

First Amended and Restated Bylaws of Northwest Farm Credit Services, an Agricultural Credit Association

ARTICLE I -- DEFINITIONS

100 Definitions

"Act" - the Farm Credit Act of 1971, as it may be amended or recodified from time to time.

"Appointed Directors" - mean directors elected by the other members of the Board as provided in Section 515.8.

"Appointed Outside Director" - means an Appointed Director who is not a director, officer, employee, stockholder or agent of another System entity.

"Appointed Stockholder Director" - means the Appointed Director who is a Voting Member.

"Association" - means Northwest Farm Credit Services, an Agricultural Credit Association.

"Board" - means the Board of Directors of Northwest Farm Credit Services, ACA.

"Bylaws" - means these Bylaws, as they may be amended from time to time pursuant to Articles VIII and XV hereof.

"Controlling Interest" - means directly or indirectly: (a) a 50 percent or greater ownership interest in (i) another Member or (ii) the primary collateral securing another Member's loan(s); or (b) a 50 percent or greater voting right in another Member.

"Equityholder" - means a holder of Stock in the Association who is not a Voting Member.

"FCA" - means the Farm Credit Administration.

"FCB" means CoBank, FCB, a Farm Credit Bank or any successor thereto, which is the funding bank for the Association.

"GFA" means the General Financing Agreement entered into between FCB and the Association and its Subsidiaries.

"Member" - means a person to whom this Association is authorized to extend credit or other services who holds Stock in the Association.

"Northwest FLCA" - means Northwest Farm Credit Services, FLCA, a Federal Land Credit Association.

"Northwest PCA" – means Northwest Farm Credit Services, PCA, a Production Credit Association.

"Region" – means the Region designated by the Board in accordance with Section 210 of these Bylaws.

"Regulations" – mean FCA regulations or similar directives applicable to and binding on the Association.

"Stock" – means the capital stock and similar equities of the Association, which shall consist of Class A Voting Stock, Class A Nonvoting Stock, Class A Participation Certificates, Class D Nonvoting Stock and such other classes of capital stock as may be authorized from time to time by the Board, all as described in Article VIII.

"Stockholder Elected Directors" – mean the directors elected by the Voting Members as provided in Article V.

"Subsidiary" or "Subsidiaries" – mean Northwest PCA and Northwest FLCA, individually or collectively.

"System" – means the Farm Credit System.

"Voting Member" – means a holder of Class A Voting Stock of the Association.

ARTICLE II -- LEGAL STATUS; AUTHORITIES; AREAS

200 Charter and Authorities

The 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 Regulations and under the supervision of the FCB, the Association in its chartered territory possesses and may exercise all lending and other authorities of any kind 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, a Farm Credit Bank, as well as any granted specifically to an Agricultural Credit Association or Federal Land Credit Association. Without limiting the foregoing, these authorities include authority to:

(A) Make, guarantee or participate with other lenders in short- and intermediate-term loans 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 housing financing in rural areas; and
- (3) persons furnishing to farmers and ranchers farm-related services directly related to their on-farm operating needs; and

(B) Make or participate with other lenders in long-term real estate mortgage loans in rural areas, or to producers or harvesters of aquatic products, and make continuing commitments to make such loans under specified circumstances, for a term of not less than 5 nor more than 40 years; and

(C) Provide technical assistance to borrowers, applicants and Members, and make available to them, at their option, such financially related services appropriate to their on-farm and aquatic operations as is determined feasible under applicable Regulations.

210 Division into Nomination Regions

The Association's chartered territory shall be divided into 11 nominating regions for purposes of nominating individuals to serve as director and nominating committee candidates in a manner that ensures equitable geographic representation, including the types of agriculture practiced. Under guidelines prescribed by the Board, and except as otherwise outlined in those guidelines, each director or nominating committee candidate shall be assigned to the Region that contains their headquarters or relevant operations. The Board shall review these Regions from time to time to assure they continue to reflect the needs of the Association and the requirements of the Act and Regulations and may, by Board resolution, adjust the Regions accordingly.

220 Relationship with Northwest PCA and Northwest FLCA

The Association, Northwest PCA and Northwest FLCA shall conduct an integrated lending operation. Northwest PCA shall make short and intermediate-term loans and provide financially related services to qualified borrowers in the Association's territory. Northwest FLCA shall make long-term real estate loans and provide financially related services to qualified borrowers in the Association's territory. All three institutions shall enter into a GFA with the FCB for purposes of funding loans and leases originated and made by the Association, Northwest PCA and Northwest FLCA pursuant to their respective lending authorities. The indebtedness owed to the FCB under the GFA shall be the joint and several obligation of all three institutions. The Association shall at all times own all voting stock of Northwest PCA and Northwest FLCA.

ARTICLE III -- ELIGIBILITY TO BORROW

Any person or entity to whom or which this Association is authorized to extend credit or other services is eligible to apply for a loan or such other services from this Association and is qualified to become a Member of the Association. In the case of a deceased or legally incompetent Member, the executor, administrator, guardian, or other legally authorized representative shall be considered to be the Member for purposes of these Bylaws.

ARTICLE IV -- MEETINGS OF MEMBERS AND EQUITYHOLDERS

400 Time and Place

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

400.2 Special Meetings. Special meetings of Members and Equityholders may be called at any time by resolution of the Board. Such meetings shall also be called upon written request of at least five percent of the Voting Members, except that in no case shall the required number of signatures for such a request be less than 500. Meetings also may be called by the President or Chief Executive Officer. All notices of special meetings shall state the time, place, and purpose of the meeting. If the Board fails or refuses to order such notice to be given, the notice may be given by the person or persons who made the call, in accordance with the provisions of Section 410.

400.3 Sessions. The Board may provide for the annual meeting of Members and Equityholders to be held in consecutive sessions and may so provide for special meetings. Such sessions may be held at different times and locations as designated by the Board. The date of the convening of the first session shall be the date of the meeting for purposes 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 such sessions of the meeting. At each session except the last, the meeting shall be adjourned until the next session of the meeting. The last session must be scheduled for a time no later than 55 calendar days after the first 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 matters requiring a vote of all Voting Members must be introduced at the first session of the meeting.

410 Notice of Meeting - Record Date

The chairman of the Board shall cause written notice of every annual or special meeting of Members and Equityholders to be mailed at least 10 calendar days prior to the meeting to all Members and Equityholders of record as of the close of business on the record date specified by the Board or other person calling the meeting pursuant to Section 400, which date shall be not more than 70 calendar days nor less than 10 calendar days prior to the date of such meeting. In the event the Board does not fix the record date for any such meeting, such record date shall be the date which is 70 calendar days prior to the date of such meeting. The notice shall be mailed to the last known post office address of the Member or Equityholder as it appears on the records of the Association. The notice shall state the purpose and the time and place of meeting. No business shall be transacted at special meetings other than that referred to in the notice.

420 Quorum

Seventy-five (75) Voting Members or one percent of the total number of Voting Members of the Association, whichever is less, shall constitute a quorum at a meeting of Members and Equityholders. Proxies and mail ballots shall be included to establish a quorum to the extent authorized by the Board under Section 440.2 and Section 440.3, respectively. If less than a quorum is present at any meeting, the chairman of the meeting may recess or adjourn the meeting from time to time until a quorum is obtained. The attendance of Voting Members at all sessions shall be combined for the purpose of constituting a quorum, but no Voting Member shall be counted or permitted to vote at more than one session.

