

**ACE ETHANOL LLC  
UNIT TRANSFER POLICY**

**Updated March 23, 2019**

The Board of Directors ("Board") of Ace Ethanol LLC, a Wisconsin limited liability company (the "Company"), has established this Unit Transfer Policy (which shall be, together with the exhibits hereto, the "Unit Transfer Policy") governing the transfer of the Company's Class A, B, C, D, E, F, G, H, I, J, K, L and M membership units (all such membership units shall be, collectively, the "Units" and individually a "Unit") pursuant to authority granted it under Article 10 of the Company's Operating Agreement originally dated June 20, 2001, most recently amended as of March 23, 2019, as it may be further amended from time to time (the "Operating Agreement"). This Unit Transfer Policy shall be effective as of the date set forth above.

For purposes of this Unit Transfer Policy, the following terms shall have the following meanings:

- "**seller**" means any person who wishes to transfer Units, including transfers without consideration (i.e., gifting) or sales to unrelated third parties.
- "**buyer**" means any transferee of Units, including persons who purchase Units.

In addition, capitalized terms used but not otherwise defined in this Unit Transfer Policy shall have the meaning given to them in the Operating Agreement. In the event of any inconsistency between this Unit Transfer Policy and the Operating Agreement, the Operating Agreement shall govern.

This Unit Transfer Policy contains three parts (with an exhibit):

- Article 1: Important Background Information
- Article 2: Requirements To Transfer Units
- ▣ See Also Exhibit A: Unit Trading Service Rules
- Article 3: Important Notices and Disclaimers

You should read and review carefully all information contained in this Unit Transfer Policy when considering buying or selling or otherwise transferring Units.

**ARTICLE 1: IMPORTANT BACKGROUND INFORMATION**

1.1 Membership Requirements. In order to become a member of Ace Ethanol LLC, eligible persons must complete and sign a membership application/verification form ("Membership Application/Verification Form"), a counterpart signature page to the Operating Agreement (or similar document, in the form as requested by the Company) (an "Operating Agreement Counterpart"), own at least four (4) Units and satisfy any other criteria established by the Board and/or required under the Operating Agreement or Articles of Organization of the Company. The Operating Agreement Counterpart obligates persons who are not yet members to abide by the terms of the Operating Agreement, including, without limitation, all of the conditions and limits on transferring Units set forth at Articles 10 and 11 of the Operating Agreement. The Board has the right and authority, in its sole discretion, to approve or deny any transfer of Units. The Board also has the right and authority, in its sole discretion, to designate its rights and obligations under this Unit Transfer Policy to a committee of the Board or to terminate any such committee.

1.2 Units. Our Units represent the “equity” of the Company. The Company, as of the date shown above, has an aggregate total of 8,940 Units issued and outstanding. The Units are split between the classes as follows:

Class A:	800
Class B:	800
Class C:	760
Class D:	800
Class E:	640
Class F:	780
Class G:	400
Class H:	780
Class I:	820
Class J:	840
Class K:	760
Class L:	760
Class M:	<u>---</u>
	8,940

The number of outstanding Units and the number of Units in a class may change from time to time. The Company may issue additional membership units of any class or a new class or series and the Company may redeem outstanding Units in its discretion.

1.3 Reporting of Taxable Income. The tax code requires that profit and loss allocations with respect to Units that are transferred during the fiscal year must take into account the varying interests of seller and buyer during the year. The Company shall allocate tax items between a buyer and seller using the pro ration method described in Treasury Regulation Section 1.706-1(c)(2)(ii). Pursuant to this method, the seller of Units must include and report all of the taxable income attributable to such Units for such period of time in a fiscal year during which such seller owned such Units. For example, if Units are transferred effective at the end of our third quarter 2008, seller would report approximately 75% of the taxable income attributable to the Units for that fiscal year. Seller of Units will report the taxable income in the year in which the holder was allocated the taxable income, regardless of whether such record holder received any distribution from the Company.

