

BY-LAWS
OF
HUXLEY COMMUNICATIONS COOPERATIVE

ARTICLE I
MEMBERSHIPS

SECTION 1. Requirements for Membership. The Cooperative is organized for the mutual benefit of consumers of telecommunications goods and services. Accordingly, membership in the Cooperative is limited to those individuals, associations, corporations, partnerships and other entities which purchase such goods and services from the Cooperative **for their own use or consumption** (3/20/97). Individuals, associations, corporations, partnerships or other entities which purchase such goods and services from the Cooperative for sale, resale, or other transfer for value, including, but not limited to, originating or terminating access services or interconnections provided to interexchange service providers, cellular or other commercial radio service providers, cable television service providers, local service providers of basic or enhanced services, shared tenant service providers, or other aggregators of traffic, whether alone or in a combination with other services or products provided by the purchaser or obtained from any other provider, shall not be eligible for membership.

Except as provided in the preceding paragraph, any individual, or any association, corporation, partnership or other entity which customarily uses the services rendered by the cooperative may become a member in the Cooperative by:

- (A) Making a written application for membership therein and agreeing to pay the membership fee hereinafter specified on uniform terms and conditions established by the Board;
- (B) Agreeing to take, receive and pay for telephone, internet or other telecommunications service furnished by the Cooperative as hereinafter specified;
- (C) Agreeing to comply with and to be bound by the Articles of Incorporation, these By-Laws of the Cooperative and any amendments thereof, and such rules and regulations as may from time to time be adopted by the Board of Directors of the Cooperative; provided, however, that no individual, association, corporation, partnership or other entity shall become a member in the Cooperative unless and until applicant has been accepted for membership by the affirmative vote of not less than two-thirds (2/3) of the members of the Board of Directors.

Provided, however, that agreement to pay or payment of the membership fee, in accordance with the provisions of these By-Laws, by a landlord on behalf of an applicant for membership who is a tenant occupying the premises owned by such landlord and served by the Cooperative, 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 they have been accepted for membership by the Board or the Members. No Member may hold more than one membership in the Cooperative, and no membership shall be transferable, except as provided in these By-Laws.

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 by 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 their 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 Cooperative shall be evidenced by a Membership Certificate which shall be in such form and shall contain such provisions as shall be determined by the Board. Such Certificate shall be signed by the President and by the Secretary. No Membership Certificate shall be issued for less than the membership fee fixed in these By-Laws, nor until such membership fee has been fully paid for. In case a Certificate is lost, destroyed, or mutilated, a new Certificate may be issued therefore upon such uniform terms and indemnity to the Cooperative 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 this Article, may be accepted for such membership. The term "Member", as used in these By-Laws shall be deemed to include a husband and wife holding a Joint Membership, and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a Joint 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 Director, provided that he/she meets the qualifications for such office.

SECTION 5. Membership and Service Connection Fees. The membership fee shall be twenty-five dollars (\$25.00). Additional fees shall be paid for each connection, extension, and other available service in accordance with the rules and regulations prescribed by the Board.

SECTION 6. Purchase of Communications Service. Each Member shall, as soon as service is available, take communications service from the Cooperative to be used on the premise specified in their application for membership, and shall pay therefore monthly, at rates which shall from time to time be fixed by the Board provided, however, that the Board may limit the amount of service which the Cooperative shall be required to furnish to any one Member. It is expressly understood that amounts paid for communications 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 By-Laws. Each Member shall pay to the Cooperative such minimum amount per month for communications service as shall be fixed by the Board from time to time. Each Member shall also pay all amounts owed to the Cooperative 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, these By-Laws, or any rules or regulations adopted by the Board, but only if such Member shall have been given written notice by the Secretary that such failure makes them liable to expulsion, and such failure shall have continued for at least ten (10) 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 they have been notified service is available to them, or of a Member who has ceased to purchase service from the Cooperative, 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 thereupon terminate and the Membership Certificate of such Member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a Member or their estate from any debts due the Cooperative.
- (C) If a Membership Fee has been paid by a landlord on behalf of a tenant, upon the removal of such tenant from the premises of the landlord, the membership of such tenant shall terminate.
- (D) Upon termination of membership for any reason, any refund of Membership Fees pursuant to this Subsection, shall be made in the order in which membership shall have been terminated. Prior to the repayment of a Membership Fee paid by the Member, the Cooperative shall deduct from the amount of such Membership Fee the amount of any debts owing from the Member to the Cooperative.

