

**LEGACY AG CREDIT, ACA
DIRECTORS AND NOMINATING COMMITTEE
ELIGIBILITY REQUIREMENTS
(Excerpt from Association Bylaws)**

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ARTICLE IV--DIRECTORS

4.01 Number and Qualifications of Directors. The Association shall have a board of 7 directors, 6 elected by stockholders (“stockholder-elected directors”) and 1 director elected by the stockholder-elected directors (“board-appointed director” or “Outside director”), No person shall be elected or continue to serve as a stockholder-elected director unless he or she is a holder of voting stock as described in Section 710.1 of these bylaws, is in compliance with the Regulations, is a bona fide farmer, a rancher, or a producer or harvester of aquatic products and resides or conducts agricultural operations in the region of the Association’s operating territory designated for the position to which the director is elected. An individual designated to vote the stock of a corporation or partnership may be a director as long as that individual holds stock in the corporation, is a member of the partnership, and meets all other requirements for serving as an association director. A legally authorized representative of a deceased or incompetent member is not eligible to be elected or appointed as a director unless such representative also holds voting stock in his or her own right. No person may serve as a director if he or she is in violation of the Farm Credit Act or its implementing regulations. Notwithstanding the foregoing, however, no board-appointed Director(s) may be director (other than of FLCA and PCA), officer, employee, stockholder, or agent of a Farm Credit System institution. A board-appointed Director need not be a bona fide farmer, rancher or producer or harvester of aquatic products and need neither reside nor conduct agricultural operations in the Association's operating territory, but shall be automatically disqualified and removed from the Board of Directors if such individual becomes a director (other than of FLCA and PCA), officer, employee, stockholder, or agent of another System institution.

Section 4.02 Directors and Employees of Other Institutions. No person who is a director of a Farm Credit Bank or another Farm Credit Association (other than FLCA and PCA) shall be eligible to be elected or appointed, and such person may not serve as a director. A director elected to a Farm Credit Bank Board may continue to serve until the next annual meeting or a special meeting of the stockholders of the Association called for the purpose of election of directors. No director of the Farm Credit Bank with which the association has a discount or funding relationship may serve as a stockholder-elected director of the association within one year of ceasing to be a director for such bank. A salaried officer or employee of any institution of the Farm Credit System is not eligible to be elected or appointed and may not serve as a director nor shall any such person be elected or appointed as a director within one year after ceasing to be employed by the Association or any other institution of the Farm Credit System. No individual shall become or continue as a director, whether stockholder-elected or board-appointed, if the individual is a director, officer, or employee of any other financial institution outside the Farm Credit System that is authorized to make the same types of loans that are obtained through this Association.

4.03 Nominating Committee. The voting stockholders shall elect a nominating committee consisting of three (3) voting stockholders to serve as members and three (3) voting stockholders to serve as alternates for the following year.

- a. Board members, candidates for director positions, or salaried officers or employees or agents of the association are not eligible to serve on the nominating committee. A member of the nominating committee is not eligible to be nominated to run for a director position for the election for which the committee member has been elected to serve.
- b. The nominating committee shall review lists of voting stockholders who are eligible to serve as stockholder-elected directors of the Association, ascertain their willingness to serve, and submit for election a slate of eligible candidates, which shall include at least two nominees for each stockholder-elected director position to be filled. In doing so, the committee shall strive to obtain representation for all sections of the Association's territory and as nearly as possible all types of agricultural practices within the area.
- c. Under guidelines prescribed by the Association board, the nominating committee shall present a list of candidates for voting stockholders to consider in electing the nominating committee for the ensuing year. If, after diligent effort, the nominating committee is unable to find more than one willing nominee for any position to be filled, the committee shall provide a written explanation to the Association Board of its efforts to locate candidates or the reasons for disqualifying any other candidate. A description of the nominating committee's efforts to locate two willing nominees shall be included in the Association's annual meeting information statement. Nominations also may be made from the floor. If the meeting is held in consecutive sectional sessions, nominations may be made from the floor only at the first session and so announced in the Notice of Meeting. If the nominating committee after diligent effort is unable to find more than one willing nominee for each stockholder-elected position to be filled and demonstrates in writing to the satisfaction of the Association board 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.
- d. A majority of the nominating committee shall constitute a quorum for transacting business of the committee. The committee shall keep minutes of its deliberations which shall be turned over to the chief executive officer to be maintained in accordance with the Association's records disposal schedule.