425 Attendance at Meetings

Each Member or Equityholder present at a meeting of Members and Equityholders is authorized to speak on any question being considered at the meeting, when recognized by the chairman of the meeting. Motions (except motions to authorize preferred stock), nominations and seconds may be made only by Voting Members.

430 Conduct of Annual Meeting

At the annual meeting of Members and Equityholders, reports of the Board shall be given and or made available by persons designated by the Board. The reports required by Section 1010 shall be presented. The business to be conducted shall include the election of at least one member elected director position each year. Other items of business that may come before the meeting include, but are not limited to: (a) determination of quorum; (b) proof of due notice of meeting; (c) reading and disposition of minutes; (d) annual reports of committees and officers; (e) election of members of the nominating committee; (f) unfinished business; and (g) new business.

435 Minutes of Meetings

The secretary of the Association shall act as recording secretary at all meetings of Members and Equityholders, unless some other person is designated by the chairman of the meeting to serve in that capacity.

440 Voting

440.1 Per Capita Voting. Unless otherwise required by the Act, the Regulations, or another provision of these Bylaws, only Voting Members shall be entitled to vote, and each Voting Member shall be entitled to only one vote regardless of the number of single or joint loans such Member may have with the Association. 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 holder(s) in a writing filed with the Association. The vote of a Member that is a legal entity shall be cast by an individual duly authorized in a writing filed with the Association. If a Voting Member has a Controlling Interest in the business affairs of another Voting Member, the controlling Member and the controlled Member shall be entitled to a total of only one vote.

440.2 Proxy Voting; Confidentiality. Voting by proxy shall be permitted at any annual or special meeting as authorized by the Board, or as required by the Act and Regulations. Ballots and proxy ballots shall not require signature by Members or their proxies or duly authorized representatives, and shall be handled in accordance with policies and procedures adopted by the Board, which will assure confidentiality regarding whether or how a Voting Member votes, as required by the Act and Regulations. Each ballot shall be marked with an identifying code and all voted ballots shall be delivered to an independent party for tabulation.

440.3 Mail Balloting. Unless otherwise prohibited by the Act and Regulations, voting by mail or electronic balloting at annual and special meetings of Members and Equityholders and for the election of directors and nominating committee members shall be permitted as authorized under procedures established by the Board. Such procedures shall provide for mail ballots to be mailed only after the session of the annual meeting at which floor nominations for Association director positions were

provided for, and for a cut-off date for receiving mail and electronic ballots, which shall be at least 15 days after the date the ballots are sent.

440.4 List of Voting Members. In connection with each meeting of Members and Equityholders, the Board shall cause to be prepared a list of Voting Members of record entitled to notice of the meeting pursuant to Section 410 and only such Members shall be entitled to vote at the meeting. The list shall be used when distributing ballots at an annual or special meeting and for other purposes as authorized by the Board subject to the Act and Regulations. If the meeting is held in consecutive sessions, the list shall be used at each session to assure that only Voting Members make motions or nominations for Association director positions from the floor, and that no Voting Member votes more than once. A current list of Members and Equityholders shall be provided to a Member or Equityholder upon written request as provided, and subject to the conditions specified, in Section 4.12A(a) of the Act.

ARTICLE V -- DIRECTORS

500 Board Eligibility, Election and Terms of Service

501 Number of Stockholder and Board Elected Directors. The Association Board shall consist of fourteen members. Eleven members shall be Stockholder Elected Directors elected from the Voting Members as provided for under this Article V. One Stockholder Elected Director represents each Region. Three members shall be Appointed Directors elected by the other directors as provided for in Section 515.8.

501.1 Limitation on Board Elected Directors. In no event shall the number of directors appointed by the Board (including Appointed Directors and directors appointed to fill vacancies in Stockholder Elected Director positions) exceed 40 percent of the total number of directors actually seated at any time. In the event the appointment of a director to fill a vacancy in a Stockholder Director Position would cause the total number of such appointed directors to exceed 40 percent of the total seated positions, then the position shall remain vacant until filled by a stockholder vote at an annual meeting or until a special meeting is called to fill the vacant position(s) as provided for in Section 530.3.

505 Qualifications of Association Directors Elected by Voting Members

505.1 Eligibility. No person shall be elected or continue to serve as a Stockholder Elected Director unless he or she owns Voting Stock, is in compliance with the Regulations, is a bona fide farmer, rancher, or producer or harvester of aquatic products, and who has their headquarters or relevant business operations in the Association's chartered territory. An individual designated to vote the Stock of a legal entity that is a Voting Member may be a director as long as that individual holds equity in the legal entity and meets all other requirements for serving as an Association director.

In addition, no person shall be nominated, elected or re-elected to a Stockholder Elected Director position unless such person is assigned to the nominating region corresponding to the Stockholder Elected Director position for which they are/would be a candidate.

505.2 Ineligible Persons. A person is not eligible to be nominated, elected or appointed and may not serve as an Association director who is, or has been within the year preceding the beginning of their term: (a) a Farm Credit Bank director (other than as a director serving in the dual capacity of Association director and director of the FCB); or (b) an employee of any System institution. A person may not be a director of the Association and a director of another System institution (other than Northwest PCA, Northwest FLCA or in the dual capacity as a director of the FCB) or a local advisor simultaneously. A legally authorized representative of a deceased or incompetent Voting Member is not eligible to be nominated, elected or appointed and may not serve as a director unless such representative is a Voting Member in their own right. No member of the nominating committee is eligible for election as an Association director in the same election for which that nominating committee considered candidates, unless that member resigns from the nominating committee prior to attending any committee meetings.

505.3 Persons Whose Loans are Classified. No person shall be nominated, elected or appointed as an Association director if any of such person's loans or the loans of any entity in which that person has a Controlling Interest are classified less than fully acceptable. No director shall continue to serve in that capacity if, and the director's office shall become immediately vacant when, any of the director's loans or the loans of an entity in which the director has a Controlling Interest are reclassified as (i) substandard, doubtful or a loss or (ii) less than fully acceptable and such director fails, refuses or is unable, within 60 days of such reclassification, to develop a plan (satisfactory to the Board) to restore the loan to fully acceptable status within a reasonable period of time; or who fails to comply with the terms of that plan once approved; or where the plan fails to restore the loan to a fully acceptable classification within the approved time frame. For purposes of this Section, loan classification shall be as determined solely by the Association.

510 Nominating Committees

510.1 Nominating Committees. The nominating committee shall be approved by the Voting Members at each annual meeting or by a special election conducted in accordance with these Bylaws. Each nominating committee member shall own voting stock and their loan(s) shall be classified fully acceptable at the time they are placed on the ballot. No member of the nominating committee is eligible for election to the board in the same election for which that nominating committee considered candidates, unless that member resigns from the nominating committee prior to attending any committee meetings. The number of nominating committee seats to be filled shall be set each year by the board giving consideration to the number of director positions up for election, geographical and other considerations for the convenience and efficient operations of the nominating committee. In no event shall the Committee consist of fewer than three members.

The nominating committee shall be responsible for nominating persons to serve as stockholder elected Association directors for each nominating region with an election pursuant to Section 510.4. The nominating committee shall also be responsible to select members to be voted on by the voting stockholders to serve as the nominating committee for the next year's election. Once elected, the nominating committee shall continue to serve until a successor committee is elected and qualified. No director, officer, employee or agent of the Association may serve on the nominating committee or participate in any deliberations or voting of the nominating committee.

