

BY-LAWS
of
DeKalb Telephone Cooperative, Inc.
(d/b/a DTC COMMUNICATIONS)
September 2005

ARTICLE I
MEMBERSHIP

SECTION 1. Requirements for Membership. Any person, eighteen (18) years of age, firm, association, corporation, or body politic or subdivision thereof will become a member of DeKalb Telephone Cooperative, Inc., (hereinafter called the "Cooperative") only while receiving telephone or other communication service from the Cooperative, provided that he or it has first:

- a. Agreed to purchase services from the Cooperative in accordance with established tariffs and as hereinafter specified;
- b. Agreed to comply with and be bound by the articles of incorporation and bylaws of the Cooperative and any rules and regulations adopted by the board; and,
- c. Agreed to allow the Cooperative access to and across any real property owned by the member for the purpose of erecting, burying or maintaining communication lines, cables, poles and/or guy wires, whether or not the facilities are for the purpose of serving the member or other parties.
- d. Purchasers of the Cooperative's services at wholesale or otherwise for resale, shall not be eligible for membership or patronage credits with respect to such wholesale services.

No member may hold more than one membership in the Cooperative and no membership in the Cooperative shall be transferable, except as provided in these bylaws.

SECTION 2. Membership Certificates. Membership in the Cooperative shall be evidenced in the records of the Cooperative which shall be in such form and shall contain such provisions as shall be determined by the Board.

SECTION 3. Joint Membership. A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this 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 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 holder 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 board member, 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 regulations adopted by the board;
- b. Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The membership records shall be amended in such a manner to indicate the changed membership status; however, the estate of the deceased shall not be released from any debts that may be due the Cooperative at the time of death.

SECTION 5. Membership Fees and Charges. There shall be no membership fee. Any membership fees currently held by the Cooperative shall be refunded to the membership by allowance of credits to the members' accounts with the Cooperative.

SECTION 6. Purchase of Services. Each member shall, as soon as service is available, take service from the Cooperative and shall pay therefore monthly at rates in accordance with the established tariffs as fixed by the board. It is expressly understood that amounts paid for services in excess of cost 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 also pay all amounts owed by him 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 members of the board, expel any member who fails to comply with any of the provisions of the articles of incorporation, bylaws, or rules and regulations adopted by the board, but only if such member shall have been given written notice by the Cooperative that such failure makes him liable to expulsion and such failure shall have continued at least 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 for a period of thirty (30) days after service is available to him has not permitted the installation of service, or has refused the installation of service, or has ceased to purchase, or pay for the services as set forth in Section 6 of this Article I shall automatically terminate.
- b. Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall terminate, and the Cooperative shall amend its records to reflect the changed status. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative; and,

- c. The Cooperative may terminate the membership and/or withhold service from any member who refuses access or utility easements across real property owned or controlled by the member.

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 bylaws, and
- c. The remaining property and assets of the Cooperative shall be distributed among members and former members in the proportion which the aggregate patronage of each member bears to the total patronage of all members during the ten years next preceding the date of the filing of the certificate of dissolution, or, if the Cooperative shall not have been in existence for such period, during the period of its existence.

SECTION 2. Non-Liability for Debts of the Cooperative. The private property of the members shall be exempt from the 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.

SECTION 3. Cooperation of the Members and/or Patrons in the Extension of Services. The cooperation of the members of the Cooperative is imperative to the successful, efficient, and economical operation of the cooperative. Members who are receiving or who are requesting service shall be deemed to have consented to the reasonable use of their real property to construct, operate, maintain, replace, or enlarge telephone and/or communications lines, overhead or underground, including all conduit, cables, wires, guy wires, surface testing terminals, markers and other appurtenances under, through, across, and upon any real property or interest therein owned or leased or controlled by said member for the furnishing of telephone or communication service to said member, or any other member, at no cost to the cooperative. When requested by the cooperative, the member does agree to execute any easement or right of way contract on a form to be furnished by the cooperative.

