

450.1 Each Member shall be entitled to only one vote regardless of the number of single or joint loans such Member may have with Association, MidAm, PCA or MidAm, FLCA. In the case of a joint loan, the vote may be cast by only one of the joint holders duly authorized by the other joint holders in a writing filed with Association, MidAm, PCA or MidAm, FLCA. The vote of a Member which is a legal entity shall be cast by an individual duly authorized in a writing filed with the Association. If an individual who is a Member by virtue of an individual loan controls the business affairs of another Member, the controlling Member and the controlled Member shall be entitled to only one vote. For purposes of

this Section, an individual shall be considered to control another Member if the individual has more than a fifty percent (50%) ownership interest in (a) the other Member, or (b) the assets securing the other Member's loan. In no event may an individual vote more than once.

450.2 Voting in person, by proxy, or by mail ballot at annual or special meetings shall be permitted and shall be counted towards meeting quorum requirements. Voting in person or by proxy shall be used on matters where it is required under the Act or Regulations, or when approved by resolution of the Board. Voting for directors and nominating committee shall be conducted in person, by proxy, or by mail ballot. The voting method(s) to be used will be specified in the Association's annual or special meeting notice to Members.

450.3 A list of Members shall be maintained by the Association and used when mailing or distributing proxies or ballots, and for other purposes authorized by the Board subject to the Act and the Regulations. If a meeting is held in consecutive sectional sessions, the list shall be used at each sectional session to assure that no Member votes more than once. A list of Members and Equityholders shall be maintained and may be used for communication among such Members and Equityholders, as provided in Section 4.12A(a) of the Act.

460 Minutes of Meetings

The secretary of the Association shall act as recording secretary at all meetings of Members and Equityholders. If the meeting is held in consecutive sectional sessions, the secretary may designate other person(s) to serve as recording secretary at any sectional session. Any person(s) designated to serve as recording secretary shall turn over to the secretary the minutes of a sectional session.

ARTICLE V -- DIRECTORS

500 Board of Directors

500.1 The Board shall be composed of eighteen members with (4) members each from the states of Indiana, Kentucky, Ohio and Tennessee and two Outside Directors.

500.2 Subject to the Act, the Regulations and board policy, these Bylaws shall govern the qualifications, manner of nomination and election, terms, and related matters respecting the positions of the Board. At least one such position shall be filled at each annual meeting of Members and Equityholders.

500.3 Notwithstanding the foregoing subsection or any other provision of these Bylaws, two members of the Board shall be persons who, at the time of becoming, and while serving as, a member of the Board, are not a director, officer, employee, Member, Equityholder, agent or stockholder of any System institution, other than as Outside Director of the Association, MidAm PCA and MidAm, FLCA. Such persons shall be elected to the Board by the other members thereof. The qualifications of these members shall be determined in accordance with board policy. The manner of nomination and election, and related matters shall be determined from time to time by the other members of the Board. Basis for removal of such directors shall be subject to a two-thirds vote of the full Board or a stockholder vote. The terms of such directors shall be the same as those elected by the stockholders.

500.4 In accordance with regulatory requirements, at least one member of the Board shall serve as a financial expert. A financial expert shall also serve on the Board's Audit Committee.

505 Qualifications of Directors

505.1 No individual may be nominated for director, elected or continue to serve as a director unless he or she is a holder of Class B Common Stock or Class D Common Stock of the Association, is in compliance with the Regulations, is a bona fide farmer, rancher, or producer or harvester of aquatic products, has the qualifications set forth in Board Policy A-440.1, and either resides or farms in the Association's chartered territory. If a director's Common Stock is converted to Preferred Stock pursuant to bylaw provision 845.2 during his or her term, such director may complete the term for which he or she was elected or appointed.

505.2 An individual designated to vote the stock of a corporation or partnership may serve as a director provided that such individual continues to hold stock in the corporation or continues to be a member of the partnership, and meets all other requirements contained in these Bylaws for serving as a director of the Association. A legally authorized representative of a deceased or incompetent Member shall be ineligible to be elected or appointed as a director unless such representative is a Member in his or her own right.

505.3 No individual shall be eligible to serve as a director who is or has been, within the year preceding the beginning of his or her term, a director of the FCB or a salaried officer or employee of the Association or of any other System institution. No individual may serve as a director of the Association and a farm credit bank, federal land credit association, federal

land bank association, production credit association, or agricultural credit association simultaneously, with the exception of the MidAm, FLCA and the MidAm, PCA.

- 505.4 No individual shall become or continue as a director if the individual is a director, officer, or employee of any other financial institution which is authorized to make the same types of loans that may be obtained through Association, MidAm, PCA or MidAm, FLCA.
- 505.5 No individual shall become or continue as a director if he or she is or has been convicted of any criminal offense involving dishonesty or a breach of trust.
- 505.6 The office of a director shall automatically become vacant in the event the director (a) files a voluntary petition for relief in bankruptcy, or otherwise institutes suit under applicable voluntary Federal or state bankruptcy, insolvency, or receivership laws; (b) is adjudged a debtor in an involuntary Federal bankruptcy proceeding or placed in receivership in a state proceeding; (c) seeks reorganization under the Federal bankruptcy laws of personal business interests or those of a corporation in which the director owns the controlling interest; (d) is party to a foreclosure proceeding (judicial or nonjudicial) involving property in which the director has an interest which is instituted because of the director's default on any indebtedness to a System institution; (e) is finally convicted of any felony; (f) is held liable in damages for fraud; or (g) is declared legally incompetent.
- 505.7 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 vacancy shall be filled as provided in Section 540.1 of these Bylaws.
- 505.8 (a) No individual may be elected as a director if any of the individual's loan(s) with Association, MidAm, PCA or MidAm, FLCA is/are delinquent or adversely classified under the Association's internal review.
- (b) If a director's loan(s) with Association MidAm, PCA or MidAm, FLCA become(s) delinquent or adversely classified by the Association's internal review, then the following procedures shall apply:
- (1) Any director with any portion of a loan classified "substandard with no specific reserve required" must within 60 days from receipt of written notification thereof, prepare and submit to the Board for approval a plan to upgrade the quality of the loan to at least "other assets especially mentioned" within a reasonable period of time, but not to exceed 24 months after notification of the classification. Failure to obtain Board approval of a plan within 90 days from receipt of written notification of the classification or failure to upgrade the loan classification to at least "other assets especially mentioned" within the two year period will require the director's resignation.
 - (2) Any director with any portion of a loan classified as "substandard with specific reserve" or "doubtful" classification by the Association must follow the procedure set forth in Paragraph 505.8(b)(1) above, except that the loan must have the specific reserve requirement offset within 60 days from the date of the notification of classification to the director. Failure to offset the specific reserve requirement within 60 days will require the director's resignation.
 - (3) Any director loan classified "loss" or any loan, a portion of which is classified as a "loss", requires immediate resignation by the director.
 - (4) In the event a director's loan(s) become(s) delinquent, a plan must be submitted within 60 days showing how the loan(s) will be returned to a current status within 150 days after the delinquency occurs. If the loan is not current within 150 days of the delinquency, resignation is required.
- 505.9 No individual may be nominated as a director candidate if the individual is an elected member of the current year's nominating committee.
- 505.10 Individuals being considered as potential director candidates shall be evaluated in accordance with desired qualifications established by board policy.