In addition, no candidate, or immediate family member of a candidate (their spouse, domestic partner, fiancée, parents (and their parents' spouse, domestic partner or fiancée), siblings, children, mother/father in-law, brother/sister in-law or son/daughter in-law) may serve on the committee or participate in deliberations or voting.

510.2 Quorum; Minutes. Five members of the nominating committee shall constitute a quorum for transacting the business of that committee, provided, if the nominating committee shall consist of five or fewer members, a majority of the nominating committee shall constitute a quorum. The committee shall keep minutes of its deliberations, which minutes shall be turned over to the chief executive officer or designee to be maintained in accordance with the Association's records retention and disposal policy. If the nominating committee acts through individual meetings of its members or by conference call, the participation of each member at all such meetings or conference calls shall be combined for purposes of meeting quorum requirements.

510.3 Selection of Director Nominees. Prior to each annual meeting of Members and Equityholders, the nominating committee shall review a list of Members assigned to each region with a director position up for election, select a prioritized list of Voting Members to be contacted to ascertain their interest to be interviewed and serve if elected, conduct such interviews and then submit a slate of at least two candidates for each position to go on the ballot. If two candidates cannot be identified, the nominating committee will show to the satisfaction of the Board their efforts to do so. If acceptable, the election may proceed with only one candidate. Each such candidate must be willing to serve as a director of the Association and must meet the requirements of Section 505. In preparing its slate of nominees, the committee shall endeavor to assure representation of the types of agricultural practices within the Association territory and that each candidate has the requisite skills, experience and characteristics necessary for effective Board service. The nominating committee shall have reasonable access to the Association's administrative resources, as permitted by the Act and Regulations, to perform its duties. Voting Members who do not conduct a farming operation in the Association's chartered territory may serve as members of the nominating committee and shall be associated with the geographic region that includes the branch that services their loan(s).

510.4 Conduct of Meetings. The nominating committee may meet as a group or through its individual members and may designate committees and or individuals from among themselves to carry on the business of the nominating committee. However, in the final deliberations and selection of candidates, all committee members, or as many as are available, shall meet as a group and in person to consider, evaluate and select candidates as provided for in procedures adopted by the Board. All other meetings and or business of the nominating committee may be conducted by telephone conference calls as provided for under Section 550.3. The nominating committee must conduct itself in an impartial manner, in accordance with the Act, Regulations and policies of the Association.

515 Election of Association Directors

515.1 Election. In the manner provided in these Bylaws, the Voting Members shall elect at each annual meeting of Members and Equityholders one or more directors of

the Association as may be required to fill the position of each director whose term is expiring. District wide voting will be used in the election of all stockholder elected directors.

515.2 Nominations. At or before the first session of the annual meeting of Members and Equityholders, the nominating committee shall submit its candidate slate for election. The chairman of the annual meeting shall entertain nominations from the floor, as required by the Act and Regulations. Floor nominations must be for each member elected director position to be filled and must be made only at the first session of the annual meeting. With respect to floor nominations to a position in a given nominating region, both the floor nominee and the nominator must be Voting Members who are assigned to the Region with the position up for election. Nominees must have the qualifications specified in Section 505, accept the nomination and must make all disclosures required by Regulation within five days following the floor nomination.

515.3 Election Procedure. Voting for directors shall not be cumulative. All candidates shall be listed on the ballot by the position to be filled. For each position to be filled, the ballot shall identify at least two nominees (except as provided in Section 510.3). The election for each position shall be conducted independently and the nominee receiving a plurality of the votes cast for a particular position shall be declared elected.

515.4 Tellers Committee. A Tellers Committee consisting of an independent third party or a committee of no fewer than two persons who are Voting Members shall be appointed by the Board or designee to validate ballots and proxies and tabulate voting results. Members who are Association directors, candidates or local advisors are ineligible to serve on the Tellers Committee. Employees may not serve on the committee, but may be designated to assist the Tellers Committee.

515.5 Balloting at Meetings. The Tellers Committee shall convene to validate ballots and proxies, tabulate the vote and report the results to the Board or designee, who shall inform the Members and Equityholders of the results at such meeting or as soon thereafter as is practicable. If the meeting is held in consecutive sessions, or mail/proxy balloting is used, a notice of the results of such voting shall be mailed to the Voting Members not more than 30 days following the last session of the meeting.

515.6 Tie Votes. If no person is elected to a position because of a tie vote, the tie shall be broken through a runoff election by reballoting. The ballots shall be cast by mail or electronically and counted by the Tellers Committee. The Tellers Committee shall report the results of the runoff election to the Board or designee, who shall mail a notice thereof to the Voting Members within 10 business days following receipt of all such reports. If both candidates in a tie election agree, the results may be determined by "coin flip".

515.7 Recounts. The Tellers Committee shall recount ballots in any stockholder vote the results of which are determined by fewer than 20 votes. An unsuccessful candidate may request a recount if the election results were determined by 20 or more votes, but less than the greater of 60 votes, or two percent of the votes cast. Any such request must be made within two days following the announcement of election results.

515.8 Board Appointed Director Positions. The Board shall have three Appointed Directors. Two Appointed Director positions shall be Appointed Outside Directors. To be eligible to serve as an Appointed Outside Director, an individual must not be a director (other than a Subsidiary director), officer, employee, stockholder or agent of any System institution. An Appointed Outside Director's position shall become immediately vacant if the director becomes a director, officer, employee, stockholder or agent of any System institution (other than a Subsidiary director). The third Appointed Director position shall be an Appointed Stockholder Director. The Appointed Stockholder Director shall be filled by a Voting Member without regard to the Region they are assigned to. This director shall otherwise be and remain eligible to serve as a Stockholder Elected Director pursuant to these Bylaws.

Appointed Directors shall be appointed by Board resolution adopted and approved in accordance with these Bylaws. The Appointed Directors shall in all other respects serve under the same terms and conditions applicable to Stockholder Elected Directors.

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

520 Term

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

If as a result of change in the number of directors, or for other reasons, the terms of directors do not expire equitably on a staggered basis, the terms of the directors elected thereafter shall be for such periods, not to extend beyond the fifth annual meeting thereafter, as will reestablish expiration of terms of directors on an equitably staggered basis, if so approved pursuant to a resolution approved by the Board.

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

Nothing herein restricts the rights of the Voting Members, acting pursuant to these Bylaws, to shorten any term being served by a director or to terminate any director position.

520.2 Limitations of Service. No director of the Association shall be eligible to serve more than three full elected terms, in addition to the period served as the result of an appointment to fill out the term of a vacated position pursuant to Sections 530.1 and 530.2.

530 Vacancies

530.1 Vacancies of Less Than a Majority. Except as provided in Sections 530.2 and 530.3 below, and subject to Section 5.34 of the Act, any vacancy on the Board (other than the positions filled pursuant to Section 515.8) arising other than by reason of the expiration of a term of office, shall be filled by an eligible Voting Member from the nominating region from which the vacancy occurred by vote of the remaining members of the Board. Such director shall then serve out the remaining unexpired term of the director they replaced.