4.04 Voting on Shareholder-Elected Directors. The voting stockholders shall elect each year one or more directors as may be required to fill the position of each stockholder-elected director whose term is expiring or to fill any vacancy on the board, other than the board-appointed position(s). All stockholder-elected directors shall be elected at large.

- a. 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. Voting stockholders shall then cast their ballots and the chairman conducting the election shall appoint a Tellers Committee of eligible voting stockholders to tally the ballots. Salaried officers and employees and voting stockholders who are directors, candidates, or members of the nominating committee and alternates are ineligible to serve on the Tellers Committee.
- b. All candidates shall be listed on the ballot by the position to be filled. For each vacancy, except as provided in Section 4.03, two or more candidates will stand for election and no individual may be nominated for more than one vacancy. If more than one position is to be filled, the election for each position shall be conducted independently. The candidate receiving the largest number of votes for each position shall be declared elected.
- c. The Tellers Committee shall convene to tally the ballots and shall report the results to the chairman conducting the election who shall inform the attending members of the results. If the meeting is held in consecutive sectional sessions, the results of the votes cast at all sessions of the meeting shall be reported to the attending members only after the last sectional session.
- d. Provided the Board establishes by resolution and so announces in the Notice of Meeting, the Board may order that elections for directors and nominating committee members be conducted by mail ballot under the following procedure: Within ten (10) business days following the date of the annual meeting, or of the last sectional session, if the annual meeting is held in consecutive sectional sessions, a numbered ballot shall be mailed to each voting stockholder. The election polls shall be closed at the end of the fifteenth (15th) business day following the date on which the ballots are mailed. On the first business day after the polls are closed, a third-party independent tabulator shall tally the ballots returned to the independent tabulator prior to the closing of the polls using a voter list furnished by the Association. The third party independent tabulator shall

report the results of the election to the chief executive officer, who shall send a notice to members of the Association announcing the results of the election.

- e. Mailing a ballot to a voting stockholder's address as recorded in the books or records of the Association shall be conclusive evidence of receipt of the ballot by the voting stockholder. The receipt, collection, and tallying of ballots may be under the supervision and guidance of either the Association's legal counsel or outside auditing firm, if the Board so directs by resolution. In the event that the Board has authorized mail balloting in accordance with this subsection, the procedures provided in this subsection shall control in the event of a conflict with any other provision of Section 4.04.
- f. If the meeting is held in a single session and no person is elected to a position because of a tie vote, a runoff election between those tying shall be held. The ballots shall be cast and counted and the results shall be reported to the members in the same manner as in the original election. If the runoff election results in no person being elected to a position because of a tie vote, the tie shall be broken by the toss of a coin. If the meeting is held in consecutive sectional sessions and no person is elected to a position because of a tie vote, the tie shall be broken by re-balloting, by mail, those voting stockholders who were registered in attendance at the consecutive sectional sessions of the annual meeting. The runoff election polls shall be closed at the end of the 15th business day following the date on which the ballots are mailed to the voting stockholders. On the first business day after the polls are closed, the Tellers Committee shall convene in the office of the association to tally the ballots returned to the association prior to the closing of the polls. The Tellers Committee shall report the results of the election to the chief executive officer who shall send a notice to the members who were registered in attendance at the consecutive sectional sessions of the annual meeting within ten business days announcing the results of the election. If the runoff election results in no person being elected to a position because of a tie vote, the tie vote shall be broken by the toss of a coin. If an election is conducted by mail ballot and no person is elected to a position because of a tie vote, the tie vote shall be broken by the toss of a coin.