1.4 Nonresident Withholding. The Company may be obligated to either withhold tax as a result of a transfer of Units or to otherwise pay tax on behalf of a seller who is not a resident of the State of Wisconsin. To address any such requirement, a seller (who is not a resident of the State of Wisconsin) will be required to deliver cash to the Company in an amount equal to the estimated amount of any tax or withholding (as determined by the Board) that must be remitted to a governmental authority by the Company. To the extent that the cash deposited with the Company exceeds the actual amount that the Company must remit to a governmental authority, the Company shall remit any difference to the seller (without payment of any interest thereon). To the extent that this deposit is less than the actual amount that the Company must remit to a governmental authority, the seller shall remit the difference to the Company within ten (10) days of a written request from the Company. The Board may, in its sole discretion, waive all or a portion of the requirements of this paragraph.

1.5 Distributions. As more particularly provided in our Operating Agreement, we will distribute our taxable income to our members generally in the form of cash distributions.

Pursuant to Section 4.1 of our Operating Agreement, the Company will pay Tax Distributions (as defined in the Operating Agreement) on or before January 15, April 15, June 15 and September 15 of each year to our Members of record on the last day of the month preceding the Tax Distribution. Other distributions will be paid to our Members of record on the date identified in the Board resolution authorizing the distribution. In other words, all distributions on or before the effective date of any transfer shall be made to seller and all distributions made after the effective date of any transfer shall be made to buyer.

1.6 Amendment. This Unit Transfer Policy may be amended, modified, restated, suspended or terminated at any time in the sole discretion of the Board, and is subject in its entirety to the Operating Agreement and applicable law.

1.7 Summary. This important background information means that Members and other persons who are interested in buying or selling Units should consider the following:

- **Consult a Professional Advisor.** You should consult a tax and legal advisor to discuss the provisions of our Operating Agreement and how they relate to the transfer of Units, the reporting of current year taxable income as between buyer and seller, and the reporting of the sale of Units by you on your tax return.
- **Timing of a sale is important.** As stated above, for all transfers, the seller of Units will be allocated the taxable income for such period of time in a fiscal year during which such seller owned such Units. However, the Member of record on the date of record identified in the Board resolution will receive 100% of any distributions declared by the Board. The below example illustrates some of these timing considerations:

Example. The Company has a fiscal year consistent with the calendar year, but makes distributions for tax purposes on January 15, April 15, June 15 and September 15 of each year. A Member sells 20 Units effective as of July 1. For the tax year to date, \$2,000 of taxable income of the Company is attributable to these 20 units (\$100 each). On July 30, the Board declares a distribution of \$3,000 attributable to these 20 units (\$150 each) payable to members of record as of July 30.

- Seller and Buyer will each be allocated a pro rata share of income (for tax purposes) based on the portion of the period in which they own the units. In this example, seller would be allocated \$1,002.74 of income (i.e.,  $(183/365) * \$2,000$ ). Buyer will be allocated \$997.26 of income (i.e.,  $(182/365) * \$2,000$ ).
- Since buyer owns the Units as of July 30, buyer receives the entire amount of the distribution.
- Note the importance of the dates July 1 and July 30 on the tax obligations and entitlements of seller and buyer to distributions paid with respect to the transferred Units. Buyer and seller report taxable income for the period of time during the fiscal year in which they own the Units, but whoever owns the Units on July 30 is entitled to the entire distribution paid on the Units.

- **Caution!** Because tax obligations are prorated between buyer and seller, but all rights to distributions belong to the member who is the holder of record as of the record date of such distribution, members are advised to understand the current year financial performance and the Company's announced plans regarding capital expenditures before agreeing to sell Units, and to use caution when considering selling Units before the Company announces its distribution plans.

## **ARTICLE 2: REQUIREMENTS TO TRANSFER UNITS**

### **Selling Your Units is Your Responsibility**

Selling your Units on terms that you are happy with is your responsibility, not the Company's responsibility. You as a Member are responsible for negotiating the terms and price of the sale. Because our Units are not listed on a stock exchange, where efficient price discovery between buyers and sellers acting on current, real-time information in volume transactions is generally achieved, it is incumbent upon you as the current owner of the Units to determine their fair market value before you agree to sell them to a buyer. Determination of fair value is the sole responsibility of buyer and seller. The Company is not responsible for determining the fairness or adequacy of the purchase price of your Units. We cannot advise you on the fairness or adequacy of any proposed purchase price per unit. We cannot advise you on whether you should buy or sell or at what price. That is your responsibility.

