

East Buchanan Telephone Cooperative Bylaws

“The aim of East Buchanan Telephone Cooperative (herein after called the “Co-operative” or “Coop”) is to make communication service available to its members at the lowest cost consistent with sound economy and good management, and to conduct a mercantile and mechanical business, including the conduct of a cable television business, for its members and others, at the lowest possible cost consistent with proper maintenance and improvements, with all the rights and powers it has in the conduct of its communication business, and to operate cable television business as a part of the communication business, except for separate books and records.”

ARTICLE I Membership

SECTION 1. Requirements for Membership. Any person, firm, association, corporation or body politic or subdivision thereof may become a member of East Buchanan Telephone Cooperative by:

- a. Making a written application for membership therein:
- b. Agreeing to purchase from the Coop communication service as hereinafter specified:
- c. Agreeing to comply with and be bound by the articles of incorporation and bylaws of the Coop and any rules and regulations adopted by the Board of Directors (hereinafter called the “Board”); and
- d. Agreeing to pay the membership fee hereinafter specified on uniform terms and conditions established by the Board; provided, however, that agreement to pay or payment of the membership fee in accordance with the provisions of these bylaws by a landlord on behalf of an applicant for membership who is a tenant occupying premises owned by such land lord and served by the Coop shall constitute compliance by such applicant with subdivision (d) of this section; and provided further however, that no person, firm, association, corporation or body politic or subdivision thereof shall become a member unless and until he or she has been accepted for membership by the Board or the members. No member may hold more than one membership in the Coop, and no membership shall be transferable, except as provided in these bylaws.

Beginning six months after the date of incorporation, all applications received more than thirty days prior to each meeting of the members which have not been accepted or which have been rejected by the Board shall be submitted by the Secretary to such meeting and, subject to compliance by the applicant with the requirements herein above set forth, any such application may be accepted vote of the members.

The Secretary shall give each such applicant at least ten days written notice of the date of the members’ meeting to which his application will be submitted and such applicant shall be entitled to be present and heard at the meeting.

SECTION 2. Membership certificates. Membership in the Coop shall contain such provisions as shall be determined by the Board. Such certificate shall be signed by the President and by the Secretary and the corporate seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed in the bylaws, nor until such membership fee had been fully paid for. In case a certificate is lost, destroyed or mutilated, a new certificate may be issued therefor upon such uniform terms and indemnity to the Coop as the Board may prescribe.

SECTION 3. Joint membership. A husband and wife may apply for a joint membership and, subject to their compliance with the requirements of Section 1 of the Article, may be accepted for such membership. The term "member" as used in these bylaws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows.

- a. The Presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- b. The vote of either separately or both jointly shall constitute one joint vote;
- c. A waiver of notice signed by either or both shall constitute a joint waiver;
- d. Notice to either shall constitute notice to both;
- e. Expulsion of either shall terminate the joint membership.
- f. Withdrawal of either shall terminate the joint membership;
- g. Either but not both may be elected or appointed as an officer or trustee, provided that both meet the qualifications for such office.

SECTION 4. Conversion of Membership.

- a. A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, Bylaws, and any rules and regulations adopted by the Board. The outstanding membership certificate shall be surrendered, and shall be reissued by the Coop in such manner as shall indicate the changed membership status.
- b. Upon the death of either spouse who is a party to the joint membership certificate shall be held solely by the survivor. The outstanding membership certificate shall be surrendered, and shall be reissued in such manner as shall indicate the changed membership status, provided, however, that the estate of the deceased shall not be released from any debts due the Coop.

SECTION 5. Membership fee. The membership fee shall be Ten Dollars (\$10.00). An additional amount shall be paid for each connection, extension or other available service, in accordance with the rules and regulations prescribed by the Board.