4.05 Voting on Board-Elected Directors. The Board of Directors shall appoint a director meeting the requirements of board-appointed director under Section 4.01 to fill the position of a board-appointed director whose term is expiring or to fill a vacancy of a board-appointed position. The Board of Directors shall establish a Search Committee including at least 3 stockholder-elected directors. At such time as the Board shall designate, the Search Committee shall submit to the Board an eligible candidate willing to serve as a board-elected director for each board-appointed position to be filled. A majority of all the directors, excluding any board-appointed director whose appointment is being voted on, who are present and voting at a duly called and authorized meeting held as soon as is practical following either the expiration of the term of office of the board-appointed director or at the time the position of such director becomes vacant for any reason, shall vote on the appointment of a board-appointed director for each such position to be filled.

4.06 Term of Office. A stockholder-elected director shall serve until the third annual meeting after being elected, or for the unexpired portion of the term for which the director was elected, and until a successor is elected and qualified. An Outside director shall serve until the board meeting following the third anniversary of his or her appointment, or for the unexpired portion of the term for which the director was appointed if the director was appointed to fill a vacated position on the Board, and until a successor is appointed and qualified. The term of office for each director shall be as provided above unless the director shall (1) resign, (2) be removed from office, or (3) become unable to act by reason of death or disqualification, or unless the term of that position is shortened or terminated by action of the voting stockholders in connection with a merger or consolidation.

4.07 Staggered Terms. If as a result of change in the number of directors, or for other reasons, the terms of directors do not expire equitably on a staggered basis, the terms of the directors elected thereafter shall be for such periods, not to extend beyond the third annual meeting thereafter, with respect to stockholder-elected directors, and not to extend beyond the first board meeting following the end of the third calendar year after appointment, with respect to board-appointed directors, as will reestablish expiration of terms of directors on an equitably staggered basis.

4.08 Vacancies. Subject to Section 5.34 of the Act, whenever a vacancy occurs in a stockholder-elected position on the Board of Directors, other than from the expiration of a term of office, the remaining directors shall elect a qualified voting stockholder to fill the vacancy until the next annual meeting or a special meeting of the members called for that purpose. Subject to Section 5.34 of the Act, if all of the stockholder-elected director positions become vacant, the chief executive officer of the association shall first appoint qualified persons to fill sufficient vacancies to constitute a quorum. These appointed directors shall elect qualified voting stockholders to fill the other vacancies.

Directors shall be elected by the stockholders to fill any unexpired terms at the next annual meeting or a special meeting of members called for that purpose. If a board-appointed position becomes vacant, the remaining directors shall appoint in the manner provided in Section 4.05 of these bylaws a person meeting the requirements of a board-appointed director under Section 4.01 to fill the vacancy for the remainder of the unexpired term of such position.

4.09 Duties of Directors. The Board of Directors shall be responsible for general control and direction of the affairs of the Association. The Board shall determine Association policy consistent with applicable law and regulations, and shall see that its policies are implemented by management of the Association. In performing its duties, the Board of Directors shall exercise all powers of the Association and shall have the authority to take all such lawful acts with respect to the affairs of the Association except those which are specifically reserved to the stockholders under applicable law, regulations, the Association's charter or these bylaws. The Board shall recognize that the Association, FLCA and PCA are responsible for, and dependent on, each other's financial condition. Accordingly, the Board shall manage the Association's affairs and establish policies with the primary objective of improving the three institutions' combined financial condition.