The Company will not assist you in finding interested buyers or sellers. Instead, you are responsible for finding your own buyer or seller (as applicable) and for negotiating and entering into the necessary documents to transfer Units. However, in order to facilitate interested sellers meeting interested buyers, you may contact FNC Ag Stock, LLC ("FNC"), which will provide qualified matching services matching together buyers and sellers pursuant to their unit trading service ("Unit Trading Service").

The FNC rules governing the Unit Trading Service are attached hereto as Exhibit A. Contact information for FNC is provided in Section 2.1(b) below and in such rules.

We urge each member who is considering buying or selling Units to seek financial, tax, legal and other professional advice to assist you in evaluating your investment in the Units and to assist you in determining the value of the Units you own. Ultimately, the value of a Unit will be determined by what a willing buyer and a willing seller agree upon. However, since our Units are not traded on an active exchange, there will be a much smaller number of sale transactions upon which to base a buy or sell decision.

The fact that we approve transfers of Units does not reflect any endorsement or recommendation of the Board or the Company as to the purchase price of the transactions or the adequacy or fairness of those purchase prices.

2.1 General Steps to Transfer Units. In order to transfer Units, interested parties must complete the following steps:

- (a) **Request Information.** Persons interested in transferring, buying or selling Units should request a buyer/seller information package from the Company or you may go to our website ([www.aceethanol.com](http://www.aceethanol.com)) to view such information. The information package will include:

- (1) A copy of this Unit Transfer Policy;
- (2) A copy of the Company's Articles of Organization and Operating Agreement;
- (3) A Membership Application/Verification Form;
- (4) An Operating Agreement Counterpart; and
- (5) All other documents as determined by the Company.

- (b) **Independent Transaction or Qualified Matching Service.** The Company will not assist you in finding interested buyers or sellers. Instead, you are responsible for finding your own buyer or seller (as applicable) and for negotiating and entering into the necessary documents to transfer Units. However, in order to facilitate interested sellers meeting interested buyers, you may contact FNC, which will provide qualified matching services matching together buyers and sellers of Units. See the Unit Trading Service Rules attached hereto as Exhibit A. There is a fee for using FNC trading service, which is paid by the seller to FNC. The Company does not pay this fee. The Company also does not receive any fees or money from FNC. There is also an administration fee payable by the buyer to the Company in the amount of \$250. Contact information for FNC is provided below:

FNC Ag Stock, LLC  
Telephone: (701) 780-2828  
Fax: (701) 757-0889  
Physical Address: FNC Ag Stock, LLC  
4050 Garden View Dr. Suite 103  
Grand Forks, ND 58206  
Mailing Address: FNC Ag Stock, LLC  
PO Box 5088  
Grand Forks, ND 58206-5088

The Company is not and shall not be a party to the purchase and sale of Units between buyers and sellers.

Buyer and seller must agree on the terms of the transaction, including the number of Units involved and the price per Unit. This is done independent of the Company. You may work through FNC for the purchase and sale of Units, or enter into agreements on the sale terms and conditions as you and seller/buyer (as applicable) determine necessary or advisable.

If you are going to use the Unit Trading Service provided by FNC, then please see the rules attached hereto as Exhibit A.

**Important Notice.** Buyer and seller are solely responsible for evaluating the value of the Units and negotiating the terms and price of the purchase and sale transaction. The Company cannot and will not provide any opinion (financial, legal, or otherwise) on or evaluation of the terms of the transaction or the proposed purchase price per Unit. Determination of fair value is the sole responsibility of buyer and seller. The Company urges each member who is considering buying or selling Units to seek financial, tax, legal and other professional advice to the extent you deem necessary or appropriate to

**evaluate your investment in the Units and to assist you in determining the value of the Units you own**

- (c) **Company Option to Purchase.** Except for Permitted Transfers and for transfers using the qualified matching services of FNC, the Company shall have the option to buy all of the Units proposed to be transferred at the price and on the terms at which the proposed sale is to be made. The decision to exercise the Company's Option to Purchase shall be made by the Board at the meeting during which the proposed transfer is reviewed by the Board.
  
