



COTTON GROWERS COOPERATIVE
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MEMBERSHIP and MARKETING AGREEMENT

This Agreement made and entered into by and between Carolinas Cotton Growers Cooperative, Inc. hereinafter called "Cooperative" and the undersigned cotton producer, hereinafter called "Member":

1. The undersigned cotton producer hereby applies for membership in Carolinas Cotton Growers Cooperative, Inc. and Carolinas Cotton Growers Cooperative, Inc. hereby accepts the application of such cotton producer for membership.
2. **During the life of this agreement, all cotton in which Member has an interest that is produced on all tracts of land now or hereafter farmed by or on behalf of Member shall be delivered to Cooperative for marketing EXCEPT such production specifically excluded by written agreement between Cooperative and Member. The Member agrees to execute a Farm Information and Pool Notice form for each such tract of land, and to provide such other information as the Cooperative may request from time to time. _____ (Initial)**
3. Member warrants that the title to the cotton covered hereunder each year shall be good and the transfer to the Cooperative shall be rightful, that the same shall be delivered free from any claim of any third party, security interest or other lien of which the Cooperative has not been informed by direct written communication from Member prior to delivery each season.
4. Title to such cotton shall pass from the Member to the Cooperative immediately after the cotton is ginned. Thereupon the Cooperative shall have complete legal title and control of the cotton.
5. The cotton shall be delivered to the Cooperative at the earliest reasonable time after ginning. Delivery shall be determined complete when the Cooperative has received and is the holder of negotiable warehouse receipts, paper or electronic, representing the cotton. Actions within the care, custody, and control of the Member which result in failure to deliver to the Cooperative the cotton covered by this Agreement within thirty days subsequent to the ginning thereof shall constitute a Member's breach of this Agreement.
6. The Member hereby agrees that the Cooperative shall have authority and power to obtain a loan secured by the cotton delivered to the Cooperative, to pledge the cotton and to give lien(s) thereon, and to sell such cotton.
7. The Cooperative is hereby authorized to pledge all eligible cotton received hereunder to Commodity Credit Corporation (CCC) as security for any amounts loaned by CCC to the Cooperative on the cotton pursuant to the cotton loan program regulations and Cooperative Loan Agreement as such regulations and agreements may be amended from time to time, and the cotton so pledged by the Cooperative to CCC shall be redeemable only by the Cooperative.
8. Nothing in this Agreement shall be construed to preclude Member from obtaining production financing by placing a lien on Member's growing crop. Such lien, however, is to be subject to the right of the Cooperative to handle the crop covered hereby according to the terms of this Agreement, and the Member shall notify such lienholder of the Cooperative's priority in such crop, shall provide a copy of this Agreement to the lienholder, and shall have the lienholder acknowledge in writing that its lien is subject to the terms and conditions of this Agreement.
9. Cotton delivered to the Cooperative which does not meet the requirements for "eligible cotton" for CCC Loan shall be subject to all provisions of this Agreement but shall be invoiced to the Cooperative under the Ineligible Program.
10. The Cooperative shall provide marketing options as described in the Marketing Pool Terms and Conditions and shall make rules with respect to the handling of the cotton, as well as with respect to the accounting to Member for the proceeds from the sale of cotton, less deductions as authorized from time to time by the Board of Directors of the Cooperative. The Board of Directors of the Cooperative are entitled to modify the Marketing Pool Terms and Conditions at any time.
11. This Agreement shall be governed by and subject to all of the provisions of the Articles of Incorporation and Bylaws of the Cooperative and any amendments or revisions thereof, and all rules and regulations duly adopted from time to time by the Board of Directors of the Cooperative pursuant thereto.
12. The Member agrees that the amount of any distribution with respect to his patronage during the Cooperative's current fiscal year and thereafter which are made in written notices of allocation (as defined in 26 U.S.C. 1388 b.) or per unit retain certificates (as defined in 26 U.S.C. 1388 g.) and which are received by Member from the Cooperative, will be taken into account by the Member at their stated dollar amounts in the manner provided in 26 U.S.C. 1385(a) in the taxable year in which such written notices of allocation or per unit retain certificates are received by the Member.
13. Inasmuch as the remedy at law would be inadequate, and inasmuch as it would be impracticable and extremely difficult to determine the actual damages resulting to the Cooperative should the Member fail to deliver the cotton as provided herein, Member hereby agrees to pay the Cooperative for all cotton not delivered to the Cooperative in accordance with the terms hereof the sum of \$25.00 per bale, and in addition, a specific sum equal to 75% of the closing price per pound on the ICE Futures US exchange for the closest Number 2 March Contract on the first market day in January following the year of production of such cotton, multiplied by the number of pounds of cotton which the Member shall withhold, sell or fail to deliver to the Cooperative, in violation of this Membership and Marketing Agreement. Such payments shall not be construed as a penalty or forfeiture, but as liquidated damages.

