

CONSTITUTION AND BY-LAWS

THE NATIONAL HAY ASSOCIATION, INC.

Revised July 1, 1926	
Amended August 30, 1955	Amended August 25, 1959
Amended August 19, 1968	Amended August 26, 1969
Amended August 24, 1970	Amended August 22, 1972
Amended August 19, 1974	Amended August 19, 1975
Amended September 21, 1976	Amended October 15, 1988
Amended September 18, 1993	Amended September, 2012
Amended September 20, 2014	Amended September 26, 2015
Amended September 30, 2017	Amended September 15, 2018

PREAMBLE

Preamble and Object

Having a desire to advance the general interest of its members, and especially those engaged in the production or handling of hay and straw – and wishing to promote and foster just and equitable principles in trade – acquire, preserve and disseminate valuable business information, and with a view to avoid and adjust as far as practicable, the controversies and misunderstandings which frequently arise between persons engaged in the same trade and with others, when they have no established rules to guide them – to facilitate business intercourse, and, appreciating the importance of organization, we, the members of The National Hay Association, do hereby agree to be governed by the following By-Laws:

Non-Discrimination Policy

It is the policy and commitment of the National Hay Association that it does not discriminate on the basis of race, age, color, sex, national origin, physical or mental disability, or religion. This document is intended to be gender neutral. Any reference to a single gender is meant to include both genders.

ARTICLE I

Name and Seal

Section 1 – The name of the Association shall be “THE NATIONAL HAY ASSOCIATION.” Its corporate seal shall consist of a circular disk. On the outer part of the circle shall be engraved the name of the corporation, and across the diameter shall be engraved a bale of hay. Below the bale of hay reads the words, “Seal of Integrity”, “Not for Self, But for All”, and “Organized 1895”.

ARTICLE II

The membership of the Association shall consist of Full Members, Associate Members, Honorary Members and Complimentary Members, as described in this Article.

Full Members

“Section 1 – Full Members shall pay full dues, have the right to vote on Association matters and be eligible to hold office or serve on the Board of Directors of the Association, except as may otherwise be provided herein. Any individual, partnership, or business entity engaged in buying or selling hay, straw, other forage or other like products is eligible to become a Full Member if domiciled in the United States of America and if neither said individual, partnership, or business entity nor, in the case of a partnership or business entity, any owner of the partnership or entity has been convicted of a felony. Provided, however, that a Full Member as of the effective date of this most recent amendment to the By-laws of the Association who is not domiciled in the United States of America will be allowed to remain a Full Member until its membership otherwise is terminated for reasons other than place of domicile. Moreover, no individual, partnership, or business entity will be eligible for more than one membership at any time, no more than one owner or representative of an eligible partnership or business entity will be eligible to be a Full Member at any time, and no partnership or business entity shall be eligible to become a Full Member or Associate Member if an individual, partnership or entity that owns more than fifty percent of the ownership interests in the partnership or business entity is currently a Full Member or Associate Member and no individual, partnership or business entity shall be eligible to become a Full Member or Associate Member if the individual, partnership or business entity owns more than fifty percent of the ownership interests in a partnership or business entity that currently is a Full Member or Associate Member. An eligible individual or business entity may apply for and be admitted to full membership upon approval of the Membership Committee and payment of one year’s dues in advance. Any existing member will be allowed to remain a member until their membership is terminated as provided herein.”

Associate Members

Section 2- Associate Members of the Association have no voting rights in the Association and pay dues at a lower rate than Full Members. Associate Membership is available to any individual, partnership, or business entity desiring to promote the general welfare of the Association, who pays the annual dues required in the Application for Associate Membership and is approved by the Membership Committee. Associate members need not be domiciled in the United States. Associate members may hold office and vote on Associate Member affairs, but may not hold office or vote on Association affairs. One Associate Member domiciled in the United States may serve as a voting member of the Board of Directors of the Association to represent the associate membership on the Board of Directors. The Associate Members may also designate an alternate Associate Member domiciled in the United States to serve as a voting member of the Board of Directors in the absence of the first designee. Said alternate Associate Member shall be allowed to attend all Board meetings as an observer.

Honorary Members

Section 3 – Honorary Members of the Association pay no dues or assessments, have no voting privileges and do not hold office in the Association, but may give advice and counsel if they desire. Any former member of the Association, who has not been removed, who is no longer actively engaged in the hay business, and who desires to remain connected with the Association may become an Honorary Member, upon approval by the Board of Directors.

Complimentary Members

Section 4 - Complimentary Members of the Association pay no dues or assessments, have no voting privileges and do not hold office in the Association. Complimentary Members are individuals or

organizations who may bring value to the Association through their connections to educational institutions, government agencies, news media or other organizations, who are nominated by one or more members of the Association, who are approved by the Membership Committee and who are willing to accept the position of Complimentary Member.

Annual Dues and Delinquency

Section 5 – Each Full Member and Associate Member is required to pay annual dues by the beginning of the Association’s fiscal year, which is the first day of July. If a Full Member or Associate Member has not paid annual dues within thirty (30) days after July 1, the member shall be notified of such delinquency by the Executive Director/Assistant Treasurer. Such member shall not be entitled to vote or be heard on any question at any meeting until such dues or charges are paid. If such dues are still not paid within fifteen business days after notification by the Executive Director/Assistant Treasurer, such member’s membership will automatically be terminated, without further notice. A Full Member or Associate Member whose membership has been terminated for failure to pay dues may be reinstated upon approval from the Membership Committee and payment of the current year’s dues in advance.

Suspension or Expulsion from Membership

Section 6 – No member shall be suspended or expelled under any rule of this Association, unless otherwise provided by the individual rule or regulation violated, without being afforded an opportunity of being heard in his own defense, but in case any member, after being duly notified, per Article VII, Section 3, shall fail or refuse to offer any defense, or if he absconds or conceals himself so that such notice cannot be given him, the hearing may proceed without his presence and the determination of the Board of Directors shall be binding as in other cases.

Reinstatement of Membership

Section 7 – No member suspended under Article II, Section 6, shall be reinstated without the recommendation of the Membership Committee, and no member expelled from or deemed to have resigned the privilege of this Association shall be again admitted except as a new applicant.

ARTICLE III

Officers

Section 1 – The officers of this Association shall consist of a President, First Vice-President, who shall also serve as Treasurer, Second Vice-President, and Executive Director, who shall also serve as Assistant Treasurer. Upon election, the Second Vice-President shall serve successive terms in the positions of First Vice-President/Treasurer, President, and Board of Director for one year each, unless he resigns or is removed under other sections of the By-Laws. In the event the President is unable to carry out his required duties, or resigns during his term of office, the First Vice-President/Treasurer shall become President, the Second Vice-President shall become First Vice-President/Treasurer, and they shall serve the remainder of the current term in these positions, and the new President shall decide whether the officers also shall serve in their positions for the following term. The position of the Second Vice-President shall remain vacant until the next meeting of the members and shall then be voted on by the members, per Article III, Section 5. In the event the First Vice-President/Treasurer is unable to carry out his required duties, or he resigns during his term of office, the Second Vice-President shall become First Vice-President/Treasurer and shall serve the remainder of the current term in this position. The position of the Second Vice-President shall remain vacant until the next meeting

of the members and shall then be voted on by the members, per Article III, Section 5. In the event the Second Vice-President is unable to carry out his required duties, or resigns during his term of office, the position of Second Vice-President shall remain vacant until the next meeting of the members and shall then be voted on by the members, per Article III, Section 5.

Duties of the President

“**Section 2** – The President shall be a Full Member of the Association or the designated representative of a business entity that is a Full Member of the Association, shall serve on the Board of Directors and shall preside at all regular and special meetings of the Association and the Board of Directors, and shall be privileged to vote at all such meetings. It shall be his duty to call special meetings, per Article VI, Section 2. The President shall, with the consent of the Board of Directors, determine the time and place of the annual meeting of members and the mid-year meeting of members. He shall require from the Executive Director/Assistant Treasurer, who is responsible for administering and safekeeping the funds of the Association, before entering upon the discharge of his duties, to be covered by a fidelity bond in favor of the Association, with the amount, terms and surety issuing the fidelity bond to be approved by the Board of Directors of the Association. Such bond shall be at the expense of the Association. The President shall recommend committee members to the Board of Directors for approval, on an annual basis per Article V, Section 1, and to fill any vacancies that may occur by resignation, death, or any disqualification. He may appoint one member to serve as a Parliamentarian to provide advice in matters concerning the conduct of business as it relates to Article VI, Section 6. At the annual and mid-year meetings of the members, the President shall make a full report of the Board of Directors’ proceedings and the conditions of the affairs of the Association. He shall, with the consent of the Board of Directors, employ counsel whenever it may be necessary for the same to assist the Directors or any of the committees in the proper discharge of the duties imposed upon them, and shall perform all other duties that usually pertain to his office, and not specially delegated to the Board of Directors or committees.”