- (d) **Certain Permitted Transfers.** Units may not be transferred or pledged without the approval of the Board in its sole and absolute discretion. By way of information and without limiting the foregoing power of the Board to approve or deny any transfer or pledge of Units, the Board has determined as of the date hereof and unless and until otherwise changed by the Board, it shall be the general policy of the Company to allow certain permitted transfers or pledges of Units by Members, with or without consideration, as follows (individually a "Permitted Transfer" and collectively, the "Permitted Transfers"):
  - (i) A transfer by a Member (or a deceased Member) to the spouse, parent, child or spouse of child, brother or sister, or spouse of a brother or sister of such Member (or of such deceased Member) who wishes to transfer, and for this purpose child shall include a legally adopted child;
  - (ii) A transfer by a Member (or a deceased Member) to ancestors or descendants of lineal descent of such Member (or such deceased Member) who are not otherwise described in Section 2.1(d)(i);
  - (iii) A transfer by a Member (or a deceased Member) to a trust for the benefit of such Member (or such deceased Member) or any combination of the persons identified in the foregoing Section 2.1(d)(i) or (ii); or
  - (iv) The pledge of Units by a Member to a bank as security for a loan by such Member; provided however, the following are delivered in writing to the Company in a form as approved by the Company: (y) the Member provides written notice of the pledge of the Units to the President of the Company at least two (2) weeks in advance of such pledge, and (z) the bank or banks making the loan and receiving the pledge of the Units as security provide written notice to the Company in a form as approved by the Company stating that they acknowledge that the Units are subject to the Unit Transfer Policy and Operating Agreement of the Company as now exist or may hereafter be amended or modified, and in the event that the bank or banks foreclose on such loan and become Members of the Company the bank or banks shall execute such documents as shall be requested by the Company.

All transferees of Permitted Transfers shall be required to indicate in the Member Application/Verification Form whether the transferee is taking such Units as a Permitted Transferee and must represent and warrant to the Company that the transfer qualifies as a Permitted Transfer.

Notwithstanding the above, the Board (x) shall review all Permitted Transfers to confirm that all such transfers are in compliance with this Unit Transfer Policy, (y) may modify this Section 2.1(d) of the Unit Transfer Policy at any time in its discretion and without notice, and (z) may disapprove and not allow any Permitted Transfer in its discretion.

- (e) **Complete the Membership Application/Verification Form, Operating Agreement Counterpart and Transfer Documents.** All buyers of Units must submit to the Company a Membership Application/Verification Form, which shall require certain information about such buyer and the proposed transfer to be disclosed including whether such buyer is a current Member of the Company, and an Operating Agreement Counterpart. Buyer must complete, sign and date the Membership Application/Verification Form and Operating Agreement Counterpart and any other documents required or requested to be submitted to the Company. If the transfer was made using the qualified matching service offered by FNC, buyer and seller shall submit all such documents (and all fees), together with whatever documents may be required by FNC. If the transfer was made not using the qualified matching service offered by FNC, buyer and seller shall submit all purchase/sale and other documents directly to the Company. In gifting or other transfers without consideration, the transferee must sign the Membership Application/Verification Form and Operating Agreement Counterpart as if such transferee were buying Units. For estates, executors with appropriate court authorization and documentation will also be required to sign the Membership Application/Verification Form and Operating Agreement Counterpart, along with distributees or heirs wishing to receive Units.

**Important Notice. In the Operating Agreement Counterpart, buyers of Units make certain representations and warranties to the Company in connection with the acquisition of the Units, including that buyer agrees to be bound and governed by the Company's Articles and Operating Agreement including, without limitation, all of the conditions and limits on transferring Units set forth at Article 10 and 11 of the Operating Agreement.**

- (f) **Delivery of Documents and Administration Fee.** Before any proposed transfers will be reviewed by the Board all documents required in connection with any proposed transfer must be submitted to either (i) FNC, in the case of proposed transfers arranged using the qualified matching service, or (ii) the Company directly, in the case of all other proposed transfers. Additionally, the buyer must submit with its documents an administration fee to the Company in the amount of \$250.
- (g) **Complete all Other Required Documents.** Sellers must execute the reverse side of the certificate(s) representing seller's Units that will be transferred. Sellers and buyers shall also execute and deliver such additional agreements, documents and instruments, and take such further actions, as requested by the Company in its sole discretion.