530.2 Vacancies of a Majority or More

(A) Except as provided in Section 530.2(B), if a majority, but not all, of the director positions become vacant, the remaining director(s) shall first appoint qualified persons to fill sufficient vacancies to constitute a quorum. If all the director positions become vacant, the Association chief executive officer, in consultation with the nominating committee, shall appoint qualified persons to fill sufficient vacancies to constitute a quorum. Subject to Section 530.3, such newly appointed directors, together with any directors continuing in office, even if less than a quorum, shall then promptly elect qualified Voting Members to fill the other vacancies, and in so doing shall use their best efforts to assure that the Voting Members of each geographic area are proportionately represented on the Board. The directors appointed or elected pursuant to this Section 530.2(A) shall serve until the next annual meeting of Members and Equityholders or until a special meeting earlier called for the purpose of electing replacement directors to serve the then unexpired portions of the terms associated with the positions held by such directors.

(B) 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 will appoint sufficient directors to establish a quorum pursuant to Section 5.34 of the Act. Such directors shall then elect qualified members to fill the other director vacancies as described in these Bylaws, except in the case of the Appointed Director positions, which shall be filled in accordance with Section 515.8.

530.3 Special Election to Fill Vacant Positions

Notwithstanding Sections 530.1 and 530.2, should the appointment of a director by the Board to fill a vacant Stockholder Elected Director position result in less than 60 percent of the seated Board members being stockholder elected, then the Board shall call for a special stockholder meeting and conduct elections in such a manner to assure that at all times at least 60 percent of the Board's seated members were elected by Voting Members in accordance with these Bylaws.

540 Duties of Association Directors

540.1 Determination of Association Policy. The Board shall be responsible for general control and direction of the affairs of the Association. The Board shall determine Association policy matters, periodically review the operations of the Association, and keep itself informed of the Association's fulfillment of its objectives and duties in accordance with the Act, the Regulations, any applicable FCB policies adopted pursuant to the Act and other relevant governmental policies, procedures, and objectives. The Board shall recognize that the Association, Northwest PCA and Northwest 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.

540.2 Appointment of Chief Executive Officer. The Board shall: (a) appoint and fix the salary of the chief executive officer; (b) prescribe the duties and responsibilities of the chief executive officer, who shall be responsible for the management of the Association; and (c) provide for payment from the Association's general funds of the reasonable and necessary expenses incurred by committees, officers and employees of the Association in connection with the Association's business.

550 Board Meetings; Action Without Meeting

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

550.2 Special Meetings. 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.

550.3 Telephonic Meetings. Meetings (and meetings of committees established pursuant to Article VI) may also be conducted by telephone conference call, provided a reasonable attempt is made to reach all directors, a quorum is present, and technical arrangements permit all persons participating to hear one another at the same time. Such participation shall constitute presence in person at the meeting.

550.4 Notice; Waiver. Notice of meetings of the Board other than regular meetings scheduled by Board resolution shall be given by the secretary or such other person as may be designated by the Board. Such notice may be given by mail, facsimile, other written or electronic means, or by telephone. If given by mail, such notice shall be mailed at least seven days before the meeting date. If given by facsimile or other electronic or telephonic means, such notice shall be sent at least 48 hours prior to the time of the meeting. If given by telephone, the secretary shall make a reasonable effort to reach all directors and certify that such notice has been given, or such efforts made, at least 48 hours before the meeting time. Notice of any meeting may be waived in writing, either before or after the meeting. Participation in a meeting shall constitute waiver of notice, unless the sole purpose of such participation is to object to the propriety of such meeting.

550.5 Action by Written Consent. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent

thereto in writing, and the writing or writings are filed with the minutes of the proceedings of the Board or committee, as the case may be.

555 Officers of the Board; Duties; Removal

555.1 Election of Chairman and Vice Chairman. Annually, and at such other times as necessary to fill vacancies, the Board shall elect a chairman and vice chairman from among the members of the Board. The positions of chairman and vice chairman shall be effective consistent with the effective date of newly elected directors as outlined in Section 520.1.

555.2 Duties of Chairman. 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; (c) ensure that all orders and resolutions of the Board, the Regulations and any applicable FCB policies are carried into effect; and (d) perform such other duties as may be prescribed by the Board.

555.3 Duties of Vice Chairman. In the absence of the chairman, the vice chairman shall perform the duties of the chairman. In the absence of both the chairman and the vice chairman from a Board meeting, one of the other directors shall be elected by those present to preside over the meeting.

555.4 Removal. 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.

560 Honoraria

The Association may allow directors reasonable honoraria, retainer or other compensation for attendance at meetings, committee meetings, or for special assignments. The Association may also reimburse directors for reasonable expenses incurred in connection with such meetings or assignments.

570 Quorum

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

580 Removal of Directors

580.1 Removal by Voting Members. A director may be removed from the Board by a majority vote of the Voting Members voting, in person or by proxy, at an annual or special meeting of Members and Equityholders, provided that the meeting notice contains a notification that removal is to be considered.

580.2 Removal of Board Elected Directors by Board. Board elected directors may be removed from the Board by a two-thirds majority vote of the full Board (including Appointed Directors) at any meeting of the Board for which the meeting notice provides that the removal action would be considered; provided, however, the

director subject to the removal action is prohibited from voting in his or her own removal action. The reasons for the removal action must be documented.

580.3 Automatic Removal. A director shall automatically be removed from the Board, and the director's office shall automatically become vacant, in the event that such director: (a) files a petition for relief in voluntary bankruptcy, or otherwise institutes suit under applicable voluntary Federal or state bankruptcy, insolvency, or receivership laws; (b) is adjudged a debtor in an involuntary Federal bankruptcy proceeding or placed in receivership in a state proceeding; (c) seeks reorganization under the Bankruptcy Code of personal business interests or interests in an entity in which the director has a Controlling Interest; (d) is party to a foreclosure proceeding (judicial or nonjudicial) involving property in which the director has an interest, which proceeding is instituted because of a default on indebtedness to a System institution; (e) is convicted of any criminal offense including dishonesty or breach of trust, a felony or held liable in damages for fraud while holding office; or (f) dies or becomes legally incompetent.

580.4 Removal for Nonattendance. The absence of a director from three consecutive regular meetings of the Board, unless explained to the satisfaction of the other directors, shall automatically terminate such director's service and the resulting vacancy shall be filled as provided in Section 530.1.

585 Resignation

A director may resign by delivering written notice to the Board specifying the date upon which such resignation is to be effective. Once delivered, a notice of resignation is irrevocable unless revocation is permitted by the Board. A vacancy created by such a resignation shall be filled pursuant to Section 530.

590 Local Advisors

The Association shall develop and administer a local advisor program. This program shall act as an additional link between the Board and management of Association and its customers. The local advisor program shall outline the eligibility requirements, duties, roles and responsibilities of local advisors as well as all other operational matters governing the nomination, election, appointment, service and removal of local advisors.

ARTICLE VI -- COMMITTEES

600 Committees

Subject to other applicable provisions of these Bylaws, the Board shall establish those committees required by the Act and Regulations, and may, by resolution adopted by a majority of the full Board, provide for one or more additional committees of directors. Board members may serve on one or more committees and may act as alternates on any of the committees established by the Board.

Committees shall generally act in an advisory capacity. However, to the extent delegated by Board resolution, and to the extent allowed by the Act and Regulations, they may exercise all the powers and authority of the Board on matters properly

brought before them. Notice of regularly scheduled Board meetings shall constitute notice of committee meetings. Notice of other specially called committee meetings shall be given as provided for in Board policies or committee Charters.

