



FARMERS' RICE COOPERATIVE

UNIFORM MEMBER MARKETING AGREEMENT
AND
CERTIFICATE OF MEMBERSHIP

This agreement ("AGREEMENT") made and entered into between Farmers' Rice Cooperative, ("FRC"), and the undersigned entity ("MEMBER"):

WITNESSETH:

1. Member agrees to have all of the rice (*Oryza sativa* L.) grown, produced, owned or controlled by Member in California exclusively marketed by FRC, and has applied for membership in FRC simultaneously with the execution of this Agreement.
2. Member has received current copies of the FRC Articles, Bylaws, and Marketing Base Capital Plan enacted pursuant thereto, and acknowledges that all of the provisions of these documents are incorporated by reference as part of this Agreement. Member further acknowledges that he has read the Articles, Bylaws, and Marketing Base Capital Plan of FRC and agrees to be bound by all of the terms and conditions thereof as now in effect or as may be amended in the future. Member agrees to comply with member operating procedures necessary to implement the provisions, terms and conditions of this Agreement. Such procedures may be issued in formal directives or regulations or informally in newsletters or other similar direct correspondence of FRC, as amended, constitute the entire agreement between FRC and Member, and supercede any and all previous agreements between FRC and Member.
3. FRC shall prescribe member operating procedures for uniform methods of weighing, handling, sampling, quality analysis, and storing of rice. Member agrees to observe and be bound by these procedures, and to accept the quality analysis determined as therein provided. Delivery of rice to FRC shall be defined in member operating procedures, and Member shall make delivery under the uniform terms and conditions set forth in those procedures. Member may, upon written application and subject to such administrative rules as may be published, make a bona fide sale of any portion of their crop to any entity for use as seed rice. FRC shall have the right to reject any rice tendered for delivery that is in a non-marketable condition, as determined by FRC.
4. After delivery, FRC shall have the right, in its absolute discretion, to commingle, pool, pledge as security for loans from Commodity Credit Corporation or any other financing agency and sell the rice in either the natural or processed state. In the event that for all or any portion of the rice subject to this agreement Member utilizes a storage facility, including farm storage, which is not approved by FRC, Member may be paid a lesser storage rate and initial advance.
5. Payment to Member for rice delivered shall be made promptly after delivery and when applicable requirements of member operating procedures are met. FRC shall pay to Member an advance per hundred-weight which shall be as large an amount as is practicable, and which may vary with the variety, milling yield and quality analysis of rice delivered. The amount of the advance shall be determined from time to time by the Board. Subsequent additional payments may be made. Final payment shall be made no later than two and one-half months following the close of the fiscal year of FRC during which the paddy rice was purchased. Those Members whose rice meets eligibility requirements for U.S.D.A. programs will accrue benefits in accordance with such programs. Member, at his election, may defer advance payments by entering into a deferred payment agreement with FRC as prescribed by the Board. Such deferral, once elected, may not be subsequently changed. The provisions of Section 315, as amended, of the California Corporations Code shall not apply to FRC with respect to such advances or other loans to Members.
6. FRC shall establish pools with respect to rice delivered by Members. Member's beneficial interest in rice shall be pooled with the beneficial interest of other Members which have the same variety of rice. Similarly situated Members shall be treated similarly. In addition, other equitable factors may be taken into consideration by the Board in establishing pools. Notwithstanding the foregoing, the Board may establish such pools as are deemed advisable to conform with any government program for rice.
7. Member shall be paid his proportionate part of the net proceeds from the sales of rice in the pool or pools to which his rice is assigned, as determined after deducting all expenses, adjustments, retains and fees set forth in this Agreement, the Articles, Bylaws, Marketing Base Capital Plan and member operating procedures of FRC. In determining Member's proportionate part, an adjustment shall be made based upon quantity, milling yield and quality analysis and such other factors as may be determined to be equitable by the Board. In determining net proceeds, there shall first be deducted from the gross sales price all costs, expenses, and outlays (other than for capital purposes) made or incurred directly attributable to the rice in each pool, and all general overhead, maintenance, operating expenses and outlays (other than for capital purposes) of every kind or character equitably chargeable to the pool in accordance with generally accepted accounting principles. Adjustments may be made as appropriate to comply with U.S.D.A. eligibility requirements. FRC shall retain for capital purposes those amounts prescribed by the current Marketing Base Capital Plan. Additionally, FRC shall deduct any fees as may be prescribed by law.
8. In the event there are any liens or encumbrances against or upon any rice which the Member is obligated to deliver and sell to FRC under this Agreement, Member agrees to cause such liens and encumbrances to be released or subordinated to FRC immediately. In the event that the Member fails so to do, FRC shall have the option to discharge any such liens or encumbrances and to charge the same against the Member. FRC shall have, and is hereby given, a first lien upon all money owed to Member, including without limitation money owed for the purchase of rice, and upon Member's capital in FRC, including without limitation Member's Marketing Base Capital Account, as security for the repayment to FRC of any and all sums owing to FRC at any time from Member. FRC shall have the right to offset all or part of Member's debt to FRC against all debts owed by FRC to Member against the balance of Member's Marketing Base Capital Account or any other funds held by FRC, but shall not be required to do so.
9. Member shall harvest and deliver his rice either to an FRC warehouse, a warehouse approved by FRC, or some other warehouse suitable under the customs and conditions then prevalent in the trade. Ownership and title to rice deposited in and delivered to an FRC warehouse shall pass to FRC at the time such rice is deposited in the warehouse. Ownership and title to rice deposited in other warehouses shall pass to FRC when such rice is loaded for Members account on carriage provided by FRC, or when a warehouse receipt or a paddy rice storage receipt evidencing such rice is received by FRC. All risk of loss regarding such rice shall be upon Member until such time as ownership and title pass to FRC. FRC will maintain insurance for fire, windstorm and other direct damage to rice for which it has ownership and title.
10. After delivery, the quantity and quality analysis of rice shall be determined as provided herein. The quantity and quality analysis of rice deposited and delivered in FRC warehouses will be initially credited to Member accounts within the commercial tolerances guaranteed for the crop year by FRC in its tariff and otherwise. The Member's final settlement will be based on the quantity and quality analysis of the rice actually delivered within those commercial tolerances guaranteed for the crop year by FRC in its tariff and otherwise. The quantity and quality analysis of rice deposited and delivered to other than FRC warehouses will be credited to Member accounts as provided for in member operating procedures. The Member's final settlement will be based on the quantity and quality analysis of the rice actually delivered by the warehouse to FRC.