- (h) **Nonresident Withholding.** The Company may be obligated to either withhold tax as a result of a transfer of Units or to otherwise pay tax on behalf of a seller who is not a resident of the State of Wisconsin. To address any such requirement, a seller who is not a resident of the State of Wisconsin will be required to deliver cash to the Company in an amount equal to the estimated amount of any tax or withholding (as determined by the Board) that must be remitted to a governmental authority by the Company. To the extent that the cash deposited with the Company exceeds the actual amount that the Company must remit to a governmental authority, the Company shall remit any difference to the seller (without payment of any interest thereon). To the extent that this deposit is less than the actual amount that the Company must remit to a governmental authority, the seller shall remit the difference to the Company within ten (10) days of a written request from the Company. The Board may, in its sole discretion, waive all or a portion of the requirements of this paragraph.
- (i) **Board Consideration/Approval.** The Board has the right and authority, in its sole and absolute discretion, to approve or deny any transfer of Units, even Permitted Transfers. The Board or a duly authorized committee will consider approval of properly completed and timely submitted Membership Application/Verification Form, Operating Agreement Counterpart and other required or requested documents and actions as described above. In addition, the Board may approve a transfer of Units subject to such terms and conditions as it deems advisable. Buyers and sellers will be notified by the Company whether the Board has approved or rejected a transfer.
- (j) **Effective Date.** Approved transfers will be effective as of the day designated in the Board approval, unless otherwise determined by the Board. Generally, all transfers approved by the Board that were effected using the qualified matching service offered by FNC will be effective on the date as set forth in the Unit Trading Service Rules attached hereto as Exhibit A. In all cases, the Board shall have sole and absolute discretion to determine the effective date of any transfer.
- (k) **Other.** Any transfer of Units shall comply with Section 2.2 below.

2.2 Minimum Ownership/Transfer Requirements and Other Conditions to Transfer. In addition to completing the steps set forth in Section 2.1 above, in order for any Units to be transferred under this Unit Transfer Policy, the following conditions must be satisfied by seller and buyer (as applicable):

- (a) **Board Consideration/Approval.** Units may not be transferred without the approval of the Board, and then only if the conditions set forth in this Unit Transfer Policy are met.
- (b) **Minimum Ownership Requirement.** Regardless of the class of Units to be transferred, each Member must own at least four (4) Units (of any class or combination of classes) in the Company, determined following the consummation of any transfer of Units. In other words, an existing Member may not sell Units under this policy if, after the consummation of the sale, the existing Member would own less than four (4) Units, unless such selling Member sells all Units owned by such Member.

- (c) **Minimum Transfer Requirement.** There is no minimum transfer requirement.
- (d) **Compliance with Policy and Operating Agreement.** All transfers must be made in accordance with the rules and procedures of this Unit Transfer Policy, as may be amended by the Board from time to time in its discretion, and in accordance with the Operating Agreement and the rules and procedures of FNC. Notwithstanding the proceeding, the Board has the right to waive any term or condition of this Unit Transfer Policy except those terms or conditions which are required by the Operating Agreement or applicable law.
- (e) **Compliance with Laws.** To facilitate compliance with applicable securities laws, the Board will not approve any transfer of Units that have been held by the proposed seller for less than one (1) year. In addition, approval of transfers by “affiliates” of the Company will be conditioned upon the fulfillment of certain additional requirements. No transfer shall be approved except in compliance with applicable laws.

### ARTICLE 3:

**3.1 Important Notices and Disclaimers. CAUTION! THE FOLLOWING DISCLAIMERS AND IMPORTANT NOTICES APPLY TO ANY TRANSACTION CONSUMMATED UNDER THIS UNIT TRANSFER POLICY. YOU SHOULD READ AND UNDERSTAND THE FOLLOWING IMPORTANT NOTICES AND DISCLAIMERS BEFORE TRANSFERRING UNITS.**

- (a) The fact that the Company and its the Board approve transfers of Units and may report the purchase price to its members does not reflect any endorsement or recommendation of the Board or the Company as the adequacy or fairness of the consideration paid for the Units.
- (b) Neither the Units nor the Company is listed on a national securities exchange or other regulated securities market.
- (c) The Company is not a registered national securities exchange, securities information processor, broker, dealer or investment adviser.
- (d) The Company is not an “exchange,” a “broker,” a “dealer,” or an “investment adviser.”