The Board shall approve Charters for each standing committee of the Board which shall set out duties, responsibilities, any delegated authorities, quorum requirements and other matters relating to committee membership and operations.

610 Minutes

Each committee shall keep a written record of its proceedings, which shall be submitted to the Board no later than at its next regularly scheduled meeting. Minutes of committee meetings shall be maintained in conformance with FCA Regulations and the committee Charters.

ARTICLE VII -- OFFICERS AND EMPLOYEES

700 Appointment and Qualifications of Officers

700.1 Appointment of Officers. The Board shall appoint a chief executive officer, who shall serve at the pleasure of the Board, and shall continue in office until a successor is selected and takes office, unless the chief executive officer shall sooner resign, die, retire, or be removed by the Board. Other Association officers shall be a secretary, a treasurer, and any other salaried officers provided for by the Board. Individuals may be appointed to these positions by the Board or by the chief executive officer as prescribed in Section 710. One person may hold more than one of these offices simultaneously, except that no person may serve simultaneously as chief executive officer and secretary.

700.2 Eligibility. No individual shall be eligible to become a salaried officer or employee if within the previous twelve months such individual served as a director or local advisor of the Association or a director of the FCB.

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

710 Duties of Officers

710.1 Duties of Chief Executive Officer. The chief executive officer shall: (a) perform such duties and exercise such authority as may be delegated by the Board; (b) shall 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 other officers and employees of the Association, fix their compensation, and designate the order of precedence in which such other officers shall act in the absence of any officer. The chief executive officer may have the title of president, manager, general manager, or another title.

710.2 Duties of Secretary. The secretary shall: (a) keep a complete record of all meetings of the Association and the Board, including those of the nominating committees; (b) be responsible for the corporate records of the Association; (c) keep

the Association seal, if any, and affix it to all papers requiring a seal; (d) make all reports required by the Act or Regulations; and (e) perform such other duties as may be required by the Board or the chief executive officer.

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

720 Removal

The chief executive officer or any other officer or employee may be removed from office with or without cause at any time by a majority vote of the entire Board.

ARTICLE VIII -- CAPITALIZATION

800 Authorized Classes of Stock

800.1 Authorization and Designation, Par or Face Value.

The Association is authorized to issue:

1. An unlimited number of shares of Class A voting common stock ("Class A Voting Stock") with a par value of \$5 per share.
2. Such number of shares of Class A nonvoting stock ("Class A Nonvoting Stock") with a par value of \$5 per share as may be required for issuance pursuant to Section 810.3.
3. Up to 500 million units of Class A participation certificates ("Class A Participation Certificates") with a face value of \$5 per unit pursuant to Section 810.4.
4. Up to 100 million shares of Class D nonvoting common stock ("Class D Nonvoting Stock") with a par value of \$5 per share pursuant to Section 810.5.
5. Other classes of stock, participation certificates or other equities with such rights, designations, preferences, qualifications, limitations, terms and restrictions as may be authorized from time to time by the amendment or amendments of these Bylaws establishing such classes.

800.2 Fractional Shares or Units. Fractional shares or units of Stock or cash in lieu of such fractional share or units shall not be issued or paid.

810 Rights, Preferences, Limitations and Terms of Authorized Classes of Stock

810.1 General. Each class of Stock shall be entitled to dividends as provided in Section 830, shall be subject to retirement as provided in Section 850, shall be accorded priority with respect to impairment and restoration of impairment as

provided in Section 860 and shall be accorded priority upon liquidation as provided in Section 870.

810.2 Class A Voting Stock. Class A Voting Stock shall be issued to, and held only by farmers, ranchers, or producers or harvesters of aquatic products who borrow from the Association and are eligible to hold voting stock under the Act. Class A Voting Stock shall have voting rights as provided in Sections 440 and 820. Shares of Class A Voting Stock held by a borrower shall be converted into a like number of Shares of Class A Nonvoting Stock (i) within two years after the borrower's loan is repaid in full or (ii) promptly after the borrower ceases to be a farmer, rancher, producer or harvester of aquatic products eligible to borrow from the Association.

810.3 Class A Nonvoting Stock. Shares of Class A Nonvoting Stock may be issued (i) upon the conversion of Class A Voting Stock and (ii) for conversions of allocated surplus, dividend payments and patronage refunds. Class A Nonvoting Stock may be held by persons who are not borrowers from the Association. Class A Nonvoting Stock shall have no voting rights except as provided in Section 820.

810.4 Class A Participation Certificates. Class A Participation Certificates shall be issued only (i) to borrowers from the Association who are identified in Sections 2.4(a)(2) and (3) of the Act, (ii) to all other borrowers from the Association who are eligible to participate in Association loans but who are not eligible to hold voting stock, (iii) to persons who are not stockholders but who are eligible to borrow from the Association for the purpose of qualifying such persons for technical assistance and financial related services pursuant to Section 2.5 of the Act and leasing services offered by the Association, (iv) for conversions of allocated surplus, dividend payments and patronage refunds, and (v) any other person or entity as authorized by the Act or regulations. Class A Participation Certificates may be held by persons who are not borrowers from the Association. Class A Participation Certificates shall have no voting rights except as provided in Section 820.

810.5 Class D Nonvoting Stock. The Association may issue Class D Nonvoting Stock to the FCB in such amounts as may be authorized by the Board, subject to the terms and conditions set forth in the resolution authorizing the issuance of such stock and the provisions of any agreement between the Association and the FCB respecting such stock. Class D Nonvoting Stock shall have no voting rights, except as provided in Section 820.

820 Voting on Election of Directors and Issuance of Preferred Stock

820.1 Voting on Directors Noncumulative. As provided in Section 515.3, voting in the election of directors shall not be cumulative.

820.2 Authorization of Preferred Stock. Any authorization to issue preferred stock shall be approved by a majority of the shares of each class of Stock affected by the preference, voting as a class, whether or not such classes are otherwise entitled to vote.

830 Dividends

830.1 Declaration and Payment. Subject to the Act and the Regulations, dividends may be declared and paid on the Stock of the Association as the Board in its discretion may from time to time determine, provided that dividends shall be paid on a per share or per unit basis without preference between classes of common stock, between classes of participation certificates, between classes of common stock and classes of participation certificates or between holders of the same class of common stock or participation certificates. No dividend shall exceed 8% of the par value of each share with respect to which the dividend is paid. Dividends shall not be declared or paid on common stock and participation certificates in any year with respect to which the Association is obligated to distribute patronage under Section 840.

830.2 Record Date. Dividends may be paid to the holders of a class of Stock of record on the effective date of declaration or on a record date fixed by the Board not more than 60 days in advance of the payment date.

830.3 Form of Payment. Dividends on Stock may be paid in cash or in shares or units of Stock which the holder is eligible to receive or partly in cash and partly in such shares or units. Any dividend payable in Stock to one holder that is less than \$5 may be paid in cash or held by the Association and cumulated with subsequent dividends until the amount retained equals \$5 so that such dividends may be distributed in whole shares or units. Dividends on any preferred stock shall be paid in cash or preferred stock or other property in accordance with the bylaw authorizing such preferred stock.