11. Any Member who shall fail, neglect or refuse, for any reason, to deliver or sell to FRC or to market through FRC any portion of the rice grown or produced by the Member or under his control, shall be liable for damages to FRC in such amount as shall be specified as liquidated damages. Commencing with the 1988 crop, the amount of liquidated damages shall be equivalent to two cents per pound for each pound of paddy rice delivered, sold or otherwise disposed of contrary to the provisions of this Agreement.

12. By executing this Agreement, Member hereby applies for and accepts membership in FRC. However, this Agreement shall not be effective unless and until approved by the Board and executed by FRC. Upon execution by the parties and approval of this Agreement by the Board, this Agreement shall constitute Member's Certificate of Membership in FRC. Following the expiration of a one-year period beginning on the first day of the term of this Agreement, Member may terminate this Agreement upon written notice to FRC on or before, and to be effective as of, March 1 of any year. If notice is given subsequent to March 1 of any year, such notice shall not be effective until March 1 of the next succeeding year. The obligation of Member to deliver and to sell rice to FRC as provided in this Agreement shall continue until termination is effective. This Agreement shall continue in existence for a period of fifteen years unless terminated earlier. The cancellation of this agreement by either party shall not (1) affect any uncompleted sales or transactions between the parties hereto, (2) release either party from any indebtedness unpaid thereafter occurring under this agreement, (3) relieve Member from his obligation to sell to FRC any rice acquired or produced by him during the preceding season, or relieve FRC from selling any rice produced during that season. Neither the failure of Member to comply with his agreement or the release of him by FRC shall have any effect on any other agreement with other Members. Similarly, neither the failure of other Members to comply with their agreements or their release by FRC shall have any effect on this agreement.

13. If it becomes necessary for FRC to institute legal proceedings or take other action to enforce the terms of this Agreement, Member agrees to pay FRC reasonable attorney's fees and all other costs, bond premiums, expenses, and fees incurred by FRC. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

14. This Agreement is applicable to all rice grown or produced by Member whether it be as lessor, lessee, as rice allotment holder or lessee, or under other tenancy or interest of any kind or nature. This Agreement is also applicable to any rice owned or received by Member as rental for the use of any land or U.S.D.A. rice program benefits of Member under any crop sharing arrangement or otherwise. In the event Member acquires as owner, lessee, lessor or otherwise any land devoted to the production of rice, other than the land owned or controlled by him as of the effective date of this Agreement, any additional rice so grown or produced or in which Member has an interest shall be covered by this Agreement.

15. This Agreement is not assignable without the written consent of the Board and shall accrue to the benefit and be binding upon the heirs, executors, administrators, successors and assigns of both parties.

16. All notices to be given under this Agreement shall be delivered personally or by first-class mail, addressed as follows to FRC:
FARMERS' RICE COOPERATIVE
P. O. Box 15223
Sacramento, CA 95851
and, as shown below to Member.
Either FRC or Member may change the address for such notices at any time by written notice to the other.

17. Member represents and warrants that he is authorized to sign this Agreement. Every Member who delivers rice to FRC is required to sign a Uniform Member Marketing Agreement. If more than one Member is interested in the crop, each must sign a separate Agreement unless a business partnership exists. If a formal business partnership does exist, the Agreement shall be signed in the name of the partnership. If Member is a corporation, the signature of an authorized officer and his title are required.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth below.

CROP YEAR FOR WHICH THIS AGREEMENT IS INITIALLY APPLICABLE _____

DATE OF EXECUTION

MEMBER

Entity Name

By

MEMBERS' ADDRESS OF RECORD

DATE OF EXECUTION

FARMERS' RICE COOPERATIVE

President

Secretary