510 Election of Directors

- 510.1 In the manner provided in these Bylaws, the Members 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 a vacancy on the Board. Four (4) directors' positions shall be assigned to each state within the Association's territory.
- 510.2 At the annual meeting the nominating committee shall submit the slate of candidates for election, after which the chairman conducting the election will entertain nominations from the floor. Each Member is only entitled to make floor nominations for the director positions assigned to the state in which he or she transacts business with Association,

MidAm, PCA or MidAm, FLCA. If the Member transacts business in more than one state, he or she can only make nominations for the positions assigned to the state in which his or her principal farming operation is located. Nominations from the floor must be eligible and qualified candidates who transact business with Association, MidAm, PCA or MidAm, FLCA in the state to which that director position is assigned. If the eligible and qualified candidate transacts business in more than one state, he or she shall only be nominated to a director position assigned to the state in which his or her principal farming operation is located. Floor nominees must meet the same eligibility and qualification requirements as candidates nominated by the nominating committee. Nominating committee nominees and floor nominees must complete and submit a disclosure form. Floor nominees must submit the completed disclosure form within one business day after the nomination. If the meeting is held in consecutive sectional sessions, nominations may be made from the floor only at the first sectional session and so announced in the Notice of Meeting, except that if balloting is by mail as provided in Section 510.5(b) of these Bylaws, nominations may be made at all sectional sessions of the meeting.

510.3 All candidates shall be listed on the ballot by the state position to be filled. Except as provided in Section 440.3 of these Bylaws, two or more different candidates will stand for election for each vacancy. If more than one state 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.

510.4 The chairman conducting the election shall appoint a tellers committee of eligible Members to tally the ballots. Salaried officers and employees and Members who are directors, candidates, or members and alternates of the nominating committee are ineligible to serve on the tellers committee.

510.5 Methods of Casting Ballots

The Board shall establish by resolution, and shall announce in the notice of meeting, the method of casting ballots for directors under this section and for nominating committee members under Section 440 of these Bylaws, from the following alternatives:

(a) Casting ballots in person

(1) After the chairman conducting the election closes the floor nominations, the Members shall cast their ballots. The tellers committee shall convene to tally the ballots and shall report the results to the chairman conducting the election who shall inform the Members and the Equityholders of the results. If the meeting is held in consecutive sectional sessions, the results of the votes cast at all sessions of the meeting shall be reported only after the last sectional session.

(2) If no person is elected to a position because of a tie vote, the tie shall be broken by a flip of a coin.

(b) Casting ballots in person or by proxy or by mail

(1) After the chairman closes the floor nominations and conducts all business which may come before the meeting, the annual meeting shall be recessed until the election polls are opened.

(2) Within twenty (20) business days following the recess of the annual meeting, or of the last sectional session if the annual meeting is held in consecutive sectional sessions, voting materials and notice of the date that the annual meeting shall reconvene shall be mailed to each Member. The notice shall specify the method(s) for voting and the date proxies and/or mail ballots are to be returned. The annual meeting shall reconvene no earlier than the end of the fifteenth (15th) business day following the date on which voting materials are mailed. Upon reconvening of the annual meeting, the election polls shall open to allow for the casting of ballots by all Members present, in person or by proxy, or by mail ballot. The tellers committee and/or an independent third party shall oversee and validate tabulation of the ballots. The tellers committee shall report the results of the election to the chief executive officer and the annual meeting shall be adjourned. The chief executive officer shall send a notice to the Members and the Equityholders announcing the results of the election.

(3) If no person is elected to a position because of a tie vote, the tie shall be broken by a flip of a coin.

510.6 Recounts

If the margin of victory between two director candidates is .5 percent (1/2%) or less of the total number of votes cast for that position, an automatic recount will be conducted. The recount will be conducted within five (5) business days following the date the annual meeting was reconvened to count the ballots cast in the election. When the margin of victory between two director candidates is greater than .5 percent (1/2%) of the total votes cast for a position, a candidate may request a recount. Such recount will be at the candidate's own expense, provided that the results of the recount do

not change the original outcome of the election. The results of a recount in a director election shall be the final results of the election.

520 Term

- 520.1 A director shall serve until the fourth (4th) annual meeting after being elected and thereafter until such director's successor has been elected and qualified, or, with respect to directors elected to complete partially expired terms, for the unexpired portions of such terms or until the next annual meeting or special meeting of Members and Equityholders called for that purpose. No director shall serve in the event such director (a) resigns, (b) is removed from office, or (c) becomes unable to act by reason of death or disqualification. Nothing herein restricts the rights of the Members, acting pursuant to these Bylaws, to shorten any term being served by a director or to terminate any position being occupied by such director (except the positions referred to in Section 500.3).
- 520.2 If, as a result of a change in the number of directors or for other reasons, the terms of directors do not expire equitably on a staggered basis, then the Board shall establish terms of the directors elected thereafter for such periods, not to extend beyond the fourth (4th) annual meeting thereafter, as will reestablish expiration of terms of director positions within each state on an equitably staggered basis. If the Board establishes different terms for director positions from the same state that are to be filled at the annual meeting, then the nominating committee shall designate which terms shall be assigned to the director positions.

