

SK LIVESTOCK FINANCE CO-OPERATIVE LTD.

Assurance Fund Bylaw
The Co-Operatives Act, 1996

Approved: July 18, 2019

Article I. Interpretation

1.01 **Definitions** - In the Assurance Fund Bylaw, unless the context otherwise requires:

"**Commodity**" means feeder cattle, breeder cattle, feeder bison and breeder bison;

"**Member**" means a Member of the SK Livestock Finance Co-operative (SKLF) in accordance with the constating documents of SKLF and evidenced by a register of members;

"**Program**" means the financial assistance program established by SKLF for the benefit of Members as more particularly described in the SKLF Policies & Procedures Manual (as amended, modified or updated from time to time);

"**Program Agreements**" means all agreements, certificates, documents and instruments executed and delivered in connection with the Program and includes without limitation the Master Agreement and the Livestock Scheduled Agreements; and

"**Prorated Share**" means an amount based on the amount of the Member's contribution in SKLF's assurance funds established for a particular Program: (a) as a proportion of the total deposits to the assurance fund established for a particular Program; and (b) calculated at the time the request for refund of Member's contribution to the assurance fund is made.

Article II. Assurance Fund Bylaw

2.01 In accordance with this Bylaw, SK Livestock Finance Co-operative Ltd. (SKLF) shall maintain an assurance fund for each Commodity consisting of monies contributed by Members in accordance with the Program and all Program Agreements.

2.02 SKLF shall keep each assurance fund separate from all other SKLF funds and accounts.

2.03 SKLF may use monies contributed to an assurance fund to pay amounts due to SKLF's lender with respect to the purchase of a Commodity by SKLF on behalf of a Member that cannot be paid as a result of a Member default under the Program Agreements. Payment from assurance funds shall be paid in the following priority:

- a. firstly, against any monies deposited by the Member into any assurance fund for any Commodity;
- b. secondly, *pro rata* against any monies deposited by all Members into the assurance fund of the Commodity for which the default has occurred; and
- c. thirdly, *pro rata* against any monies deposited by all Members into any assurance funds for any Commodity.

2.04 SKLF may mortgage, hypothecate, pledge or otherwise create a security interest in or charge upon all or any assurance fund to secure payment of any such evidence of indebtedness or guarantee to SKLF.

- 2.05 If SKLF is in default with its lender or has an amount due to its lender that cannot be paid as a result of a Member default under the Program Agreements, SKLF shall not refund any Members' contribution to such assurance fund, and no Member shall demand repayment thereof, until such default is cured or such amount is paid.
- 2.06 Provided SKLF is not in default with its lender and does not have an amount due to its lender that cannot be paid as a result of a Member default under the Program Agreements, and further provided such Member is not in default with SKLF, then ninety (90) days following the day on which the Member resigns from SKLF, SKLF shall refund the Member's Prorated Share of contributions to any assurance funds as set forth in the Program Agreements. A Member shall have no claim to a refund of the Member's Prorated Share of contributions to any assurance funds until the expiration of such 90-day period.
- 2.07 Provided SKLF is not in default with its lender and does not have an amount due to its lender that cannot be paid as a result of a Member default under the Program Agreements, and further provided such Member is not in default with SKLF, then ninety (90) days following the day on which the Member ceases to be a member of SKLF, SKLF shall refund the Member's Prorated Share of contributions to any assurance funds as set forth in the Program Agreements. A Member shall have no claim to a refund of the Member's Prorated Share of contributions to any assurance funds until the expiration of such 90-day period.
- 2.08 Provided SKLF is not in default with its lender and does not have an amount due to its lender that cannot be paid as a result of a Member default under the Program Agreements, and further provided such Member is not in default with SKLF, if a Member has made required payments as set forth in the Program Agreements, then ninety (90) days following the day on which the Members has made such required payment, SKLF shall refund the Member's Prorated Share of contributions to any assurance funds as set forth in the Program Agreements.
- 2.09 SKLF may deduct and set off from any refund a Member's Prorated Share of contributions to any assurance funds any amount owing to SKLF by the Member, including any costs, fees or expenses incurred by SKLF with respect to that Member.
- 2.10 This Bylaw may only be varied, modified, amended, repealed or replaced with majority approval of all the Members of SKLF, while understanding that the assurance funds are integral to the continued operation of SKLF.