ARTICLE II

RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property Interest of Members. Upon dissolution, after:

- (A) All debts and liabilities of the Cooperative shall have been paid;

- (B) All capital furnished through patronage shall have been retired, as provided in these By-Laws; and
- (C) All Membership Fees shall have been repaid;

The remaining property and assets of the Cooperative 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 Cooperative. The private property of the Members shall be exempt from execution or other liability for the debts of the Cooperative, and no Member shall be liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III

MEETING OF THE MEMBERS

SECTION 1. Annual Meeting. The date, time, and place of the annual meeting of the Members shall be determined by the Board of Directors and 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 Sunday 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 Cooperative.

SECTION 2. Special Meetings. Special meetings of the Members may be called by resolution of the Board, or upon a written request signed by any three Directors, by the President, or by not less than twenty percent (20%) of all of the Members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the Members may be held at any place within the County of Story, State of Iowa, specified in the notice of the special meetings.

SECTION 3. Notice of Members' Meetings. 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 or purposes for which the meeting is called shall be delivered not less than ten (10) days, nor more than twenty (20) days, before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a 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 their address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any Member to receive notice of an annual 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. The presence of thirty (30) Members in person shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. Minutes of each meeting shall contain a list of the Members present in person.

SECTION 5. Voting.

(a). Each member shall be entitled to one vote and no more upon each matter submitted to vote of the members. If a husband and wife hold joint membership, they shall be entitled jointly to one vote and no more, upon each matter submitted to vote and at a meeting of the members. At all meetings of the members at which a quorum is present, all elections shall be had and all questions shall be decided by a vote of a majority of the members voting. Ballots may be cast any time during a meeting of the members up to the time the balloting is closed. In the absence of a withdrawal of one or more of the candidates, a run-off election for Directors shall be held within thirty (30) days in the event of a tie between any Director candidates.

(b). At the option of the Board of Directors, and in an effort to ensure greater participation by the members in the election of Directors, a ballot marked "Ballot for Directors" containing the names of all nominees along with candidate biographies, may be mailed with the notice of the meeting. A statement of the Secretary shall be mailed with said ballot, informing the members of the manner in which they may vote by mail for Directors as provided in this Section. In the event the Board of Directors chooses to allow voting by mail, any member may vote by mail for Directors by marking on the ballot an "X" opposite the names of the number of candidates equal to the number of Directors to be elected from each district, and enclosing the ballot in a sealed envelope addressed to the Secretary of the Cooperative. The member's name and address must appear on the outside of the envelope. When such ballot so enclosed is received by mail from any member, it shall be accepted and counted as a vote for Directors by ballot of such member, provided said mailed ballot is received in advance of the Annual Meeting of the members. Any ballot received after the Annual Meeting shall not be counted.

The Board of Directors may also, at its option, allow voting by mail on other matters to be acted upon at any Annual or Special Meeting of the members. If the Board so elects, the Secretary shall enclose with the notice of such meeting, an exact copy of the motion or resolution to be acted upon or a summary thereof, together with an appropriate form of ballot which the member can mark either "yes" or "no" on each such motion or resolution in the space provided therefore and enclose each ballot so marked in an envelope bearing the member's name, addressed to the Secretary of the Cooperative. When such ballot so enclosed is received by mail from any member, it shall be accepted and counted as a vote of such member at such meeting, provided said mailed ballot is received in advance of the Annual or Special Meeting of the members. Any ballot received after the Annual or Special Meeting of the members shall not be counted.

