

Arbitration Rules of Texas Cattle Feeders Association

Purpose

The purpose of these Arbitration Rules (“Rules”) of the Texas Cattle Feeders Association (“the Association”) is to facilitate the speedy adjustment of cattle-feeding disputes of its members.

Eligibility

Section 1. **ARBITRATION ELIGIBILITY:** Any member of the Association may arbitrate any cattle feeding dispute agreed to by the parties to the dispute and accepted for arbitration by the Arbitration Committee.

Section 2. **TIME LIMITS:** All arbitration proceedings must commence within one year from the date of the business dispute, unless the Association, in its sole discretion, agrees to extend the deadline.

Administrator and Committees

Section 3. **ADMINISTRATOR:** The President of the Association shall serve as the Administrator of the arbitration program.

Section 4. **ARBITRATION COMMITTEE:** An Arbitration Committee shall consist of five members selected in accordance with these Rules to hear and determine a cattle feeding dispute.

Section 5. **ARBITRATION APPEAL COMMITTEE:** An Arbitration Appeal Committee shall consist of five members selected in accordance with these Rules to hear and determine an appeal from an arbitration award of an Arbitration Committee.

Section 6. **ARBITRATION PANELS:** The Chairman of the Association shall appoint nine persons to serve on a panel from which Arbitration Committees will be selected (“Arbitration Committee Panel”) and nine persons to serve on a panel from which Arbitration Appeal Committees will be selected (“Arbitration Appeal Committee Panel”). Persons selected for either the Arbitration Committee Panel or the Arbitration Appeal Panel must be a member of the Association. No person may be a member of both the Arbitration Committee Panel and the Arbitration Appeal Panel at the same time.

Section 7. **APPOINTMENT OF ARBITRATORS:** Arbitrators shall be appointed to an Arbitration Committee or an Arbitration Appeal Committee as follows:

(a) The Administrator shall submit simultaneously to each party an identical list of seven members of either the Arbitration Committee Panel or the Arbitration Appeal Committee Panel, as appropriate.

(b) Each party shall have 14 calendar days from the mailing date to strike through the name of one person on the list and return the list to the Association. If the party does not return the list to the Association within the time limit, all persons named on the list shall be deemed acceptable to the non-responding party.

(c) The Administrator shall select five persons to serve as arbitrators from among the persons who have not been stricken. If the selected arbitrators are unable to act, or if for any other reason a selection cannot be made from the submitted list, the Administrator shall have the power to select from the other panel members without the submission of an additional list to either party.

Section 8. NOTICE TO ARBITRATOR: The Administrator shall mail to each person selected as an arbitrator a notice of the selection, along with the names and addresses of all parties to the arbitration, a copy of these Rules and an Agreement to Serve as Arbitrator in the form attached to these Rules. The selected arbitrators shall indicate their willingness to serve on an Arbitration Committee or Arbitration Appeal Committee by signing and returning the Agreement to Serve as Arbitrator.

Section 9. DISQUALIFICATION OF COMMITTEE MEMBERS: Unless agreed to by the parties, an arbitrator shall be disqualified, and shall not serve, as a member of an Arbitration Committee or an Arbitration Appeal Committee:

(a) if the arbitrator is associated with a party to the arbitration or has a financial or personal interest in the outcome of the arbitration; or

(b) if the arbitrator has a bias for or against any party to the arbitration, or is aware of any circumstances that might suggest a bias.

Each selected arbitrator shall notify the Administrator of any circumstances likely to result in disqualification. The Administrator shall promptly disclose the information to the parties. If the parties are willing to accept an arbitrator who discloses potentially disqualifying circumstances, the parties shall advise the Administrator in writing of the acceptance within 10 days of the date the Administrator provided the information to the parties. If any party objects to service of an arbitrator who discloses potentially disqualifying circumstances, the Administrator shall select another arbitrator from the Arbitration Committee Panel or Arbitration Appeal Committee Panel, as appropriate.