**Exhibit A**  
**UNIT TRADING SERVICE RULES**

**Updated March 23, 2019**

1. *Questions About the Trading Service or FNC Ag Stock, LLC (“FNC”).*

Questions regarding registration, buying and selling on the Trading Service may contact FNC as follows:

FNC Ag Stock, LLC  
Telephone: (701) 780-2828  
Fax: (701) 757-0889  
Physical Address: FNC Ag Stock, LLC  
4050 Garden View Dr. Suite 103  
Grand Forks, ND 58206  
Mailing Address: FNC Ag Stock, LLC  
PO Box 5088  
Grand Forks, ND 58206-5088

2. *Process for Making Offers to Sell or Bids to Purchase.*

Persons interested in making offers to sell or bids to purchase membership units in Ace Ethanol, LLC (“*Ace Ethanol*”) may contact FNC as stated in #1 above.

3. *Questions about Ace Ethanol and membership in Ace Ethanol.*

Telephone: (715) 644-2909  
Address: Ace Ethanol, LLC  
815 West Maple Street  
Stanley, WI 54768

**THESE UNIT TRADING SERVICE RULES ARE SUBJECT IN THEIR ENTIRETY TO THE PROVISIONS AND REQUIREMENTS OF ACE ETHANOL’S UNIT TRANSFER POLICY, ARTICLES OF ORGANIZATION AND OPERATING AGREEMENT ORIGINALLY DATED JUNE 20, 2001, MOST RECENTLY AMENDED AS OF MARCH 23, 2019, AS IT MAY BE FURTHER AMENDED FROM TIME TO TIME (THE “OPERATING AGREEMENT”), AND ALL APPLICABLE LAWS. ALL BUYERS AND SELLERS SHOULD BE FAMILIAR WITH THE PROVISIONS AND REQUIREMENTS OF THE ACE ETHANOL UNIT TRADING POLICY (OF WHICH THESE RULES ARE AN EXHIBIT), THE ARTICLES OF ORGANIZATION AND OPERATING AGREEMENT, INCLUDING, WITHOUT LIMITATION, THE MINIMUM OWNERSHIP REQUIREMENTS AND THE MINIMUM TRANSFER REQUIREMENTS WHICH ARE DESCRIBED IN ARTICLE 2 OF THE UNIT TRANSFER POLICY.**

4. *Trading Service Schedule.*

Trading will be conducted on a quarterly basis pursuant to the below schedule.

**TRADING SERVICE SCHEDULE**

Purchase/Sell Action	Quarter 1	Quarter 2	Quarter 3	Quarter 4
<b>First day of quarter</b>	January 1	April 1	July 1	October 1
<b>Deadline to submit offers to sell - in order to be approved during quarter if matched</b>	February 13	May 16	August 16	November 15
<b>Deadline to submit bids to purchase - in order to be approved during quarter if matched *</b>	February 28	May 31	August 31	November 30
<b>Deadline for purchaser to submit entire purchase price to FNC *</b>	March 17	June 16	September 15	December 15
<b>Deadline for FNC to submit required documentation to transfer agent for authorization</b>	March 17	June 16	September 15	December 15
<b>Effective date of trades authorized by transfer agent</b>	April 1	July 1	October 1	January 1

\* May be waived in FNC's discretion.

5. *Listing Agreement; Posting and Communicating Offers to Sell or Bids to Purchase; Nonfirm Offers.*

- To be eligible to sell membership units, the seller and FNC must sign a Listing Agreement authorizing FNC to seek a purchaser for membership units.
- Offers to sell and bids to purchase must be communicated to a registered representative of FNC by telephone or in person no later than 5:00 p.m. (C.S.T.) of any business day or by 3:30 p.m. when oral bidding will be required per Section 9 below. Communication to FNC of said offers or bids by email, voice mail, or otherwise is prohibited.