540 Vacancies

- 540.1 Whenever a director vacancy occurs on the Board, other than from the expiration of a term of office or as set forth in Section 540.3 of these Bylaws, the remaining directors, though less than a quorum of the Board, may elect a qualified Member who transacts business with Association, MidAm, PCA or MidAm, FLCA in a state which the vacancy exists to fill the vacancy until the next annual meeting or special meeting of Members and Equityholders called for that purpose. Provided, however, if the vacancy occurs after the adjournment of the nominating committee but before the next annual meeting, the Board may fill the vacancy until the annual meeting in the following year or a special meeting of Members and Equityholders is called for that purpose.
- 540.2 Whenever a vacancy in an outside director position occurs on the Board, the remaining directors shall elect an individual who shall not be a director, officer, employee, Member, Equityholder, agent or stockholder of a System institution, and who otherwise meets the qualification requirements contained in Section 500.3 of these Bylaws, to fill the vacancy.
- 540.3 If all of the director positions become vacant for any reason other than pursuant to Section 5.34 of the Act, the Association nominating committee shall appoint two (2) qualified persons who transact business with Association, MidAm, PCA or MidAm, FLCA in each of the four (4) states. The eight (8) directors appointed by the Association nominating committee shall then elect qualified Members to fill the other director vacancies as described in Section 540.1, except in the case of the outside director position which shall be appointed in accordance with Section 500.3 of these Bylaws.
- 540.4 If all or a majority of the director positions become vacant pursuant to Section 5.28 or 5.29 of the Act, the FCA chairman shall appoint sufficient directors to establish a quorum pursuant to 5.34 of the Act. Such directors shall then elect qualified Members to fill the other director vacancies as described in Section 540.1, except in the case of the outside director position which shall be elected by the Board in accordance with Board Policy and Section 500.3 of these Bylaws.

550 Duties of Directors

- 550.1 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 provisions of the Act, the Regulations, and FCB policies, procedures, and objectives adopted pursuant to the Act and Regulations. The Board shall recognize that the Association, MidAm, PCA and MidAm, 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 institutions' combined financial condition.
- 550.2 The Board shall elect and fix the salary of the chief executive officer subject to the approval of the FCB. The Board shall prescribe the duties and responsibilities of the chief executive officer, who shall be responsible for the management of the Association. The Board shall provide for the payment from general funds of the reasonable and necessary expenses incurred by officers, employees, and committees of the Association in connection with the Association's business.

560 Board Meetings

- 560.1 Regular meetings of the Board shall be scheduled and held at least quarterly at such times and at such places as the Board by resolution may determine.
- 560.2 Special meetings of the Board shall be held whenever called by (a) the chairman of the Board, (b) the chief executive officer, or (c) a majority of the directors.
- 560.3 Meetings 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 participating individuals to hear each other. Such participation shall constitute attendance in person at the meeting. All actions taken by telephone conference shall be ratified at the next regular meeting of the Board.
- 560.4 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 secretary or by his designee. Such notice may be given by mail, telegram, or other 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 telegram or other electronic or telephonic means, such notice shall be sent at least two (2) days before the meeting date. If given by telephone, the secretary shall make a reasonable effort to reach all directors and shall certify that such notice has been given, or such efforts made, at least two (2) days before the meeting date. Notice of any meeting may be waived in writing either before or after 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. Participation at a meeting shall constitute waiver of notice unless the sole purpose of participation is to object to the propriety of such meeting.
- 560.5 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.

565 Officers of the Board; Duties; Removal

- 565.1 As soon as practicable following the annual meeting of the Members and Equityholders, and at such other times as necessary to fill vacancies, the Board shall elect a chairman and a vice chairman from among the members of the Board.
- 565.2 The Chairman shall: (a) preside at all meetings of the Board; (b) unless the Board designates another person, preside at all meetings of the Association's Members and Equityholders; (c) ensure that all orders and resolutions of the Board, all statutory requirements, all Regulations, and all FCB policies and procedures adopted pursuant to the Act and Regulations are carried into effect; and (d) perform such other duties as may be prescribed by the Board. The chairman shall not be an ex-officio member of any committee of the Board.
- 565.3 In the absence of the chairman, the vice chairman shall perform the duties of the chairman. In the absence from a Board meeting of both the chairman and the vice chairman, one of the other directors shall be elected by those present to preside over the meeting.
- 565.4 The chairman and the vice chairman of the Board may be removed from such positions with or without cause by a majority vote of the entire membership of the Board.

570 Honoraria

The Association may allow directors reasonable honoraria for attendance at board or 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 this Association and another System institution at a single meeting or on a single assignment, the honoraria and expenses may be shared on a pro rata basis between the two institutions. The FCB may share in the payment of a director's honoraria when agreed to by the Association and the FCB in accordance with FCB policies.

580 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.

585 Removal

Any director may be removed from the Board by a majority vote of the Members present at an annual or special meeting upon a motion for removal, duly made, seconded and carried, provided the notice of meeting contains a statement that such removal is to be considered. Outside directors may also be removed from the Board by a two-thirds majority vote of the full Board or majority vote of all voting stockholders voting in person or by proxy. The outside director subject to the removal action is prohibited from voting in his or her own removal action.

590 Resignation

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

595 Boards of MidAm, PCA and MidAm, FLCA

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

ARTICLE VI -- OFFICERS AND EMPLOYEES

600 Appointment and Qualifications

600.1 Subject to Section 630 hereof, the Board shall appoint a chief executive officer of the Association who shall serve at the pleasure of the Board, and shall continue in office until a successor is appointed and takes office unless the chief executive officer resigns, dies, retires, or is removed by the Board. Other Association officers shall be a secretary, a treasurer, and any other salaried officers as may be provided for by the Board. Individuals may be appointed to these positions by the Board or by the chief executive officer as prescribed in Section 610.1 of these Bylaws. A combination of these offices may be held by one individual, except that no person may serve simultaneously as chief executive officer and secretary.

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

600.3 No individual shall be eligible to become or continue to serve as a salaried officer or employee of the Association if he or she has been convicted of any criminal offense involving dishonesty or breach of trust.

610 Duties of Officers

610.1 The chief executive officer shall: (a) perform such duties and exercise such authority as may be delegated by the Board; (b) be responsible for the ordinary and usual business operations of the Association; and (c) unless such power is reserved to or limited by the Board, employ, supervise, and dismiss any and all officers and employees of the Association, fix their compensation, and designate the order of precedence in which the other officers shall act in the absence of any officer. The chief executive officer may have the title of manager, general manager, or any other title as determined by the Board.

610.2 The secretary shall: (a) keep a complete record of all meetings of the Association and of the Board but not of meetings of the nominating committee; (b) be responsible for the corporate records of the Association; (c) keep the corporate seal, if any, and affix it to all Association documents requiring a seal; (d) make such reports as may be required by the Act or the Regulations; and (e) perform such other duties as may be required by the chief executive officer and the Board.

610.3 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 Stock ownership records; and (e) perform such other duties with respect to the finances of the Association as may be prescribed by the chief executive officer or by the Board.

620 Removal

The chief executive officer may be removed from office by a majority vote of the entire membership of the Board.

630 Joint Management

All officers appointed hereunder shall have the same positions and authorities with respect to MidAm, PCA and MidAm, FLCA, and all officer and other employment positions shall be joint positions with all three institutions.