Section 10. DUTIES OF THE ARBITRATORS: It is the duty of members of Arbitration Committees and Arbitration Appeal Committees:

(a) To sign and file an agreement to serve as arbitrator on the Arbitration Committee or Arbitration Appeal Committee, as appropriate, prior to the opening of the first meeting of the Committee;

(b) To interpret and apply these Rules insofar as they relate to their powers and duties;

(c) To hear and determine disputes and to render a just and equitable decision in accordance with these Rules and the evidence submitted in the arbitration proceeding; to the best of the arbitrator's ability, and To avoid any appearance of

impropriety. Arbitrators shall not have any conversation with any party to the arbitration proceedings (including any affiliated director, officer, partner or agent of a party) or accept any written communication from any party or affiliate in the absence of all parties or without sending copies of any written communication to all parties. Arbitrators shall not accept gifts, meals or other gratuities from any party or associate of a party.

Section 11. LIMITATION OF LIABILITY:

In no event shall the Association or an arbitrator, either as an individual or as a member of a Committee, be held responsible for any act or omission in connection with any arbitration proceeding conducted under these Rules.

Rules of Procedure Before an Arbitration Committee

Section 12. COMMENCEMENT OF AN ARBITRATION PROCEEDING: An arbitration proceeding may be commenced by a Regular Member or Feedyard Member of the Association by submission of a written request for arbitration to the Administrator. The request shall briefly describe the nature of the dispute and shall set out the names and addresses of all of the parties involved in the dispute.

Section 13. AGREEMENT TO ARBITRATE AND LIST OF PROPOSED ARBITRATORS: Upon receipt of a written request for arbitration, the Administrator shall deliver to the parties identified in the request an Agreement to Arbitrate, in the form attached to these Rules, by certified or registered mail. The Agreement to Arbitrate will include a list of seven proposed arbitrators. A duly authorized officer or agent of each party shall complete, execute and return the Agreement to Arbitrate to the Administrator within 14 calendar days of the date of transmittal to the party by the Administrator. An Agreement to Arbitrate executed by a party on behalf of a feedyard that is a business entity organized pursuant to state or federal statutes shall be accompanied by documentation from lawful representatives of the business entity authorizing the signatory party to sign the Agreement to Arbitrate on behalf of the business entity. If properly executed Agreements to Arbitrate are not received by the Administrator by the deadline, the Arbitration Committee may decline to conduct the arbitration.

Section 14. REQUIRED DEPOSITS: In every proceeding before an Arbitration Committee, each party shall deposit a certified check or cashiers check in the amount of \$500.00 ("Arbitration Deposits") with the Administrator. An Arbitration Deposit must accompany each executed Agreement to Arbitrate.

Section 15. NOTIFICATION OF FILING OF AGREEMENTS TO ARBITRATE; CLAIM; RESPONSE; REPLY; TIME LIMITATIONS: Upon receipt of the executed Agreements to Arbitrate and the Arbitration Deposits in proper amount, the Administrator shall notify the parties of such receipt. If the parties agree to receive notifications and other documents from the Administrator by facsimile, the Administrator shall send the notification by facsimile; otherwise, the notification shall be by registered or certified mail. A party requesting the arbitration and seeking an award ("Claimant") shall proceed first. A party objecting to the award ("Respondent") shall proceed second. If more than one party seeks an award, the Administrator shall designate the order of filing. Claimant shall have 20 calendar days from the date of transmittal of the Administrator's notice to file with the Administrator a written claim, along with copies of all documents, records and other evidence in support of the claim. The Administrator shall send

copies of Claimant's documents to Respondent by registered or certified mail, or by facsimile if agreed to by the receiving party. Respondent shall have 20 calendar days from the date of transmittal by the Administrator to file with the Administrator a written response, along with copies of all documents, records and other evidence in support of the response. The Administrator shall send copies of Respondent's documents to Claimant by registered or certified mail, or by facsimile if agreed to by the receiving party. Claimant shall have 10 calendar days from the date of the transmittal by the Administrator to file a reply, if Claimant chooses to file a reply. The Administrator shall send copies of Claimant's reply (if any) to Respondent by registered or certified mail, or by facsimile if agreed to by the receiving party.