Expenses of the President

“**Section 3** – The necessary expenses of the President in attending Association meetings, except for the annual and mid-year meetings of members, and in conducting other Association business shall be paid upon warrant of the Board of Directors.”

Duties of the First Vice-President/Treasurer

“**Section 4** – The First Vice-President/Treasurer shall be a Full Member of the Association or the designated representative of a business entity that is a Full Member of the Association, shall serve on the Board of Directors and shall assist the President with all Association meeting duties and shall be privileged to vote at all such meetings. The First Vice-President/Treasurer shall assist and counsel the Executive Director/Assistant Treasurer as needed in consideration of day to day financial matters, review all financial reports, and assist in development of the annual budget, which he shall present at the annual meeting. The First Vice-President/Treasurer shall maintain access to all financial records and be recognized as an account signer for all bank accounts.”

Selection of Second Vice-President

Section 5 – The Second Vice-President shall be a Full Member of the Association or the designated representative of a business entity that is a Full Member of the Association. Nominees for the position of Second Vice-President shall be provided by the Nominating Committee or through independent nomination, per Article V, Sections 15 and 16. Said nominees shall be current members of the Board of Directors and shall have served on the Board of Directors for a minimum of three years. Said nominees shall be voted on by the Members at the annual meeting of members.

Duties of the Second Vice-President

Section 6 – The Second Vice-President shall serve on the Board of Directors and as the liaison between the Board of Directors and the Associate Members, and as primary Association contact on issues concerning Associate Members, convening a meeting of the Associate Members annually. The Second Vice-President shall assist the First Vice-President/Treasurer in his duties.”

Selection of Executive Director/Assistant Treasurer

Section 7 – The Executive Director/Assistant Treasurer shall be appointed by the Board of Directors for a term deemed appropriate by the Board of Directors. The Board of Directors shall retain the right to remove the Executive Director/Assistant Treasurer by two-thirds majority vote. In the event the position of Executive Director/Assistant Treasurer shall become vacant due to removal, resignation, or death, it shall be the duty of the Board of Directors to appoint a new Executive Director/Assistant Treasurer as soon as is practical.

Duties of the Executive Director/Assistant Treasurer

Section 8–The Executive Director/Assistant Treasurer shall assist the President in organizing all meetings and he shall keep accurate minutes of the proceedings of all meetings of the Association and a complete roll of its members. He shall publish and circulate the report from the annual meeting among the membership as soon as is practical after the adjournment of the annual meeting. He shall also receive applications for membership, submit the same to the Membership Committee for approval, send out all required notices to members, conduct all necessary correspondence, and be responsible to the Association for all funds, records and other properties entrusted to him. He shall collect all of the money due the Association and shall make disbursements of the same in the process of conducting normal business operations. Disbursements outside of normal business operations shall require approval from the Board of Directors. He shall maintain financial records reflecting the Association's business and shall at all annual meetings or at other times, as may be required by the Board of Directors, make a full statement of the financial condition of the Association, showing receipts and disbursements. Further, he shall submit all records to the Board of Directors and shall cooperate with a Certified Public Accountant selected by the Board with the preparation of appropriate financial statements for the Association, any reviews, reconciliations and/or audits of the Association's financial records. The Executive Director/Assistant Treasurer also shall be responsible to assure that appropriate tax forms and other government filings are filed for the Association. The Executive Director/Assistant Treasurer shall assist all committees in performing their functions.”

Executive Director/Assistant Treasurer's Expenses

Section 9– The necessary expenses of the Executive Director/Assistant Treasurer in attending Association meetings and in conducting other Association business shall be paid upon warrant of the President, First Vice-President/Treasurer or the Second Vice-President.”

ARTICLE IV

Board of Directors

Section 1 – The Board of Directors shall consist of thirteen voting Directors, consisting of the immediate Past President, the President, the First Vice-President/Treasurer, the Second Vice-President, eight other Directors who are Full Members of the Association, and one Associate Member of the Association. Either two or three Full Member Directors shall be elected annually at the annual meeting of members for a term of three years. The immediate Past President shall serve a term of one year on the Board of Directors after serving as President. The Associate Member Director shall be elected by the Associate Members at the annual meeting of members and shall serve a term of one year on the Board of Directors. The Associate Members may also designate an alternate Associate Member domiciled in the United States to serve as a member of the Board of Directors in the absence of the first designee. Said alternate Associate Member shall be allowed to attend all Board meetings as an observer.

As of the effective date of this most recent amendment to the By-laws of the Association, the Board of Directors consists of more than thirteen Full Member Directors and more than one Associate Member Director. No Director serving on the Board of Directors as of the effective date of this most recent amendment shall lose his or her position on the Board of Directors solely by virtue of the implementation of the limits set forth above. Reduction in the number of Directors shall be accomplished over time by not replacing Directors who resign or are otherwise removed as Directors and by not electing more than three Directors at the annual meeting of members if fewer than four existing Directors stand for re-election to the Board. The foregoing notwithstanding, at least two Full Member Directors shall be elected at each annual meeting of members, in order to maintain the appropriate cycle of staggered elections of Directors.

Selection of Board of Directors

Section 2 – Nominations for Directors shall be made by the Nominating Committee and may be made by Full Members, independently, per Article V, Sections 15 and 16. Directors shall be elected by the members at the annual meeting. The Board of Directors, immediately after each annual meeting of members, shall meet to perfect the organization of the Board and Committees for the coming year. By majority vote, members of the Board of Directors shall fill any vacancies which may occur in the Board of Directors (if the total number of voting Directors is less than thirteen), and Directors so chosen shall serve on the Board for the unexpired term to which their predecessors were elected. In the event the entire Board of Directors resigns, or for any reason becomes ineligible, ten or more full members of the Association may call a special meeting for the purpose of appointing a new Board of Directors who shall serve until the next annual or mid-year meeting of the Association; provided, however, that if the immediate Past President resigns or otherwise ceases to serve on the Board of Directors no new director need be selected to replace the immediate Past President. Any member of the Board of Directors may resign his office at any time, such resignation to take effect from the time of its acceptance by the President or a majority of the Board of Directors.

Duties of the Board of Directors

Section 3 – The general business and affairs of the Association shall be managed by the Board of Directors, with the assistance of such committees as may be appointed from among the membership of the Association; however, the actions of the committees shall always be subject to oversight by and the confirmation of the Board of Directors. At the mid-year meeting of members, the Board of Directors

shall fix the annual dues for the ensuing year. A majority of the Board of Directors shall constitute a quorum for the transaction of business. The Board of Directors may adopt such rules and regulations for the conduct of its meetings and management of the affairs of the Association as it may deem proper, not inconsistent with the charter or these By-Laws. The Board of Directors shall have the power to levy from time to time, as may be necessary, upon the members of this Association an assessment to be expended wholly in furtherance of the interest of the Association.

Misconduct on Part of Members of the Board of Directors

Section 4 – Any Director who has been found guilty of a crime involving, fraud, breach of trust, dishonesty or such other conduct that the Board of Directors deem to be prejudicial to the interests of this Association, may, after a fair and impartial hearing, be removed from his office by a two-thirds vote of the Board of Directors, and the remaining Directors shall, immediately after such vote, declare the office of said Director vacant. The vacancy so created shall be filled in the same manner as any other vacancy on the Board of Directors, per Article IV, Section 2, if the vacancy would leave fewer than thirteen voting Directors on the Board.

ARTICLE V

Committees

Section 1 – The incoming President shall recommend all committee members and the Chairman for each committee described herein, subject to approval by the Board of Directors at the Board meeting immediately following the annual meeting of members. All committee members must be members of the Association in good standing. No member of the Association shall serve on more than three committees at any one time. The different branches of trades shall as far as possible, be equitably represented on all committees. All committees shall contain at least three members, one of whom may be the President. The President shall be a member ex-officio of all committees except the Arbitration Committee.

Executive Committee

“**Section 2** – The Board of Directors may, but shall not be required to, create an ad hoc Executive Committee by written resolution passed by a majority of the whole Board of Directors, or such greater number as required by law. Any such Executive Committee shall be composed of three (3) or more members of the Board of Directors selected by the Board, who shall serve at the pleasure of the Board of Directors. Any such Executive Committee, to the extent provided by written resolution passed by a majority of the whole Board, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and the affairs of the Corporation, but no such committee shall have the power or authority to approve any action required by either law or these Bylaws to be approved by full Board of Directors or by the Association’s Members; fill vacancies on the Board of Directors; or adopt, amend or repeal the Bylaws. No Executive Committee shall be given all or substantially all of the powers and authority of the Board of Directors except by written resolution passed by a majority of the whole Board of Directors. The Board of Directors shall retain the power and authority to disband any such Executive Committee at any time.”

Arbitration Committees

Section 3 – See Article VIII, Section 5.

Associate Member Relations Committee

Section 4 – The Associate Member Relations Committee shall strive to maintain a strong relationship with the Associate Members of the Association.

By-Laws and Trade Rules Committee

Section 5 – The By-Laws and Trade Rules Committee shall assure that the Association is operating within these By-Laws and shall recommend changes to the By-Laws and Trade Rules as necessary, subject to approval by the Board and the membership.