4.10. Board Meetings

- a. The Board of Directors of the Association may hold both regular and special meetings at such times and locations as may be designated by the chairman. Regular meetings of the board of directors may be held without notice at such time and place as shall from time to time be determined by the Board provided that each Board member is made aware of the regularly scheduled time and location for each such meeting and further provided that the meetings are actually held at the regular time and place.
- b. Special meetings of the Board of Directors shall be held whenever called by (1) the chairman of the Board, (2) the chief executive officer, or (3) a majority of the directors. Urgent business may be conducted by telephone conference call provided a reasonable attempt is made to reach all directors, a quorum is present, and technical arrangements permit all persons participating to hear each other. All actions taken by telephone conference shall be ratified at the next regular meeting of the Board.
- c. Oral or written notice of each meeting of the Board of Directors, except regularly scheduled meetings, shall be given each director by the chief executive officer, or other designated employee of the Association, not less than 48 hours prior to the time of the meeting. On the signing of a waiver of notice of a meeting by a majority of directors, a meeting of the Board may be held at any time. With his or her consent, a director shall be considered present at a meeting if he or she is in radio or telephone communication with the other directors participating in the meeting. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except when a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened. Except as may be otherwise expressly provided by law, regulations or these bylaws, the matters to be considered and the purpose of any regular or special meeting of the Board need not be specified in the notice of the meeting.

4.11 Quorum, Majority Vote. A majority of the board of directors at a meeting duly assembled shall be necessary to constitute a quorum at any meeting of the board, and a vote of a majority of the directors present at any meeting at which a quorum is present shall determine the decision of the board, except as may be otherwise specially provided by law, regulations or these bylaws. If a quorum shall not be present at any meeting of the directors, the directors in attendance may adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum shall be present. At any adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The directors present at a duly convened meeting may continue to transact business until adjournment notwithstanding the withdrawal from the meeting of enough directors so that less than a quorum remains.

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

4.13 Record of Board Action. The Board of Directors shall keep regular minutes of its proceedings, which shall be placed in the minute book of the Association.

4.14 Honoraria. The Association may allow directors reasonable honoraria for attendance at meetings, committee meetings, or for special assignments. The Association may also reimburse the director for reasonable expenses incurred in connection with the meetings or assignments.

4.15 Removal. The removal of any director shall be subject to procedures established by the Association and the reasons for removal must be documented. Any stockholder-elected or board-appointed director may be removed from the Board by a majority vote of the voting stockholders present at an annual or special members' meeting upon a motion for removal, duly made, seconded and carried, provided the notice of the meeting contains a notification that the removal is to be considered. Any board-appointed director may also be removed from the board by a two-thirds majority vote of the full board, including all directors except the director subject to the removal vote, provided that the notice of the meeting contains a notification that the removal is to be considered. The unexcused absence of a director, whether stockholder-elected or board-elected, from 3 consecutive regularly scheduled meetings of the board shall automatically terminate the director's service and the vacancy shall be filled as provided in section 4.08 of these bylaws.

4.20 Other Grounds for Removal. The office of any elected or appointed director shall automatically become vacant in the event such director: (1) files a petition for relief in voluntary bankruptcy, or otherwise institutes suit under applicable voluntary Federal or State bankruptcy, insolvency, or receivership laws; or (2) is adjudged a debtor in an involuntary Federal bankruptcy or placed in receivership in a State proceeding; or (3) seeks reorganization under the Bankruptcy Code of personal business interests or that of a corporation in which the director owns the controlling interest; or (4) is party to a foreclosure proceeding (judicial or nonjudicial) or a voluntary conveyance in lieu of foreclosure involving property in which the director has an interest, which is instituted or executed because of the director's default on indebtedness to a Farm Credit System institution; or (5) is primarily or secondarily liable on a loan from any Farm Credit System institution where there is rescheduling, reamortization, deferral of principal or interest, granting of monetary concessions under FASB-15, or other restructuring action taken because of the director's default on such loan, or because the loan is determined to be distressed and eligible for restructuring under the Association's distressed loan restructuring policy and is in fact restructured; or (6) is not in compliance with the Association's Standards for Official Loans Policy; (7) is not in compliance with the FCA's Standards of Conduct regulations or the Association's Standards of Conduct Policy, (8) is convicted of any felony or is held liable for damages in fraud while holding office; or (9) is declared legally incompetent. In the event that a stockholder-elected director ceases to be a borrower but continues to hold voting or non-voting stock, such director may continue to serve for the remainder of the unexpired portion of the director's term. If a stockholder-elected director ceases to be a stockholder of the Association, such director's position shall automatically become vacant.

