

**CONSTITUTION AND BYLAWS**  
**THE ROCKY MOUNTAIN BEAN DEALERS ASSOCIATION**

Denver, Colorado - *Revised 1994, 2011*

Organized September 23, 1916

Incorporated December 21, 1918

Re-incorporated March 7, 1947

**PREAMBLE**

To advance the general interests of its members and those engaged in the handling of beans throughout the Rocky Mountain States, and to inculcate just and equitable principles in trade, establish and maintain uniform grades of beans and secure their adoption in the markets of the country; to acquire, preserve and disseminate valuable business information; to define and enforce rules for arbitrating any differences that may arise between buyers and sellers of beans and generally perform any act appertaining to the said industry for the benefits of its members not in conflict with the laws of said States or of the United States.

**ARTICLE I**  
**NAME, OFFICE, SEAL, GEOGRAPHIC AREA**

Section 1: The name of the Association shall be "The Rocky Mountain Bean Dealers Association."

Section 2: The Principal office or place of business of the Association shall be in the vicinity of Denver, Colorado.

Section 3: The corporate seal of the Association shall consist of a circular disk. On the outer part of the circle shall be printed or engraved the name of the Association, and across the center shall be printed or engraved the word "Seal", and below this, in the lower part of the circle the word "Colorado".

Section 4: The trade mark of the Association shall be the same as the seal with the exception that the word "Beans" shall be substituted for the word "Seal".

Section 5: The geographic area of the Rocky Mountain Bean Dealers Association shall be in the states of Arizona, Colorado, Kansas, Montana, Nebraska, New Mexico, Texas and Wyoming.

**ARTICLE II**  
**OBJECTIVES**

Section 1: Advance the general interests of its members.

Section 2: Promote friendly relations among the members of the Rocky Mountain Bean Dealers Association and their customers.

Section 3: Acquire and disseminate valuable public business information.

**ARTICLE III**  
**MEMBERSHIP**

Section 1: Membership in the Association shall be divided into two types - Regular and Associate.

- a. Regular membership permits privilege of voting at all meetings and is subject to dues and assessments as defined herein.
- b. Associate membership provides no privilege of voting and is subject to dues without assessments.

Section 2: Regular Membership - Any proprietorship, partnership, subsidiary or division of a corporation or corporations that has an office, and/or receiving, and/or processing facility, and who buys, and/or sells, and or brokers for a commission, and/or stores, and/or ships dry edible beans grown within the Rocky Mountain Bean Dealers Association geographic area shall be eligible to apply for Regular Membership.

Section 3: Associate Membership - Any proprietorship, partnership, subsidiary or division of a corporation or corporations not eligible to apply for regular membership in Article III, Section 2 and engaged in an allied or affiliated business shall be eligible to apply for Associate Membership.

Section 4: The application process for Regular or Associate Membership shall be as follows except as provided for in Article III, Section 6.

- a. The Executive Director shall provide application forms upon request for Regular or Associate Membership.
- b. The application shall contain an agreement to be signed by the applicant to the effect that said applicant, if elected to membership, will fulfill and perform all obligations and requirements contained in the Constitution and Bylaws and any amendments which may be made thereto.
- c. A copy of the Constitution and Bylaws shall be mailed with the application.
- d. The completed, signed application, co-signed by a representative of a sponsoring regular member firm together with an application fee, to be determined by the Board of Directors, shall be forwarded to the Executive Director of the Association.
- e. The Executive Director shall submit the properly completed application to the Chairman of the Membership Committee and a notice of pending application to each member. No action will be taken by the Membership Committee for at least fifteen (15) days to provide the opportunity for written comments to be made to the Membership Committee by all members of the Association.
- f. At the end of fifteen (15) days, the Membership Committee shall then submit to the Board of Directors its report of eligibility and any comments made by the membership. The Board of Directors will then vote on the acceptance of the new member. All electronic means of communication will be accepted as well as traditional means.
- g. A two-thirds (2/3) majority affirmative vote is required by the Board of Directors to elect an applicant into membership. In the case of a vote taken by mail, failure to receive two-thirds of the completed ballots on or before any deadline which may have been set forth on the mail ballot will make said mail vote null and void and the election for membership will be tabled until the next regular or special Board of Directors meeting. If one or more negative votes are cast by mail on any such application, the Executive Director shall hold said membership application until the next regular or special Board of Directors meeting for reconsideration of vote.
- h. Upon approval of the application, the application fee will be applied to the annual dues which will be prorated on a quarterly basis to the date of Board of Directors approval.
- i. In the case of non-approval of the application by the Board of Directors, the application fee will be returned to the applicant. Re-application for membership cannot be initiated for a minimum period of one (1) year from the date said application was received by the Association.
- j. **A RMBDA Member, by having joined the association and under the RMBDA Bylaws, agrees to and is obligated to participate in arbitration if one RMBDA Member requests arbitration against another RMBDA Member in the settlement of a dispute. If the member fails to participate, a one party arbitration may go forward and a decision will be rendered on the dispute by an arbitration committee to be selected by the Administrator.** If a Member of the RMBDA refuses to enter into an arbitration with another Member, proceedings are subject to possible action by the RMBDA Board under the Arbitration Rule ARTICLE XV, Section 4 (g)(3).

Section 5: Membership Termination - Before any member firm can be expelled, two-thirds (2/3) of the Board of Directors, excluding any director representing the affected member firms, must vote for expulsion at a regular or special meeting. The member firm proposed to be expelled shall be given notice of the meeting, and shall be entitled to make statements prior to the vote. A director who represents the member firm being considered for termination shall not be entitled to a vote on the issue of termination. A membership will be considered for termination for any one of the following reasons:

- a. Member firm has violated any provision of the Constitution or Bylaws of the Association.
- b. Member firm has filed a voluntary or involuntary petition in bankruptcy.
- c. Member firm has been convicted in any Court of record of violation of any local, state or federal law.
- d. Member firm has not paid annual dues or assessment levied pursuant to the Constitution and Bylaws after payment due date.