ARTICLE VII -- COMMITTEES

700 Executive Committee

The Board may elect from its members two or more directors to act as an executive committee. The committee shall have such authorities as may be delegated by the Board. Any of the directors who are not regular members of the committee may be

designated by the Board as alternate members. A majority of the committee, whether regular or alternate, shall constitute a quorum. Meetings of the executive committee may be conducted by telephone conference call provided a reasonable attempt is made to reach all committee members, a quorum is present, and the technical arrangements permit all participating individuals to hear each other. All actions taken by the executive committee shall be reported to the Board at its regular meetings, or earlier if required.

705 Compensation Committee

The Board shall appoint three (3) or more directors to serve as a compensation committee which shall report only to the Board of Directors. Each member of the committee must be free from any relationship that, in the opinion of the Board, would interfere with the exercise of judgment as a committee member.

In its capacity as a committee of the Board, the compensation committee is responsible for reviewing the compensation policies and plans for senior officers and employees and approving the overall compensation program for senior officers.

The committee shall adopt a written charter describing the compensation committee's composition, authorities, and responsibilities in accordance with §620.31 of the Regulations.

710 Loan Committee

The Board, with the approval of the FCB, may delegate to the chief executive officer, individual employee(s), and committee(s) of employees of the Association the authority to approve applications for loan or participations within specified limits. No loan shall be made unless the application therefor has received two-thirds (2/3) approval of the qualified members of the loan committee present at the meeting at which action is taken. A majority of any committee shall constitute a quorum. The loan committee shall have and may exercise such other authorities as the Board may delegate to it. Such delegated authority may include the authority to communicate on an ongoing basis with loan committees or other appropriate persons and entities at other associations, the FCB or other financial institutions respecting participations of loans. Unless the Board directs otherwise, upon an Authorization Event, the members of the Association's loan committee shall become members of the loan committees of MidAm, FLCA and MidAm, PCA. Periodic reports of all actions taken by the loan committee shall be submitted to the Board at its regular meeting, or earlier if required.

715 Audit Committee

The Board shall appoint three (3) or more directors, including the director designated as a financial expert under these Bylaws and §611.210(a)(2) of the Regulations, to an audit committee which shall report to 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. Each member of the committee must be free from any relationship that, in the opinion of the Board, would interfere with the exercise of judgment as a committee member.

In its capacity as a committee of the Board, the audit committee is responsible for overseeing the Association's financial reports, external auditors and internal controls.

The committee shall adopt a written charter describing the audit committee's composition, authorities, and responsibilities in accordance with §620.30 of the Regulations.

720 Other Committees

The Board may, at its discretion, appoint such other committees as may be necessary, may appoint or discharge members of such committees, and shall prescribe the duties and responsibilities of the committees it establishes. A majority of any committee shall constitute a quorum.

730 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 reflect such withdrawal.

740 Minutes

Each committee shall keep a written record of its proceedings for at least three (3) fiscal years.

750 Vacancies

Vacancies on any committee shall be filled by vote of the entire Board.

ARTICLE VIII - CAPITALIZATION

800 Authorized Shares

The Association is authorized to issue:

- (a) one million (1,000,000) shares of Class C Preferred Stock with a par value of \$5 per share to be issued as provided in Section 810.3 of these Bylaws;
- (b) an unlimited number of shares of Class D Common Stock with a par value of \$5 per share to be issued as provided in Sections 810.4 and 845.2 of these Bylaws;
- (c) the outstanding number of Participation Certificates as of the Merger Date, of FLBA 4th, FLBA B and FLBA M and PCA 4th issued prior to October 6, 1988, which were converted by book entry at the par, face or stated value of \$5 per unit into a like number of Class A Participation Certificates of the Association;
- (d) an unlimited number of Class B Participation Certificates, with a face value of \$5 per unit to be issued as provided in Section 810.6 of these Bylaws; and
- (e) such number of shares of such other classes of Capital Stock as may be provided for in an amendment or amendments to these Bylaws as adopted pursuant to Article XIV, provided, however, if the class being proposed in any amendment or amendments is for Preferred Stock other than Preferred Stock to be issued to the Farm Credit System's Financial Assistance Corporation, it shall be approved by 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.

805 Ownership

Evidence of ownership of Capital Stock and Participation Certificates may be by book entry or in definitive form as prescribed by the Board.

In the event of an Authorization Event under Section 210 hereof, a borrower's required investment in Association stock/participation certificates (and the required conversion of such investment into a different class of equity) shall be determined by reference to the borrowing relationship with MidAm, PCA or MidAm, FLCA, as the case may be. Accordingly, upon an Authorization Event, all references to loans and outstanding loan balances in this Article shall refer to aggregate loans held or originated by Association, MidAm, PCA and MidAm, FLCA.

810 Issue, Rights, Preferences and Limitations of Classes of Stock

810.1 Class A Preferred Stock

(a) Issue

There shall be no Class A Preferred Stock issued other than those shares issued as a result of the conversion on Merger Date of PCA 4th's Class A non-voting stock or a conversion in accordance with Section 845.2 of these Bylaws.

(b) Voting Rights

Class A Preferred Stock shall have no voting rights.

(c) Rights

Rights of a holder to dividends, to patronage refunds, to transfer, to retirement, upon loss and upon impairment shall be subject to the Act, Regulations and in accordance with provisions of Section 815 (Application of Earnings and Losses), Section 830 (Dividends), Section 835 (Patronage Refunds), Section 840 (Transfer), Section 845 (Conversion), Section 850 (Retirement), Section 855 (Impairment) and Section 860 (Liquidation) of these Bylaws.

(d) Stock Protection

When retiring Class A Preferred Stock in accordance with the Act, Regulations and these Bylaws, the stock shall be retired at par value.

(e) Fractional Shares

No fractional shares of Class A Preferred Stock shall be issued or paid.

810.2 Class B Common Stock

(a) Issue

There shall be no Class B Common Stock issued other than those shares issued as a result of the conversion of FLBA 4th, FLBA B and FLBA M's voting stock and PCA 4th's Class B voting stock as of the Merger date.

(b) Voting Rights

Class B Common Stock shall have voting rights.

(c) Rights

Rights of a holder to dividends, to patronage refunds, to transfer, to retirement, upon loss and upon impairment shall be subject to the Act, Regulations and in accordance with provisions of Section 815 (Application of Earnings and Losses), Section 830 (Dividends), Section 835 (Patronage Refunds), Section 840 (Transfer), Section 845 (Conversion), Section 850 (Retirement), Section 855 (Impairment) and Section 860 (Liquidation) of these Bylaws.

