

ARTICLE VII

CAPITAL STOCK

Section 1.

The capital stock of the association shall consist of 250,000 shares divided into 20,000 shares of common stock of the par value of \$1.00 per share, and 50,000 shares of Class A Preferred Stock of the par value of \$1.00 per share and 180,000 shares of Class B. Preferred Stock of the par value of \$1.00 per share.

Section 2.

The holders of the common stock of this association shall be regarded as its members.

The common stock of this association may be purchased, owned or held only by producers of agricultural products and cooperative associations of such producers, approved by the board of directors, who shall patronize the association in accordance with uniform terms and conditions prescribed thereby and only such persons shall be regarded as eligible members of the association. In the event the board of directors of the association shall find, following a hearing, that any of the common stock of this association has come into the hands of any person who is not an eligible member, or that the holder thereof has ceased to be an eligible member, such person shall have no rights or privileges on account of such stock or vote or voice in the management or affairs of the association (other than the right to participate in accordance with law in case of dissolution or to receive the par or book value of such stock, whichever is less, in the event of its sale, transfer or conversion as herein provided). The association, upon such a finding, shall have the right, at its option, (a) to purchase such common stock at its book or par value, whichever is less, as