Forage Organization Relations Committee

Section 6 – The Forage Organization Relations Committee shall represent the interests of the association in other forage organization affairs. The committee shall report significant developments among these organizations to the Board of Directors or the membership and report significant association developments to these organizations.

Hay Judging Committee

Section 7– The Hay Judging Committee shall manage the hay judging contest held at each annual meeting.

Haymaker Award Committee

Section 8– The Haymaker Award Committee shall select a qualified member to receive the “Haymaker Award” presented at each annual meeting.

Historical and Memorial Committee

Section 9– The Historical and Memorial Committee shall strive to preserve and protect the history of the Association.

International Market Development Committee

Section 10– The International Market Development Committee shall promote trade of United States hay products to export markets for members and the industry as a whole. Its chairman shall serve as liaison between the Board of Directors and the United States Forage Export Council (USFEC). The candidate for chairman shall be recommended by the USFEC to the Association’s First Vice-President/Treasurer for service during his term as President. Said candidate shall be a current member of the USFEC and shall have previously served as the President of the National Hay Association.

United States Forage Export Council (USFEC)

Section 11 – The United States Forage Export Council (USFEC) is a sub-committee of the International Market Development Committee.

Legislation Committee

Section 12– The Legislation Committee shall examine any existing or proposed local or general legislation affecting the interests of the Association. Such committee shall, with the consent and advice of the Board of Directors, advocate by all lawful means the passage of such legislation as may be beneficial to the Association or its members, and also by the same means endeavor to prevent an enactment of any legislation prejudicial to interests of the Association.

Membership Committee

Section 13 – The Membership Committee shall consist of four Full Members other than the President, at least one of which shall be from each geographic region. This committee shall examine the qualifications of all applicants for membership, submitted to it by the officers, Board of Directors, or Full Members of the Association, and shall have full authority to accept or reject the same. It shall promptly notify the Executive Director/Assistant Treasurer, who shall inform the applicants for membership of the action of the committee. Any applicant that has been rejected for membership by the Membership Committee shall have the right to appeal such rejection to the Board of Directors at the next regularly scheduled meeting of the Board of Directors.

National Forage Testing Committee

Section 14 – The National Forage Testing Committee shall promote consistent hay testing from laboratory to laboratory nationwide.

Nominating Committee

Section 15 – The Nominating Committee shall consist of five Full Members. This Committee shall prepare and submit to the members no later than during the first day’s proceedings of the annual meeting of members, the names of nominees for the position of Second Vice-President and other Directors to be voted on at that meeting for the ensuing year. The Nominating Committee shall also put forth names of nominees for any other officer position(s) not filled for the ensuing year according to the succession provision in Article III, Section 1. The election thereon shall be held by the members during the second day of the annual meeting.

Independent Nominations

Section 16 – The Full Members may nominate independent candidates for the positions of Second Vice-President, Board of Directors, and First Vice-President/Treasurer if the position became vacant during the year. Such independent nominations shall be subscribed to by at least ten Full Members of the Association in good standing and shall be submitted to the Executive Director/Assistant Treasurer prior to the election of officers and members of the Board of Directors.

Product Protection and Food Safety and Modernization Act (FSMA)

Compliance Committee

Section 17– The Product Protection and Food Safety and Modernization Act (FSMA) Compliance Committee shall monitor governmental and other organizations’ actions relative to forage crop

protection products and report as needed to the board of directors or membership. The committee shall also monitor implementation of FSMA final rules and report on industry impacts as needed.

Technology Committee

Section 18– The Technology Committee shall monitor developments in technology, especially management of databases, association operations and information dissemination, make recommendations to the Board of Directors as needed, and work with staff on implementation of same.

Transportation Committee

Section 19 – The Transportation Committee shall have charge of all matters pertaining to freight rates, navigation, transportation, terminal facilities, etc. Such committee shall consider all complaints by members against transportation companies when properly brought to its attention and when it shall consider the complaint just and sufficient cause for action. The Transportation Committee, with the consent and advice of the Board of Directors, shall bring for a hearing any matter the decision of which shall materially affect the interests of the Association or its members. This Committee shall in every way endeavor to obtain from transportation companies proper consideration of the individual rights of the members of the Association.

Future Committees

Section 20 – In the event the need arises for a committee not listed in the By-Laws, the Board of Directors has the authority to create a new committee as deemed appropriate.

Removal of Members of Committees

Section 21 – The Board of Directors, for any reasons satisfactory to itself, may at any time remove any member of any committee by two-thirds majority vote, and the vacancy shall be filled by recommendation of the President and approval by a majority of the Board.

ARTICLE VI

Annual and Mid-Year Meetings of Members

Section 1 – The Association shall hold an annual meeting of members and a mid-year meeting of members at such time and place as may be selected per Article III, Section 2. Due notice shall be given to the membership through the Executive Director/Assistant Treasurer at least six months in advance of each meeting.

Special Meetings

Section 2 – The President shall call a special meeting of the members of the Association upon petition of at least twenty-five members of the Association. Said petition must clearly state the objective of the meeting and shall be first submitted to and approved by a majority of the Board of Directors. The President shall schedule the special meeting and cause notice of the meeting to be given within seven (7) days of receiving said petition. The notice shall be given to all members entitled to vote at such special meeting no fewer than ten (10) nor more than sixty (60) days before the

meeting date. The notice shall state the place, date and hour of the meeting and the purpose or purposes for which the meeting is called. The President may call a special meeting of the Board of Directors at any time at the President's discretion. The President shall call a special meeting of the Board of Directors upon request of four members of the Board of Directors or ten Full Members. If a special meeting is called at the request of members of the Board of Directors, the President shall schedule the special meeting and cause notice of the meeting to be given within three (3) days of receiving said request. The notice shall be given to all members of the Board of Directors of any special meeting of the Board of Directors no fewer than three (3) nor more than ten (10) days before the meeting date. The notice shall state the place, date and hour of the meeting and the purpose or purposes for which the meeting is called.

A member or Director may waive any notice required to be given by law or these Bylaws before or after the date and time stated in the notice by delivering a written waiver, signed by the member or Director, to the Association. A member's or Director's attendance at a meeting (a) waives objection to lack of notice or defective notice of the meeting, unless the member or Director at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; and (b) waives objection to consideration of a particular matter as the meeting that is not within the purpose or purposes described in the meeting notice, unless the member or Director objects to considering the matter when it is presented."

Fiscal Year

Section 3 – The Association's fiscal year shall begin on the first day of July of each year.

Proxies

Section 4 – Any Full Member of the Association in good standing may designate in writing (on a form provided by the Association) a representative to act for such Full Member at any meeting, and said representative can hold a proxy for the principal to vote upon all matters. A proxy is void if it is not in writing, and a proxy shall terminate automatically no later than one year after its issuance date and may be specifically limited to a shorter period if specifically provided. The member shall be responsible for the acts of the representative, and the representative acting for a member shall be subject to all the rules and regulations and By-Laws as would the member.

Parliamentarian

Section 5 – The Parliamentarian shall ensure that meetings are orderly, fair, and civil, and help the Association operate according to its Constitution and By-Laws. As such, the Parliamentarian shall be familiar with commonly accepted parliamentary procedure (Robert's Rules of Order) and the Association's Constitution and By-Laws and shall advise the President or other presiding officer on procedural or By-Laws violations so that the presiding officer may rule from the chair.

Rules and Order of Business

Section 6 –

Rule 1 – At all meetings of the Association the following order of business shall be observed so far as may be consistent with the purpose of the meeting.

- 1 – Opening of the meeting.
- 2 – Reading of the minutes of the preceding meeting.
- 3 – Report of the President and Board of Directors.
- 4 – Report of Executive Director/Assistant Treasurer.
- 5 – Report of Standing Committees.
- 6 – Report of Special Committees.
- 7 – Unfinished Business.
- 8 – New Business.
- 9 – Election of Officers and Directors.

The above order may be changed or suspended at any meeting by a majority vote of the members present.

Rule 2 – At all meetings of the Association one-tenth of all Full Members thereof shall constitute a quorum for the transaction of business.

Rule 3 – When any member requires it, the mover of a proposition shall put the same in writing. A member may have the privilege of prefacing any motion he may be about to make, but no debate shall be permitted except on a motion regularly made and seconded.

Rule 4 – Every member who speaks shall arise and address the Chair and remain standing while he speaks, and except by way of explaining a word or sentence, no person will be permitted to speak more than twice on the same subject and not longer than five minutes each time unless by consent of two-thirds of the members present.

Rule 5 – The President shall decide all questions of order and may call to order anyone who is infringing the rules. The person called to order shall at once take his seat, but may appeal from the decision of the Chair, but if his appeal is not sustained by a majority of those present, the decision shall be final.

Rule 6 – No business before the meeting shall be interrupted except by motion for the previous question, postponement or adjournment, a point of order, or to lay on table, and until such motion has been put and negated, all further discussion of the original subject shall be precluded.