- All offers to sell and bids to purchase posted to the Trading Service shall be considered non-firm.
- Offers to sell and bids to purchase membership units must be made in whole unit increments (and not fractions) and a purchase price per membership unit may be in dollars and cents. No offer to sell or bid to purchase of partial or fractionalized membership units may be posted to the Trading Service.

6. *Time Periods; Removal and Reposting.*

- See the Trading Service Schedule in Section 4 above.
- Offers to sell and bids to purchase may be posted to and listed on the Trading Service for a maximum of 120 consecutive days. Any offer to sell or bid to purchase that has not been matched at the end of such 120 days shall be removed from the Trading Service.
- A seller whose offer to sell has not been matched within 120 days and consequently whose offer to sell has been removed from the Trading Service will not be eligible to post a new or subsequent offer to sell unless and until 60 calendar days have expired from the date of the previous offer to sell was removed from the Trading Service.
- A purchaser whose bid to purchase has not been matched within 120 days and consequently whose bid to purchase has been removed from the Trading Service will be eligible to repost any bid to purchase immediately after it is removed.
- A bid to purchase may not be accepted by the seller prior to the 15<sup>th</sup> calendar day after the offer to sell is posted to the Trading Service.

7. *Modifying and Cancelling Offers to Sell and Bids to Purchase.*

- An offer to sell may be modified by the seller at any time, subject to the restriction that a bid to purchase cannot be accepted by a seller prior to the 15<sup>th</sup> calendar day after the modified offer to sell is posted to the Trading Service. Said modification shall not alter or extend the 120-day maximum period (see Section 6 above) the membership units can be posted for sale by the Trading Service.
- If FNC communicates to a seller a bid to purchase and the bid to purchase is at a bid price equal to or in excess of the seller's ask price, and if the seller declines to accept the bid to purchase for the bid price, seller shall either set a new offer price (non-firm) or request cancellation of the offer to sell. If the seller sets a new offer price (non-firm), the seller's offer price shall not be eligible for acceptance until the 15<sup>th</sup> day after which the modified offer is communicated to FNC and posted to the Trading Service.
- Sellers may cancel an offer to sell at any time prior to the execution and delivery to FNC of the contract for sale (see Section 10 below) by the seller and buyer. Buyers may cancel bids to purchase at any time prior to the execution and delivery to FNC of the contract for sale (see Section 10 below) by the seller and buyer.

8. *Placing bids; Communicating Bids to a Seller; Rejecting Bids.*

- Prospective purchasers who desire to place a bid to purchase may contact FNC in person or by telephone. A bid to purchase may be made at the lowest listed asking price or any other price. Two-sided quotes in which a person indicates a bid to buy at one price and sell at another are prohibited.
- Once a bid to purchase is made that equals or exceeds the asking price of one or more listed offers for sale, the eligible bid to purchase is communicated to the seller having the lowest asking price for readily available membership units in accordance with the matching order rules as described above. FNC will use reasonable efforts to contact eligible sellers; however, if FNC is unable to make contact with a seller within a reasonable time according to its best judgment, FNC will communicate said offer to next eligible seller.
- After communicating a bid to purchase to a seller, if the bid to purchase is at or above the posted asking price, the seller continues to have the option to accept or reject such bid to purchase.

9. *Matching Offers and Bids.* Matching of offers to sell and bids to purchase are governed by the following rules:

- An offer to sell shall not be eligible for matching and acceptance with a bid to purchase prior to the 15<sup>th</sup> calendar day of said offer to sell being posted to the Trading Service.
- If there are multiple bids to purchase, the bid to purchase with the highest bid price shall have the first opportunity for matching.
- If there are multiple bids to purchase which are at or exceed an asking price eligible for matching, FNC shall make reasonable efforts to contact all such bidders at the end of the day of the 15<sup>th</sup> calendar day, and inform them of the multiple bids, at which time each bidder will be allowed to submit one final bid.
- If there are multiple offers to sell, the offer to sell with the lowest asking price posted to the Trading Service shall have the first opportunity for matching.
- If there are multiple offers to sell at the same asking price, the seller who posted the offer to sell membership units first in time has priority. For multiple purchasers at the same bid price, a purchaser who posted a bid to purchase first in time has priority.
- After price and time, precedence is given to the seller or purchaser with the largest order.
- If priority cannot be established by price, timing or order quantity a prevailing seller or purchaser is selected at the discretion of FNC.