If the Board of Directors chooses not to allow voting by mail as set forth above, the Board of Directors may choose, at its option, to allow members who are unable to attend any Annual or Special Meeting of the members to vote by absentee ballot in the election of Directors or upon any motion or resolution to be acted upon at any such meeting with respect to an amendment to the Articles of Incorporation or the Bylaws or any action submitted pursuant to resolution adopted by the Board of Directors. If the Board of Directors elects to allow absentee voting, the Secretary shall enclose with the notice of such meeting a complete listing of the Director candidates and an exact copy of any motion or resolution to be acted upon and such absent member shall have the right to request a ballot and express his or her vote thereon by indicating in the appropriate space on the ballot and enclosing each copy so marked in a sealed envelope bearing his or her name and addressed to the Secretary of the Cooperative. The absentee ballot must be requested, voted upon, and returned to the Cooperative not more than ten (10) days nor less than twenty-four (24) hours prior to the date of the meeting at which action is to be taken. When such absentee ballot so enclosed is delivered to the office of the Cooperative, it shall be accepted and counted as a vote of such absent member at such meeting. If a jointly held membership is absent from any Annual or Special meeting of the members, that jointly held membership shall be entitled to vote by absentee ballot as provided in this Section. The failure of any such absent member to receive a copy of any such motion or resolution or ballot, shall not invalidate any action which may be taken by the members at any such meeting.

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

1. Report on the number of Members present in person in order to determine the existence of a quorum;
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver 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. General Powers. The business and affairs of the Cooperative shall be managed by a Board of eight (8) Directors, which shall exercise all of the powers of the Cooperative, except such as are by law, the Articles of Incorporation, or these By-Laws, conferred upon or reserved to the Members.

SECTION 2. Election and Tenure of Office. At each annual meeting of the Members, a number of Directors equal to the number of Directors whose terms expire at the time of such meetings shall be elected to hold office for a term of four (4) years or until their respective successors shall have been elected and qualified. The election of Directors shall be by ballot and each Director so elected.

SECTION 3. Qualifications. No person shall be eligible to become or remain a Director of the Cooperative who:

- (A) Is not a Member and is not presently residing in the area served or to be served by the Cooperative;
- (B) Is in any way employed by or financially interested in a competing enterprise or a business engaged in selling communications service supplies, or constructing or maintaining communications facilities, other than a business operating on a cooperative non-profit basis for the purpose of furthering rural communications;
- (C) Has been elected to three successive terms, exclusive of appointments to unexpired terms, but shall again be eligible for election as a director one year from the expiration of said director's third consecutive term as a director;
- (D) Is not a resident or business owner of the district from which Directors are being elected. The districts shall be as follows:

District "A" shall be the area formerly served by the Kelley exchange. Two (2) Directors shall be residents of this district;

District "B" shall be the Huxley Exchange area as defined by the Iowa Utilities Board. Four (4) directors shall be residents of this district.

District "C" shall be all of the service area of the Cooperative except for the area formerly served by the Kelley Exchange and the Huxley Exchange. Two (2) directors shall be residents of this district.

Upon the establishment of the fact that a Director is holding office in violation of any of the foregoing provisions, the Board shall remove such Director from office.

Nothing contained in this Section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board.

SECTION 4. Nominations. It shall be the duty of the Board to appoint, not less than forty (40) nor more than seventy (70) days before the date of a meeting of the Members at which Directors are to be elected, a Committee on Nominations consisting of two (2) non-director Members from each district from which Directors are to be elected. Committee Members shall nominate only candidates from the district they represent, and shall nominate at least two (2) candidates from their district. No Member of the Board may serve on the Nominating Committee. The Committee shall prepare and post at the principal office of the Cooperative, at least thirty (30) days before the meeting, a list of the nominations for Directors. Any fifteen or more Members acting together may make other nominations by petition not less than twenty (20) days prior to the meeting, and the Secretary shall post such nominations at the same place where the list of nominations made by the Committee is posted. The Secretary shall mail with the notice of the meeting or separately, at least ten (10) days before

the date of the meeting, a statement of the number of Directors to be elected, and the names and addresses of the candidates, specifying separately the nominations made by the Committee and nominations made by petitions, if any. The ballot to be used at the election shall list the names of the candidates nominated by the Committee and the names of the candidates nominated by petition, if any. No Member may nominate more than one candidate.

SECTION 5. Removal of Directors by Members. Any Member may bring charges against a Director and, by filing with the Secretary such charges in writing, together with a petition signed by at least ten per centum (10%) of the Members or two hundred Members, whichever is the lessor, may request the removal of such Director by reason thereof. Such Director shall be informed in writing of the charges at least ten (10) days prior to the meeting of the Members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel, and to present evidence in respect of the charges; and the person or persons bringing the charges shall have the same opportunity. The question of the removal of such Director shall be considered and voted upon at the meeting of the Members and any vacancy created by such removal may be filled by vote of the Members at such meeting without compliance with the foregoing provisions with respect to nominations.