Section 16. TIME AND PLACE OF HEARING; NOTICE TO PARTIES: After receipt of the claim, response, reply (if any) and supporting documents and other evidence, the Administrator shall deliver all documents filed to the Arbitration Committee. The Arbitration Committee shall set a time and place for the hearing. The oral argument shall not be sooner than 15 days after the Arbitration Committee receives the documents. The Arbitration Committee shall inform the Administrator of the time and place of the hearing. The Administrator shall notify the parties of the time and place of the hearing by registered or certified mail, return receipt requested, not later than five days before the hearing. On request of a party for good cause, or on its own, the Arbitration Committee may postpone the hearing.

Section 17. STENOGRAPHIC TRANSCRIPT: Any party may demand that a stenographic transcript be made of a hearing before the Arbitration Committee by filing a written demand with the Administrator by registered or certified mail not fewer than five days before the date of the hearing. The party requesting the transcript shall pay all expenses connected with the services of the court reporter. If more than one party files a written demand for a transcript, the costs shall be paid by the parties equally.

Section 18. APPEARANCE AT HEARING: The parties shall have the right to appear in person and by counsel in any proceeding before the Arbitration Committee. If a party elects to be represented by counsel, written notice of that election shall be provided to the Administrator and all other parties. If the notice is provided within five days of the hearing, the Arbitration Committee, in its discretion, may postpone the hearing to allow other parties to obtain counsel.

Section 19. CONTROL AND ORDER OF PROCEEDINGS: The Arbitration Committee shall have exclusive control of the procedures in any proceeding before it. All decisions of the Arbitration Committee must be by at least a majority of its members. The Arbitration Committee shall convene a hearing by calling it to order, and may request clarification of any issues involved in the dispute at the outset of the hearing. Claimant shall then present its evidence and witnesses. Respondent shall then present its evidence and witnesses. The Arbitration Committee may vary this procedure, but it shall afford a fair opportunity to all parties for the presentation of evidence. The names and addresses of all witnesses and a list of exhibits presented, in the order received, shall be made a part of the record. The arbitrators may require witnesses to testify under oath administered by any duly qualified person. Upon demand by either party, the arbitrators shall require witnesses to testify under oath administered by any duly qualified person. The Arbitration Committee shall receive and consider the testimony of witnesses by affidavit, but shall give affidavit testimony only such weight which the Committee deems it to be entitled, after consideration of any objections made to its admission or its content.

Section 20. EVIDENCE: Documents or other evidence that was not filed prior to the hearing may be received in evidence at the discretion of the Arbitration Committee, and copies shall be furnished the other parties. The Arbitration Committee may also request additional evidence that the Committee may deem necessary to an understanding and determination of the dispute. The Arbitration Committee shall be the judge of the relevancy and materiality of the evidence offered and strict conformity to legal rules of evidence shall not be necessary. Any documents not filed with the Arbitration Committee during the hearing, but approved for filing or subsequently agreed to by the parties, shall be filed with the Arbitration Committee under the terms imposed by the Committee. All parties shall be afforded opportunity to examine such documents and to reply.

Section 21. ADJOURNMENTS: The Arbitration Committee may adjourn the hearing upon the Committee's own initiative or if all parties agree to any adjournment.

Section 22. CLOSE OF HEARINGS: The Arbitration Committee shall specifically inquire of all parties whether they have any further evidence or witnesses to present. If no further evidence or witnesses are proposed, the Arbitration Committee shall declare the closure of the hearing. If briefs are to be filed, the hearing shall be declared closed as of the final day set by the Arbitration Committee for receipt of briefs. The time limit within which the Arbitration Committee is required to render its decision shall begin, in the absence of other agreement by the parties, upon the closing of the hearing.

Section 23. TIME, FORM, SCOPE, DELIVERY AND FINALITY OF DECISION:

(a) Time: The decision of the Arbitration Committee shall be made not later than 30 days from the closing of the hearing.

(b) Form: The decision must be agreed to by a majority of the members of the Arbitration Committee. The decision shall be in writing and shall be signed by all members of the Arbitration Committee who support the decision. If the parties settle their dispute while the dispute is pending before the Arbitration Committee, upon request of the parties the Arbitration Committee may set forth the terms of the settlement in a "consent decision." The decision shall be filed with the Administrator.