(d) Stock Protection

When retiring Class B Common Stock in accordance with the Act, Regulations and these Bylaws, the stock shall be retired at par value.

(e) Fractional Shares

No fractional shares of Class B Common Stock shall be issued or paid.

810.3 Class C Preferred Stock

(a) Issue

This stock may be issued in accordance with the Act and Regulations:

1. To the bank and to investors;
2. In such amounts and to such persons as may be permitted under a plan adopted by the Board;
3. For allocated surplus distributions, dividend payments, and patronage distributions; and
4. In accordance with Section 845.2 of these Bylaws.

(b) Voting Rights

Class C Preferred Stock shall have no voting rights.

(c) Rights

Rights of a holder to dividends, to patronage refunds, to transfer, to retirement, upon loss and upon impairment shall be subject to the Act, Regulations and in accordance with provisions of Section 815 (Application of Earnings and Losses), Section 830 (Dividends), Section 835 (Patronage Refunds), Section 840 (Transfer), Section 845 (Conversion), Section 850 (Retirement), Section 855 (Impairment) and Section 860 (Liquidation) of these Bylaws.

(d) Fractional Shares

No fractional shares of Class C Preferred Stock shall be issued or paid.

810.4 Class D Common Stock

(a) Issue

Class D Common Stock may only be issued to borrowers who are farmers, ranchers or producers or harvesters of aquatic products and other requirements of such borrowers as specified in the Act and Regulations.

(b) Voting Rights

Class D Common Stock shall have voting rights.

(c) Rights

Rights of a holder to dividends, to patronage refunds, to transfer, to retirement, upon loss and upon impairment shall be subject to the Act, Regulations and in accordance with provisions of Section 815 (Application of Earnings and Losses), Section 830 (Dividends), Section 835 (Patronage Refunds), Section 840 (Transfer), Section 845 (Conversion), Section 850 (Retirement), Section 855 (Impairment) and Section 860 (Liquidation) of these Bylaws.

(d) Fractional Shares

No fractional shares of Class D Common Stock shall be issued or paid.

(e) Condition to Borrowing

1. Any borrower who is entitled to own Class D Common Stock shall acquire voting stock in the Association as a condition for obtaining a loan from the Association, MidAm, PCA or MidAm, FLCA. The amount of Class D Common Stock which a borrower shall be required to acquire shall be two (2) percent of the loan amount or \$1,000, whichever is less. The Board shall establish from time to time whether the stock requirement shall apply to each loan to a borrower or apply to a borrower's aggregate outstanding loan balance on all borrower's loans (as used in this section shall only include those loans, including the new loan, where the borrowers are the same on each loan).
2. If the Association fails to meet the minimum permanent capital standards the Class D Common Stock shall be purchased from the Association.
3. Loan origination fees may be charged as a condition of borrowing from the Association, MidAm, PCA or MidAm, FLCA as the Board from time to time may determine.

(f) Condition to Lease

As a condition of obtaining a lease from Association, MidAm, PCA or MidAm, FLCA any lessee who is entitled to own Class D Common Stock shall be required to acquire Class D Common Stock in an amount as determined by the Board from time to time. The equity requirement to be not less than one share or the minimum requirement as set out in the Act and Regulations, if any, and not to exceed the equity requirement for obtaining a loan.

810.5 Class A Participation Certificates

(a) Issue

There shall be no Class A Participation Certificates issued other than those units issued as a result of the conversion of FLBA 4th, FLBA B, FLBA M and PCA 4th's Participation Certificates as of the Merger Date.

(b) Voting Rights

Class A Participation Certificates shall have no voting rights.

(c) Rights

Rights of a holder to dividends, to patronage refunds, to transfer, to retirement, upon loss and upon impairment shall be subject to the Act, Regulations and in accordance with provisions of Section 815 (Application of Earnings and Losses), Section 830 (Dividends), Section 835 (Patronage Refunds), Section 840 (Transfer), Section 845 (Conversion), Section 850 (Retirement), Section 855 (Impairment) and Section 860 (Liquidation) of these Bylaws.

(d) Protection of Participation Certificates

When retiring Class A Participation Certificates in accordance with the Act, Regulations and these Bylaws, the units shall be retired at par value.

(e) Fractional Units

No fractional units of Class A Participation Certificates shall be issued or paid.

810.6 Class B Participation Certificates

(a) Issue

Class B Participation Certificates may be issued in accordance with the Act and Regulations:

1. To borrowers who are rural residents to capitalize their rural housing loans.
2. To borrowers who are persons or organizations furnishing to farmers and ranchers farm related services directly related to their agricultural production, to capitalize their loans.
3. To other persons or organizations who are eligible to borrow or participate in loans from Association, MidAm, PCA or MidAm, FLCA but are not eligible to hold voting stock.
4. For allocated surplus distributions, dividend payments, and patronage distributions.
5. To any person who is not a stockholder but who is eligible to borrow from Association, MidAm, PCA or MidAm, FLCA for the purpose of qualifying such person for technical assistance, financially related services, and leasing services offered by Association, MidAm, PCA or MidAm, FLCA.

(b) Voting Rights

Class B Participation Certificates shall have no voting rights.

(c) Rights

Rights of a holder to dividends, to patronage refunds, to transfer, to retirement, upon loss and upon impairment shall be subject to the Act, Regulations and in accordance with provisions of Section 815 (Application of Earnings and Losses), Section 830 (Dividends), Section 835 (Patronage Refunds), Section 840 (Transfer), Section 845 (Conversion), Section 850 (Retirement), Section 855 (Impairment) and Section 860 (Liquidation) of these Bylaws.

(d) Fractional Units

No fractional units of Class B Participation Certificates shall be issued or paid.

(e) Condition to Borrowing

1. Any borrower who is entitled to own Class B Participation Certificates shall acquire Participation Certificates as a condition for obtaining a loan from Association, MidAm, PCA or MidAm, FLCA. The amount of Class B Participation Certificates which a borrower shall acquire shall be two (2) percent of the loan amount or \$1,000, whichever is less. The Board shall establish from time to time whether the certificate requirement shall apply to each loan to a borrower or apply to a borrower's aggregate outstanding loan balance on all borrower's loans (as used in this section shall only include those loans, including the new loan, where the borrowers are the same on each loan).
2. If the Association fails to meet the minimum permanent capital standards, the Class B Participation Certificates shall be purchased from the Association.
3. Loan origination fees may be charged as a condition of borrowing as the Board from time to time may determine.