Rule 7 – A member may call for the division of a question in which two or more distinct matters are embraced.

Rule 8 – In the event of a tie the presiding officer of a meeting shall cast the deciding vote and all voting shall be by voice vote except when a ballot is requested. Whenever vote by ballot is requested, two inspectors of ballots shall be first named by the presiding officer; such inspectors shall qualify as required by law.

Rule 9 – In the event that any matter shall arise as to the order of business that is not addressed under the Association’s rules, then the Parliamentarian may refer to and implement Robert’s Rules of Order in order to resolve such matter.

ARTICLE VII

Legal Advice and Legal Action

Section 1 – The Board of Directors may secure legal aid and advice to assist it or any of the committees in the discharge of their duties, and shall confer with the President regarding the selection of counsel to act for the Association whenever it may be necessary. When any member may have a cause against a corporation, organization or individual, the determination of which may be a matter of general importance, the Board of Directors, after investigation, may take legal or such other action as may be necessary to obtain a proper decision in regard to the subject matter of the complaint.

Uncommercial Conduct Hearings

Section 2 – The Board of Directors shall hear and determine all cases wherein any member shall be charged by another member with uncommercial conduct involving any injury to any member of the Association or any violation of the rules of the Association, when such complaint shall be filed with the Executive Director/Assistant Treasurer. Before the Board of Directors shall enter upon the hearing of any case, notice shall be given to the offending party by the Executive Director/Assistant Treasurer at least ten business days before the consideration of the same. Such notice shall state the nature of the complaint and the time and place of the hearing, and shall be sent to the parties by the Executive Director/Assistant Treasurer by registered mail to their last known address.

Notice

Section 3 – Due notice shall consist of such notice being deposited in the post office utilized by the Executive Director/Assistant Treasurer, registered and directed to the last known address of the party on whom service is sought.

Officers or Committees Not Responsible for Acts

Section 4 – Each and every member of this Association and every such non-member and each and every person, who may be hereafter accorded the privilege of membership or any of the privileges enumerated in these By-Laws or in any rule or regulation of this Association or in any resolution, motion or other proceedings adopted or provided by this Association or its Directors, or by any officer or committeeman thereof, does, in consideration of the premises, covenant and obligate himself not to make any demand or claim any right of action against the members of this Association or any one or more of them for any loss or injury sustained by him in the premises, or by reason of any action taken or act done in connection therewith, it being the intention to hereby release and discharge any and all such claims, demands and rights of action, without restriction, limitation or exception of any kind or character in any respect whatever. Should any person, whether member or non-member, nevertheless take any such claim or institute any such suit, each and all of the members hereof and each and every person hereafter admitted to membership agrees and covenants to indemnify any member or other person subjected to such claim or suit against any and all costs, damage or liability by reason of the premises, or by reason of any expense incurred or judgment rendered in the premises, and to hold him harmless on account thereof. Whereas, in the past management of similar Associations it has occurred that officers, directors and members of committees have been sued in damages because of acts done or

omitted to be done by them officially, the result of which may be to deprive this Association of the full and fearless service of competent and responsible parties, it is therefore covenanted and agreed by each and every person becoming or who may be admitted a member of this Association as a consideration for being accorded such membership, and by every non-member permitted to file a complaint against a member of this Association that he will not directly or indirectly, in any manner or in any court or before any tribunal other than those provided by this Association, make any complaint or demand, or institute any suit or other proceedings against any person based upon, or claimed to arise from, any act done or omitted to be done, any vote cast, resolution passed or order made by such person while acting as an officer, director or committee member of this Association.

Accounting and Records

“Section 5 – The Association’s books and records shall be maintained by or under the direction of the Executive Director at the designated office of the Association or such other place as the Board of Directors shall determine. Each Full Member shall at reasonable times have access to and may inspect and copy, at the Full Member’s expense, the books and records of the Association. However, only members of the Board of Directors and members of the United State Forage Export Council (USFEC) who are in good standing and current in payment of their USFEC dues and assessments shall have access to the books and records of USFEC, which shall remain confidential. The Executive Director/Assistant Treasurer shall arrange for all members of the Board of Directors to have electronic access to the Association’s books and records. The Association shall maintain books and records that properly reflect all financial transactions made by the Association, and such other records as the Board of Directors may direct. The fiscal year of the Association shall be such fiscal year as the Board of Directors from time to time shall determine. Financial statements for the Association shall be prepared and sent to the Board of Directors at least two (2) weeks before the annual meeting and mid-year meeting for review and approval at such meetings. At least once every year, the Board of Directors shall appoint an ad hoc group of Full Members (who may or may not currently be serving on the Board of Directors) to review the financial statements and reporting processes of the Association and report findings to the Board of Directors. The Board of Directors shall consider the information reported by such ad hoc group in deciding whether to request a review and compilation or an audit of the Association’s finances by an independent Certified Public Accountant.”

ARTICLE VIII

Controversies and Disputes

Section 1 – Every person admitted to the privileges of this Association shall promptly and faithfully comply with and fulfill all business obligations into which he may enter, either with members of this Association or other parties, and shall equitably and satisfactorily settle the same. He shall submit all disputes of a financial, mercantile or commercial character connected with or arising from any matter referred to in these By-Laws and the Rules and Regulations of this Association, whether with members or non-members, when such non-members assent thereto, to the arbitration of the Arbitration Committees, and promptly and faithfully perform the awards thereof; and he shall faithfully observe and obey all the rules and regulations of this Association whether adopted by the Association or by the Board of Directors. Any member who shall commence an action at law against another member (unless by agreement between them, or unless claim is more than two years old) for any such dispute, difference or disagreement, before offering to arbitrate the same in accordance with the rules of this Association shall be deemed to have waived his right to arbitration in accordance with these By-Laws.

Arbitration

Section 2 – Any individual, firm, partnership, limited liability company, or corporation who is admitted to membership in this Association may arbitrate any legal difference with any other member, even if said difference may have originated prior to the time he was accepted to membership in the Association. Any member of this Association may be required to arbitrate any legal difference with any person who may be admitted in this Association, whether such differences originated prior to the time said new member was admitted to membership.

Establish or Amend the Trade Rules or Arbitration Rules

Section 3 – The Board of Directors shall establish Domestic and International Trade Rules to govern business transactions between members of the Association, as well as Arbitration Rules to govern the Arbitration Committees not inconsistent with these By-Laws, and may amend the same at any time by a two-thirds vote of the Board of Directors. Due notice shall be given the members of any change therein, and no pending controversy, case or existing contract shall be modified or affected by such changes.

Revised Uniform Arbitration Act

Section 4 – In all investigations or hearings before the Board of Directors sitting as a Board of Appeals and in all cases handled by any Arbitration Committee, the Arbitration Rules established by the Board of Directors under Section 3 of this Article shall apply. In the event that the issue to be arbitrated is not specifically addressed in said Arbitration Rules, then the rules established pursuant to the Revised Uniform Arbitration Act shall apply.

Arbitration Committees

Section 5 – The three committees, representing the East, Central, and West regions, composed of three members each, who do not hold any other office in the Association, will be known as the Arbitration Committees. Among the three committee members, there shall not be more than two receivers of hay or more than two shippers of hay. Each party in a controversy submitted to arbitration will appoint one additional member, who does not hold any other office in the Association, to hear this case. The general Chairman of the three Arbitration Committees will be appointed from the Board of Directors, and he shall chair all hearings while having no vote. The duties of the committees shall be to hear and decide any controversies which may arise in business between members of the Association, or said members and other persons, which the latter may voluntarily submit to the committees. Such members and other persons may, by an instrument in writing signed by them and duly attested, agree to submit to the decision of one of the committees in such controversies so arising, as might be the subject of an action at law, or in equity, except claims of title to real estate; said instrument shall be filed with the Executive Director/Assistant Treasurer who shall at once assign the case to the Chairman of the proper Arbitration Committee, and the same shall be considered by the committee as soon as practicable.

Appeal of Arbitration Committee Decision

Section 6 – Any party to an action before an Arbitration Committee shall have the right to appeal to the Board of Directors, which shall constitute the Board of Appeals; and the Board of Directors, in reviewing a case, shall consider only the objections, which objections shall be filed in the form of briefs, raised by litigants, to the application of the rules, to the facts as found by the Arbitration

Committee. The Board of Directors shall assess such reasonable expense as in its judgment may be considered proper under the circumstances.

Enforcing Decisions

Section 7 – The President shall enforce the decision of the Board of Directors, acting as the Board of Appeals, in the case of an appeal, as well as the findings of the Arbitration Committees when such are final.

ARTICLE IX

Amendments to By-Laws

Section 1 – These By-Laws may be amended at any annual meeting of members by two-thirds vote of the membership present.