ARTICLE III MEETING OF MEMBERS

SECTION 1. Annual Meeting. The annual meeting of the members shall be held during the month of September of each year, beginning with the year 1974, on the day selected by the Board of Directors, which day shall be designated in the notice of the meeting, and such meetings shall be at Alexandria, Tennessee, if facilities are available, but if such facilities are not available, as determined by the Board, such meetings shall be held at such other location within the service area as the Board of Directors may designate before each and every meeting. The Board of Directors will determine the availability of said facilities and the place of meeting will be designated in the notice of the meeting. The purpose of the annual meeting shall be for electing board members, passing upon reports for the previous fiscal year, and transacting such other business as may properly come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative. In the event of inclement weather or the occurrence of a catastrophic event, the meeting of the members may be postponed by the President, Vice President or the Board.

Notice of the adjourned meeting shall be given by the President and any media of general circulation or broadcast serving the area.

SECTION 2. Special Meetings. Special meetings of the members may be called by resolution of the board, or upon a written request signed by three directors or by the President. Also, in accordance with Title 65, Chapter 29, Section 65-2910, a special meeting may be initiated by the members to consider any proposition embodied in a petition signed by not less than ten percent (10%) of all members of the Cooperative, together with any documents submitted with such petition to give effect to the proposition, and such proposition shall be submitted to the members of the Cooperative either at a special meeting of the members held within forty-five (45) days after the presentation of such petition to the Board of Directors, or, if the date of the annual meeting of members falls within ninety (90) days after such presentation or if the petition so requests, at such annual meeting. The approval of the Board of Directors shall not be required in respect to any proposition or any documents submitted to the members pursuant to this section and approved by them, but such proposition or document shall be subject to all other applicable provisions of said Chapter 29 of Title 65 of Tennessee Code Annotated.

Any affidavit or affidavits required to be filed with any such document pursuant to applicable provisions of said Chapter 29 of Title 65, shall, in such case, be modified to show compliance with the provisions hereof. In the event of the happening of any of said events, it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided. Such special meetings of the members may be held at any time and place within the service area of the Cooperative as designated by the board and the time and place of said meeting shall be specified in the notice of the special meeting.

SECTION 3. Notice of Member's Meeting. Written or printed 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 five days nor more than twenty-five 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 his 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. A quorum shall consist of the presence in person of two percent (2%) of all members of the Cooperative, or fifty (50) members, whichever is the lesser, for the transaction of business at all meetings of the members, unless the business to be transacted under Chapter 29 of Title 65 of Tennessee Code Annotated requires a larger percentage to transact the particular business before the meeting. 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. The directors are authorized to amend the by-laws of the Cooperative to conform with the minimum requirements for a quorum herein set forth.

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, except as provided in this section. No person, firm, association, corporation, or a body politic or subdivision of a body politic, shall be entitled to vote at any meeting unless he/she or it holds a membership and is then actively receiving telephone service from the Cooperative. In case of firm, association, corporation, body politic, or a political subdivision of a body politic, shall hold a valid and qualified voting membership in the Cooperative, as shown by the Cooperative's books at the time of the meeting, such membership shall not be voted, by any person, at any meeting, unless the requirements contained in the next following paragraph hereof are met.

The person proposing to vote such membership of such firm, association, corporation, body politic, or a political subdivision of a body politic, shall have in his/her possession, and submit same to the appropriate election official, a writing signed and sworn to by an official, member or owner of such firm, association, corporation, body politic, or subdivision of a body politic, naming an individual member, owner or official who is entitled to attend, participate and vote at such meeting, and such writing shall contain a recitation that the person signing same under oath has the legal authority to make such designation. Before accepting said writing and allowing it to be voted at the meeting, the appropriate election official shall require the person designated to execute a written oath that he or she is an official, a member or an owner of the firm. When such procedure is completed, such designated individual shall be entitled to vote such membership, and upon same being voted, the writing shall be preserved with all other records and papers by the election officials. Such sworn designation shall be good for only the meeting to which it refers therein, and unless this paragraph is strictly complied with, a vote of such membership shall not be included and counted in the voting totals.