830.4 Dividends Noncumulative. Dividends shall be noncumulative except that dividends on preferred stock may be cumulative in accordance with the bylaw authorizing such preferred stock and subject to the limitations of the Act and the Regulations on cumulative dividends.

840 Patronage Refunds

840.1 Declaration and Payment.

(a) **General.** Subject to the provisions of the Act and Regulations, prior to the beginning of any fiscal year or other period, the Association's Board may, by adoption of a resolution (the "Patronage Resolution"), obligate the Association to distribute its available Patronage-Sourced Net Earnings to Patrons on the basis of the quantity or value of patronage business done with the Association and its Subsidiaries. Patrons shall include Members and such other customers, borrowers and financial institutions with which the Association and Subsidiaries conduct business during the fiscal year and as identified by the Board in the Patronage Resolution. Patronage-Sourced Net Earnings shall mean the net earnings of the Association, PCA and FLCA for the fiscal year, as computed under generally accepted accounting principles, attributable to patronage business done with or for Patrons. All transactions done with or for Patrons shall be deemed patronage business unless otherwise provided in the Patronage Resolution. Any outstanding Patronage Resolution that is not rescinded prior to the beginning of a fiscal year shall become irrevocable and constitute a binding legal obligation of the Association with respect to such fiscal year. Each patronage transaction shall include as part of its terms, whether the same has been expressly referred to in said transaction or not, the provisions of this Article VIII of the Bylaws.

(b) **Restrictions on Distributions.** The consolidated net earnings available for patronage distribution shall be determined after (i) making provision for the requirements of Section 860, including the setting aside of a portion of the net earnings in the unallocated surplus account, as deemed prudent for sound capital accumulation; and (ii) making provision for payment of the Association's federal income or related taxes for the fiscal year; provided, that, these amounts shall first come from net earnings, if any, attributable to sources other than patronage transactions with or for Patrons and any non-patronage-sourced net earnings not so applied shall be set aside in the unallocated surplus account. The Board in its Patronage Resolution may establish a minimum level of available earnings and/or capital below which no patronage distribution shall be made.

(c) All patronage distributions shall be in the proportion that the amount of interest paid by, or income earned from, each Patron bears to the total interest paid by, or income earned from, all Patrons, or such other proportionate patronage basis consistent with Subchapter T of the Code. Any earnings pool that may be established for the payment of patronage distributions shall be established on a rational and equitable basis and shall insure that each Patron receives its fair share of the earnings of the Association and bears its fair share of the expenses of the Association. The Board shall retain discretion not to pay patronage distributions on one or more of such pools provided all Patrons are treated fairly and equitably. Patronage allocations received from the Bank in the form of stock shall be excluded from net earnings available for patronage refunds and dividends.

(d) The Association shall allocate as a patronage distribution any taxable income resulting from the redemption of shares of ACB stock (or its predecessors AgAmerica, FCB stock or Farm Credit Bank of Spokane stock) or any successor thereto, issued to the Association on or after January 1, 1994. Such patronage distribution may be in the form of cash, in shares or units of stock which the Patron is eligible to receive, any other form of written notice of allocation as defined in 26 U.S.C. 1388(b), or any one or more of such forms of distribution, except that at least twenty percent of any patronage distribution, of which a qualified written notice of allocation is a part, shall be in cash. Such patronage distribution shall be allocated on the basis of patronage business done with the Association as determined by the Board.

(e) For purposes of paragraph (d), it shall be presumed that any ACB stock (or its predecessors AgAmerica, FCB stock or Farm Credit Bank of Spokane stock) or stock of any successor thereto redeemed shall be shares issued to the Association prior to January 1, 1994 until such shares have been redeemed in full. No AgAmerica stock or stock of any successor thereto, issued to the Association on or after January 1, 1994 shall be redeemed until all shares issued prior to January 1, 1994 have been redeemed.

840.2 Form of Payment.

(a) Patronage distributions to Patrons may be paid in cash, in shares or units of Stock which the Patron is eligible to receive, any other form of written notice of allocation as defined in 26 U.S.C. 1388(b), or any one or more of such forms of distribution. Such patronage distributions, at the discretion of the Board, may be paid as qualified written notices of allocation or nonqualified written notices of allocation within the meaning of 26 U.S.C. 1388. Any patronage distribution payable

in Stock to one holder that is less than \$5 may be paid in cash or held by the Association and cumulated with subsequent patronage refunds until the amount retained equals \$5 so that such patronage distribution may be distributed in whole shares or units.

(b) Any part of the patronage distribution to a Patron, except the portion required to be paid in cash pursuant to 26 U.S.C. section 1388(c), may, at the discretion of the Association, be applied on the Patron's indebtedness to the Association. In the event that the total patronage distribution to a Patron is less than the minimum amount as determined annually by the Board, prior to the end of the taxable year, such distribution may be paid entirely in cash or applied to the Patron's indebtedness.

(c) When the debt of a Patron has been placed in nonaccrual status by the Association, and is in default, the Association shall not be obligated to distribute patronage distributions to such Patron until such debt has been reinstated to accrual status and the Patron is current with respect to such debt. When the debt of a Patron is restructured pursuant to a court order or an agreement between the Association and Patron, the Association shall not be obligated to distribute patronage distributions to such Patron to the extent the restructuring reduced the payment of principal or interest due under the debt.

840.3 Consent to Taxation by Stockholder. Each holder of Class A Voting Stock and each person who applies for and is issued Class A Voting Stock of the Association shall, by such act alone, consent that the amount of any patronage refunds with respect to his or her patronage occurring after such date which are made in written notices of allocation, as defined in 26 U.S.C. 1388 and which are received by such holder from the Association, will be taken into account (as income) by such holder at their stated dollar amounts in the manner provided in 26 U.S.C. 1385(a) in the taxable year in which such written notices of allocation are received by such holder. However, the foregoing consent does not apply to any written notice of allocation that is designated as being "nonqualified." Each such holder also consents, by such act alone, to take into account (as income) in the same manner the amount of any patronage refunds with respect to patronage if he or she receives written notice from the Association that such amount has been applied on his or her indebtedness to the Association.*

The Association may obtain the written consent of each Patron that the amount of any patronage refunds with respect to his or her patronage which are made in written notices of allocation as defined in 26 U.S.C. 1388 and which are received by such Patron from the Association, will be taken into account (as income) by such Patron at their stated dollar amounts in the manner provided in 26 U.S.C. 1385(a) in the taxable year in which such written notices of allocation are received by such holder. Such written consent may include a consent to take into account as income in the same manner the amount of any distributions with respect to patronage provided he or she receives written notice that such amount has been applied on his or her indebtedness to the Association, PCA or FLCA. The form of consent shall be prescribed by the Board. Such consent shall be continuing in effect until revoked by the Patron, and it may be included as part of the loan application or other appropriate form signed by borrowers. Any revocation shall become effective only with respect to patronage occurring on or after the first day of the first fiscal year of the Association beginning after the revocation is filed with the Association. Consent

may also be obtained by use of a qualified check in the manner provided for in 26 U.S.C. §1388.

** A copy and notification of this Bylaw provision must be given to each applicant upon becoming a Voting Member.*

840.4 Discretionary Retirement. No legal or equitable right to payment or redemption shall exist with respect to patronage allocated to the accounts of Patrons.