14. Any sums owed by Member to the Cooperative as liquidated damages or otherwise may be deducted from the amounts payable from time to time to the Member.
15. In addition to the foregoing right to collect liquidated damages for a Member's failure to deliver the cotton as provided herein, the Cooperative shall have all remedies now or hereafter available, at law or in equity, for any other default of a Member under this Membership and Marketing Agreement, including the right to sue for damages for such other defaults and the right to sue for specific performance for such other defaults.
16. No release or discharge of any Member's marketing obligation nor failure of the Cooperative to enforce such obligation shall in any way affect the obligation of any other Member to deliver cotton in conformity with this Agreement.
17. In the event that the performance of this Agreement by either the Cooperative or the Member is prevented or delayed by act of God, war, civil insurrection, fire, flood, storm, strike, lockout, or by law, regulation, or order of Federal, State, or local authority, or by any cause beyond the control of the Cooperative or Member, as the case may be, the performance of such party under this Agreement shall be excused to the extent it is so prevented or delayed.
18. If the Cooperative brings any action against Member by reason of a breach or threatened breach of this Agreement then Member shall pay to the Cooperative all court costs, costs for bonds, travel expenses and other expenses arising out of or caused by the litigation, including reasonable attorney's fees expended or incurred by the Cooperative in such proceedings. All such costs and expenses shall be included in the judgment.
19. All actions brought by either the Cooperative or Member under this Membership and Marketing Agreement shall be governed by the laws of the State of North Carolina.
20. This Membership and Marketing Agreement shall inure to the benefit of and be binding upon the heirs, administrators, executors, and successors of the parties hereto.
21. Should any part of this Membership and Marketing Agreement be held or construed to be void or unenforceable by a court of competent jurisdiction, this Agreement shall remain binding and enforceable as to its other terms and shall be construed without regard to such unenforceable provision.
22. This Membership and Marketing Agreement shall be and constitute Member's certificate of membership in Carolinas Cotton Growers Cooperative, Inc.
23. This Agreement and the Marketing Pool Terms and Conditions which is hereby made a part hereof, constitute the entire agreement between the Cooperative and Member, and there are no oral or other conditions, promises, covenants, representations, or inducements in addition to or at variance with any of the terms hereof. Attached hereto and incorporated herein by reference is the Marketing Pool Terms and Conditions. The undersigned hereby agrees to the terms and conditions therein provided as fully as if set out herein verbatim. **Upon designation of Cotton into any Cooperative marketing pool, the designation shall continue in effect from year to year until canceled or changed by Member or Cooperative in accordance with the Membership and Marketing Agreement during the sign-in / sign-out period.**
24. This Membership and Marketing Agreement shall begin on the date hereof and shall be automatically extended, renewed and continued in effect from crop year to crop year from and after the initial crop year term unless terminated as herein provided. In any event the term shall not exceed the period of time provided by law. Subject to the limitation described below, either party shall have the right to terminate this Membership and Marketing Agreement upon written notice delivered to the other party between January 1 and January 31 in any year following the calendar year in which this Agreement is executed. No Member is entitled to terminate this Agreement during any period of time in which the Member has not complied with the provisions of this Agreement or has failed to deliver to the Cooperative for marketing all cotton which such Member is obligated to deliver under this Agreement. No termination, however, shall affect either party's liability for events occurring prior to such termination of this Agreement.

This Agreement made and entered into this _____ day of _____, _____.

Member Signature: _____

Member Name (print): _____

Address: _____

Tax ID Number: _____

Accepted for Membership this _____ day of _____, _____

Carolinas Cotton Growers Cooperative, Inc.

By: _____

Title: _____