The Association will refund, pro rata on a quarterly basis, any remaining dues and assessments paid by a member firm so terminated and the member firm may re-apply for membership in the Association no sooner than one year from the date of termination.

Section 6: Membership Suspension Without Prejudice - A regular membership will automatically be suspended without prejudice for any one of the following reasons:

- a. A regular member has undergone change in the majority ownership and does not reapply for membership at or before the next annual meeting.
- b. A regular member has been found to control more than five (5) votes. A regular member so suspended shall be notified by the Association and shall be asked to re-apply for membership. Such application will not require a sponsorship or payment of any fee and will be processed by the Association as defined by Article III, Section 4 (e) with the exception that the mandatory waiting period shall be fifteen (15) days. A regular member so suspended shall enjoy all the rights and privileges of a regular member except that the member will not be allowed a vote at any regular or special membership meeting and any representative of such member firm who may be on the Board of Directors will not be allowed a vote at any regular or special meeting of the Board of Directors. If, after thirty (30) days from the date of notification of suspension, the affected member firm has not re-applied for membership in the Association, then the affected member firm shall be a candidate for termination under Article III, Section 5 (a).

#### **ARTICLE IV REGULAR MEMBERSHIP ALLOCATION**

Section 1: The following definitions will apply to this Article:

- a. First Receiver/Shipper - Operating firm who receives beans directly from producers, and reships beans without processing beans to an established grade.
- b. Receiver/Processor - Operating firm who receives beans directly from producers and/or from a first receiver/shipper and processes beans to an established grade.
- c. Marketing Firm - Operating firm which strictly buys and sells beans without directly operating as a First Receiver/Shipper and/or Receiver/Processor.

Section 2: A regular member operating as a First Receiver/Shipper shall have at least one (1) regular vote.

Section 3: A regular member operating as a Receiver/Processor and handling up to 100,000 hundredweight of beans yearly within the geographic area as defined herein shall have a least two (2) regular votes,

Section 4: A regular member operating as a Marketing Firm within the geographic area as defined herein regardless of volume shall have at least three (3) regular votes.

Section 5: A regular member operating as a Receiver/Processor and handling more than 100,000 but less than 250,000 hundredweight of beans yearly within the geographic area as defined herein shall have at least four (4) regular votes.

Section 6: A regular member operating as a Receiver/Processor and handling more than 250,000 hundredweight of beans yearly within the geographic area as defined herein shall have five (5) regular votes.

Section 7: A regular member, regardless of number of hundredweight handled or operating firm designations, shall be entitled at its option, to have a maximum of five (5) regular votes.

Section 8: In case a regular member disagrees with the number of allocated votes, the member will have the right to petition the Board of Directors and same shall be passed on by the Board of Directors and will be final.

#### **ARTICLE V MEMBERSHIP DUES, SPECIAL ASSESSMENTS AND VOTES**

Section 1: Yearly memberships shall exist from February 1 through January 31.

Section 2: The dues and their payment due date for each membership shall be determined annually by the Board of Directors.

Section 3: The assessments and their payment due date shall be recommended annually by the Board of Directors and approved by the membership.

Section 4: Each regular membership entitles the holder thereof to one (1) vote.

#### **ARTICLE VI HONORARY DIRECTORSHIP**

Section 1: From time to time, this Association will come to recognize outstanding individuals who have made very special contributions to the Association as well as to the industry in general. So that the Association can formally recognize such achievement and dedication, the Board of Directors is empowered to grant an Honorary Directorship to an individual so recognized. Honorary Directors receive the lifelong privilege of attending all Membership Meetings ex-officio, without voting right, and will be recognized with an appropriate award at the first Annual Meeting following their election.

Section 2: To be considered for Honorary Directorship, an individual must be nominated by a current regular member firm or a representative thereof. Nominating forms will be provided, on request, by the Association's Executive Director.

Section 3: The Executive Director shall submit copies of the properly completed nomination form to all members of the Board of Directors. No action may be taken by the Board on such nomination for a period of thirty (30) days thus providing the Directors an opportunity to make written comments to the Association President concerning such nomination.

Section 4: At the end of this thirty (30) day period, the President shall make his recommendation in writing to the members of the Board of Directors. A two-third (2/3) majority affirmative vote is required by the Board of Directors to bestow an Honorary Directorship.

#### **ARTICLE VII BOARD OF DIRECTORS**

Section 1: The Board of Directors shall consist of seven (7) members. Terms for the Board of Directors will be two (2) years with four (4) members being elected in even numbered annual meeting years and three (3) members being elected in odd numbered annual meeting years.

Section 2: The Board of Directors shall be chosen by the hand-written unprinted numbered ballots of the regular members, the choice being determined by the majority of votes cast, however; if after nominations are duly closed, there are an equal number of nominees to open seats on the Board of Directors, a voice vote of election may be used following a properly accepted motion.

Section 3: The Board of Directors shall consist of individuals associated with current regular member firms.

Section 4: The Board of Directors may not have more than one (1) individual from the same regular membership. Further, the Board of Directors shall not include more than two (2) individuals from regular memberships which are connected by ownership, partnership or other control arrangement that may infringe upon the independence of the Board of Directors and/or create a conflict of interest.

#### **ARTICLE VIII DUTIES OF THE BOARD OF DIRECTORS**

Section 1: The Board of Directors shall, at their first meeting after the Annual Meeting, elect the officers of the Association including a President, Vice President, Secretary/Treasurer.

Section 2: It shall be the duty of the Board of Directors to look after the interests of the Association, follow the general policy outlined by the members at the Annual Meeting; transact the necessary business of the Association.

Section 3: The Board of Directors will approve a yearly budget and operate the finances of the Association within the budget guidelines.

Section 4: The Board of Directors shall review and establish the memberships allocation for all members annually at their meeting prior to the Annual Meeting.

Section 5: The Board of Directors shall confirm appointment of a qualified accounting firm for the purpose of reviewing financial statements of the Association and employ such other legal assistance as it may deem needful for the Association.

Section 6: The Board of Directors shall annually, or at such other times as may be appropriate, confirm appointment of the Executive Director.

