

TERMS AND CONDITIONS

The 'Membership and Marketing Agreement' shall **constitute membership**.

Sign up shall be by **farm serial number**.

Enrollment through March 31.

Sign up shall be perpetual from one year to the next.

Marketing method is seasonal pool.

Member agrees to practice good farming methods in the production and harvesting of the crops.

Cotton planted as ultra narrow row or harvested by stripper equipment will not be accepted.

Member **agrees to notify** cooperative immediately of any liens or crop loss.

Title to cotton shall pass from member to the Cooperative at the time cotton is ginned.

Coop agrees to pay **guaranteed payments** defined as an amount equal to the government loan value plus or minus government adjustments of the cotton delivered, less certain charges which are (a). Cooperative dues, as set by the Board of Directors and determined before September 30 of the current crop (b). "in and out" and "first month's storage" warehouse charges on the cotton stored, (c). cotton research and promotion fees due, (d). and, any ginning fees authorized as due to your designated gin.

Equity payments will be an initial payment with evaluation of additional payments in December, March, May, and July of the crop year.

Deferred payments will be authorized by submitting a 'Deferred Compensation Agreement' prior to ginning and check will be mailed January 2nd of the next year.

Member Information *(Please do not omit any information):*

Member/Farm Name as listed at FSA Office:			Tax ID as listed at FSA Office:		Fax No:
Address:			Bus Phone No:		E-Mail:
City	St	Zip	Home Phone No:		
			Mobile Phone No:		

- Gin/Warehouse or specify by farm below: _____
- Provide Lien holder Name or enter by farm below: _____
- Do you plan to defer payments? _____ (By answering yes, we will send you a DEFERRED COMPENSATION AGREEMENT that must be signed AND SUBMITTED to Coop prior to ginning)

Farm Information Complete all information as listed at the FSA Office:

	USDA Loan Eligible Farm Serial No	County	State	Acres Planted	Shared Payee Information – ‘Must sign a Membership Application & Marketing Contract’ (Do not complete this section if farm is Cash Rent--we will not print the check)	
1.					Name:	
					Address:	
					City/St/Zip:	
	Check Payable to if other than Entity Name:				Telephone:	DeferPmt:
	Lien Holder:				Tax ID:	Share %:
2.					Lien Holder:	
					Name:	
					Address:	
					City/St/Zip:	
	Check Payable to if other than Entity Name:				Telephone:	DeferPmt:
3.					Tax ID:	
					Share %:	
	Lien Holder:				Lien Holder:	
					Name:	
					Address:	
4.					City/St/Zip:	
					Phone No:	
	Check Payable to if other than Entity Name:				Tax ID:	DeferPmt:
	Lien Holder:				Share %:	
	Lien Holder:				Lien Holder:	
5.					Name:	
					Address:	
					City/St/Zip:	
	Check Payable to if other than Entity Name:				Phone No:	DeferPmt:
	Lien Holder:				Tax ID:	Share %:

Total Acres: _____

Date FSA Certification completed?



PO Box 1027 - Plymouth NC 27962
 Phone: 252.793.3460
 Fax: 252.793.3466

Farm Verification Form, Declaration of Liens

Power of Attorney 2006 Crop Year

Member/Farm Entity Name as listed at FSA Office _____
(Print-- Corp., LLC, Partnership, etc)

QUALITY COTTON COOPERATIVE ("Cooperative") and the undersigned ("member"), in accordance with the terms of the Membership Application and Marketing Contract between Cooperative and Member ("Membership Agreement") and as a supplemental agreement thereto, do hereby agree as follows:

1. **Notifications.** Members shall notify Cooperative at Post Office Box 1027, Plymouth, NC 27962, Fax (252) 793-3466, immediately upon anticipation of a variation of more than 10% of acreage committed to Cooperative, so that marketing and hedging transaction decisions can be made.
2. **Term.** The term of this Option Notice and Declaration of Liens shall be for 2006 Crop Year.
3. **Liens.**
 - (a) **Member's Declaration of Lien and Obligation to Disclose Future Lien/Identification.** Member hereby declares and warrants to Cooperative that all of the cotton delivered or to be delivered for the account and Crop Year above described is or will be free from all liens of any character save and except the liens set forth above; and, if none, Member will immediately notify Cooperative of any future liens affecting said cotton. Member hereby agrees and promises to indemnify, save and hold harmless Cooperative (and its agents, manager and marketer) from and against any damages, claims or losses arising out of any lien affecting said cotton created by or through or obtained because of Member.
 - (b) **Cooperative's Disclosure of Liens.** Cooperative, through its agents, is hereby authorized, empowered and directed, to note on the warehouse receipts or electronic title transfer any liens affecting the cotton covered hereunder, and to endorse the receipts and/or effect electronic title transfer in the name of the Member, as such Member's agent or attorney-in-fact for the protection of any person or persons who may lawfully come into possession of such receipts.
4. **Member's Appointment of Cooperative as Attorney-in-Fact.** Member hereby constitutes and appoints Cooperative, acting through Cooperative's designated employees, as agent and attorney-in-fact for and on behalf of Member to request and receive data and information from any sources pertaining to Member's cotton crop for the year first above mentioned on this form; to take delivery of cotton samples and warehouse receipts or the equivalent, and in general, to perform all acts necessary as fully as Member could legally perform if present and acting as to that cotton crop. This appointment is "durable" and shall not be affected by Member's subsequent incapacity or incompetence.
5. **Cooperative to Receive and Market Cotton.** Cooperative is entitled to receive and market, and Member hereby commits to Cooperative the indicated amounts of the cotton produced by and for said Member during the Crop Years hereinafter specified for the Farms and Tracts listed below:
6. **Debt Collection improvement Act.** In compliance with this act I hereby certify that I am not delinquent on any Federal non-tax debts.

