

Golden Growers Cooperative

Unit Transfer Policy Summary

December 20, 2015

This is a summary of the policies applicable to members and non-members of Golden Growers Cooperative (“Golden Growers”) who wish to buy and sell membership units of Golden Grower (“Units”).

Trading Restrictions. Strict regulation of trading of Golden Growers' Units is necessary in order to remain exempt from IRS regulations that would result in double taxation of earnings. Accordingly, you may only trade or transfer Units as a ‘*Private Transfer*’ or as a ‘*General Transfer*’ which requires the services of a qualified matching service (QMS). Both types of transfers are described below. All transfers must be approved by the Golden Growers’ Board of Directors (“Board”). All unauthorized trades or transfers will be void and could subject the seller to involuntary redemption of the Units at less than their original price.

Golden Growers Cooperative further restricts transfers by not allowing the transfer of its membership units into Individual Retirement Accounts (IRAs), 401(k) accounts, 403(b) accounts and other products typically created for the purposes of savings and investments.

Trading Periods. The Board will consider trades and transfers once per quarter. All trades and transfers that are approved will be effective on the first day of the calendar quarter following approval. Golden Growers’ anticipated schedule for considering proposed trades and transfers of Units is attached to this Summary.

Note: Some *private* transfers may be approved monthly at the sole discretion of the Board. Effective dates of such monthly transfers shall be the first day of the month following approval.

Unit Transfer Requirements. No member may transfer any Unit if, in the determination of the Board, such transfer would cause Golden Growers to be treated as a publicly traded partnership. The Board may elect in its sole discretion not to recognize any transfer unless and until: (i) Golden Growers has received an opinion of counsel satisfactory in form and substance to the Board that the transfer may be lawfully made without registration under applicable state and federal securities laws and that such transfer will not cause Golden Growers to be treated as a publicly traded partnership; (ii) the contract for sale and all other documents of conveyance are executed and delivered to Golden Growers; and (iii) the buyer has entered into a [Uniform Member Agreement](#) and [Annual Delivery Agreement](#) with Golden Growers. A member must own a minimum of 4,000 Units and may not own more than 10% of the total outstanding Units of Golden Growers.

Private transfers. Certain private transfers may be completed directly through Golden Growers. Private transfers include gifts, transfers upon death, transfers between certain family members, transfers to trusts, adding or deleting joint members, transfers to certain entities, certain block transfers, and a limited number of other transfer situations. To make a private transfer you must complete the [Private Transfer Request form](#) and submit it to Golden Growers, together with the other items specified above.

Private Transfer Request Forms Include:

- Private Transfer Request
- Trust Succession of Membership
- Adding or Deleting a Joint Tenant (JT) or Tenant in Common (TIC)

General Transfers. Any trade that does not meet the requirements for a private transfer must be handled through a qualified matching service (QMS) operated by a third party. Golden Growers Cooperative has appointed [FNC Ag Stock, LLC](#) ("FNC") of Grand Forks, ND as its QMS. Sellers must pay FNC a commission of three percent (3%) of the purchase price for each trade, with a minimum of Two Hundred Fifty Dollars (\$250.00) per transaction and a maximum fee of Seven Thousand Five Hundred Dollars (\$7,500.00). Offers to buy or sell Units through the Trading Service are non-binding until a written contract for sale has been executed. All offers to buy and sell remain subject to approval by Golden Growers' Board. The operation of the Trading Service is governed by an [Operations Manual](#), a copy of which may be obtained from the Golden Growers' website or by contacting Golden Growers at (701) 281-0468.

Certain provisions of the [Operations Manual](#) are summarized below, but such summary is qualified by the specific provisions of the Operations Manual.

- Persons interested in buying or selling their Units should contact FNC at (701) 780-2828 or (855) 827-7391 to complete a Listing Agreement or place a bid. A buyer or seller must indicate the price and number of Units to be bought or sold, in whole Unit increments. Offers to buy or sell Units will be made available by FNC upon request and available listings, recent sales and offers to purchase will be posted on FNC's website at www.fncagstock.com.
- FNC will match bids with the listed offers for sale on a daily basis (with the exception of weekends and holidays). Bids may not be matched with offers to sell until the Units have been listed for at least 15 days. In matching offers, preference is generally given first to the lowest priced offers to sell or the highest bid price to buy, then in the order received.
- When an offer to sell is matched with a bid, FNC will contact the buyer and seller by telephone to confirm the match and then send buyer a contract for sale. The buyer must return the signed contract to FNC within ten (10) business days, together with a 100% deposit of the purchase price, a signed copy of the [Uniform Member Agreement](#), a signed copy of the [Annual Delivery Agreement](#), a signed copy of the [General Transfer Request Form](#), and other documentation, if applicable. The purchase price deposit will be held by an independent escrow agent until the sale is completed.
- After FNC receives the buyer's contract and the purchase price deposit, FNC will send the contract to the seller who must sign and return it to FNC within ten (10) business days together with a signed copy of the transfer application. Under the terms of the Listing Agreement, the seller may be obligated to pay FNC's commission if the seller fails to sign and return the contract for sale.
- If the Seller has pledged the Units to secure a loan, the Seller must get a signed consent from the lender to sell the Units. The escrow agent will make the check for the sale proceeds payable to both the Seller and the lender upon written request by the lender.
- Approximately 20 days prior to the end of each quarter, FNC will submit to Golden Growers the contracts for sale and related documentation to satisfy all requirements for transfer.
- All proposed transfers are subject to approval by Golden Growers. If the transfer is approved by Golden Growers, Golden Growers will notify FNC to proceed with the closing. If the transfer is not approved, the purchase price will be returned to the buyer and no commission will be charged.

- Offers to sell and offers to buy may not be listed any longer than 120 days. After an offer to sell or buy has been listed for 120 days it will be removed. A buyer may repost his or her offer to buy immediately; however, a seller will not be able to list any Units for sale for at least 60 days after the offer is removed.
- No more than 10% of Golden Growers outstanding Units may be traded through the QMS in any calendar year. If the 10% limit is reached, no further trading will be permitted and any pending trades will be deferred until the next calendar year. Transfer requests will be handled by Golden Growers on a first come, first served basis.

Corn Deliveries, allocations and distributions. Regardless of the delivery method selected for your annual corn commitment to the cooperative, you must complete your delivery before your transfer request will be considered. For delivery Method A, all bushels for the annual commitment must be physically delivered prior a transfer of Units. For delivery Method B, the transferring party must complete the annual delivery with the Cooperative serving as Agent. The \$0.02/bushel Agency fee for this service must be paid prior to Board approval of a transfer request. In either circumstance (Method A or B Delivery) the transferring party will be allocated all of the income and losses for Golden Growers for the entire year in which a transfer occurs.

CAUTION: *This summary is current only as of the date printed on the first page. It may be updated or revised from time in the discretion of Golden Growers' Board and in coordination with FNC. The most current version will always be available on [Golden Growers' website](#), upon request to Golden Growers at (701) 281-0468. Buyers and sellers should confirm that they are referring to the most current version of the Trading Service Operations Manual when using the Trading Service or transferring Units.*