Section 7: When a vacancy occurs on the Board of Directors, a new director shall be appointed by the Board at its first meeting to serve out the term until the first Annual Meeting thereafter.

#### **ARTICLE IX EXECUTIVE COMMITTEE**

Section 1: The Executive Committee shall consist of the President and two (2) directors named by the President and approved by the Board of Directors who shall be vested with all the powers of the Board during the interval between meetings of the Board. The proceedings of the Executive Committee shall be recorded in the Minutes Book of the Board of Directors. All of the acts, and proceedings of the Executive Committee shall be valid and binding upon the Association when approved by the Board of Directors at any regular or special meeting, the same to all intents and purposes as if such acts and proceedings were done or performed by the Board of Directors.

Section 2: The Executive Committee shall not contain more than one (1) individual from regular memberships which are connected by ownership, partnership, or other control arrangement.

#### **ARTICLE X DUTIES OF OFFICERS**

Section 1: President

- a. It shall be the duty of the President to act as general executive officer of the Association; to preside at all regularly scheduled and special meetings of the Board of Directors and of the Association; and to recommend to the Board of Directors the appointment of the Executive Director of the Association.
- b. It shall be the duty of the President to appoint members of all standing committees and to appoint special committees provided for by resolutions of the Board of Directors.

- c. It shall be the duty of the President to direct the activities of all committees and the day-to-day functioning of the Executive Director and the office of the Association within the guidelines provided by the Board of Directors.

Section 2: Vice-President

- a. It shall be the duty of the Vice-President to perform the duties of the President in the event of his absence. In the case of the President's resignation, permanent disability, or death, the Vice-President shall serve as President until the next Annual Meeting and a replacement Vice-President shall be elected to fulfill the terms by the Board of Directors.

Section 3: Secretary/Treasurer

- a. The Secretary/Treasurer shall be the Association's witness in all resolutions of the Board of Directors signed by the President.
- b. The Secretary/Treasurer shall deposit all monies belonging to the Association with the approval of the President and shall pay out the same only upon the warrant of the Executive Director by checks duly countersigned by signatures duly authorized by the Board of Directors.
- c. The Secretary/Treasurer shall make a report at each Annual Meeting of the receipts and disbursements of the office.

**ARTICLE XI  
ASSOCIATION EMPLOYEES**

Section 1: Executive Director

- a. The Executive Director shall be responsible for the day-to-day administrative functions of the Association and its office; shall have charge of all the records, documents and papers belonging to the Association; shall keep the minutes of the meetings of the Association and the Board of Directors; and other duties as directed by the President.
- b. The Executive Director shall not be directly associated with any firm having a membership within the Association.

**ARTICLE XII  
ASSOCIATION COMMITTEES**

Section 1. Membership Committee - The Membership Committee shall consist of four (4) members including a Chairman. Its duties shall be to solicit memberships; in cooperation with the Executive Director, maintain an accurate membership directory; and pass on the eligibility of the applicant applying for membership in the Association as provided for in Article III.

Section 2: Program Committee - The Program Committee shall consist of four (4) members including a Chairman. Its duties shall be to provide, in cooperation with the Executive Director, recommendations to the Board of Directors of dates, places and programs for all general membership meetings as required.

Section 3: Budget Committee - The Budget Committee shall consist of four (4) members including a Chairman. Its duties shall consist of preparing a yearly budget with anticipated recommended receipts and disbursements in all appropriate categories and presenting same to the Board of Directors prior to each Annual Meeting.

Section 4: Special Committees - All Special Committees shall consist of up to four (4) members including a Chairman unless specifically provided for by the resolution of the Board of Directors. Their duties shall be to perform such special services for the Board of Directors as provided for in the resolution.

**ARTICLE XIII**  
**MEETINGS, QUORUM, NOTICE, PROXIES, AMENDMENTS**  
**& PARLIAMENTARY AUTHORITY, CONTRACTS, BOOKS & RECORDS**

Section 1: Meetings

- a. The Annual meeting of the Association shall be held during the first four (4) months of each year, the date and place to be determined by the Board of Directors.
- b. Board of Directors Meetings are called by the President, or when so requested in writing by three (3) directors or by a group of member firms representing no less than twenty (20) votes.

Section 2: Quorum

- a. Regular Meeting - A majority of the memberships of the Association represented at all regular or special meetings shall constitute a quorum for the transaction of business.
- b. Board of Directors Meeting - Five (5) Directors shall constitute a quorum for the transaction of business at a Board of Directors meeting.
- c. Executive Committee Meeting - All three (3) members of the Executive Committee will constitute a quorum for the transaction of business.
- d. Standing and Special Committees - A majority of the appointed members of an association Committee shall constitute a quorum for the transaction of business.

Section 3: Notice

- a. Not less than ten (10) days notice of, including the purpose of, all regular and special meetings shall be given in writing by the Secretary/Treasurer to all members.
- b. Waiver of notice shall not be required from any member who is personally present at any annual or special meeting.

Section 4: Proxies - A member firm of the Association may designate in writing a representative to act for it at any meeting, and said representative can hold proxy for its principal upon all matters before the meeting, provided that the member firm shall be responsible for the acts of its representative, and that the party so acting for a members firm shall be subject to all the Rules and Regulations, and Constitution and Bylaws as would the member firm itself, and no representative shall be entitled to attend meetings except as herein provided.

Section 5: Amendments - The Constitution and Bylaws may be amended by a two-thirds (2/3) vote of the membership present and voting at the Annual Meeting; or at a special meeting called for that purpose at which a quorum is present. A previous notice to amend or repeal must be given all members in writing at least thirty (30) days prior to such special meeting.

Section 6: Parliamentary Authority - The most current edition of "Robert's Rules of Order" governs the proceedings of this Association in all cases not provided for in these Bylaws.

Section 7: Contracts - The Board of Directors may authorize its agent to enter into contracts or execute or deliver instruments in the name or on behalf of the Association. Unless so authorized, no party shall have any power or authority to bind the Association by a contract or engagement, or to pledge its credit or to render it liable for any purpose or in any amount. Any authority must be in writing, signed by the President, and attested to by the Secretary/Treasurer.