IN WITNESS WHEREOF, this Agreement is executed and entered into on this the ____ day of _____, 2006 by the undersigned acting by and through it's duly authorized agent.

Signature: _____



QUALITY COTTON COOPERATIVE MEMBERSHIP APPLICATION AND MARKETING CONTRACT

THIS AGREEMENT between the QUALITY COTTON COOPERATIVE, hereinafter referred to as "the Association," and the undersigned Producer,

WITNESSETH:

The Producer

1. Applies for membership in the Association, and if accepted as a member, agrees to be bound by its Articles of Incorporation, Bylaws, rules, and regulations as now or hereafter adopted.
2. Appoints the Association as agent to sell and to pledge as collateral for loan from Commodity Credit Corporation ("CCC") all the cotton of marketable quality produced on any farm in control of or operated by the Producer and designated by Producer on the Farm Verification Form; appoints the Association for and on its behalf, to act as Producer's Cooperative Marketing Agent; authorizes the Association to receive on behalf of Producer any payments to be received from CCC with respect to the cotton placed in loan; grants a lien on the cotton to the Association for all advances made to or on behalf of member; also authorizes the Association to review any and all documents provided by Producer to the Farm Service Agency of the United States Department of Agriculture during the term of this Agreement or otherwise related to this Agreement.
3. Will exercise good ginning practices and deliver such cotton at such times and to such gin or warehouse as approved by the Association in unadulterated form under such conditions as may be prescribed by proper authorities.
4. Will deliver to the Association for marketing all cotton described in the Farm Verification Form and Declaration of Liens concurrently or hereinafter executed by Producer, such verification form being deemed incorporated into and a part of this Agreement when executed.
5. Will deliver cotton to the Association within a reasonable time after ginning, understanding that cotton delivered after April 30 of each year is not available for government loans and will be deemed a breach of this Agreement by Producer.
6. Will notify the Association of any lien on the cotton delivered hereunder, and hereby authorizes the Association to pay the holder of any lien plus charges for ginning from the net proceeds derived from the sale of such cotton before any payment is made to the Producer hereunder.
7. Agrees and understands that title to the cotton shall pass to the Association at bale formation.
8. Agrees and understands that the amounts of any distributions with respect to its patronage which are made in qualified written notices of allocation or qualified pre-unit retain certificates will be taken as income by Producer at their stated dollar amounts in the taxable year in which such notices or certificates are received by Producer, all in accordance with the Association's Bylaws and Sections 1388 and 1385(a) of the Internal Revenue Code of 1986, as amended.
9. Will provide capital in such amounts and in such a manner as may be provided in the Bylaws.
10. Will sign and deliver all documents in order to facilitate the handling and marketing of Producer's cotton including the Producer's Farm Service Agency Form 478.

**QUALITY COTTON COOPERATIVE
MEMBERSHIP APPLICATION AND MARKETING CONTRACT
(Continued)**

The Association

1. Accepts the application of Producer for membership in the Association.
2. Agrees to act as agent for the marketing of Producer's cotton as herein provided.
3. Will dispose of Producer's cotton in a manner deemed to be most advantageous for its members.
4. Will account to the Producer in accordance with this contract for all amounts received from the sale of such cotton as herein provided.
5. Will reflect in an appropriate capital account the capital received from each patron.
6. Will make an initial advance to the Producer equal to or greater than the net CCC loan payment received for the loan-eligible cotton, less any adjustments consistent with CCC rules or will defer any payments as requested by the Producer except for marketing assistance loans and loan deficiency payments which will be distributed within 15 working days pursuant to current Federal rules.
7. Will market and sell Producer's cotton, collecting the proceeds from all such sales and as proceeds are received by the Association will make equity payments to the Producer calculated by the Association based on gross proceeds from sales less marketing expenses as established by the Board of Directors of the Association, making additional equity payment determinations in the December, March, May and July of the crop year, the final payment to the Producer being made by the Association after audit of receipts and expenses but in no event no later than November 30 of the following crop year.

The Producer and the Association mutually agree that the Association shall have the power:

1. To establish various plans for making returns to the Producer.
2. To blend or pool proceeds from sales of Producer's cotton with the proceeds of the sales of other Producer's cotton, and to account to or settle with Producer therefore in accordance with established plans.
3. To process or cause to be processed Producer's cotton and dispose of the same in the manner deemed most advantageous to its members.
4. To hold title to Producer's cotton and Producer hereby acknowledges that Producer's gin shall be the agent of Producer for transfer of title to the Association.
5. To collect from buyers of the cotton the purchase price therefore and to remit the same to Producer under a plan authorized by this contract after making uniform deductions deemed adequate for all necessary expenses and for capital purposes.

In case of a breach of this contract by the Producer, the Association shall be entitled to its remedies at law and to equitable relief by injunction or otherwise to prevent any such breach or threatened breach thereof and the payment of all costs of litigation in connection with the exercise of any or all of its remedies including reasonable attorney's fees.

This contract shall remain in effect for an initial term of two (2) years from the date hereof. Following the initial term, the contract may be cancelled by notice given in writing by either party to the other no later than December 15 prior to the next crop year's planting season, and such cancellation shall become effective on the last day of the second calendar month following the month during which such notice is given.

Producer/Entity Name (print): _____ **Signature:** _____

Address: _____
(Number & St. or Rd.) (Town) (State and Zip Code)

Social Security or Federal Tax ID No.: _____ **FSA Enrollment County:** _____

Date: _____

QUALITY COTTON COOPERATIVE Accepted this on the _____ **day of** _____, **20** _____
By: _____, **Authorized Representative**