SECTION 6. Purchase of Communication Service. Each member shall, as soon as communication service is available to them within the traditional service boundaries of the Coop, take communication service from the Coop to be used on the premises specified in his application for membership, and shall pay therefor monthly at rates which shall from time to time be fixed by the Board, provided, however, that the Board may limit the amount of communication service which the Coop shall be required to furnish to any one member. It is expressly understood the amounts paid for communication service in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay the Coop such minimum amount per month for communication services as shall be fixed by the Board from time to time. Each member shall also pay all amounts owed by him to the Coop as and when the same shall become due and payable.

SECTION 7. Termination of Membership.

- a. Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of all the directors, expel any member who fails to comply with any of the provisions of the articles of incorporation, bylaws, or any rules and regulations adopted by the Board, but only if such member shall have been given written notice by the Secretary that such failure makes him liable to expulsion and such failure shall have continued for at least 10 ten days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting. The membership of a member who has not permitted the installation of service within thirty (30) days after he has been notified service is available to him, or of a member who has ceased to purchase communication service from the Coop shall be canceled by resolution of the Board.
- b. Upon the withdrawal, death, cessation of existence or expulsion of a member the membership of such member shall be surrendered forthwith the Coop. Termination of membership in any manner shall not release a member of his estate from any debts due to the Coop.
- c. If a membership fee has been paid by a landlord on behalf of his tenant, upon the removal of such a tenant from the premises of the landlord, the membership of such tenant shall terminate.
- d. Upon termination of membership for any reason, the Coop shall not repay to the member or to his landlord, in case the membership fee shall have been paid on behalf of the member by his landlord, the amount of the membership fee paid unless a successor in occupancy or ownership of the premises served by the Coop shall have been accepted as a member and a membership fee shall have been paid by or on behalf of such successor in accordance with the provisions of these bylaws. Any refund of membership fees pursuant to the subsection shall be made in the order which memberships shall have been terminated. Prior to the repayment of a membership fee paid by the member, the Coop shall deduct from the amount of such membership fee the amount of any debts owing from the member to the Coop.

ARTICLE II
Rights and Liabilities of Members

SECTION 1. Property interest of members. Upon dissolution, after (a) all debts and liabilities of the Coop shall have been paid (b) all capital furnished through patronage shall have been paid, the remaining property and assets of the Coop shall be distributed among the members and former members in the proportion which the aggregate patronage of each member bears to the total patronage of all such members, unless otherwise provided by law.

SECTION 2. Non-liability for debts of the Coop. The private property of the members shall be exempt from execution or other liability for the debts of the Coop and no member shall be liable or responsible for any debts or liabilities of the Coop.

ARTICLE III
Meeting of Members

SECTION 1. Annual meeting. The annual meeting of the members shall be held on the 1st Monday of December of each year, beginning with the year 1964, at such place in the County of Buchanan, State of Iowa, as shall be designated in the notice of the meeting, for the purpose of electing directors, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. If the day fixed for the annual meeting shall fall on a Saturday or legal holiday such meeting shall be held on the next succeeding business day. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Coop.

SECTION 2. Special meetings. Special meetings of the members may be called by the President at any time by giving ten days notice in person or in writing to the members specifying the time and place of such special meeting and purpose thereof and such special meeting shall be called by the President at any time upon the written request of a majority of the Directors or of any 20% of the members and in the case of his refusal or neglect to call such meeting such Directors or members may join in a call of the members, which meeting shall be the same as though called by the President.

SECTION 3. Notice of members meeting. Written notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose for which the meeting is called, shall be delivered not less than ten days nor more than twenty days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Coop, with postage thereon prepaid. The failure of any member to receive notice of an annual meeting or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 4. Quorum. Two per centum of the total membership shall constitute a quorum. If less than quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members present in person.

SECTION 5. Voting. Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person except as otherwise provided by law, the articles of incorporation or these bylaws.

SECTION 6. Order in business. The order of business at the annual meeting of the members and, so far as possible, at all other meetings the members, shall be essentially as follows, except as otherwise determined by the members at such meeting.