Based upon member participation, the Board of Directors may establish, for the election of contested directors, other voting locations within member coverage area, as well as provide for early voting opportunities at these other locations. In this event, the votes would be secured and then tabulated by the election commission at the business meeting conducted at the regular annual meeting. Early voting and/or voting in other locations, will be conducted on voting machines and under the supervision of the election commission as required by law, and shall adhere to the other voting requirements as set forth herein. Written notice of the opportunity to vote at other locations and the times and dates will be provided to the members with the notice of annual meeting as required by these bylaws.

All questions shall be decided by a vote of a majority of all the present voting members. Except to the extent provided in this Section 5, there shall be no voting by proxy but only by those present in person and entitled to vote.

Unless otherwise provided by law, or in these bylaws, Roberts Rules of Order shall govern the procedure in voting at all meetings of members.

SECTION 6. Order of Business. The order of business at the Annual Meeting of the members and, so far possible, at all other meetings of 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 of the notice of the 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, trustees and committees.
5. Election of board members.
6. Unfinished business.
7. New business.

8. Adjournment.

**ARTICLE IV
BOARD MEMBERS**

SECTION 1. General Powers. The business and affairs of the Cooperative shall be managed by a board of ten members which shall exercise all 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, provided however, that one of the ten board members shall be a bona fide resident and citizen of the area served by the Alexandria Exchange; one a bona fide resident and citizen of the area served by the Auburntown Exchange; one a bona fide resident and citizen of the area served by the Gordonsville Exchange; one a bona fide resident and citizen of the area served by the Liberty Exchange; one a bona fide resident and citizen of the area served by the Milton Exchange; one a bona fide resident and citizen of the area served by the Norene Exchange; one a bona fide resident and citizen of the area served by the Smithville Exchange; one a bona fide resident and citizen of the area served by the Temperance Hall Exchange; one a bona fide resident and citizen of the area served by the Woodbury Exchange; one a bona fide resident and citizen of the area served by the Woodland Exchange.

SECTION 2. Election and Tenure of Office. The persons elected as board members shall compose the board until their successors shall have been elected and shall have qualified. Members of the board shall be elected at each annual meeting of the members, commencing with the 1977 meeting, at which time members of the board for Auburntown, Gordonsville, Temperance Hall and Woodland Exchanges shall be elected to a three-year term; at the September, 1978 meeting, members of the board for the Milton, Norene and Woodbury Exchanges shall be elected for a three-year term; at the September 1979 meeting, members of the board for the Alexandria, Liberty and Smithville Exchanges shall be elected for a three-year term. At all subsequent annual meetings, the board members for the respective exchanges shall, at the expiration of their respective three-year terms, be elected in three year intervals so as to stagger the board membership. If an election of board members shall not be held on the day designated herein for the annual meeting, or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing board members within a reasonable time thereafter. The board members shall be elected by a plurality vote of the members present.

SECTION 3. Qualifications.

- a. Any member shall be eligible to be nominated, elected, and remain a Director of the Cooperative provided that he or she:
1. Primarily resides in the geographic area from which he or she is elected, and has resided there for more than Two Hundred Forty (240) days during the last twelve (12) month period.
 2. Is not an employee of the Cooperative or in any material way financially interested in a competing enterprise or a business engaged in selling communication services or communication supplies or maintaining communication facilities. The Board may, by general rule or in particular circumstances, determine which interests in competing enterprise are material. Any former employee of the Cooperative shall be prohibited from being nominated for or becoming a member of the Board until five (5) years following their last date of employment with the Cooperative so long as they meet all other requirements to serve.
 3. Is not or has not been convicted of a felony.
- b. Upon establishment of the fact that a Board member is holding the office in violation of any of the foregoing provisions, the Board shall remove such Board member from office. Nothing

contained in this section shall affect in any manner whatsoever, the validity of any action taken at any meetings of the Board.