ARBITRATION AND INVESTIGATION RULES

Revised July 1, 1926

Revised September 18, 1993

Revised September 20, 2014

Revised September 26, 2015

Arbitration Committees

Section 1 – The Arbitration Committees, representing the East, Central, and West regions, shall consist of three members each, regularly appointed each year by the President of the Association in accordance with the By-Laws and shall consist of members of the Association who do not hold any other office in the Association. Among the three members, there shall not be more than two receivers of hay or more than two shippers of hay. Each party in this controversy will appoint one additional member, who does not hold any other office in the Association, to hear this case. The general Chairman of the three Arbitration Committees will be appointed from the Board of Directors, and he shall chair all hearings while having no vote.

Duties of Arbitration Committees

Section 2– The Arbitration Committees’ jurisdiction shall cover all matters of dispute or controversy between members or between a member and non-member as provided by the By-Laws, of a financial, mercantile or commercial character. They shall conduct all cases that shall come before them in conformity to the rules prescribed therefor after their adoption by the Board of Directors. The method of adjusting matters before them shall be such as will best secure justice and equity impartial to all interested parties, with the object in view of making this the means of settlement of all specified matters connected with the hay trade to restrict friction, avoid litigation and prevent misunderstanding.

Complaint and Article of Agreement Form

Section 3 – In all cases brought before the Arbitration Committees a complaint and agreement must be filed with the Executive Director/Assistant Treasurer on the following form:

Prescribed Blanks

(Blanks will be furnished by the Executive Director/Assistant Treasurer)

This complaint and article of agreement, made and entered into this _____ day of _____ A.D.

_____ Witnesseth:

Whereas complainant, of _____ respectfully represents:

(Statement of claim in here)

Now, therefore, the undersigned _____ of _____ complainant,

and _____ of _____, defendant, do hereby agree to submit the hereinbefore referred differences and controversies to the arbitration and decision of one of the Arbitration Committees regularly appointed by The National Hay Association, and we do further authorize and empower the said Arbitration Committee, to arbitrate, award, adjust, and determine the differences and controversies now existing between us for the matter aforesaid. We do further covenant and agree that the award so made by the said Committee as aforesaid shall in all things by us and each of us, respectively, be well and faithfully performed, that we will stand to and abide by and fulfill the same and that we will pay whatever sum of money may be awarded as aforesaid. The decision of the Arbitration Committee shall be final, subject to the usual appeal to the Board of Directors and to such limitations as are provided in the By-Laws. And further that we will abide by the By-Laws, Rules and Regulations of the said National Hay Association relating to arbitration. And we do further agree that the award of the arbitrators, if made in writing and signed by the arbitrators and attested by the Executive Director/Assistant Treasurer of the said National Hay Association and have affixed thereto the seal of the said National Hay Association, may be entered on the records of the _____ Court of the County of _____ and State of _____ and that judgment may be pursuance of the statute law of the State of _____ in cases of the arbitration under such statute. And we do hereby release the said Arbitration Committee, jointly and severally, as well as the Association itself, from any and all claims and demands by reason of errors in judgment or findings of law.

Witness our hands and seals this _____ day of _____ A.D. _____

_____ Witness
_____ (Seal)

_____ Witness
_____ (Seal)

Complaint Requirements

Section 4– Members complaining must state the nature of the dispute as briefly as possible and the amount of money damages demanded. After receiving notice from the Executive Director/Assistant

Treasurer, the defendant must sign the agreement to arbitrate within ten business days. No case for arbitration shall be submitted to the Arbitration Committee until both parties have signed on the prescribed blank their agreement to abide by the decision of the Committee, and release all members of such Committee, and the Association itself, from any responsibility from errors in judgment in any respect whatever or for any damages or for any loss suffered by reason of their act. After both parties have signed the agreement, the complainant will within ten business days after receiving notice from the Executive Director/Assistant Treasurer, furnish a brief and clear statement of his case, together with the evidence. This shall be presented by the Executive Director/Assistant Treasurer to the defendant, or forwarded to him by registered post, and he shall have ten business days in which to file his answer. The complainant shall have five business days in which to furnish rebuttal. All papers submitted by complainant and defendant shall be made in duplicate.

Time Limit for Filing Arbitration

Section 5– All claims, controversies or disputes must be presented for arbitration within two years from time of contract.

Time and Place of Meeting

Section 6 – The Arbitration Committee shall meet, when a sufficient number of cases have been presented to justify the expense, at some place to be agreed upon by the Committee, and hear and decide any arbitration cases which have been filed with the Executive Director/Assistant Treasurer since their last meeting, as well as any undecided cases which have been held over for any cause from any former meeting. If an insufficient number of cases are received to call a meeting of the Committee, and in order to handle the same more expediently, the Executive Director/Assistant Treasurer may authorize the reviewing of such cases by the Committee through the mail or email.

Decision Subject to Appeal

Section 7 – Their decisions shall be final, subject to the usual appeal to the Board of Directors and to such limitations as are provided by the By-Laws.

Arbitration Fee

Section 8 – All complaints for arbitration must be accompanied by a cash deposit of \$200.00, and the defendant must make a like deposit. Of these deposits, the party losing shall forfeit all of his deposit and the other party shall forfeit \$100.00. In all cases arbitrated, the deposit fee shall be retained by the Executive Director/Assistant Treasurer until the time for appeal shall have expired.

Cases Withdrawn or Settled

Section 9 – In all cases filed for arbitration and afterwards compromised or settled or papers withdrawn for any reason, by the complainant, or where parties fail or refuse to arbitrate, the Executive Director/Assistant Treasurer shall retain \$100.00 of the complainant's deposit as a fee for filing the case, returning the balance. Where parties fail to arbitrate or refuse to complete the necessary papers for arbitration within a reasonable length of time, the defaulting party shall forfeit all of his deposit and the other party have returned his entire deposit.

Penalty for Defendant Failing to Sign Agreement

Section 10 – In the case the defendant to any complaint fails to sign the agreement to arbitrate within the specified time, unless for good and sufficient reasons the time may be extended by the Executive Director/Assistant Treasurer, the defendant shall be considered as automatically suspended from membership without any action on the part of any officer or Committee of the Association, and the members shall be so notified. The offending member shall stand suspended until contrary action shall be taken by the Board of Directors.

Penalty for Either Party Failing to Answer

Section 11 – In the case either party fails to answer with pleadings or evidence within the specified time, the agreement having been signed by both parties, the Arbitration Committee may act as in cases of default.

Service and Notification

Section 12 – Proper service shall be construed to have been made on having mailed to the last known address by registered letter notice of the same. Acceptance of service must be by the same process except at the risk of the sender it may be mailed without registry to the Executive Director/Assistant Treasurer.

Oral Hearings

Section 13 – By consent of both parties to the case, and of the Arbitration Committee under whose investigation the case would come, there may be a hearing and the case presented orally, the parties to the case paying any additional expense incurred, the amount to be determined by the Committee.

Expenses of Arbitration Committee

Section 14 – The members of the Arbitration Committee shall receive for their services \$50.00 per diem for the time used in considering and deciding cases submitted to them as a Committee, as well as the amount of their actual traveling expenses and hotel bills. If the said Committee holds a session during the time and place of Association's annual meeting, members shall not be entitled to the compensation provided for in this rule.

Challenge Member of Arbitration Committee

Section 15 – When any member of the Association shall be a party to a case for arbitration, he may challenge for cause any member of any Arbitration Committee, and in case of such challenge, it shall be the duty of the President of the Association to appoint a member to serve in place of the one challenged.

Decision and Notification of Same

Section 16 – Decisions of the Arbitration Committee shall be furnished in writing by the Executive Director to both parties within fifteen days after made. Either party to the arbitration shall have the right to appeal to the Board of Directors within ten days after receipt of the decision, after which time, should there be no appeal, the decision shall be in full force and binding upon all the parties thereto.

Filing Appeals

Section 17 – The appellant shall, when filing an appeal, deposit with the Executive Director/Assistant Treasurer, as security, a sum equal to the amount involved, when it shall be \$1000.00 or less. Should the amount exceed \$1000.00, then sufficient satisfactory security shall be given the Executive Director/Assistant Treasurer, be held in abeyance until the decision of the Appeal Committee. If the Committee sustains the award, then the Executive Director/Assistant Treasurer is authorized to immediately mail a check to the party in whose favor the decision is made, otherwise, return it to the party appealing the case.

Appeal Deposit

Section 18 – The appellant shall also deposit with the Executive Director/Assistant Treasurer an additional fee of \$100.00 in case of an appeal to cover expenses incidental thereto. The appellant shall also furnish the Executive Director/Assistant Treasurer in duplicate a plain statement setting forth his reasons for appeal and exceptions to the committee's award.

TRADE RULES

Adopted July 5, 1906
Amended April 1, 1945
Amended August 23, 1949
Amended September 18, 1993
Amended September 26, 2015

Introduction

The Association provides herein domestic and international trade rules for the industry's use in conducting forage business transactions. The Association strongly suggests forage traded domestically, which could be bound for the export market, be traded on the basis of both the provided domestic and international trade rules.

DOMESTIC TRADE RULES

Adopted September 26, 2015

Rule 1 – Trade

It is recommended both buyer and seller to include in their original articles of trade, however conducted, the following specifications:

Units, tons, bales, etc.