1. Report on the number of members present in person in order to determine the existence of a quorum.
2. Reading the notice of meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers, Directors and committees.
5. Election of Directors.
6. Unfinished Business.
7. New Business.
8. Adjournment.

ARTICLE IV Directors

SECTION 1. The business and affairs of the Cooperative shall be managed by a Board of not less than five (5), nor more than thirteen (13), Directors, the number to be determined for the ensuing year at each annual meeting of the members of the Cooperative. Until the first annual meeting and thereafter, until such number of Directors be changed by vote of the members at any annual meeting, the number of Directors shall be nine (9). The Board of Directors shall exercise all the powers of the Cooperative except such as are by law, or by these bylaws or by its Articles of Incorporation, conferred upon or reserved to the members.

SECTION 2. At the annual meeting of the members beginning with the year 1964, three (3) Directors shall be elected by ballot by and from the members to service for a period of one year, and until their successors shall have been elected and shall have qualified; three (3) Directors shall be elected by ballot by and from the members to service for a period of two (2) years, and until their successors shall have been elected and shall have qualified; and three (3) Directors shall be elected by ballot and from the members to serve for a period of three (3) years, and until their successors shall have elected and shall have qualified. At each annual meeting beginning with the 1964, Directors shall be elected by and from the

members to succeed those Directors whose terms shall have expired to serve for a period of three (3) years, and until their successors shall be elected and qualified. No member shall be eligible to become or remain a Director or to hold any position of trust in the Cooperative who is not a bonafide resident of the area served by the Cooperative, a business primarily engaged in selling supplies or equipment to the Cooperative, or to the members of the Cooperative, and no person shall take or hold office as a Director, who, is incumbent of, or candidate for, any elective public office other than Town, Township or County office; provided however, that nothing in this section contained shall, or shall be construed, to affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

SECTION 3. For the purpose of nominating and electing Directors of the Cooperative, the territory served by the Cooperative shall be divided into Districts, as follows, with Directors to be elected from each District at the annual meeting of the members of the Cooperative at which the terms of the Director or Directors from that District expires:

DISTRICT NUMBER ONE

The area now served by the Winthrop switching office, i.e.: all subscribers whose communication numbers would begin with the prefix 935, shall be considered as one District, and the members residing therein shall elect three (3), Directors to the Board of Directors of the Cooperative.

DISTRICT NUMBER TWO

The area now served by the Quasqueton switching office, i.e.: all subscribers whose communication numbers would begin with the prefix 934, shall be considered as one District, and the members residing therein shall elect three, (3), Directors to the Board of Directors of the Cooperative.

DISTRICT NUMBER THREE

The area now served by the Aurora switching office, i.e.: all subscribers whose communication number would begin with the prefix 634, shall be considered as one District, and the members residing therein shall elect three, (3), to the Board of Directors of the Cooperative.

In the event that this Cooperative shall extend its service to cover an area now served by any existing communication Cooperative or corporation, the members of the Cooperative, included in said area shall be entitled to an equitable representation on the Board of Directors of this Cooperative. The number of such Directors to be determined by a vote of the members of the Cooperative at any annual meeting or special meeting called for such purpose. At such time as the membership in the Districts herein established shall become disproportionate, the Districts including both the territory included therein and number of Directors allotted thereto may be changed, restricted and reapportioned, by resolution of the Board of Directors with the approval of the members Cooperative in the manner that bylaws may be amended and the Board of Directors by resolution with the approval of the members in the manner of amendment to bylaws may provide that the Directors shall be elected at large from the entire District served by the Cooperative in lieu of election by District as herein established.