SECTION 4. Nomination. It shall be the duty of the Board to appoint, not less than sixty (60) days nor more than ninety (90) days before the date of a meeting of the members at which board members are to be elected, a committee on nominations consisting of not less than three nor more than nine members who shall be selected from different sections so as to insure equitable representation. However, there shall be a representative on the nominating committee from each geographic area or exchange which has a director position being elected at said meeting, and it shall be prohibited for any member of the nominating committee to nominate themselves to be included on the ballot for said election. No member of the board may serve on such committee. Any fifteen or more members acting together may make other nominations by petition filed with the secretary at least forty-five (45) days before the meeting. The committee on nominations, keeping in mind the principles of equitable representation, shall select its nominees and likewise file this list of nominations with the secretary at least thirty (30) days before the meeting. The nominating committee shall be responsible for reviewing the persons that seek to be qualified for said election either by petition or nomination, and shall determine if the qualifications as set forth in Article IV, Section 3 of these Bylaws have been fulfilled. The nominating committee shall utilize the management and counsel of the cooperative for assistance in this qualification and nomination process. The secretary shall immediately post at the principal office of the Cooperative, a list of nominations for board members selected by the nominating committee, which shall include at least one candidate for each board position to be filled by the election, and it shall also include the persons that have been qualified by the nominating committee by petition. The secretary shall also mail with the notice of the meeting, or separately, but at least five (5) days before the date of the meeting, a statement of the number of board members to be elected and the names of the candidates qualified for nomination either by nomination or petition which list, posting and mail notices shall show the exchange or exchanges for which said nominations have been so made. All persons duly qualified by the committee on nominations either by petition or nomination as set forth herein shall be included on the official ballot.

SECTION 5. Removal of Board Members by Members. Any member may bring charges against a board member, and, by filing with the secretary such charges in writing, together with a petition signed by not less than ten percent (10%) of all members of the Cooperative, as provided for in Section 65-2910 of Tennessee Code Annotated, may request the removal of such board member by reason thereof. Such board member shall be informed in writing of the charges at least thirty (30) days prior to the meeting of the members in 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 to the charges; and the person or persons bringing the charges against him shall have the same opportunity. Any documents submitted by such petition to give effect to the charges, shall be submitted to the members of the Cooperative either at a special meeting of the members held within forty-five (45) days after the presentation of such petition to the Board of Directors, or, if the date of the next annual meeting of members falls within ninety (90) days after such presentation, or if the petition so requests, at such annual meeting. The approval of the Board of Directors shall not be required in respect of any proposition or documents submitted to the members pursuant to this section, but such proposition or documents shall be subject to all other applicable provisions of Title 64, Chapter 29 of Tennessee Code Annotated. The question of the removal of such board member shall be considered and voted upon at the meeting of the members present and in person, and any vacancy created by such removal, if any, may be filled by a like 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 bylaws with respect to the filling of vacancies caused by the removal of board members by the members, a vacancy occurring in the board shall be filled by the affirmative vote of a majority of the remaining board members 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 foregoing provisions in respect to nominations.

SECTION 7. Compensation. Board members shall not receive any salary for their services as such, except that members of the board may by resolution authorize a fixed sum of not more than fifty (\$50.00) dollars per day for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the board. If authorized by the board, board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the board in lieu of detailed accounting for some of these expenses. No board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a board member 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 the board member or his close relative shall have been certified by the board as an emergency measure. For the purpose of this section, close relative includes grandparents, parents, husband, wife, children, grandchildren, brothers, sisters, uncles, aunts, nephews, and nieces, by blood, by marriage or adoption, and spouses of any of the foregoing.

ARTICLE V MEETINGS OF BOARD

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 within one of the County's served by the Cooperative as designated by the board. 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 a majority of the board, 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 board members calling the meeting shall fix the time and place, for the holding of the meeting.

SECTION 3. Notice of Board Meetings. Notice of the time, place, and purpose of any special meeting of the board shall be delivered to each board member either personally, by mail, or phone, by or at the direction of the Secretary, or upon a default in duty by the Secretary, the President or one of the board members calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the board member at his address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five days before the date set for the meeting.

SECTION 4. Quorum. A majority of the board shall constitute a quorum, provided, that if less than such majority of the board is present at said meeting, a majority of the board present may adjourn the meeting from time to time, and provided further, that the Secretary shall notify any absent board members of the time and place of such adjourned meeting. The act of a majority of the board members present at a meeting at which a quorum is present shall be the act of the board, except as otherwise provided in these bylaws.