Section 8: Books & Records - All books and records of the Association shall be subject to inspection by any regular member or his agent at all times during regular business hours.

## ARTICLE XIV TRADE RULES

Section 1: **TRADE:** IT SHALL BE THE DUTY OF ALL MEMBERS TO INCLUDE IN THEIR ORIGINAL ARTICLES OF TRADE, HOWEVER CONDUCTED, A FULL DESCRIPTION OF THE TRANSACTION. ANY TRADE BETWEEN MEMBERS OF THE ASSOCIATION SHALL BE GOVERNED BY THE TRADE RULES OF THE ROCKY MOUNTAIN BEAN DEALERS ASSOCIATION, UNLESS IT IS SPECIFICALLY STATED IN WRITING THAT SUCH TRADE RULES DO NOT APPLY, OR OTHER TRADE RULES DO APPLY. THE CODE WORD RMBDA SHALL MEAN THE ROCKY MOUNTAIN BEAN DEALERS ASSOCIATION TRADE RULES TO GOVERN.

Section 2: **TERMS:** Unless otherwise specified, terms of payment shall be in US dollars, payable net cash upon receipt of complete and correct invoice, and shipping documents if appropriate, plus thirty (30) calendar days, but in no case later than the first business day following contract expiration on balance shipped or unshipped."

The word "days" when used hereinafter, shall indicate business days only, at place of origin, and shall exclude Saturdays, Sundays, and all legal holidays.

Section 3: **CONFIRMATION:** Seller's confirmation shall be forwarded to Buyer within two (2) business days from date of sale either incorporating this contract as part of the confirmation, or stating on the face of the confirmation, "The Rocky Mountain Bean Dealers Association's Trade Rules, or RMBDA Rules, or RMBDA governs this contract," and there after copy of confirmation is to be signed by Buyer within two (2) business days from receipt and returned to Seller immediately. Failure of Buyer to sign or object to confirmation and terms of this contract within two (2) days constitutes acceptance.

Section 4: **SHIPMENT:** Delay in shipment, or seller's failure to comply with shipping instructions, shall not constitute a breach or default of contract, unless such delay is more than ten (10) days after time of shipment specified in contract. In event of such delay in shipment and only after due notification in writing by the seller, the buyer may elect to extend the time of shipment so that seller may comply without penalty; or buyer may declare that seller is in breach or default of contract through due notice in writing.

- a. On domestic sales, the shipping date shall be considered as the date upon which the railroad or other carrier shall sign the bill of lading.
- b. On export sales, shipping instructions shall take into account the normal transit time from origin point.

Section 5:

- a. **DOMESTIC SHIPMENT EXAMINATION AND APPROVAL:** Any claim on account of quality may be made only on the portion of shipment that is still intact. Bulk shipments must be inspected before unloading. Bag goods unloaded into warehouse by buyer shall be subject to examination by buyer. Buyer must make claim or demand arbitration within two (2) full business days following the day of arrival. Failure to make claim or demand arbitration within two (2) full business days following day of arrival shall constitute acceptance by buyer.
- b. **EXPORT SHIPMENT EXAMINATION AND APPROVAL:** Any claim on account of quality and/or condition in respect to containerized goods must be made within fifteen (15) consecutive days following final discharge of the container but in no case later than thirty (30) consecutive days after discharge of the vessel at the final port of destination. Bag goods unloaded into warehouse by buyer (or buyer's final customer) within the time limits provided shall be subject to examination by buyer (or buyer's final customer). Any claim on account of quality and/or condition in respect to non-containerized goods must be made before loading onto any vessel. Loading of non-containerized goods onto any vessel shall not negate buyers right to claim or arbitration but buyer must notify seller and a third party acceptable to buyer and seller must intervene for inspection and sampling, if necessary, prior to loading.
- c. In the event any claim is honored, buyer shall have the right to recover reasonable expenses of unloading, storage, and reloading of goods and third party intervention from seller.



- d. **EXPORT SHIPMENT EXAMINATION AND APPROVAL:** Any claim with respect to quality and/or condition in respect to containerized goods, must be made within fourteen (14) consecutive days from the final discharge of the container at port of destination. Any claim of quality and/or condition must be made while the goods are intact in original container of shipment.

Section 6: **ROUTING:**

- a. Seller shall, when advisable recognize routing named by Buyer, but Seller has option of selecting the initial line.
- b. Transit Tonnage: Where items are sold F.O.B. a specific state common point, unless otherwise specified by Buyer at time of purchase, Seller reserves the right to apply any transit tonnage available providing the delivered cost to Buyer does not exceed the F.O.B. specific state common point, plus the minimum applicable carload rate to specified destination.
- c. Recognizing the uncertainties of shipping by truck, Seller controls routing from origin to destination except when goods are sold F.O.B. origin and Buyer arranges his own pick-up.

Section 7: **DIVERSION OF SHIPMENT:** Diversion of a shipment by Buyer to other destination than originally billed signifies acceptance of such shipment and releases Seller from further responsibility except between Dealers and Shippers.

Section 8: **RESPONSIBILITY:** Goods are a buyer's risk from and after delivery on board cars or trucks; and buyer shall assume risk of loss, delay, or damage, thereafter. Seller shall not be liable for failure to deliver, or for delay in delivery, caused by strikes, riots, lockouts, or other labor trouble, fire, flood, earthquake, land movement, volcanic activity, exigencies of weather or tide, and other acts of God, war, blockade, hostile acts, civil unrest, exercise of governmental authority, failure or interruption or delay of transportation facilities, or any other causes beyond the reasonable control of seller.

Section 9: **LIABILITY:** Any expenses necessarily incurred by either party because of the other party's failure to comply with the terms of contract, including expenses of telegrams, cables, telexes, telephones, demurrage, storage, handling insurance, interest, and other expenses exclusive of attorney fees, shall promptly be paid by the party responsible, immediately upon receipt of proper invoice covering such expenses supported by proper evidence of such expenditures.

Section 10: **GRADE:** On all sales made under RMBDA trade rules, whether in bulk (not sacked) or in individual containers of 25 lbs. or over, grade requirements adopted by the Rocky Mountain Bean Dealers Association, or U.S. Federal grade requirements shall apply as designated on the face of the contract or confirmation. All goods not conforming with above standards shall be bought and sold on sample or description.