10. *Contract for Sale.*

- Upon verbal agreement for sale between a purchase and seller, FNC will generate and send to purchaser a contract for sale ("Contract for Sale"), an Operating Agreement counterpart signature page and a Membership Application/Verification Form (along with any other documents requested by Ace Ethanol).
  - Purchaser shall be obligated to fully execute and return to FNC said Contract for Sale, an earnest money deposit equal to 100% of the accepted purchase price (check made payable to "Bremer Bank, N.A., Escrow Agent") and an executed Operating Agreement signature page if a new member of Ace Ethanol, within ten (10) days of receipt of the Contract for Sale.
  - Upon receipt of the purchaser's executed Contract for Sale and earnest money, FNC will immediately deposit the earnest money into a non-interest bearing escrow account at Bremer Bank, N.A. ("Escrow Agent") and forward the Contract for Sale to the seller for signature.
  - Seller shall execute and return to FNC said Contract for Sale and membership unit certificate(s) (or a satisfactory lost certificate affidavit) within ten (10) days of the date of receipt of the Contract for Sale.
  - In the event the Seller granted to a lender a security interest in the Membership Units, the Seller is required to provide proof of the lender's consent to the transfer and removal of the security interest and any transfer instructions with the Contract for Sale. At the time of closing the securities must be free and clear of any lien, encumbrance, pledge or security interest.
11. *Closing date; Purchase Price.* The closing of the sale, at which time the net proceeds will be forwarded to the seller, shall not take place prior to 45 days after the offer to sell is posted to the Trading Service. The purchase price for each sale shall be the bid price stated in the bid to purchase that is matched with the offer to sell.
  12. *Notification; Board Approval.* Upon receipt of the fully executed documents from the seller and funds from the purchaser, FNC shall forward to the Transfer Agent the Contract for Sale, membership certificate, Operating Agreement counterpart signature page and a Membership Application/Verification Form (along with any other documents requested by Ace Ethanol). The Transfer Agent shall subsequently confirm with FNC the Ace Ethanol board's approval of the completed transaction. No transfer of units shall be acceptable unless it has been approved by the board of directors of Ace Ethanol.
  13. *Completion of Sale.* Upon receipt, FNC will forward to Ace Ethanol's Transfer Agent copies of all Contracts for Sale and other documents relating to each match of membership units together with proof of purchaser's 100% payment. Upon FNC's receipt of notice from the Transfer Agent that Ace Ethanol's board of directors has approved the transfer and a membership unit certificate is being issued to the purchaser FNC shall direct the Escrow Agent to transfer the sale proceeds (purchase price minus commission) to the seller on the effective date (see below). On or shortly following the effective date, the Transfer Agent will send the new certificate to the purchaser. If any liens or restrictions on the membership units prevent the transfer agent from processing the sale, FNC shall direct the Escrow Agent to refund the entire amount deposited to the purchaser within 10 business days of receipt of notification of such determination.

14. *FNC's commission.* Prior to the Escrow Agent's transfer of the sale proceeds to the seller, the Escrow Agent shall deduct an amount representing the sales' commission and transfer such commission to FNC. The commission will be three (3%) of the purchase price, but in no event less than two hundred fifty Dollars (\$250.00).
15. *Trade effective date.* All sales and transfers shall be effective upon the first day of the quarter following a match if 45 days has expired since the offer to sell was posted. If the offer to sell is posted during the last 45 days of the quarter, the sale will be effective on the first day of the next following quarter. For example, if an offer to sell is submitted between January 1 and February 13, the trade will be effective on April 1 if buyer and seller meet the above delivery deadlines. On the other hand, if the offer to sell is posted after February 13, the trade will not be effective until July 1 even if all delivery deadlines are met.
16. *Suspension of Trading.* Either FNC or Ace Ethanol shall be entitled to suspend trading on the Unit Trading Service at any time in their sole discretion.

**These Unit Trading Service Rules may be modified by FNC or Ace Ethanol at any time in their sole discretion.**