Size of bales

Description of product quality

Price

Terms of Payment

Rate basing point

Time of shipment

Remedies for incomplete shipment or delivery

Route

Minimum weight required

Place of sale weight

Rule 2 – Confirmation

(a) It is recommended both buyer and seller, on the day of trade, to notify each to the other a confirmation in writing, (the buyer a confirmation of purchase and the seller a confirmation of sale), setting forth the specifications of the trade as made by him. Upon receipt of said confirmation, the parties thereto shall carefully check all specifications named therein and, upon finding any differences, shall immediately notify the other party to the contract by Fax or telephone, and confirm in writing.

(b) When a trade is made through a broker or dealer it is recommended to send a written confirmation to each of the principals, (to the buyer a confirmation of sale and to the seller of confirmation of purchase) setting forth the specifications of the trade as made by him. Upon receipt of said confirmation, the parties thereto shall carefully check all specifications named therein and, upon finding any differences, shall immediately notify the other party to the contract by Fax or telephone, and confirm in writing.

Rule 3 – Bills of Lading

(a) Bills of lading attached either to invoices or drafts shall be original and negotiable, and in conformity with the specifications of the contract on which the shipment is to apply, and shall be signed in accordance with rules of carriers. Any loss resulting from irregular or incorrect bills of lading shall be paid by the seller or responsible party.

(b) On shipments, the date of bill of lading shall be conclusive evidence of date of shipment.

Rule 4 – Reshipment. Diversion and Re-consignment

Reshipment, diversion or re-consignment of hay or straw by the buyer from first point of destination shall constitute acceptance by the buyer.

Rule 5 – Refusal of Shipment

Failure to make any shipment in keeping with the terms and conditions of a contract shall be grounds for the refusal only of such shipment or shipments, and not for the decision of the entire contract or any contract between buyer and seller.

Rule 6 – Arbitration

In cases of arbitration of disputes resulting from transactions in hay or straw where one or both parties in the dispute are members of The National Hay Association, the Associations arbitration rules shall define the rights of the parties and shall be the basis of award.

Rule 7 – Invoices

It shall be the duty of the seller to mail or Fax to the buyer an invoice.

Rule 8 – Disposition of Off Quality Hay

Should any of the hay or straw inspected at destination be found of a different quality that was specified in the contract, the buyer shall notify the seller immediately, and if not otherwise instructed by the seller within twenty-four hours after notification, shall exercise due diligence to dispose of said goods at once, and to the best possible advantage for account of the shipper.

Rule 9 – Shortage, Damage and Overcharge

All claims for shortage or damage shall be made by the buyer within ten (10) days after arrival.

INTERNATIONAL TRADE RULES

Adopted September 26, 2015

All Active members and other parties using these rules are free to agree upon any contractual provisions that they deem appropriate and these rules apply only to the extent that the parties to a contract have not altered the terms of the rules, or the contract is silent as to a matter dealt with by the pertinent rule.

Rule 1 – Trade

Both the Buyer and Seller shall include in their original articles of trade, whether entered into orally or in writing the following specifications, if applicable:

- (A) Contract date
- (B) Kind and description (including quality) of feed
- (C) Quantity
- (D) Price and delivery basis (see Rule 22 Definitions)
 - (1) FAS
 - (2) FOB
 - (3) CFR

(4) CIF

(5) If other delivery basis, see Incoterms 2010

(E) Terms of payment

(F) Type of weights

(G) Shipping terms:

(1) Shipping container type

(2) Applicable Freight Terms

(3) Type of billing

(4) Loading weight requirements

(5) Time period of shipment or delivery

(6) Route

(7) Responsibility for freight changes

(8) Buyer's or Seller's conveyance

(9) Freight Prepaid or Collect

(H) Packaging

(I) Production origin of feed

(J) Trade rules to apply

(K) Usual Terms: The specifications above shall apply except in cases where the Buyer and the Seller have been trading on agreed terms and conditions, in which event it shall be sufficient for the words "usual terms" to be used in confirmation, and the use of said words shall imply that such terms and conditions as governed previous trades of like character shall apply.

(L) If destination regulatory officials require any portion of this contract to be shipped back for failure to meet import regulations then buyer and seller agree to share the responsibility for ship back cost as outlined in NHA/USFEC ship back Option "___" (per options below). It is the responsibility of the Buyer and Seller, at their option, to insure any portion of their individual risks associated with cargo being shipped back.

Option A: CFR/CIF Sales

Buyer's responsibilities: All cost associated with destination demurrage charges and warehouse charges.

Seller's responsibilities: Refunding to Buyer full C&F value. All return freight cost to origin port or freight cost to new destination port. All cost for custom clearance in destination country.

Option B: FAS/FOB/CY Sales

Buyer's responsibilities: All cost associated with destination demurrage charges, warehouse charges, and custom clearance in destination country. All cost for return freight to origin port or freight cost to new destination port. All cost for ocean freight from origin port to destination port.

Seller's responsibilities: Refunding to Buyer full CY value.

(M) Other terms

Rule 2 – Brokers/Agents

(A) A broker/agent is a person, or firm that is engaged for others, at least partially on a commission basis, in negotiating, or facilitating the execution of, contracts relative to property of which he has no actual or constructive custody.

(B) A person or firm is not a broker:

(1) Who has possession and absolute control of merchandise shipped to him to sell and collect the price. (Therefore, a commission merchant to whom feed is consigned for sale is not a broker.)

(2) Who receives a salary instead of a commission or brokerage.

(3) Who acts for one principal to the exclusion of all others.

(C) A broker/agent has the power to bind his principals only to the extent of his instructions. The principals are not liable for any acts of the broker in excess of such instructions.

(D) A broker/agent who, in good faith or otherwise, exceeds his authority is liable for any resulting damages.

(E) A broker/agent that, in good faith, negotiates, or facilitates the execution of, a contract in accordance with instructions from both principals; that, at the time of negotiations, or the facilitation, advises each principal the name of the other; and that completes such negotiations or facilitation in accordance with the rules and customs governing such transaction, thereby fulfills all obligations and has no further liability to either principal. The contract so negotiated or facilitated is valid and binding between the Buyer and Seller as if it had been negotiated or facilitated directly between them.

(F) Payment for brokerage shall be credited when shipments are invoiced or when contract is otherwise consummated or terminated, unless otherwise agreed.

Rule 3 – Confirmation of Contracts

(A) Both the Buyer and Seller shall send a written confirmation, each to the other, not later than the close of the business day following the date of trade, or an agreed amendment setting forth the specifications as agreed upon in the original articles of trade, or an agreed amendment. Upon receipt of said confirmation, the parties shall carefully check all specifications therein and, upon finding any

material differences, shall immediately notify the other party to the contract and confirm corrections by written communication.

(B) If either the Buyer or the Seller fails to send a confirmation, the confirmation sent by the other party will be binding upon both parties, unless the confirming party has been immediately notified by the non-confirming party, as described in Rule 3 (A), of any disagreement with the confirmation received.

(C) When a trade is made through a broker/agent, it shall be the duty of the broker to send a written confirmation not later than the close of the business day following the date of trade to each of the principals setting forth the specifications of the trade, or an agreed amendment. Upon receipt of said confirmation, the parties shall carefully check all specifications therein, and upon finding any differences, shall immediately give written notice to the other party to the contract and to the broker. If either party fails to give such notice, the terms and specifications contained in the confirmation issued by the broker/agent shall govern the contract.

Rule 4 – Alteration of Contract

The specifications of a contract cannot be altered or amended without the expressed consent of both the Buyer and Seller. Any alteration mutually agreed upon between Buyer and Seller must be confirmed by both in writing by the end of the next business day.

Rule 5 – Electronic Data Interchange and E-mail

These rules may be applied to trades that include electronic transmission and receipt of data in agreed formats, e.g., Electronic Data Interchange (EDI), in substitution for conventional paper-based documents. A party to a trade may, in lieu of written documents, transmit or receive from the other party an electronic transmission in agreed formats to which the parties have given their prior written consent.

These rules may be applied to trades that occur by email in substitution for conventional paper-based documents. A party to a trade may, in lieu of written documents, transmit or receive from the other party an email, and such email shall substitute for a written document provided that the parties have previously so agreed.

Rule 6 – Passing of Title as Well as Risk of Loss and/or Damage

Title, as well as risk of loss and/or damage, passes to the Buyer as follows:

(A) On FAS/FOB/CY basing point contracts, at the time and place of shipment. The time of shipment is the moment that the carrier accepts the appropriate interchange shipping document.

(B) On CFR contracts:

(1) By rail, when the conveyance is constructively placed or otherwise made available at the Buyer's original destination.

(2) By truck, upon arrival at the Buyer's final destination.

(3) By ocean vessel, upon loading of cargo at port of origin.

(C) On in-store contracts, at the time of contract, transfer, or sending of documents, unless and to the extent warehouse tariff and/or storage contract assumes the risk of loss and/or damage.