SECTION 6. Vacancies. Subject to the provisions of these By-Laws, 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 terms, 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 provision in respect of nominations.

SECTION 7. Compensation. Directors shall not receive any salary for their services as Directors, except that by resolution of the Board a fee not to exceed seventy-five dollars (\$75.00) and actual expenses of attendance, if any, for attending regular and special meetings of the Board of Directors in the service area of the Cooperative, may be allowed. A fee not to exceed one hundred fifty dollars (\$150.00) a day and actual expenses of attendance, if any, for such meetings of the Board or Committees of the Board, or seminars, or other official Cooperative business, held or transacted away from the Cooperative office, may be allowed. Compensation for actual expenses incurred in operating personal automobiles on Cooperative business shall not exceed the current IRS authorized rate per mile. No Director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Director receive compensation for serving the Cooperative unless the payment and amount of compensation shall be specifically authorized by a vote of the Members, or the service by such Director or close relative shall have been certified by the Board as an emergency measure.

ARTICLE V

MEETINGS OF DIRECTORS

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

SECTION 2. Special Meetings. Special meetings of the Board may be called by the President or by any three Directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or the Directors calling the meeting shall fix the time and place (which shall be in Story County, Iowa) for the holding of the meeting.

SECTION 3. Notice of Directors' Meeting. Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each Director not less than five (5) days previous thereto, either personally or by mail, by or at the direction of the Secretary or upon a default in duty by the Secretary, by the President, or the Directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Director at their address as it appears on the records of the Cooperative, with postage thereon prepaid.

SECTION 4. Quorum. A majority of the Board shall constitute a quorum, provided that if less than such majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time; and, provided further, that the Secretary shall notify any absent Directors of the time and place of such adjourned meeting. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board.

ARTICLE VI

OFFICERS

SECTION 1. Number. The Officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer, and such other officers as may be determined by the Board 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 shall be elected by ballot annually by and from the Board at the meeting of the Board held immediately after the annual meeting of the Members. If the election of Officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each Officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the Members, or until their successor shall have been elected and shall have qualified. Except as otherwise provided in these By-Laws, the vacancy in any office shall be filled by the Board for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by Directors. Any Officer or Agent elected or appointed by the Board may be removed by the Board whenever, in its judgment, the best interest of the Cooperative will be served thereby. In addition, any Member of the Cooperative may bring charges against an Officer, and, by filing with the Secretary such charges in writing, together with a petition signed by ten per centum (10%) of the Members, or two hundred Members, whichever is the lesser, may request the removal of such Office. The Officer against whom such charges have been brought shall be informed in writing of the charges at least ten (10) days prior to the Board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against the Director shall have the same opportunity. In the event the Board does not remove such Officer, the question of removal shall be considered and voted upon at the next meeting of the Members.

SECTION 4. President. The President shall:

- (A) Be the principal Executive Officer of the Cooperative and, unless otherwise determined by the Members or the Board, shall preside at all meetings of the Members and the Board;

- (B) Sign, with the Secretary, Certificates of Membership, the issue of which shall have been authorized by the Board or the Members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these By-Laws 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, perform all duties incident to the Office of President and such other duties as may be prescribed by the Board from time to time.

SECTION 5. Vice President. In the President's absence, 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. The Vice President shall also perform such other duties as from time to time may be assigned by the Board.

SECTION 6. Secretary. The Secretary shall:

- (A) Keep the minutes of the meetings of the Members and of the Board in one or more books provided for that purpose;
- (B) See that all notices are duly given in accordance with these By-Laws or as required by law;
- (C) Be custodian of the corporate records and/or the seal of the Cooperative, and affix the seal of the Cooperative to all certificates of membership prior to the issue thereof, and to all documents, the execution of which, on behalf of the Cooperative under its seal, is duly authorized in accordance with the provisions of these By-Laws;
- (D) Keep a register of the names and post office addresses of all Members;
- (E) Sign, with the President, Certificates of Membership, the issue of which shall have been authorized by the Board or the Members;
- (F) Have general charge of the books of the Cooperative;
- (G) Keep on file at all times a complete copy of the Articles of Incorporation and By-Laws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any Member), and, at the expense of the Cooperative, forward a copy of the By-Laws and of all amendments thereto to each Member, upon request; 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 by the Board.