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

4.30 Committees. The Board may, at its discretion, or as required by FCA regulations, appoint such committees as may be necessary, shall appoint or discharge any member of such committees, and shall prescribe the duties and responsibilities of the committees it establishes. A majority of any committee shall constitute a quorum. A member of the Board of Directors or an employee or director serving on any committee shall withdraw from the meeting of the Board or committee during its deliberation and determination of any matter related to the director's or employee's personal interests and the minutes shall so state. Each committee shall keep a written record of its proceedings. Vacancies on any committee shall be filled from among the alternates, if any, by vote of the entire Board. The Board of Directors shall establish one or more credit review committees to review adverse credit decisions made by the Association. Each such committee shall include at least one member of the Association's Board, and in no case shall the loan officer involved in the adverse credit decision serve on the committee when the committee reviews such adverse decision. The duties of the members of the committee may not be delegated except that the duties of the Board member on the committee may be delegated to another Board member.



**DISCLOSURE AND QUALIFICATIONS APPLICATION
FOR DIRECTOR CANDIDATE**

**THIS DISCLOSURE STATEMENT IS MADE PURSUANT TO FARM CREDIT ADMINISTRATION
REGULATIONS SECTION 620.21, WHICH REQUIRES EACH CANDIDATE FOR BOARD ELECTION TO
FURNISH A DISCLOSURE STATEMENT.**

TO: BRUCE WOOD
LEGACY AG CREDIT, ACA NOMINATING COMMITTEE CHAIRMAN
314 LAUREL TRAIL
TERRELL, TEXAS 75160
(972) 524-2733

FROM: _____

I WOULD BE WILLING TO SERVE Yes No

CURRENT AGE: _____ DATE OF BIRTH: _____

HOME ADDRESS: _____ BUSINESS ADDRESS: _____
(including County) **(including County)**

TELEPHONE: _____ TELEPHONE: _____

EDUCATION: _____

OCCUPATION AND BUSINESS EXPERIENCE DURING PAST 5 YEARS:

PRESENT AND FORMER AFFILIATIONS: (please state none if none)

OTHER BOARDS ON WHICH YOU SERVE: (please state none if none)

DO YOU HAVE ANY FAMILY RELATIONSHIPS TO DISCLOSE:

(please state none if none) (if you do have some to disclose please state what relationship they are to you)

(FAMILY means an individual & spouse & anyone having the following relationship to either: parents, spouse, son, daughter, sibling, stepparent, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, uncle, aunt, nephew, niece, grandparent, grandson, granddaughter and the spouses of the foregoing)

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS:

(Describe any of the following events which might have occurred during the past 5 years.

If not applicable, so indicate.)

- 1) Petition under the Federal bankruptcy laws or any State Insolvency Law that was filed by or against you, the appointment of a receiver, fiscal agent was appointed by a court for a business or property or any partnership wherein you were a general partner, at or within two years before the time of filing, or any corporation or business association of which you were a senior officer at or within two years before the time of filing.

- 2) Conviction in a criminal proceeding or a named party in a pending criminal proceeding.

- 3) Subject to any order, judgment, or decree still in effect by any court which would permanently or temporarily limit you from engaging in any type of business practice.

BY SIGNING BELOW, I HEREBY CERTIFY THAT THE INFORMATION SET FORTH IN THE ABOVE DISCLOSURE IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

SIGNATURE OF CANDIDATE

DATE