Rule 7 – Container Loading Weight Requirements

Unless otherwise agreed in purchase contract, buyer shall advise seller of container load weights. If the buyer fails to give such instructions in a timely manner, the Seller may load the container to legally allowable weight without exceeding a maximum weight capacity of the intermodal container. This provision shall not require the Seller to load more or less than set forth in the contract.

Rule 8 – Ocean Bills of Lading

Unless otherwise agreed, the bill of lading shall be an order bill of lading.

(A) Order bills of lading shall be original and negotiable, and conform to the specifications of the contract on which the shipment is to apply. They must be properly executed and signed by an authorized agent of the carrier within the shipment or delivery period of the contract. The Seller shall pay any loss that is caused by irregular or incorrect bills of lading.

The Seller shall be liable for any demurrage and/or additional charges accruing on feed billed to “shipper’s order,” when such charges are attributable to the inability of the Buyer to obtain rightful possession of the bill of lading whenever said bill of lading is necessary to furnish disposition, provided that the Buyer notifies the Seller upon the date of arrival.

(B) Straight bills of lading shall be original and conform to the specifications of the contract on which the shipment is to apply. They must be properly executed and signed by an authorized agent of the carrier within the shipment or delivery period of the contract. The Seller shall pay any loss that is caused by irregular or incorrect bills of lading.

(C) Electronic Data Interchange (EDI) bills of lading shall be signed or unsigned and conform to the specifications of the contract on which the shipment is to apply. They shall be issued within shipment or delivery period of the contract. These bills of lading do not waive any of the terms and conditions of the applicable uniform domestic straight bill of lading set forth in the uniform freight classification, including those terms and conditions on the back of the bills of lading.

Rule 9 – Routing of Shipment

(A) CFR/CNF shipments shall be deliverable via any ocean carrier at the discretion of the Seller, unless otherwise agreed at the time of sale. If such shipments are routed by the Buyer, the carrier becomes the Buyer’s agent, and the Seller’s liability for routing ceases when he furnishes bill of lading in accordance with the Buyer’s instructions.

(B) Cargo that is sold on FAS/FOB/CY terms shall be routed in accordance with the billing instructions furnished by the Buyer. If available equipment, or other reason, precludes routing as requested, then the Seller has the responsibility of so advising the Buyer.

Rule 10 – Time of Shipment

On the date of contract, the shipping schedule shall be determined by specifying: (1) requested date(s); or (2) frequency of shipment [in days, weeks, or month(s); or (3) one of the shipment terms defined below. Also, the contract shipping period shall be specified.

(A) **“Immediate”** means shipment within five (5) calendar days from the date of the trade.

(B) **“Quick”** means shipment within ten (10) calendar days from the date of the trade.

(C) **“Prompt”** means shipment within fifteen (15) calendar days from the date of the trade. When no shipping period is specified, “Prompt” shipment shall apply.

(D) **“Loaded,” “spot,” or “Dock”** means that the goods are actually loaded and ready for billing, and must be billed on the date of the trade.

(E) **“In transit”** means that the cargo must have been billed at least one day prior to the date of the trade.

(F) **“Weekly”** means shipment during each calendar week that begins on a Monday and the schedule shall specify the requested Monday date(s).

(G) **“First Half”** of the month means that shipment shall occur during the first fifteen (15) days of the month (including February) and shipment **“Last Half”** means shipment shall occur in the remaining days of the month.

(H) **“Monthly”** means that shipment shall occur during the period beginning with the first day and ending with the last day of the month.

The contract shipping period is that period of time during which shipment must be made. On FAS/FOB/CY contracts, buyer is responsible to provide seller with a shipping schedule where the cutoff falls within the contract shipping period. On CFR/CNF contracts, seller is responsible to ship cargo via ocean vessel within the contract shipping period.

When a scheduled ship date or shipping period begins or ends on a Saturday, Sunday, or Legal holiday, shipment shall be made on the next business day.

Intermodal container interchange shipping receipts when dated and signed by ocean carriers or carrier’s agents shall also be accepted as evidence of shipment. Markets where the loading is made on a railroad shall be evidence that the car is loaded within the life of the contract.

Rule 11 – Shipment Notice and Billing Instructions

The words, “notice,” “notify,” and “notification” means verbal communication and/or communication by facsimile or e-mail regarding applicable numbers and billing instructions. Cargo shall be billed to a named destination and booking cargo to carrier lines for billing purposes does not constitute billing to a named destination.

Notification(s) and billing instruction(s) shall be provided during the Contract Shipping Period. A change in specifications previously filed with the Seller does not extend any contract except upon mutual agreement at the time such change is requested.

To comply with the “Time of Shipment” (Rule 10) schedule, the Buyer shall notify the Seller and furnish shipment instructions as follows:

(A) **Requested Date(s):** On the date of trade.

(B) **Frequency of shipment [in days, weeks, or month(s)]:** On the date of trade.

(C) **Shipment Terms:** If any one of the following shipment terms is specified on the date of trade, the Buyer shall notify the Seller and furnish billing instructions as follows:

(1) **Immediate, Quick, Loaded, Spot, On-Track, and/or In Transit:** On the date of trade.

(2) **Weekly:** No less than 15 working days prior to booking cutoff.

(3) **First or Last Half:** No less than 15 working days prior to booking cutoff.

(4) **Monthly:** No less than 15 working days prior to booking cutoff.

(5) **Prompt:** Within five (5) calendar days of the date of trade.

During the Contract Shipping Period (excluding Buyer’s Option), if the Buyer has to provide shipment instructions, the Seller may notify the Buyer and request suitable shipment instructions.

If the Seller fails to demand shipment instructions and the Buyer fails to provide shipment instructions, the contract shall remain in force until such time that either the Seller does demand shipment instructions or the Buyer does provide shipment instructions.

If the Buyer is late in providing shipment instructions, the Seller may extend the time of shipment by an equivalent amount of time. The Seller shall have the same amount of time to make shipment, after late receipt of the shipment instructions, as was originally specified in the contract.

Rule 12 – Container Demurrage and/or Additional Charges

The Seller shall not be held liable for any demurrage and/or additional charges accruing on cargo when such charges can be shown to have accrued by reason of the inability of the Buyer to provide timely notification of changes to shipment instructions.

Rule 13 – Shortage and/or Damage/Claims

All claims for shortage and/or damage/claims shall be made by the receiver within thirty (30) days after arrival, and must be accompanied by photos of damaged cargo and written documentation as to the condition of cargo, contents, damages and/or shortages. Buyer must provide documentation showing movement of product from arrival at port to its final destination. Buyer shall also provide seller with documentation detailing plan for mitigation of loss, detailing due diligence in minimizing financial exposure.

In the event the buyer notifies seller of a claim issue within the thirty (30) day period specified above, seller and buyer agree to work towards any financial settlement in the ensuing thirty (30) day period.

Rule 14 – Seller’s Default on Quality

It is the responsibility of Seller to verify that the product complies with mutually acceptable industry standards, or a specific quality description.

Prior to scheduled shipment, if the Seller, by exercise of due diligence, verifies that the shipment does not comply with contract terms, he shall notify the Buyer in writing by facsimile or e-mail by the next business day. Upon receipt of such notice, the Buyer shall, within one (1) business day thereafter, advise the Seller in writing by facsimile or e-mail, which of the following options he elects to exercise:

1. Reject the shipment and (a) cancel the rejected portion of the contract at fair market value of the contracted cargo as of the date of the rejection or (b) schedule a replacement shipment;
2. Accept the shipment under mutually acceptable conditions.

Force majeure. The time for performance by seller shall be extended by any delays caused by war, fire, acts of god, riot, embargo, casualty, or other matters outside of the reasonable control of seller.

Rule 15 – Refusal of Shipment

Failure to make any shipment in keeping with the terms and conditions of a contract shall be grounds for the refusal only of such shipment, and not for the rescission of the entire contract or any other contract between the Buyer and Seller.

Rule 16 – Condition Guaranteed Upon Arrival

(A) Shipment on contracts shall be guaranteed by the Seller to arrive at final destination with quality per contract specifications and free of objectionable foreign material, with the following exception(s):

1. Damage to container in transit from loading port to devanning point.
2. Product is stored in intermodal container at destination longer than 21 days.

(B) It shall be the duty of the Buyer to ascertain by inspection or other means and report the condition of the shipment not later than 30 days after arrival at destination port, otherwise the Seller’s liability ceases at the expiration of such time.

(C) A Buyer receiving a shipment that is out of condition on arrival, and handled as outlined in preceding paragraphs, shall upon Seller’s request, unload, recondition, and salvage to best advantage of the Seller whenever practical to do so.

(D) In the event the Seller is responsible for quality damages the maximum amount is limited to the purchase price of the affected cargo. At no time will Seller be responsible for consequential damages.

In the event the Buyer requests replacement, then the Seller shall be obligated to make replacement if available, and the Buyer shall be obligated to accept such replacement, which must be made by a new

shipment within (15) calendar days (excluding Saturday, Sunday, and legal holidays) from the date of notification by the Buyer.