Seller shall supply, if requested by buyer, one (1) inspection certificate on shipments 39,000 pounds or more.

Section 11: **GOODS SOLD ON SAMPLES:** Products sold "against sample" shall be equal to or better than the sample at the time and place of shipment, within reasonable tolerances, taking into consideration the differences in volume between the size of the sample and the size of the shipment it represents.

Section 12: **WEIGHTS:**

- a. Goods shall be packed in new containers conforming to railroad requirements if shipment is all by rail, 100 lbs. net unless otherwise specified at time of purchase. Weights guaranteed with 1/2 of 1% on sacked goods. Weights guaranteed with 1/4 of 1% on bulk (not sacked) goods.
- b. Any claim for shortage must be made within five (5) days from date of arrival of shipment and must be accompanied by a notarized statement of weights on 10% or more of the entire shipment. If official weights are obtainable at origin, they will govern and be final.

- c. In case of dispute as to weight, the entire shipment shall be reweighed at destination under the joint supervision of Seller and Buyer, or their representatives, within ten (10) full business days after arrival, and if such reweighing shows a total weight less than the above allowance of the contract weight, the Seller will immediately either make up the shortage or adjust the price to accord with the proper weight, as may be agreed upon between the parties.

**Section 13: SEPARABLE LOTS:**

- a. Buyer shall not be entitled to refuse to pay for or receive any separable lot or portion of goods shipped hereunder for failure of any other lot or portion of the order to comply with contract.
- b. On export shipments buyer may require marks not to exceed one line of maximum five (5) characters on each bag without charge. Seller may make reasonable charges for additional markings. The intent of this "free" mark is to provide lot identity of goods shipped until its final export destination. Failure of seller to provide the "free" mark shall constitute acceptance by seller of buyers statement that lot identity was maintained.

**Section 14: DISTRIBUTION CHARGES:** When less than a carload or a truckload is shipped to a given distribution point (destination of carload or truckload), for the purpose of affording Buyer carload or truckload rate of freight to such point, any expense of distribution, reshipping or stopover charges shall be assumed by Buyer.

**Section 15: SPOT SALES:** IMMEDIATE SHIPMENT is shipment within five (5) days; PROMPT SHIPMENT is shipment within ten (10) days. Time is to count from time of receiving complete specifications, not including day of sale, Saturdays, Sundays or holidays, at place of shipment. (Date carrier signs bill of lading is shipping date.)

**Section 16: SHIPPING INSTRUCTIONS:** For sale requiring IMMEDIATE shipment, buyer shall provide seller with complete shipping instructions at the time the contract is made. For all other sales, buyer shall provide seller with complete shipping instructions ten (10) days prior to the date on which shipment is to be made from origin point, unless otherwise specified. Buyer's failure to provide complete shipping instructions shall not constitute a breach of contract, but shall permit seller to demand full payment in advance against presentation of negotiable state or federal warehouse receipt or other evidence of ownership acceptable to buyer; and to impose charges covering extra cost of handling; storage, insurance, interest, finance, and all other such extra expenses.

**Section 17: BREACH OF CONTRACT AND PROCEDURE:** A contract shall remain in force and effect for seller and buyer until both parties have completed their contractual duties, or until one of the other party shall give due notice in regard to breach or default of the contract.

- a. **DEFAULT OF SELLER:** It shall be the duty of the buyer to notify the seller in event of breach of contract, and buyer's failure to provide such notice shall indicate that the contract is still in force and effect. Within three (3) days the buyer shall thereafter notify the seller which of the following rights he intends to exercise:
  - 1. to amend or to cancel those portions of the contract upon which there has been a default, without penalty to seller, in order that seller may thereafter comply with the remainder of the contract, or
  - 2. to cancel said contract and require seller to pay the difference between the contract price and the fair market price on the date of cancellation.
- b. **DEFAULT OF BUYER:** It shall be the duty of the seller to notify the buyer in event of breach of contract, and seller's failure to provide such notice shall indicate that the contract is still in force and effect. Within three (3) days the seller shall thereafter notify the buyer which of the following rights he intends to exercise:
  - 1. to amend or to cancel those portions of the contract upon which there has been a default, without penalty to buyer, in order that buyer may thereafter comply with the remainder of the contract, or
  - 2. to cancel said contract and require buyer to pay the difference between the contract price and the fair market price on the date of cancellation.

Section 18: **ARBITRATION:** Arbitration shall be conducted in accordance with the rules established by the Rocky Mountain Bean Dealers Association.

**A RMBDA Member, by having joined the association and under the RMBDA Bylaws, agrees to and is obligated to participate in arbitration if one RMBDA Member requests arbitration against another RMBDA Member in the settlement of a dispute. If the member fails to participate, a one party arbitration may go forward and a decision will be rendered on the dispute by an arbitration committee to be selected by the Administrator.** If a Member of the RMBDA refuses to enter into an arbitration with another Member, proceedings are subject to possible action by the RMBDA Board under the Arbitration Rule ARTICLE XV, Section 4 (g)(3).

Section 19: **SPECIAL:**

- a. This contract is not assignable unless agreed in writing by buyer and seller.
- b. Broker or salesman not authorized to change terms or wording of this contract without written consent of Seller, and under no circumstances authorized to sign for Seller.

Section 20: **AMENDMENTS:** These Trade and/or Arbitration Rules may be amended by a majority vote of the members present at any General Meeting or by a two-thirds (2/3) vote of the members of the Board of Directors, subject to an affirmative vote of a majority of the voting power at the next General Meeting of the Association.

Alterations and amendments made by the Board of Directors shall continue in force and effect until approved or rejected by the members at the next General Meeting. Notice of any such alterations and amendments made by the Board of Directors shall be promptly forwarded in written form to the membership of the Association.