It shall be the duty of the Board of Directors to give public notice at least sixty (60) days in advance of a nomination period ending on October 15th of each year whereby cooperative members may nominate themselves or other person to be on a two-person election ballot from each district at the annual meeting. Only the first person in each district to be nominated shall appear on the election ballot unless the incumbent director should decide not to run for re-election. Should any district not have the incumbent director run for re-election, the first two cooperative members nominated from that district shall appear on the election ballot for that district. Should any district not have at least one nomination from their district's membership by October 15th of that year, it shall be the duty of the Board of directors to appoint a committee to nominate at least one cooperative member from that district to run against the incumbent Director or if the incumbent director is not seeking reelection, the committee shall nominate two cooperative members to run for election in that district. The Committee shall prepare and post at the principle office of the Cooperative at least twenty (20) days before the meeting, a list of nominations for Directors. Such nominations shall be made by Districts as herein prescribed to succeed the Directors whose terms will expire at the meeting of members for which such nominations are made, and the members so nominated shall be bonafide residents of the District from which they are nominated. A ballot marked, "Ballot for Directors" containing the names of all the nominees so posted, arranged by District and alphabetically within such Districts and stating the residence of each, shall be mailed with the notice of the meeting. The Secretary shall also mail with the notice of the meeting, a statement of the number of Directors to be elected, and showing separately, the nominations made by petition. Such statement of the Secretary shall also inform the members of the manner in which they may vote by mail for Directors, as provided in this section. Any members who are absent from such meeting may vote by mail for Directors by marking on the ballot an "X" opposite the name of the candidate or candidates from voting members District, and enclosing the ballot in a sealed envelope bearing his name, addressed to the Secretary of the Cooperative.

When such ballot is so enclosed, is received by mail from any absent member, it shall be accepted and counted as a vote for Directors by ballot of such absent member at such meeting. The provisions of this section shall not be mandatory in the case of recall of one or more Directors as provided in Section 5 of the Article IV.

SECTION 4. Any member selected to fill any vacancy in the office of Director shall be a bonafide resident of the District represented by the Director whose death, resignation or recall from office created such vacancy.

SECTION 5. Any member may bring charges against a Director by filing them in writing with the Secretary of the Cooperative, together with a petition signed by ten percent (10%) of the members, requesting the removal of the Director in question. The removal shall be voted upon at the next regular or special meeting of the members and, by a vote of majority of all voting members to the Cooperative, the director may be removed and the vacancy may be filled by the members. The Director against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present witnesses; and the person or persons bringing the charges against him shall have the same opportunity.

SECTION 6. Vacancies: Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of Directors by the members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining Directors for the unexpired portion of the term, provided, however, that in the event the vacancy is not filled by the Board within sixty (60) days after the vacancy occurs, the members shall have the right to fill such vacancy at a meeting of the members without compliance with the foregoing provisions in respect of Nominations.

SECTION 7. Compensation: Directors shall not receive any salary for their services as trustees, except that by annual resolution of the Board, a fee, agreed upon by the Board and approved at the Annual Meeting by a majority of the membership present, may be received.

SECTION 8. Rules and Regulations: The Board of Directors shall have the power to make and adopt such rules and regulations, not inconsistent with the articles of incorporation of the Cooperative or these bylaws or the laws of the State of Iowa, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 9. Accounting System and Report: The Board of Directors shall cause to be established and maintained, a complete accounting system which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Electrification Administration of the United States of America.

All accounts of the Cooperative shall be examined by a committee of the Board of Directors which shall render reports to the Board of Directors at least four times a year at regular meeting of the Board of Directors. The Board of Directors shall also after the close of the fiscal year cause to be made, a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of the fiscal year. Such audit reports shall be submitted to the members at the following annual meeting.

ARTICLE V

Meetings of Directors

SECTION 1. Regular Meetings: A regular meeting of the Board of Directors shall be held without other notice than this bylaw, immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the Board of Directors shall also be held monthly and at such time and place in Buchanan County, Iowa, as the Board of Directors may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. Special Meetings: Special meetings of the Board of Directors may be called by the President or any two (2) Directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place, (which shall be in Buchanan County, Iowa), for the holding of any special meeting of the Board of Directors called by them.