Rule 17 – Default on the Shipping Schedule and/or the Contract Shipping Period

(A) Default by the Seller: When the Seller finds that he is in default on the shipping schedule, and on the contract shipping period, he shall notify the Buyer at once in writing by facsimile or e-mail.

Upon receipt of such notice, the Buyer shall, within twenty-four (24) hours thereafter, advise the Seller in writing by facsimile or e-mail, which of the following options he elects to exercise:

- (1) agree to extend the shipping period; or
- (2) buy-in, for the Seller's account, the defaulted portion of the shipments; or
- (3) cancel the defaulted portion of the shipments.

If the Seller fails to notify the Buyer of his default, the liability remains in force until the Buyer, by the exercise of due diligence, can determine whether the Seller has defaulted. The Buyer shall notify the Seller at once in writing by facsimile or e-mail and within twenty-four (24) hours thereafter, advise the Seller in writing by facsimile or e-mail which of the options (1) or (2) or (3) above he elects to exercise.

If the Seller defaults on the contract, he is liable for all reasonable costs and expenses as shall have been incurred to and including the day the Buyer elects one of the three options.

Force majeure: Fulfillment of this contract is contingent upon, but not limited to, Acts of God, fires, strikes, accidents, riots, delays of carriers, actions of government authorities or other causes beyond sellers control.

(B) Default by the Buyer: When the Buyer finds that he is in default on the shipping schedule and on the contract shipping period, he shall notify the Seller at once in writing by facsimile or e-mail. Upon receipt of such notice, the Seller shall, within twenty-four (24) hours thereafter, advise the Buyer in writing by facsimile or e-mail, which of the following options he elects to exercise:

- (1) agree to extend the shipping period; or
- (2) sell-out, for the Buyer's account, the defaulted portion of the shipments; or
- (3) cancel the defaulted portion of the shipments at fair market value based on the day this option is exercised.

If the Buyer fails to notify the Seller of his default, the liability remains in force until the Seller, by the exercise of due diligence, can determine whether the Buyer has defaulted. The Seller shall notify the Buyer at once in writing by facsimile or e-mail and within twenty-four (24) hours thereafter, advise the Buyer in writing by facsimile or e-mail which of the options (1) or (2) or (3) above he elects to exercise.

If the Buyer defaults on the contract he shall be liable for all the reasonable costs and expenses as shall have been incurred to and including the day the Seller elects one of the three options.

Rule 18 – Production Origin of Feed

A sale must be for a product of United States origin unless otherwise specified at time of sale. If the contracting parties designate a specific non-U.S. origin as the shipment point, then it shall be presumed that the feedstuff was produced in that country unless otherwise specified at the time of sale.

Rule 19 – Weights

On the date of trade, the Seller and Buyer shall agree on the market where the weights will be obtained and the rules governing that market shall apply. When feed is shipped in bulk, the following type weights may be specified:

(A) Official Weights

(1) U.S. Certified Weights: A certified weight shall be any weight that is obtained by a licensed weigher, using a certified scale. A scale shall be considered certified when it meets the requirements specified in the current edition of Handbook 44 (published by the National Institute of Standards and Technology) and has successfully passed inspection, at least annually, by the U.S. Department of Agriculture or its approved agent, a State Board of Weights and Measures, or its approved agent. A scale, to remain certified, must be tested and pass inspection a minimum of once every twelve months or more frequently when required by the governing regulatory authority.

(2) Class III (or Certified House Weights): A weight documented by a weight certificate obtained by an unsupervised licensed weigher using a certified scale.

(B) Weight Settlements

(1) If weight terms have not been specified in the contract, then the Seller's weight shall govern if it is a U.S. Certified or Class III House Weight as defined in this rule.

(2) If weight terms have not been specified in the contract, and neither Buyer nor Seller can furnish a U.S. weight as defined by this rule, then the first weight supplied by either the Seller or Buyer which meets the requirements of this rule for a U.S. Certified or Class III weight shall govern. If neither the Buyer nor Seller can furnish a U.S. Certified or Class III weight, then the first Affidavit weight supplied by either Buyer or Seller shall govern. If neither the Buyer nor Seller can furnish any weight meeting any of the foregoing requirements, then the first recorded weight supplied by either Buyer or Seller shall govern.

Rule 20 – Payment That Is Conditioned on Presentation of Original Drafts and/or Invoices

If payment is conditioned on presentation of original drafts or invoices, the Seller shall provide to the Buyer, or other such consignee as may have been previously designated by the Buyer, an invoice giving the conveyance identification, kind and type of feed, actual or estimated weight (state which applies), price, contract on which shipment is to apply, date of contract, date of shipment, point of origin, amount of invoice, and complete routing, if applicable.

Unless otherwise agreed, sight drafts or invoices are subject to payment on presentation to the Buyer or his designated agent, when properly documented and substantiated by the original bill of lading, and/or delivery order and, if applicable, original weight and inspection certificate(s).

Rule 21 – Contractual Disputes

Where a transaction is made subject to these rules in whole or in part, then the sole remedy for resolution of any and all disagreements or disputes arising under or related to the transaction shall be through the legal venues of the origin processing plant and/or loading point.

Rule 22 – Force Majeure

The time for performance by seller shall be extended by any delays caused by war, fire, acts of god, riot, embargo, casualty, or other matters outside of the reasonable control of seller.

Rule 23 – Definitions

(A) Business Day

For the purpose of these rules, a “business day” shall be defined as the hours from 0800 to 1700 hours on the US West Coast, USA excluding Saturday, Sunday and U.S. legal holidays.

(B) Buying-In

When the phrase “buy-in” is used in these rules it shall mean an actual purchase of feed of like kind and quantity on the open market; provided, that when this is not feasible or would result in undue penalty to the Seller, the Buyer shall have the privilege of establishing a fair market value for the purpose of determining any loss properly chargeable to the Seller.

(C) Communications

When a rule refers to written communication, confirmation or notification, it shall include those communications sent/received by postal mail, courier, or rapid electronic means, e.g., telex, facsimile, EDI, email, or communications generated by an electronic trading platform. The sender shall be responsible for the correct transmission of the message.

(D) Delivery

The term “delivery” when used in these rules shall mean that the conveyance has been actually or constructively placed to the Buyer as evidenced by a scale ticket, dock receipt or bill of lading.

(E) Notice

The term “notice,” when used in these rules shall mean oral communication when possible, and in all cases by rapid written communication.

(F) Packaging

It shall be understood that all feedstuffs when sold in bags/sleeves shall be packed in new bags/sleeves, unless otherwise agreed at time of trade. Other packaging terms as agreed between buyer and seller.

(G) Arrival

Rail: A car of feed shall be considered “arrived” as the first 12:01 a.m. after the car is placed, constructively placed, or reported to the Buyer as available for the Buyer’s instructions, but excluding Saturdays, Sundays, or U.S. legal holidays.

Trucks: Trucks shall be considered to have arrived at the time and date of unloading as evidenced by a scale ticket or dock receipt at the receiving facility. Where such evidence is not available, other routine business records may be used to show arrival time and date.

Containers to CY. Containers shall be considered to have arrived at the port when an interchange is generated.

(H) Shipment–Rail

The term “shipment” when used in these rules shall mean that the shipper has filed shipping instructions with the authorized agent of the carrier.

(I) Selling-Out

Where the phrase “sell-out” is used in these rules, it shall mean an actual sale of feed of like kind and quantity on the open market, provided that when this is not feasible or would result in undue penalty to the Buyer, the Seller shall have the privilege of establishing a fair market value for the purpose of determining any loss properly chargeable to the Buyer.

(J) Time

When these rules require that an action be taken at or by a specified time of day, then “time” shall mean US West Coast Time.

(K) Truckload

If no truck size is specified in the contract, a truckload shall be approximately 25 short tons net weight.

(L) Container Load

If no container size or length is specified in the contract, a container load shall be 40 feet in length.

(M) FAS - Free Alongside Ship

“Free Alongside Ship” means that the seller delivers when the goods are placed alongside the vessel (e.g., on a quay or a barge) nominated by the buyer at the named port of shipment. The risk of loss of or damage to the goods passes when the goods are alongside the ship, and the buyer bears all costs from that moment onwards.

(N) FOB - Free On Board

“Free On Board” means that the seller delivers the goods on board the vessel nominated by the buyer at the named port of shipment or procures the goods already so delivered. The risk of loss of or damage

to the goods passes when the goods are on board the vessel, and the buyer bears all costs from that moment onwards.

(O) CFR - Cost and Freight

“Cost and Freight” means that the seller delivers the goods on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel. the seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination.

(P) CIF - Cost, Insurance and Freight

“Cost, Insurance and Freight” means that the seller delivers the goods on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel. The seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination.

The seller also contracts for insurance cover against the buyer’s risk of loss of or damage to the goods during the carriage. The buyer should note that under CIF the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have more insurance protection, it will need either to agree as much expressly with the seller or to make its own extra insurance arrangements.