840.5 Subsidiaries. Where the Association arranges for the provision of credit and or related services to its Members through the Subsidiaries and such Members avail themselves of the arrangements made and maintained by the Association by borrowing or acquiring related services from the Subsidiaries, all net earnings or loss attributable to such provision of credit and or related services shall be treated as net earnings or loss of the Association from business done with its Patrons and all business done with the Subsidiaries shall be treated as business done with the Association.

845 Allocated Surplus.

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

(a) All allocations in the form of qualified written notices of allocation shall be issued in annual series and shall be identified by the year of issuance.

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

In the event of a net loss for any fiscal year, such allocated surplus shall be subject to impairment in the order specified herein, and on the basis of most recent allocations first as provided in Section 860.3. Only those persons to which allocated surplus may be issued may own such allocated surplus.

(b) The Association and Subsidiaries, as applicable, shall have a first lien on all surplus account allocations owned by any borrower, and all distributions thereof, as collateral for the Patron's indebtedness to the Association and Subsidiaries.

(c) When the debt of a Patron is in default or is in the process of final liquidation by payment or otherwise, the Association Board may, but is not required to, retire any and all surplus allocations owned by such Patron to be applied on the indebtedness. Such allocated surplus may be retired at a discounted price reflecting the fact that such retirement is earlier than the projected retirement date, if any, of surplus allocations of the same series. The Board, in its sole discretion, shall have the power to retire the allocated surplus of any Patron in such events as death or bankruptcy,

or to settle a dispute, on such terms and conditions as may be deemed appropriate by the Board, or in any instance in which the interests of the Association and its stockholders are deemed to be furthered thereby; and funds are determined by the Board to be available for such purpose.

(d) The Association Board is authorized to retire all or any portion thereof of the allocated surplus as it may, in its sole discretion, determine unnecessary to meet the capital requirements of the Association, and not on a date certain or on the happening of any event. Except as provided in subsection (c), each series (or class thereof) shall be retired fully or on a pro rata basis, in order of issuance by year as funds are available. Such retirements may in cash, in other forms of available equities or applied against the holder's indebtedness to the Association. Such retirements shall be at the face amount of the notices, unless the Board determines that it is appropriate and equitable to apply a discount factor to the retirement price. The Association shall not retire any allocated surplus if the action would result in the failure of the Association to meet minimum capital adequacy requirements established under Regulations. The retirement of allocated surplus is subordinated to the rights of the holders of common stock to have their stock retired at book value not to exceed par. Any allocated surplus account protected under the provisions of Section 4.9A of the Act shall be retired in accordance with the provisions of said section.

850 Retirement of Stock

850.1 Retirement in Board's Discretion. Except as provided herein, all classes of Stock and participation certificates may be retired only at the discretion of the Board and only when the Association is in compliance with capital adequacy standards established under the Regulations, and not upon a date certain or upon the happening of any event, such as repayment of the loan, and not pursuant to any automatic retirement or revolving plan. Except as provided herein, any retirement shall be for the equal treatment of all holders of the same class of stock or participation certificates. Any such retirement shall be at book value not to exceed par or face value.

850.2 Retirement in Event of Default. When the debt of a holder of Class A Voting Stock, Class A Nonvoting Stock or Class A Participation Certificates is in default, the Association may, but shall not be required to, retire all or part of such holder's Class A Voting Stock, Class A Nonvoting Stock and Class A Participation Certificates at book value, not to exceed par or face value in total or partial liquidation of the debt.

850.3 Retirement of Written Notices of Allocation. The retirement of written notices of allocation, other than written notices of allocation issued as capital stock, is governed by Section 845.

850.4 Application of the Proceeds. The Association may pay the proceeds of any retirement of Stock or any retirement of written notices of allocation to the holder or Patron or apply the proceeds to the payment of any indebtedness of the holder or Patron to the Association or its Subsidiaries whether or not such indebtedness is then due.

860 Application of Net Earnings and Losses

860.1 Determination of Net Earnings or Losses. At the end of each fiscal year, the Association shall, after paying or providing for all operating expenses, including provisions for valuation reserves against loan assets as required by Section 2.3 of the Act, determine the amount of its net earnings or net losses for such year in accordance with generally accepted accounting principles.

860.2 Application of Net Earnings. Any net earnings determined pursuant to Section 860.1 shall be applied in the following order of priority:

First, to the restoration, pro rata, of the amount of the impairment, if any, of all classes of common stock and participation certificates in proportion to the number of shares or units of each such class then issued and outstanding until all such classes are no longer impaired;

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

Third, to unallocated surplus as necessary to satisfy minimum capital adequacy standards under the Regulations and such higher standards, as established by the Board, to maintain competitive rates and adequate reserves for risks and contingencies;

Fourth, for payment of dividends on Stock, in accordance with these Bylaws if authorized by the Board;

Fifth, to the payment of patronage pursuant to binding legal obligation established under Section 840 hereof.

860.3 Application of Net Losses. Any net losses determined pursuant to Section 860.1, to the extent such losses exceed unallocated surplus, shall be treated as impairing: first, allocated surplus evidenced by nonqualified written notices of allocation in the reverse order of issuance until all such allocated surplus has been impaired; second, allocated surplus evidenced by qualified written notices of allocation in the reverse order of issuance until all such allocated surplus has been impaired; third to all classes of common stock until fully impaired; and fourth, to preferred stock (if any) until fully impaired. Impairments shall be considered as being applied pro rata to each share and/or unit outstanding in the class or, with respect to allocated surplus, pro rata based on year of issuance.

870 Distribution on Liquidation

Subject to Section 4.9A of the Act, in the event of liquidation or dissolution of the Association, any assets of the Association remaining after payment or retirement of all liabilities shall be distributed in the order of priority set forth below. Any distribution to a holder of a class of Stock shall be made pro rata in the proportion that the number of shares or units of such class held by such holder bears to the total number of issued and outstanding shares or units of all classes with respect to which such distribution is made.

First, to the holders of all classes of common stock on a pro rata basis until an amount equal to the aggregate par or face value or stated dollar amount thereof has been distributed to such holders;

Second, to the holders of qualified written notices of allocation on a pro rata basis until an amount equal to the aggregate stated dollar amount thereof has been distributed to such holders;

Third, to the holders of non-qualified written notices of allocation on a pro rata basis until an amount equal to the aggregate stated dollar amount thereof has been distributed to such holders;

Fourth, to the extent practicable, any assets then remaining shall be distributed among past and present Patrons in the proportion which the aggregate patronage of each Patron bears to the total patronage of such Patrons, unless otherwise provided by law.

880 Miscellaneous

880.1 Evidence of Ownership. Evidence of ownership of Stock shall be by book entry, unless otherwise prescribed by the Board.

880.2 Permitted Transfers; Registration of Transfers. Class A Voting Stock may be transferred only to borrowers eligible to hold such stock under Section 810. Class D Nonvoting Stock shall not be transferable. Other classes of Stock may be transferred without restriction, including to persons who are not borrowers from the Association. If any shares of Class A Voting Stock are transferred to an ineligible person, such shares shall thereupon be converted into a like number of shares of Class A Nonvoting Stock. The Association shall act as transfer agent for its Stock. The Board may establish such rules regarding registration of transfers as it deems appropriate.

880.3 Investment by Borrowers. The amount of Class A Voting Stock or Class A Participation Certificates (based upon the par or face value thereof) which a borrower shall be required to acquire as a condition of borrowing from the Association shall be fixed by the Board from time to time, subject to a maximum of 4 percent of the loan amount plus such additional amount as may be necessary to round any fractional share or unit upward to a full share or unit. All Class A Voting Stock and Class A Participation Certificates required to be acquired as a condition of borrowing from the Association shall be purchased from the Association.