(f) Condition to Lease or Purchase of Financially Related Services

As a condition of obtaining a lease or purchasing financially related services from Association, MidAm, PCA or MidAm, FLCA any lessee or purchaser of financially related services who is entitled to own Class B Participation Certificates shall be required to acquire Class B Participation Certificates in an amount as determined by the Board from time to time. The equity requirement to be not less than one share or the minimum requirement as set out in the Act and Regulations, if any, and not to exceed the equity requirement for obtaining a loan.

815 Application of Earnings or Losses

815.1 At the end of each fiscal year, the Association shall apply its earnings (including patronage allocations and refunds received from the FCB) for such fiscal year in the following order:

- (a) to cover operating expenses, including additions to loan valuation reserves as provided by law;
- (b) to restore the amount of any impairment of Stock and Participation Certificates as prescribed in Section 855.2 of these Bylaws;
- (c) to restore the amount of any impairment of allocated surplus;
- (d) to restore the amount of any impairment of paid-in surplus;
- (e) to create and maintain an unallocated surplus account as provided in Section 820 of these Bylaws;
- (f) to pay dividends on Stock of the Association if authorized pursuant to Section 830 of these Bylaws;
- (g) to make patronage distributions if authorized pursuant to Section 835 of these Bylaws; and
- (h) to transfer any remaining earnings to the reserved surplus account.

815.2 In the event of a net loss for any fiscal year, after applying earnings for such fiscal year as provided in Section 815.1 above, such loss shall be absorbed by, first, charges to the unallocated surplus account; second, impairment of paid-in surplus; third, impairment of the allocated surplus account; fourth, impairment of Class B Common Stock, Class D Common Stock, Class A Participation Certificates, Class B Participation Certificates, concurrently; and fifth, impairment of Class A Preferred Stock and Class C Preferred Stock, concurrently. Notwithstanding this Section, Class B Common Stock and Class A Participation Certificates shall be retired in accordance with Section 4.9A of the Act.

820 Surplus Accounts

The Association shall create and maintain an unallocated surplus account and may maintain an allocated surplus account. Except as provided in Section 815, the unallocated surplus account may not be reduced and no part thereof may be transferred to the allocated surplus account.

825 Allocated Surplus Accounts

825.1 The Association may, subject to the Act and the Regulations, create and maintain an allocated surplus account consisting of earnings held therein and allocated to borrowers on a patronage basis in accordance with Section 835 of these Bylaws. 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 815.2 of these Bylaws, and on the basis of latest allocations first.

825.2 Association, MidAm, PCA and MidAm, FLCA shall have a first lien on all surplus account allocations owned by any borrower, and all distributions thereof, as additional collateral for such borrower's indebtedness to Association, MidAm, PCA or MidAm, FLCA, as the case may be.

825.3 When the debt of a borrower is in default or is in the process of final liquidation, the Association may, upon notice to the borrower, order any and all surplus account allocations owned by such borrower to be applied against the indebtedness to Association, MidAm, PCA or MidAm, FLCA, as the case may be. Any such retirement and application against indebtedness of surplus account allocations shall be before similar retirement and application of Stock or Participation Certificates owned by the borrower.

825.4 At the Board's discretion and subject to the Act, Regulations, and any other restrictions, when all of the Stock and Participation Certificates of the Association owned by a borrower are retired or otherwise disposed of, any surplus account allocations owned by such borrower may also be retired, upon request by the borrower and subject to the approval of the Board, and the proceeds paid to the borrower. Alternatively, if the Board so directs, upon notice to the

borrower such surplus account applications may be applied against any of the borrower's indebtedness to Association, MidAm, PCA or MidAm, FLCA, as the case may be. As a condition, however, to the approval of a former borrower's application for an advance within two (2) years after retirement hereunder, the applicant must first repay any allocated surplus proceeds resulting from such retirement which would not otherwise have been paid through normal distributions.

- 825.5 Subject to the Act and the Regulations, allocated surplus may be distributed, oldest allocations first, in Class C Preferred Stock of the Association or in cash. The cash proceeds may be applied against the indebtedness of the borrower to the Association. In no event shall such distributions reduce the surplus account below the minimum amount prescribed by the Act and the Regulations. Distributions of less than the full amount of all allocations issued as of the same date shall be on a pro rata basis. If any part of a distribution in Class C Preferred Stock to one borrower is less than \$5, such distribution may be held by the Association and accumulated with subsequent partial distributions to equal one whole share of Class A Preferred Stock or Class C Preferred Stock.

830 Dividends

- 830.1 In accordance with the Act and the Regulations, the Board may declare dividends on the Stock and Participation Certificates of the Association. Such dividends may be paid on Class A Preferred Stock and Class C Preferred Stock alone or on all classes of Stock and Participation Certificates. No dividends may be paid on Class B Common Stock, Class D Common Stock, Class A Participation Certificates or Class B Participation Certificates during any fiscal year with respect to which the Association has obligated itself to distribute earnings on a patronage basis pursuant to Section 835 of these Bylaws. The rate of dividends paid on Class A Preferred Stock and Class C Preferred Stock for any fiscal year may not be less than the rate of dividends paid on Class B Common Stock, Class D Common Stock, Class A Participation Certificates or Class B Participation Certificates for such year and, similarly, the rate of dividends on Class B Common Stock and Class D Common Stock may not be less than the rate paid on Class A Participation Certificates and Class B Participation Certificates.
- 830.2 Dividends may be paid to holders of record on the effective date of the declaration, provided the Stock or Participation Certificates were outstanding for at least sixty (60) calendar days prior to the effective date of the declaration.
- 830.3 Dividends on Stock and Participation Certificates may be paid in cash, Class C Preferred Stock, or partly in cash and partly in Stock, except that dividends on Stock held by the FCB shall be paid in cash. If any part of such dividends payable in Stock to one borrower are less than \$5, the dividends may be distributed in cash or held by the Association and accumulated with subsequent dividends until the retained dividends equal \$5, so that the dividends may be distributed as one whole share of Class C Preferred Stock.
- 830.4 Dividends shall be noncumulative.