(c) Scope: The Arbitration Committee may grant any remedy or relief that the Committee deems just and equitable. The Arbitration Committee may assess fees and expenses in favor of any party, and in the event any administrative fees or expenses are due the Association, in favor of the Association. The Arbitration Committee may order that Arbitration Deposits be applied to any award or assessment of fees and expenses.

(d) Delivery: Delivery of the Arbitration Committee's decision shall be effective upon mailing a copy of the decision by the Administrator by registered or certified mail, addressed to the parties or to the parties' counsel, or by facsimile if agreed to by the parties.

(e) Finality: The decision of the Arbitration Committee shall become final unless an appeal is perfected as set out in Section 24. Provided, however, that any party may, within the time allowed for appeal, file with the Administrator and serve on all other parties a request for modification or correction on the following grounds: 1) the decision contains evident miscalculations of numbers or evident mistakes in the description of a person, thing, or property; 2) the decision concerns a matter not submitted to the Arbitration Committee and the decision can be corrected without affecting the merits of the dispute; 3) the form of the decision is

imperfect in a way that does not affect the dispute; or 4) the decision requires clarification. The request for modification or correction must notify the other parties that objection to the request must be filed with the Administrator, and must be served on all other parties, not later than 10 days from the date of the request for modification or clarification. If a request for modification or correction is timely filed, the time to appeal shall not begin to run until the Administrator mails to the parties the Arbitration Committee's decision on the request for modification or correction. An award of the Arbitration Committee is payable by certified check or cashiers check to the party in whose favor the award was rendered no later than five calendar days after the time for appeal has lapsed.

Section 24. DISPOSITION OF ARBITRATION DEPOSITS AFTER A DECISION BY THE ARBITRATION COMMITTEE: When the Arbitration Committee has made an award or assessed fees or expenses, the Administrator shall retain the Arbitration Deposits until the time for appeal has lapsed. When the time for appeal has lapsed and the award has become final, the Administrator shall dispose of the deposits as determined by the Arbitration Committee. In the event of an appeal to an Arbitration Appeal Committee, the Administrator shall retain the Arbitration Deposits until the Arbitration Appeal Committee has rendered a decision.

Rules of Procedure Before the Arbitration Appeals Committee

Section 25. NOTICE OF APPEAL; FILING; PAYMENT OF DEPOSITS: Decisions by the Arbitration Committee may be appealed to an Arbitration Appeal Committee by filing with the Administrator a written notice of appeal within 20 calendar days of the date of transmittal by the Administrator of the notice of the Arbitration Committee's decision. A notice of appeal must be accompanied by:

(a) A certified check or cashiers check for the amount of the Arbitration Committee's award. The check shall be payable to the party in whose favor the award was rendered and is to be held by the Association until a final decision is reached by the Arbitration Appeal Committee.

(b) A certified check or cashiers check in the amount of \$1,000.00 payable to the Association ("Arbitration Appeal Deposit").

The Administrator shall serve a copy of the notice of appeal and the checks upon the other party (Appellee), by registered or certified mail, or by facsimile if agreed to by the parties. The funds represented by the check in the amount of the award shall be used to satisfy the award in the event the award is affirmed by the Arbitration Appeal Committee. In the event the notice of appeal is not accompanied by the two required checks, the appeal will be deemed waived unless the checks are delivered to the Administrator within the 20 days allowed for filing the notice of appeal.

Section 26. SELECTION OF ARBITRATION APPEAL COMMITTEE; TIME FOR APPEAL HEARING; NOTICE TO PARTIES: Upon receipt of the Appellant's Arbitration Appeal Deposit, the Administrator shall select an Arbitration Appeal Committee as provided in Sections 7, 8 and 9 of these Rules. The Arbitration Appeal Committee shall set a time and place for hearing of the appeal. The time for the hearing set shall not be sooner than 60 days after the date that the notice of the decision of the Arbitration Committee was transmitted to the parties or their counsel by the Administrator.