SECTION 3. Notice: Notice of the time and place and purpose of any special meeting shall be given at least two (2) days previous thereto, by written notice, delivered personally or mailed, to each Director at his last known Address. If mailed, such notice shall be deemed to be delivered when deposited in any United States Post Office within Buchanan County, Iowa, in a sealed envelope so addressed, with postage thereon paid. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except in case a Director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

SECTION 4. Quorum: A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided that if less than a majority of the Directors are present at said meeting a majority of the Directors present may adjourn the meeting from time to time without further notice.

SECTION 5. Manner of Acting: The act of the majority of the Directors present at a meeting at which quorum is present shall be the act of the Board of Directors.

ARTICLE VI

Officers

SECTION 1. Number: The officers of the Cooperative shall be a President, Vice-President, Secretary, Treasurer and Manager, and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and Treasurer may be held by the same person.

SECTION 2. Election and Term of Office: The officers, except for Manager, shall be elected annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. The Manager shall be appointed by the Board of Directors, and once appointed shall continue to serve at the discretion of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon as thereafter as conveniently may be. Subject to the provisions of Section 8 of Article IV and Section 3 of this Article VI, each officer shall hold office until the first meeting of the Board of Directors following the next annual meeting of the members or until successor shall have been duly elected and shall have qualified.

SECTION 3. Removal: Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever, in its judgment the best interest of the Cooperative would be served thereby.

SECTION 4. Vacancies: Subject to the provisions of Section 8 of Article 1 of these bylaws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5. President: The President:

- a. shall be the principal executive officer and shall preside at all meetings of the members and of the Board of Directors:
- b. shall sign, with the Secretary, certificate of Membership, and may sign any deeds, mortgages, bonds, contracts or other instruments authorized by the

Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and

- c. in general shall perform duties incident to the office of President and shall perform such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 6. Vice President: In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President and shall perform such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 7. Secretary. The Secretary shall;

- a. keep the minutes of meetings of the members and the Board of Directors in one or more books provided for that purpose;
- b. see that all notices are duly given in accordance with these bylaws or as required by law;
- c. be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperation is affixed to all certificates of membership prior to the issue thereof and to all documents, execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- d. keep a register of the post office address of each member which shall be furnished to the Secretary by such member;
- e. sign with the President certificates of membership, the issue of which shall have been authorized by the resolution of the Board of Directors.
- f. have general charge of the books of the Cooperative in which a record of the members is kept;
- g. keep on file at all times a complete copy of these bylaws containing all documents there to, which copy shall always be open to the inspection of any member, and at the expense of the Cooperative forward a copy of the bylaws and of all amendments there to each member; and
- h. in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 8. Treasurer. The Treasurer shall:

- a. have charge and custody of and be responsible for all funds and securities of the Cooperative;
- b. receive and give receipts for moneys due and payable to the Cooperative from any source whatsoever, and deposit all such moneys in the name of the Cooperative in such banks as shall be selected in accordance with the provisions of Section 3 of Article VI of these bylaws; and
- c. in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 9. Manager. The Board of Directors may appoint a manager who may be but who shall not be required to be a member. The manager shall perform such duties as the Board of Directors may from time to time require of him and shall have such authority as the Board of Directors may from time to time vest in him.

SECTION 10. Bond of Officers. The Board of Directors may require the Treasurer or any other officer charged with responsibility for the custody of any of its funds or property, to give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee of the Cooperative to give such bonds in such amounts, with such surety or sureties and containing such terms and conditions as it shall determine.

SECTION 11. Salaries. The compensation, if any of any officer, agent or employee who is also a director or close relative of a Director, shall be determined by the members as provided in Section 5 of Article 111 of these bylaws; the powers, duties and compensations of all other officers, agents and employees shall be fixed by the Board of Directors.

SECTION 12. Reports. The officers shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year and showing its condition at the close of such fiscal year.