## **ARTICLE XV ARBITRATION RULES**

**Section 1: DISPUTES:**

- a. Disputes arising out of, or under, the Trade Rules of the Rocky Mountain Bean Dealers Association, or any contract, terms or conditions, shall be referred to arbitration through the RMBDA Association office.
- b. The purpose of arbitration in this Association is to avoid such action or legal proceedings, to prevent misunderstandings, to adjust unsatisfactory conditions or dealings, and to foster and promote excellence and propriety of commerce between its members and all other parties.
- c. The “Administrator” handling all work in connection with the arbitration shall be the President of the Association, or his/her designee. If the President is involved in the dispute then the Vice President of the Association, or his/her designee, would handle the aforementioned and hereafter stated duties of the President, and so on down the line of offices.
- d. **REFUSAL TO ARBITRATE:** No party to a dispute, nor any party claiming under them, shall bring any action or legal proceeding against the other in any dispute, until such has been referred to, heard, and determined by arbitration.
  1. If, however, the Non-Member party who is complained against in a dispute refuses to sign the contract for arbitration and/or to pay the required arbitration fees within the time limits prescribed in Section 4, and after a period of twenty (20) days, the RMBDA Arbitration Administrator, after notifying the complaining party, may terminate the arbitration proceedings, thereby releasing the complaining party to bring a legal action against the party who refuses to arbitrate.

2. **A RMBDA Member, by having joined the association and under the RMBDA Bylaws, agrees to and is obligated to participate in arbitration if one RMBDA Member requests arbitration against another RMBDA Member in the settlement of a dispute. If the member fails to participate, a one party arbitration may go forward and a decision will be rendered on the dispute by an arbitration committee to be selected by the Administrator.** If a Member of the RMBDA refuses to enter into an arbitration with another Member, proceedings are subject to possible action by the RMBDA Board under the Arbitration Rule ARTICLE XV, Section 4 (g)(3).
- e. The term "days" hereinafter mentioned, shall be defined as business days only and shall exclude Saturdays, Sundays and all legal holidays.

**Section 2: ARBITRATION COMMITTEE AND ARBITRATION APPEALS COMMITTEE:**

- a. An arbitrator may be a member or a non-member of the RMBDA, but must be completely impartial and disinterested, commercially and otherwise, with respect to the particular dispute presented, and must be prominent in his/her field and experienced in the general area of the matter to be considered. The appointment of each arbitrator shall be subject to approval of the Chairman at his/her own discretion. The Chairman may remove any arbitrator for just cause or may appoint a replacement for any arbitrator who, for any reason or at any time, may be unable to serve.
  1. An Arbitration Committee shall be composed of three (3) arbitrators, the first to be selected by the one party to arbitration, the second to be selected by the other party to arbitration, and these two arbitrators shall then select a third arbitrator agreeable to them both, and such third arbitrator shall be the Chairman of the Arbitration Committee.
    - a. In the event that any or all three (3) arbitrators cannot be selected as above outlined, within a period of twenty (20) days, then the Arbitration Committee and its chairman shall be appointed by the Administrator.
  2. The Arbitration Appeals Committee shall consist of three (3) members of the Board of Directors, or of members who have previously served on the Board of Directors, to be appointed by the Administrator, within ten (10) days of the initiation of a Notice of Appeal. An Arbitration Appeals Committee shall be composed of persons other than those selected for the Arbitration Committee for the case in question.

**Section 3: ARBITRATION FEES AND COSTS:**

- a. Arbitration Fees: An Arbitration shall not be considered as in effect until each party thereto has submitted the following fee:
  1. Arbitration Fee: USA \$5,000 (Five Thousand Dollars), which includes a nonrefundable USA \$2,000.00 (Two Thousand Dollars) arbitration expense fee.
  2. In addition to the above fee, parties to arbitration shall be liable for all additional expenses caused by the appearance of the parties, or their agents, or their representative before the committee, and any such additional expense shall be determined by the committee, both as to amount and who shall pay.
- b. Arbitration Appeal Fees: An Arbitration Appeal shall not be considered as in effect until such appellant party has submitted the following fee:
  1. Arbitration Appeal Fee: USA \$10,000 (Ten Thousand Dollars) which includes a non-refundable USA \$4,000.00 (Four Thousand Dollars) arbitration appeal expense fee.
  2. In addition to the above fee, parties to arbitration shall be liable for all additional expenses caused by the appearance of the parties, or their agents, or their representatives before the committee, and any such additional expense shall be determined by the committee, both as to amount and who shall pay.

- c. Such funds shall be submitted in advance to the-RMBDA Executive Director and final disposition of all such funds shall be at the discretion of the Arbitration Committee, or of the Arbitration Appeals Committee.

**Section 4: PROCEDURE IN INITIATING ARBITRATION:**

- a. An Arbitration Committee may properly consider a case involving a dispute between or among any of the following:
  - 1. Members of the RMBDA.
  - 2. Members of the RMBDA and non-members by consent of both parties. Not to include disputes between dealers and growers.
- b. The original complaint in connection with any matter proposed for arbitration must be filed with the Administrator within six (6) months after applicable contract completion or performance date, whichever occurs first. Complaints shall specifically state the nature of the dispute, in sufficient detail, and must be accompanied by all available evidence and argument by all parties.
- c. In the event that a party against whom a complaint has been filed, desires to file a cross-complaint or counterclaim arising out the same transaction upon which the complaint is based, they shall be permitted to do so, and such cross-complaint shall be considered with all the same force and effect as the original complaint. Such cross-complaint shall be filed with the Administrator within thirty (30) days of the date of the original complaint. All such complaints and cross-complaints shall be equally considered and shall be heard as one case.
- d. Once they are filed, complaints and cross-complaints may be changed only with the approval of the Arbitration Committee.
- e. Within thirty (30) days of receiving such complaints and counter-complaints, the Administrator shall prepare and submit to all parties a contract for arbitration, to be signed by a responsible officer of each firm which is party to the dispute. This contract shall provide:
  - 1. That the disputants, or parties to arbitration, shall sign to and agree to abide by the awards or decisions of the Arbitration Committee, or of the Appeals Committee and that such awards or decisions shall not be questioned or invalidated on the grounds of any irregularity in the election or appointment of either Committee, or of any member of such Committees, on the grounds that any member was not eligible to serve, or to be qualified to serve, unless objection is made in writing and established to the satisfaction of the Administrator before the arbitration has commenced.
  - 2. This contract for arbitration shall also provide that the parties to arbitration shall sign to and agree to release the Association, its members, and members of all said committees, from all responsibility for any errors in judgment that may occur in any respect whatsoever, and from any damage or loss resulting from their acts.
  - 3. That such awards or decisions shall not be questioned or invalidated on the grounds of any irregularity in the election or appointment of either Committee, or of any member of either Committee on the grounds that such member was ineligible or unqualified to serve, unless objection is made in writing and established to the satisfaction of the Administrator before the arbitration has commenced.
  - 4. That the parties to arbitration shall sign to and agree to release the RMBDA, its members, and members of all said Committees and RMBDA Staff from any damage or loss resulting from their acts.