835 Patronage Refunds

- 835.1 Prior to the beginning of any fiscal year, the Board may adopt a resolution in accordance with the Act and the Regulations, so as to obligate the Association to distribute to borrowers on a patronage basis all or any portion of available net earnings of Association for such fiscal year, or for that and subsequent fiscal years. However, no patronage distribution will be paid if the earnings available for distribution do not exceed \$500,000.
- 835.2 All patronage distributions shall be in the proportion that the amount of interest earned by Association, MidAm, PCA or MidAm, FLCA on its loans to each borrower bears to the total interest earned by Association, MidAm, PCA or MidAm, FLCA on all such loans outstanding during the fiscal year, except that another proportionate patronage basis may be used upon approval by the Board in accordance with the Act and the Regulations.
- 835.3 Net earnings of any fiscal year shall be available for patronage distribution only after making the applications as required in (a) through (e) of Section 815 and paying dividends on Class A Preferred Stock and Class C Preferred Stock. Patronage allocations and refunds received from the FCB in the form of stock shall be excluded from net earnings available for patronage distributions and dividends. The amount available for patronage distributions for any fiscal year shall in no event exceed the net earnings from patronage from Association, MidAm, PCA and MidAm, FLCA borrowers and from the patronage received from the FCB in the form of cash for such year.
- 835.4 Patronage distributions may be in cash, Class C Preferred Stock, allocations of earnings retained in an allocated surplus account, or any one or more of such forms of distribution, except that at least twenty percent of the total patronage distributions to any borrower for any fiscal year shall always be in cash. Cash distributions may not exceed twenty percent of the patronage distribution if such distribution would cause the surplus account at the end of the fiscal year for which the distribution is paid to be less than the minimum amount prescribed by the Act and the Regulations. Any part of a patronage distribution in Class C Preferred Stock to one borrower that is not a multiple of \$5 may be distributed in cash or held by the Association for the borrower and included in a subsequent distribution.

- 835.5 Each holder of Class B Common Stock or Class D Common Stock of this Association shall, by such act alone, consent that the amount of any distributions with respect to patronage which are made in written notices of allocation, as defined in 26 U.S.C. 1388 (i.e. patronage allocations of surplus account and patronage refunds paid in Class C Preferred Stock of the Association, 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 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. Such holder of Class B Common Stock or Class D Common Stock 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 from the Association that such amount has been applied on his or her indebtedness to Association, MidAm, PCA or MidAm, FLCA, as the case may be.
- 835.6 The Association shall obtain the written consent of each holder of Class A Participation Certificates or Class B Participation Certificates that the amount of any distributions with respect to the holder's patronage, which are made in written notices of allocations as defined in 26 U.S.C. 1388 (i.e., patronage allocations of surplus account, patronage refunds paid in Class C Preferred Stock, or distributions with respect to patronage that have been applied to the holder's indebtedness to Association, MidAm, PCA or MidAm, FLCA, as the case may be, and for which the holder has received written notice), will be taken into account as income by the holder at the stated dollar amounts in the manner provided for in 26 U.S.C. 1385(a) in the taxable year in which such written notices of allocation are received. The form of consent shall be prescribed by the Board, except that it shall be continuing in effect until revoked by the Class A Participation Certificate or Class B Participation Certificate holder, and it may be included as part of the loan application or other appropriate form signed by borrowers. Consent may also be obtained by use of a qualified check in the manner provided for in 26 U.S.C. 1388.
- 835.7 In the event of an Authorization Event under Section 210 hereof, the Association's net earnings for purposes of computing and paying patronage dividends shall include the net earnings of MidAm, PCA and MidAm, FLCA (computed on a consolidated basis).

840 Transfer

- 840.1 Stock and Participation Certificates may be transferred to persons or organizations eligible to receive or to hold such Stock or Participation Certificates as provided in Section 810 of these Bylaws.
- 840.2 The Association shall be its own transfer agent in all matters relating to its Stock and Participation Certificates.

845 Conversion

- 845.1 Each class of Stock and Participation Certificates may be converted into any other class of Stock or Participation Certificates for which the holder is eligible as provided in Section 810.
- 845.2 Class B Common Stock shall be converted into Class A Preferred Stock within two years after the holder thereof ceases to be a borrower from Association, MidAm, PCA or MidAm, FLCA. Class D Common Stock shall be converted into Class C Preferred Stock within two years after the holder thereof ceases to be a borrower from Association, MidAm, PCA or MidAm, FLCA.

850 Retirement

850.1 Class A Preferred Stock, Class B Common Stock, and Class A Participation Certificates

Retirement may be upon repayment of a loan or under a retirement plan in effect prior to January 6, 1988, and for such equities issued after that date, a retirement plan in effect at the time the loan was made. Such equities shall be retired at par, even if book value is less than par. Such equities may also be retired under other conditions approved by the Board with prior approval of the FCA.

850.2 Class C Preferred Stock, Class D Common Stock and Class B Participation Certificates

Subject to the Act, Regulations and any other restrictions, such equities shall be retireable only at the discretion of the Board and not on a date certain or upon the happening of an event such as repayment of a loan or pursuant to an automatic retirement or revolvment plan. Such equities shall be retired at their book value and shall not exceed their par value. No such equities shall be retired unless after the retirement the institution would continue to meet the minimum permanent capital standards or the interim permanent capital standards, as the case may be.

850.3 Mandatory Retirement

At the Board's discretion and subject to the Act, Regulations and any other restrictions (including minimum permanent capital standards), the Board may order the retirement of such amounts of Class A Preferred Stock or Class C Preferred

Stock as it may determine in accordance with procedures which assure equitable treatment of all holders of Class A Preferred Stock or Class C Preferred Stock.

850.4 Retirement in the Event of Default

When the debt of a borrower is in default, the Association may, upon notice to such borrower, order the retirement of any Stock or Participation Certificates held by the borrower and the proceeds thereof applied against the borrower's indebtedness to Association, MidAm, PCA or MidAm, FLCA, as the case may be. Any such retirement and application of Stock or Participation Certificates shall be after similar retirement and application of surplus account allocations owned by the borrower.

855 Impairment

855.1 Any losses which result in an impairment of the Association's capital shall be borne ratably by, first, each share of Class B Common Stock and Class D Common Stock, and each unit of Class A Participation Certificates and Class B Participation Certificates outstanding; and second, each share of Class A Preferred Stock and Class C Preferred Stock outstanding. Notwithstanding this Section, Class B Common Stock and Class A Participation Certificates shall be retired in accordance with Section 4.9A of the Act.

855.2 Impaired Stock and Participation Certificates shall be restored in the reverse of the sequence set forth in Section 855.1 until each share of Stock and unit of Participation Certificates has a book value equal to the par value or face value, respectively.

860 Liquidation

In the event of a voluntary or involuntary liquidation of the Association, following the payment of all claims in accordance with the Act and Regulations, the remainder of the assets of the Association shall be distributed to the holders of Stock and Participation Certificates. In the event there are insufficient funds to pay the holders of Stock and Participation Certificates at par value, then distribution should be made in accordance with the priorities for impairment set forth in Section 855.1 of these Bylaws. In the event funds are sufficient to pay all holders of Stock and Participation Certificates at par value, any excess funds shall be distributed, insofar as practicable, to the holders of Class B Common Stock, Class D Common Stock, Class A Participation Certificates and Class B Participation Certificates in the proportion that the aggregate interest paid by each holder over the prior two years bears to the total interest paid by all holders of stock and participation certificates.