SECTION 7. Treasurer. The Treasurer shall:

- (A) Have charge and custody of, and be responsible for, all funds and securities of the Cooperative;
- (B) Be responsible for the receipt of and the issuance of receipts for all moneys due and payable to the Cooperative, and for the deposit of all such moneys in the name of the Cooperative in such banks or financial institutions as shall be selected in accordance with the provisions of these By-Laws; 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 by the Board.

SECTION 8. Manager. The Board may appoint a Manager who may be, but who shall not be required to be, a Member of the Cooperative. The Manager shall perform such duties and shall exercise such authority as may be vested by the Board from time to time.

SECTION 9. Bonds of Officers. The Treasurer and other Officer or Agent of the Cooperative charged with responsibility for the custody of any of its funds or property, shall give bond in such sum and with such surety as the Board shall determine. The Board, in its discretion, may also require any other Officer, Agent, or Employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

SECTION 10. Compensation. The powers, duties, and compensation of Officers, Agents, and Employees shall be fixed by the Board, subject to the provisions of these By-Laws, with respect to compensation for Directors and close relatives of Directors.

SECTION 11. Reports. The Officers of the Cooperative shall submit at each annual meeting of the Members, reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

SECTION 12. Employment of Relatives. The Cooperative shall not employ members of the immediate family of any Director or employee on a full-time basis, but may employ such persons as part-time or temporary employees.

ARTICLE VII

NON-PROFIT OPERATION

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

SECTION 2. Patronage Capital in Connection With Furnishing Communications Service. The Board of Directors shall annually allocate any revenues remaining after the payment of all expenses of operation in accordance with the provisions of the Articles of Incorporation.

ARTICLE VIII

DISPOSITION OF PROPERTY

The Association may not sell, mortgage, lease, or otherwise dispose of or encumber all or any substantial portion of its property except as provided in the Articles of Incorporation. The Board of Directors of the Association, without authorization by the Members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises, and permits of the Association, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board of Directors shall determine to secure any instrumentality or agency thereof.

ARTICLE IX

SEAL

The Cooperative shall have no corporate seal.

ARTICLE X

FINANCIAL TRANSACTIONS

SECTION 1. Contracts. Except as otherwise provided in these By-Laws, the Board 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 evidences of indebtedness issued in the name of the Cooperative, shall be signed by such Officer or Officers, Agent or Agents, Employee or Employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board.

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

SECTION 4. Fiscal Year. The fiscal year of the Cooperative shall begin on the first day in January of each year and shall end on the Thirty-first day of December the same year.

ARTICLE XI

MISCELLANEOUS

SECTION 1. Membership in Other Organizations. The Association may become a Member of, or purchase stock in, any other organization on adoption of an appropriate resolution by a majority of the Board of Directors.

SECTION 2. Waiver of Notice. Any Member or Director may waive in writing any notice of a meeting required to be given by these By-Laws. The attendance of a Member or Director at any meeting shall constitute a waiver of notice of such meeting by such Member or Director, except in case a Member or Director shall attend a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called or convened.

SECTION 3. Rules and Regulations. The Board of Directors shall have power to make and adopt such rules and regulations not inconsistent with law, the Articles of Incorporation, or these By-Laws, as it may deem advisable for the management of the business and affairs of the Association.

SECTION 4. Accounting System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system which shall comply with all applicable laws and with all rules and regulations of any regulatory body having jurisdiction over the operations of the Association. The Board of Directors shall also, after the close of each fiscal year, cause to be made an audit by a Certified Public Accountant under the accounts, books, and financial condition of the Association, as of the end of such fiscal year. Such audit report shall be submitted to the Members at the next following annual meeting.

ARTICLE XII

AMENDMENTS

The Directors, by a vote of seventy-five percent (75%) of the Directors, may adopt, alter, amend, or repeal By-Laws for the Association, and the same shall remain in force until altered, amended, or repealed by a vote of seventy-five percent (75%) of the Members present or represented at any annual meeting or special meeting of the Members.