- f. Upon signing said contract for arbitration, each party to arbitration or dispute shall submit to the RMBDA Executive Director the required Arbitration Fee as outlined in Section 3 entitled ARBITRATION FEES AND COSTS. No arbitration or appeal shall be considered in effect until the applicable arbitration or appeal fees have been submitted to the RMBDA Executive Director.
- g. **MEMBER vs. MEMBER** - In the event of a complaint being filed by a member against another member, it shall be the duty of both parties to complete the contract for arbitration, and to pay the required arbitration fee within a thirty (30) day period from the date of the original complaint.
1. If any party, **after due notice of the arbitration proceeding**, fails or refuses to participate, to select an arbitrator, or to furnish necessary or requested papers or information to the arbitrators, the arbitration shall proceed to decision and shall be binding upon all parties. However, no decision shall be based solely upon the default of a party. Sufficient evidence must be submitted to permit the arbitrator(s) to decide necessary issues and make an award.
  2. **A RMBDA Member, by having joined the association and under the RMBDA Bylaws, agrees to and is obligated to participate in arbitration if one RMBDA Member requests arbitration against another RMBDA Member in the settlement of a dispute. If the member fails to participate, a one party arbitration may go forward and a decision will be rendered on the dispute by an arbitration committee to be selected by the Administrator.** If a Member of the RMBDA refuses to enter into an arbitration with another Member, proceedings are subject to possible action by the RMBDA Board under the Arbitration Rule ARTICLE XV, Section 4 (g)(3).
  3. Upon learning of a Member's failure or refusal to accept arbitration with another Member, after due notice, to participate in arbitration proceedings held pursuant to these Arbitration Rules, the Administrator shall report such conduct to the members of the Board of Directors, who may then take such action as they consider appropriate, including suspending or expelling the member from the Association. A member charged with breach of these Arbitration Rules shall have the right to be heard on such charge, but may not appear by legal counsel. Disciplinary action taken by the Board of Directors shall be reported promptly to the membership. No person, firm, or corporation suspended or expelled from the Association by the Board of Directors shall be eligible for membership unless reinstated or readmitted by a two-third (2/3) majority vote of the Board of Directors.
- h. **MEMBER vs. NONMEMBER** - **An arbitration shall not be considered in effect between a member and a non-member until an original complaint has been filed by at least one party to the dispute, and until all parties to the dispute have properly signed the contract for arbitration, and all have submitted the required arbitration fees to the Executive Director of the RMBDA.**

#### **Section 5: PROCEDURE IN PREPARING ARBITRATION:**

Upon completion of Sections 1-4, the following procedure will be followed to prepare the arbitration for submission to the Arbitration Committee:

- a. Each party shall be expected to furnish a concise and clear statement of all that is claimed; including such evidence as contracts, letters, telegrams, cables, confirmations, shipping instructions, bills of lading, inspection certificates, and all other data pertinent to the dispute.
  1. All evidence and relative data should be arranged in chronological order to present a clear history of the case or dispute.
  2. Evidence, data, and argument must be properly submitted by all parties to arbitration.
  3. Samples should not be submitted in evidence as the arbitrators shall not be required to act as inspectors or to compare samples. If the grade or quality of commodities is in dispute, then inspection certificates or other pertinent documentary evidence, shall be submitted.

- b. After all such evidence, pleadings, original complaints, signed arbitration contract, arbitration fees, and all other pertinent data as above described, have been filed in writing with the Administrator:
  1. The plaintiff in arbitration shall have twenty (20) days from the time the Administrator notifies him, to prepare and submit his first arguments.
  2. Upon receipt of the first papers from the plaintiff, the Administrator within ten (10) days thereafter forward to the defendant a duplicate copy of all papers filed by the plaintiff.
  3. The defendant shall have twenty (20) days from the date of receipt of the plaintiff's pleading and evidence, in which to file his answer, and to file a counterclaim.
  4. Upon receipt of such answer and of the cross pleading, if any, of the defendant, the Administrator shall within five (5) days forward a copy of same to the plaintiff, who shall have ten (10) days thereafter in which to file rebuttal.
  5. Upon receipt of the rebuttal, the Administrator shall within five (5) days forward a copy to the defendant, who shall have ten (10) days from the date of receipt to file a surrebuttal.
- c. The penalty for failure to act within the specified time limits shall be loss of the case by default, providing that the time limits specified for the filing of arbitration or appeal papers, under this section and under SECTION 7, may for good and sufficient reasons be extended by the Administrator. Any such extension so granted must be in writing, and a copy thereof sent to both parties, and any such extensions shall not exceed twenty (20) days.
- d. The several periods of time specified herein shall be determined by postal registry, express receipt, certified receipt, postmark, or by the Administrator. Such periods shall not include the days of dispatch or delivery.