880.3(a) Loans Sold into the Secondary Market. In accordance with the Act and Regulations, and notwithstanding other provisions of these Bylaws, no voting stock or participation certificates need be purchased as a condition of borrowing when a loan is designated at the time it is made for sale into a secondary market (without regard to the Association's retention of any subordinated participation interest in such loan or pool of loans or contribution to a cash reserve). In the event such a loan is not sold within 180 days following the date of designation, the stock or participation certificate requirements of the Act and these Bylaws shall then apply. If such a loan is subsequently sold after 180 days, then any stock or participation certificate held with respect to such loan may be retired at the discretion of the Board in accordance with the Act and these Bylaws. For loans made before February 10, 1996, that are designated for sale into a secondary market, the outstanding stock or participation certificates held by the borrower may be retired by the Board subject to satisfying all capital adequacy standards established under the Regulations.

880.4 Loan Origination Fees. The Association may require the payment of loan origination fees in such amounts as the Board may from time to time determine appropriate.

880.5 Lien. The Association shall have a first lien on all Stock it issues, except on Stock held by other System institutions, for the payment of any liability of the holder to the Association and Subsidiaries. The Association may, but need not, note its right to such lien on the certificates for such Stock or, in the case of uncertificated Stock, on the initial transaction statement. The borrower or other holder agrees to execute such financing statements or other documents or to take such other steps as may reasonably be requested by the Association in order to perfect the Association's security interest.

880.6 Cancellation of Stock on Restructuring. If the Association forgives and writes off, under Section 4.14A of the Act, any of the principal outstanding on a loan to a borrower, the Association shall cancel borrower stock, as defined in the Act, of the borrower in accordance with Section 4.14B of the Act.

880.7 Capitalization Plan. The Board shall adopt and may from time to time amend a capitalization plan for the Association, Northwest PCA and Northwest FLCA designed to enable the Association to meet the applicable minimum capital adequacy standards established by the Regulations.

895 Amendments to Provisions Respecting Capitalization

Any amendment to Article VIII hereof, or to the capitalization bylaws of Northwest PCA or Northwest FLCA, shall not become effective unless approved by the Association's voting stockholders voting, in person or by proxy, at a duly authorized stockholders' meeting. Any issuance of preferred stock by the Association, or by Northwest PCA and Northwest 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.

ARTICLE IX -- EXECUTION OF DOCUMENTS

900 Transactions with FCB, Releases, and Uniform Commercial Code Transactions

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

other officer of the Association designated by resolution of the Board and, when required, shall be attested to by (an)other officer(s) or employee(s) designated by the Board. When the Association or either of its Subsidiaries holds a mortgage containing a provision for foreclosure by the Association under a power of sale, the Board (or the chief executive officer if that officer has been delegated such authority by the Board) may, at the discretion of either, designate and authorize an attorney for the Association to exercise such power and convey the mortgaged property in the name of the Association or either of its Subsidiaries. No person shall both sign and attest the same document.

920 Expense and Checks

The chief executive officer, or any other employee(s) designated by the chief executive officer, shall, subject to subsequent approval of the Board (unless it shall require prior approval under its established policies), approve and pay all expenses of the Association and shall sign all checks and vouchers issued by the Association.

ARTICLE X -- RECORDS AND REPORTS

1000 Records

1000.1 Corporate Proceedings. Copies of the organization papers of the Association, returns of Association elections, proceedings of all regular and special meetings of Members, Equityholders and the Board, the Bylaws and any amendments thereto, and minutes of the Board shall be recorded in the minute books of the Association. The minutes 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. Minutes or reports of all committees shall be retained by the Association and incorporated into the minute book of the Association by reference in the minutes of the Board. The foregoing materials, and such others as the Board may specify from time to time, are to be retained by the Association, pursuant to the records retention and disposal policy approved by the Board.

1000.2 Resolutions Relating to FCB Directors. To protect the confidentiality of the resolutions adopted by the Board in connection with the 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 annually to each Member and Equityholder such reports as are required by the Act and Regulations and such other reports as the Board deems advisable.

ARTICLE XI -- UNCLAIMED PROPERTY

The Association shall seek to pay to the owners the proceeds of any retirement of Stock and any dividends accrued thereon. In the event that the Association is unable to determine the address or whereabouts of the owner or the heirs and assigns of

the owner, disposition of the funds shall be made in accordance with applicable state law.

ARTICLE XII -- FISCAL YEAR

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

ARTICLE XIII -- SEAL

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

 **AFFIX SEAL** 

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

1400 Indemnification of Directors, Officers and Employees

(a) The Association shall indemnify, to the fullest extent permitted by law, any director, officer or employee who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he/she is or was a director, officer or employee of the Association, or is or was serving, pursuant to authorization in writing by the Association's Board or its president, chief executive officer 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 if he/she acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his/her conduct was unlawful.

(b) A director's, officer's or employee's conduct, with respect to a retirement or other employee benefit plan, for a purpose he/she reasonably believed to be in the interests of the participants in and beneficiaries of the retirement or other employee benefit plan, is conduct that satisfies the requirement that he/she acted in a manner reasonably believed to be in or not opposed to the best interests of the Association.

(c) The termination or abatement of a claim, threatened claim, suit or other proceeding by way of judgment, order, settlement, conviction, or upon a plea of guilty or nolo contendere or its equivalent is not, of or by itself, determinative that the director, officer or employee did not meet the standard of conduct described in this section.

(d) 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.

1420 Additional Indemnification Provisions

Notwithstanding any other provision of this Article, a director, officer or employee of the Association who has been wholly successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Section 1400 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.

1430 Procedure

Any indemnification under Section 1400 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 because he/she has met the applicable standard of conduct set forth in Section 1400. 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 1430, 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.

1440 Advances of Expenses

Notwithstanding the provisions of Section 1430, reasonable expenses incurred in defending any action, suit or proceeding referred to in Section 1400, 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 a determination is reasonably made at any time by the Association's Board, by a majority vote of a quorum of disinterested directors, or (if such a quorum is not obtainable or, even if obtainable, a quorum of disinterested directors so directs) by independent legal counsel in a written opinion, that based upon the facts known to the Board or counsel at the time such determination is made, such person acted in bad faith and in a manner opposed to the best interests of the Association, or such person deliberately breached his/her duty to the Association or its stockholders, or, with respect to any criminal proceeding, that such person believed or had reasonable cause to believe his/her conduct was unlawful.

1450 Right of Claimant to Bring Suits

(a) 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.

(b) 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.

1460 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.

1470 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 System, shall be deemed to be doing so pursuant to authorization in writing by the Association's Board.

1480 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 1400 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.

1490 Limitation on Indemnification

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

1495 Applicable Law

Interpretation of these Bylaws shall be under the laws of the State of Washington.

ARTICLE XV -- GENERAL

1500 Amendments

Except to the extent provided otherwise in these Bylaws, the Act or the Regulations, 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).

1510 Restatement

These First Amended and Restated Bylaws amend and restate the Bylaws of the Association which were effective on January 27, 2000, in their entirety.

1520 Effectiveness

These Bylaws shall become effective upon being adopted by the Board.