ARTICLE VII

Contracts, Checks and Deposits

SECTION 1. Contracts. Except as limited elsewhere by these bylaws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

SECTION 2. Checks, drafts, etc. All checks, drafts or other orders for the payment of money, and all notes bonds or other evidence of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, or employee or employees, of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 3. Deposits. All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

ARTICLE VIII

Membership Certificates

SECTION 1. Certificates of membership. Membership in the Cooperative shall be evidence by a certificate of membership which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors not contrary to, or inconsistent with, the articles of incorporation of the Cooperative or these bylaws. Such certificates shall be signed by the President and by the Secretary and shall be sealed with its corporate seal.

SECTION 2. Issue of Membership Certificates. No membership certificates shall be issued for less than the membership fee fixed in Section 2 of Article 1 of these bylaws, nor until such membership fee has been fully paid in cash, and such payment has been deposited with the Treasurer of the Cooperative.

SECTION 3. Lost certificates. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefor upon such terms and such indemnity to the Cooperative as the Board of Directors may prescribe.

ARTICLE IX Non-Profit Operation

SECTION 1. Interest or Dividends on Capital Prohibited. The Coop shall at all times be operated on a Cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Coop on any capital furnished by its patrons.

SECTION 2. Patronage Capital in Connection with Furnishing Communication Service. In the furnishing of communication service, the Coop's operations shall be so conducted that all member and non-members alike will through their patronage furnish capital for the Coop. In order to induce patronage and to assure that the Coop will operate on a non-profit basis, the Coop is obligated to account on a patronage basis to all its members and non-members alike for all amounts received and receivable from the furnishing of communication service in excess of operating costs and expenses properly chargeable against the furnishing of communication service. All such amounts in excess of operating costs and expenses at the moment of receipt by the Coop are received with the understanding that they are furnished by the members and non-members alike as capital. The Coop is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The Books and records of the Coop shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Coop shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Coop corresponding amounts for capital.

In the event of dissolution or liquidation of the Coop, after all outstanding indebtedness of the Coop shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Coop will not be impaired thereby, the capital then credited to patron's accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Coop being first retired. In no event, however, may any such capital be retired unless, after

the proposed retirement, the capital of the Coop shall equal at least forty per centum (40%) of the total assets of the Coop.

Capital credited to the account of each patron shall be assignable only on the books of the Coop, pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Coop unless the Board, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provision of these bylaws, the Board, at its discretion, shall have the power at any time upon the death of any patron, who was a natural person, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Coop will not be impaired thereby.

The patrons of the Coop, by dealing with the Coop acknowledge that the terms and provisions of the articles of incorporation and bylaws shall constitute and be a contract between the Coop and each patron, and both the Coop and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

ARTICLE X

The Cooperative may not sell, mortgage, lease or otherwise dispose of any of its property other than:

- a. property which, in the judgment of the Board of Directors is or will be, neither necessary nor useful in operating and maintaining the Cooperative system, provided, however, that sales of such property shall not in any one year exceed the ten per centum (10%) in value of all the property of the Cooperative;
- b. services of all kinds including communication service;
- c. personal property acquired for resale; and;
- d. merchandise;

unless such sale, mortgage, lease or other disposition is authorized by a majority vote of the members at a meeting thereof and the notice of such proposed sale, mortgage, lease or disposition shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained the Board of Directors, without the consent or vote of the members of the Cooperative or any part thereof, shall have full power and authority to borrow money from the United States of America. Rural Electrification Administration, or any other agency of the United States of America, and to authorize the making and issuance of bonds, notes or other evidence of indebtedness secured or unsecured, for money so borrowed and to secure the payment of such bonds, notes or other evidences of indebtedness by mortgage or mortgages, or deeds of trust upon or the pledge of other lien upon all or any of the

property assets, rights, privileges, and permits of the Cooperative wherever situated, acquired or to be acquired, upon such terms and conditions as the Board of Directors shall determine.

ARTICLE XI

The Cooperative has no corporate seal.

ARTICLE XII

These bylaws may be altered, amended, or repealed by the members at any regular or special meeting, as stated in the Articles of Incorporation.

(Approved December 7, 2020)