**Section 6: PROCEDURE IN COMMITTEE AND ANNOUNCING AWARDS:**

- a. When a case is fully prepared, it shall be assigned to the qualified Arbitration Committee, upon which the Administrator shall notify each party to arbitration of the name and address of the chairman of the Arbitration Committee, and of all members of such committee.
- b. Upon receipt of such notice, either party may request an oral hearing before the Arbitration Committee, and such requests must be granted, it thereafter being the duty of the chairman to notify both parties of such requests, and the time and place selected for such oral hearing ten (10) days in advance thereof. Should a dispute arise concerning the time and place of the requested oral hearing, said time and place shall be determined by the Administrator.
- c. After such oral hearings, or failing any such request for oral hearings, the chairman may choose for his committee to determine its awards and decisions, or to otherwise dispose of cases submitted to it, by calling a meeting of the committee, or by such other means as he may consider proper.
- d. A decision of the Arbitration Committee shall be by majority vote of its members, and no decision shall be qualified unless all committee members have acted upon it.
- e. Parties to arbitration shall be liable for all additional expenses caused by the appearance of the parties, or their agents, or their representatives before the committee, and any such additional expense shall be determined by the committee, both as to amount and who shall pay the same.
- f. When a case is to be considered by calling a meeting of the committee, the members of the committee shall fix the time and place, and shall give the Administrator fifteen (15) days advance notice, so that the Administrator may give the parties to arbitration ten (10) days advance notice of the date and place of hearing. The parties to arbitration shall submit all proper written evidence to the Administrator prior to the time fixed for hearing. Neither party to arbitration shall seek to postpone the hearing longer than ten (10) days, unless good cause found satisfactory to the committee can be shown therefore, and any such

postponement requests must be submitted to the chairman of the Arbitration Committee at least five (5) days prior to the date set for the hearing.

- g. The Arbitration Committee shall act promptly upon all cases submitted, and shall endeavor to make its report within thirty (30) days after receipt of final papers from the Administrator.
- h. The Arbitration Committee shall submit to the Administrator its awards and decisions, with concise statements of all pertinent facts, and the conclusions of the committee, and the reasons therefore.
- i. Copies of all awards and decisions of the Arbitration Committee shall be mailed by the Administrator to the parties of arbitration within three (3) days after receipt.
- j. Within fifteen (15) days of the date of said awards and decisions, it shall be the duty of all parties to arbitration to either file an appeal, or to fully comply with such awards and decisions of the Arbitration Committee.
- k. The Arbitration Committee and the Appeals Committee, shall thereafter publish a summary of the arbitration case with the following information to be recorded at the next RMBDA Board of Directors meeting:
  - 1. Date of Decision
  - 2. Parties in the Dispute
  - 3. Statement of Case
  - 4. Decision
  - 5. Award
- l. Unpublished arbitration documents shall not be released to the public with the exception of a legal court order.

**Section 7: PROCEDURE IN MAKING APPEALS:**

- a. Awards and decisions of the Arbitration Committee shall be final unless appealed by either party within fifteen (15) days from the date of the original award.
- b. Notice of Appeal from an award of an Arbitration Committee shall be accompanied by a statement in duplicate of the reasons therefore, together with deposit of Appeal fee, and shall be filed with the Administrator within fifteen (15) days time limit. Said Notice of Appeal shall also be accompanied by a certified check for the amount of the Arbitration Committee's award, if any, payable to the RMBDA, and to be deposited and held in escrow by the RMBDA Executive Director pending decision of the Appeals Committee.
- c. Any decision of the Arbitration Appeals Committee must be signed by a majority of the members thereof and there shall be no appeal from such decisions.
- d. Within ten (10) days from the date of receipt of a Notice of Appeal, the Administrator shall forward to the appellee a copy of the appellant's statement of reasons; and the appellee shall have twenty (20) days from the date of receipt of said statement in which to file his answer immediately upon completion of the transcript, and when such an Appeal is fully prepared, the Administrator shall submit the complete file of papers to the Arbitration Appeals Committee.
- e. The Appeals Committee shall meet at the call of the chairman, and shall consider and decide upon such cases as are properly pending before it. The chairman may call a meeting of the Appeals Committee, or he may submit such cases to committee members by mail for their decision, as he may consider proper. Upon request of either disputant, the Appeals Committee may hear oral argument as it may deem proper or necessary.
- f. No new evidence shall be presented or heard in the appeal of any case.



**ARTICLE XVI**  
**RIGHT TO PROTECTION AGAINST JUDICIAL PROCESS**

Whereas, in the past management of similar associations, it has occurred that officers, directors and members of the committees have been sued in damages because of acts done or omitted to be done by them officially, the result of which may be to deprive this Association of the full fearless services of competent and responsible parties, it is therefore covenanted and agreed by each member and every person becoming or who may be admitted a member of this Association, as a consideration for being accorded such membership; and by every nonmember permitted to file a complaint against a member of this Association that he will not directly or indirectly in any manner or in any court or before any tribunal other than those provided by this Association, make any complaint or demand, or institute any suit or other proceeding against any person based upon, or claimed to arise from any act done or omitted to be done, any vote cast, resolution passed or order made by such person or officer, director or committee person of the Association, or pursuant to any official order, resolution or direction of any officer, director or committee person of the Association.

Each and every member of this Association and every such nonmember and each and every person, who may be hereafter accorded the privilege of membership or any of the privileges enumerated in the Bylaws or in any rule or regulation of the Association or in any resolution, motion or other proceedings, adopted or provided by this Association, or its Directors or by an officer or committee person thereof does in consideration of the premises, covenant and obligate himself not to make any demand or claim any right to action against the members of this Association, or any one or more of them for any loss or injury sustained by him in the premises, or by reason of any action taken or act done in connection herewith, it being the intention to hereby release and discharge any and all such claims, demands and rights of action without restriction, limitation or exception of any kind or character in any respect whatever.

Should any person, whether member or nonmember, nevertheless make any such claims or institute any such suit, each and all of the members hereof, and each and every person hereafter admitted to membership agrees and covenants to indemnify any member or other person subjected to such claim or suit against any and all costs, damages or liability by reason of the premises and to hold him harmless by reason of the premises and to hold him harmless on account hereof, and the Board of Directors may enforce this agreement by assessment made, as to which assessment no action further than a resolution of said Board shall be necessary. Should any present or future member fail to keep this agreement or to pay such assessment, he shall for this reason and for this act alone be deemed and taken by all persons and in all places to have resigned and surrendered his membership in this Association, and all the privileges and immunities thereof or incident thereto.