865 Lien

Except with respect to Stock or Participation Certificates held by other System institutions, each of Association, MidAm, PCA and MidAm, FLCA shall have a first lien on all Stock and Participation Certificates in the Association owned by its borrowers as additional collateral for any indebtedness of such borrower. Upon an Authorization Event, all Stock and Participation Certificates shall be pledged to MidAm, PCA or MidAm, FLCA, as the case may be, as additional collateral for any indebtedness of the borrower to MidAm, PCA or MidAm, FLCA, respectively. Stock and Participation Certificates may not be pledged or hypothecated to third parties.

870 Paid-In Surplus

The Association is authorized to receive paid-in surplus from the FCB in accordance with the Act and the Regulations.

875 Secondary Market Loans

875.1 Equity Retirement

On or after 12-01-96 no stock or participation certificate is required to be purchased as a condition for obtaining a loan which is designated, at the time the loan is made, for sale to a secondary market. Designated loans not sold within the 180 day period shall be subject to the equity requirement for loans as stated in bylaw 810.4(e) or 810.6(e).

875.2 Retirement

The Board is authorized to retire stock or participation certificates on those loans sold to a secondary market prior to 12-01-96 and on those loans designated for sale to the secondary market but not sold within the 180 day time period, provided however that the Association shall not retire such stock or participation certificates if the action would result in the failure of the Association to meet the minimum permanent capital adequacy standard established in the FCA regulations.

ARTICLE IX -- EXECUTION OF DOCUMENTS

900 FCB Transactions, Releases, and Uniform Commercial Code Transactions

All documents required to be executed in connection with transactions with the FCB, and all 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 by the chief executive officer's designee who shall be identified by name or position in a report to the Board and recorded in the minutes of the Board.

910 Other Transactions

Bonds, contracts, conveyances and all other documents, except checks and vouchers of the Association, shall be signed by the chief executive officer or other officer of the Association designated by position or name by resolution of the Board and, when required, shall be attested to by another officer(s) or employee(s) designated by name or position by the Board. When Association, MidAm, PCA or MidAm, FLCA holds a mortgage containing a provision for foreclosure under a power of sale, the Board or the chief executive officer if he or she has been delegated such authority by the Board, or any officer or employee if that officer or employee has been delegated such authority by the chief executive officer, may, at their discretion, designate and authorize an agent for the Association to exercise such power and convey the mortgaged property in the name of Association, MidAm, PCA or MidAm, FLCA, as the case may be. No person shall sign and attest the same document.

920 Expenses and Checks

The chief executive officer or such employee(s) as may be designated by the chief executive officer shall, subject to subsequent approval by the Board unless prior approval is required by the Board 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

1000.1 Copies of the organization papers of the Association, returns of Association elections, proceedings of all regular and special meetings of Members and Equityholders and of Directors, the Bylaws and any amendments thereto, resolutions of the Board, and reports of all committees shall be recorded in the minute books of the Association. 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. 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.

1000.2 To protect the confidentiality of the resolutions adopted by the Board in casting the ballots for nomination and election of FCB board members, the minutes of the Board shall reflect only that the Board adopted such resolutions and that copies thereof were promptly transmitted to the FCB.

1010 Reports

The Association shall make available to each of its Members and Equityholders such reports as are required by the Act and the Regulations and such other reports as the Board deems advisable.

ARTICLE XI -- UNCLAIMED PROPERTY

The Association shall make diligent efforts to return unclaimed property or pay the proceeds of any retirement of Stock and accrued dividends to the owners thereof. If, after the expiration of the applicable Statute of Limitations, the Association is unable to determine the address or whereabouts of the owners or the heirs and assigns of the owners, such unclaimed property may be taken into income of the Association unless other disposition is required by the Act, the Regulations, or applicable state law.

ARTICLE XII -- FISCAL YEAR

The fiscal year of the Association shall end on December 31st of each year.

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

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

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 Board of Directors.

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 wholly successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Section 1 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 action, suit or proceeding.

1320 Procedure

Any indemnification under Section 1300 of this Article (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director, officer or employee is proper in the circumstances. Such determination shall be made (1) by the Board of Directors 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 action, suit or proceeding referred to in Section 1300 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 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 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

1340.1 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.

1340.2 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 (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.

1360 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 Farm Credit 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 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 and advancement of expenses provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expense may be entitled under any insurance or other agreement, vote of directors or otherwise, both as to actions in their official capacity and as to actions in another capacity while holding an office, and shall continue as to a person who has ceased to be a director, officer or employee and shall inure to the benefit of the heirs, executors and administrators of such person. The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association or who is or was serving in any of the capacities referred to in Section 1300 hereof against any liability asserted against him/her or incurred by him/her in any such capacity, or arising out of his/her status as such, whether or not the Association would have the power to indemnify him/her against such liability under the provisions of this Article.

1380 FCA Penalties

Notwithstanding any other provisions of this Article, this Association shall not indemnify or purchase any insurance to protect any of its directors, officers, employees, or agents against or from any monetary penalties or other payments imposed by or in any action brought by the FCA or against or from any expenses incurred by any director, officer, employee or agent in an unsuccessful defense against such an imposition or action.

ARTICLE XIV -- AMENDMENTS

1400 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); provided, however, on the signing of a waiver of notice by a majority of the entire membership of the Board, the Bylaws may be altered, amended or repealed and new Bylaws adopted at any regular or special meeting of the Board.

1410 Amendments Affecting Capitalization

Any amendment to these Bylaws affecting capitalization of the Association, or to the capitalization bylaws of MidAm, PCA or MidAm, FLCA, other than those strictly of a technical nature not affecting any rights, shall not become effective unless approved by a majority of voting stockholders of the Association, voting in person or by proxy, at a duly authorized meeting of Members. Any issuance of preferred stock by the Association, or by MidAm, PCA or MidAm, FLCA, must be approved by a majority of the shares of each class of equities of the Association affected by the preference, voting by class, whether or not such classes are otherwise authorized to vote.

1420 Effective Date

Amendments to these Bylaws shall become effective in accordance with the resolution of the Board of Directors approving such Bylaws.

CERTIFICATION

I, the undersigned assistant corporate secretary of Farm Credit Services of Mid-America, ACA, hereby certify that the Board of Directors of said association duly adopted the foregoing Bylaws to be effective December 19, 2007.

Date: December 21, 2007

Helen Strange
Assistant Corporate Secretary