Section 27. RIGHTS OF PARTIES ON APPEAL: Parties may be represented in person or by counsel before the Arbitration Appeal Committee. If a party was not represented by Counsel before the Arbitration Committee but elects to be represented by counsel before the Arbitration Appeal Committee, written notice of that election shall be provided to the Administrator and all other parties. If the notice is provided within 10 days of the hearing, the Arbitration Appeal Committee, in its discretion, may postpone the hearing to allow other parties to obtain counsel. Parties may file with the Committee a brief in support of their position. Appellant shall file a brief no later than 14 days before the hearing of the appeal. Appellee shall file a brief no later than seven days before the hearing of the appeal. Parties may not rely on any evidence that was not presented to the Arbitration Committee. Parties may present oral argument to the Arbitration Appeal Committee. The amount of time for oral argument and the order of the appeal hearing will be determined by the Arbitration Appeal Committee.

Section 28. FORM AND RENDITION OF AWARDS: The Arbitration Appeal Committee shall render a decision within 30 days after the hearing on the appeal. The decision must be agreed to by a majority of the members of the Arbitration Appeal Committee. The decision shall be in writing and shall be signed by all members of the Arbitration Appeal Committee who support the decision. If the parties settle their dispute while the dispute is pending before the Arbitration Appeal Committee, upon request of the parties the Arbitration Appeal Committee may set forth the terms of the settlement in a "consent decision." The decision shall be filed with the Administrator.

Section 29. NOTIFICATION OF ARBITRATION APPEAL COMMITTEE DECISION; TIME FOR PAYMENT: The Administrator shall send copies of the Arbitration Appeal Committee decision and a statement of account to all parties by certified or registered mail, or by facsimile if agreed to by the receiving party or parties. If the decision of the Arbitration Appeal Committee upholds an award of the Arbitration Committee, the Administrator shall send to the party in whose favor the award was made the check that was deposited with the Administrator following the decision of the Arbitration Committee. If the decision of the Arbitration Appeals Committee is different from that of the Arbitration Committee, the amount awarded by the Arbitration Appeal Committee shall be payable within 10 calendar days of the transmittal of the decision and statement of account by the Administrator. The amount specified in the award of the Arbitration Appeal Committee shall be payable by certified check or cashiers check to the party entitled the award. The check that was deposited with the Administrator following the decision of the Arbitration Committee will be returned to the maker. The Administrator shall dispose of the Arbitration Deposits and Arbitration Appeal Deposit as ordered by the Arbitration Appeal Committee.

Section 30. FAILURE TO PAY AWARD: In the event the party against whom an award is rendered fails to pay the award at the time and in the manner specified in these Rules, the party in whose favor the award was rendered shall have exclusive right to enforce the award in a court of competent jurisdiction. All monetary awards shall bear interest calculated under Chapter 305 of the Texas Finance Code as if the award were a judgment. Upon written request, the Administrator shall deliver certified copies of all documents, records, other evidence, decisions and awards filed in the arbitration proceedings.

Section 31. NOTIFICATION; FILING OF DOCUMENTS; TIME REQUIREMENTS: Any requirement in these Rules that the Administrator or a party "serve," "send," "deliver," "transmit," or take similar action with regard to documents shall be complied with on the day the document is either personally delivered or timely deposited in a depository of the U.S. mail, certified or registered, postage prepaid and properly addressed to the recipient at the last known address

indicated on the request to arbitrate, Agreement to Arbitrate, or any written notice of change of address. Any requirement in these Rules that a party or arbitrator file, deliver, return, provide or take similar action with regard to documents to the Administrator shall be complied with on the day that the document is actually received by the Administrator.

Amendments

Section 32. PROCEDURE: These Rules may be amended at any regular meeting of the Board of Directors.

Steps of Arbitration

TEXAS CATTLE FEEDERS ASSOCIATION

1. **Regular or Feedyard Member**
 - Submits a request for arbitration to the TCFA Administrator.
2. **TCFA Administrator**
 - Simultaneously mails list of seven members of Arbitration Committee Panel and Agreement to Arbitrate forms.
3. **Parties**
 - Return signed Agreement to Arbitrate (including list of proposed arbitrators with one name stricken) within 14 days. If not received on time, Arbitration Committee may decline to conduct arbitration proceeding. If no names are stricken, all arbitrators are deemed acceptable.
 - Send checks of \$500.00 each for arbitration deposit.
4. **TCFA Administrator**
 - Selects a five-member Arbitration Committee.
 - Notifies the arbitrators of their selection and sends Agreement to Serve as Arbitrator Forms.
5. **Selected Arbitrators**
 - Complete and return Agreement to Serve as Arbitrator Form to TCFA Administrator.
6. **TCFA Adminisitraor**
 - Notifies parties of receipt of Agreements to Arbitrate and Arbitration Deposits.
7. **Claimant**
 - Files a written claim, along with all supporting evidence, to the TCFA Administrator within 20 days.
8. **TCFA Administrator**
 - Provides copies of the claim and supporting evidence to Respondent.
9. **Respondent**
 - Files a written response to the claim, along with all supporting evidence, to the TCFA Administrator within 20 days.
10. **TCFA Administrator**
 - Provides copies of Respondent's response and evidence to Claimant.

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11. **Claimant**
 - Files a reply to Respondent's response to the TCFA Administrator within 10 days, if Claimant chooses to reply.
12. **TCFA Administrator**
 - Delivers all documents to Arbitration Committee.
13. **Arbitration Committee**
 - Sets time and place for hearing not sooner than 15 days after receiving all documents.
14. **TCFA Administrator**
 - Notifies parties of the time and place of hearing.
15. **Parties**
 - May demand that stenographic transcript be made of the hearing if requested at least five days prior to hearing.
 - May appear in person and/or by counsel at hearing.
 - May present evidence, exhibits and witnesses during hearing.
16. **Arbitration Committee**
 - Shall have exclusive control of the hearing.
 - Shall make a decision within 30 days from the closing of the hearing.
 - Shall deliver the written decision to the TCFA Administrator.
17. **TCFA Administrator**
 - Delivers copy of Arbitration Committee decision to parties.
 - Holds arbitration deposits for 20 days until decision of Arbitration Committee becomes final.
18. **TCFA Administrator**
 - Disposes of arbitration deposits after 20 days following Arbitration Committee's decision
19. **Party**
 - In whose favor the award is rendered receives payment for award within 5 days from date decision of Arbitration Committee becomes final.

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THE REMAINING STEPS DO NOT APPLY IF THE ARBITRATION COMMITTEE'S DECISION IS NOT APPEALED.

20. **Appellant**
 - Files a written notice of appeal with the TCFA Administrator within 20 days of the date of the Arbitration Committee's decision.
 - Submits a check for the amount of the Arbitration Committee's decision.
 - Deposits \$1,000.00 with the TCFA Administrator for appeal deposit.

21. **TCFA Administrator**
 - Notifies the other party (Appellee) of the appeal.
 - Submits list of seven members of Arbitration Appeal Committee Panel to the parties.

22. **Parties**
 - Strike off the name of one panel member and return list within 14 days to TCFA Administrator.

23. **TCFA Administrator**
 - Selects a five-member Arbitration Appeal Committee.
 - Notifies the arbitrators of their selection and sends Agreement to Serve as Arbitrator Forms.

24. **Arbitration Appeals Committee**
 - Sets time and place for hearing not sooner than 60 days following notification to parties of the Arbitration Committee's decision.

25. **Parties**
 - Appellant may file brief 14 days before hearing.
 - Appellee may file brief 7 days before hearing.
 - Appellant and Appellee may appear at hearing in person and/or by counsel.

26. **Arbitration Appeals Committee**
 - Shall have exclusive control of the hearing,
 - Shall make a decision within 30 days after the hearing.
 - Shall file decision with TCFA Administrator.

27. **TCFA Administrator**
 - Notifies parties of the decision.
 - Transmits a statement of account to parties showing the amount owed.

28. **Parties**
 - Make payment within 10 days of the transmittal of notices and statement of account by the TCFA Administrator.