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 may be convenient. Each officer shall hold office until the first meeting of the board following the next succeeding annual meeting of the members or until his successor shall have been

elected and shall have qualified. A vacancy in any office shall be filled by the board for the unexpired term.

SECTION 3. Removal of Officers and Agents by the Board. Any officer or agent elected or appointed by the board may be removed by the board whenever in its judgment the best interests 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 of the members or 200, whichever is lesser, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten 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 him shall have the same opportunity. In the event the board does not remove such officer, the question of this removal may 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 of the board, shall preside at all meetings of the members and the board;
- b. sign, with the Secretary, certificates of membership, the issuance 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 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 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 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. The Vice President shall also perform such other duties as from time to time may be assigned to him by the board.

SECTION 6. Secretary. The Secretary shall be responsible for:

- a. keeping the minutes of the meetings of the members and of the board in books provided for that purpose;
- b. seeing that all notices are duly given in accordance with these bylaws or as required by law;
- c. The safekeeping of the corporate books and records and the seal of the Cooperative, and all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- d. Keeping a register of the names and post office address of all members.
- e. Keeping on file at all times a complete copy of the articles of incorporation and bylaws 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, furnish a copy of the bylaws and amendments thereto to each member; and

- f. In general performing 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.

SECTION 7. Treasurer. The Treasurer shall be responsible for:

- a. custody of all funds and securities of the Cooperative;
- b. the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and
- c. the general performance of 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.

SECTION 8. Manager. The Board may appoint a Manager or Chief Executive Officer who, upon employment or within a reasonable time thereafter, shall be required to be, or become, a member of the Cooperative and shall be required to live within the service area of the Cooperative. The Manager and/or CEO shall perform such duties and shall exercise such authority as the Board may from time to time vest in him or her.

SECTION 9. Bonds of Officers. The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the board shall determine. The board at its discretion may also require any other officer, agent, or employee of the Cooperative to be bonded 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 bylaws with respect to compensation for a board member and close relatives of a board member.

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.

ARTICLE VII NON-PROFIT OPERATION

SECTION 1. Interest or Dividends on Capital Prohibited. The Cooperative 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 Cooperative on any capital furnished by its patrons.

SECTION 2. Patronage Capital in connection with Furnishing Telephone and Other Communication Services. In the furnishing of telephone and other communication services the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of telephone and other communication services in excess of operating costs and expenses properly chargeable against the furnishing of telephone and other communication services. All such amounts in excess of operating

costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative 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 Cooperative 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 Cooperative 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 by 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 Cooperative corresponding amount for capital.

All other amounts received by the Cooperative from its operation in excess costs and expenses shall, insofar as permitted by law, be:

- a. used to offset any losses incurred during the current or prior fiscal year and;
- b. to the extent not needed for that purpose allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative 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 Cooperative will not be impaired thereby, the capital 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 Cooperative being first retired.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instructions 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 Cooperative 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, 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 Cooperative will not be impaired thereby.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the articles of incorporation and bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative 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 VIII DISPOSITION OF PROPERTY

The Cooperative may not sell, mortgage, lease, or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease, or other disposition or

encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease, or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein continued, the board of the Cooperative, 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 Cooperative, 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 shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof; provided further that the board may upon the authorization of a majority of those members thereof, sell, lease or otherwise dispose of all or a substantial portion of its property to another Cooperative or foreign corporation doing business in this State pursuant to the Act under which this Cooperative is incorporated.

ARTICLE IX SEAL

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal Tennessee".

ARTICLE X FINANCIAL TRANSACTIONS

SECTION 1. Contracts. Except as otherwise provided in these bylaws, the board may authorize any office 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 except petty cash of the Cooperative shall be deposited from time to time in Federally insured financial institutions. All accounts so created shall not exceed in value the amount of insurance provided on those accounts by the Federal Deposit Insurance Corporation, or its successors or assigns, with the exception of the General Fund which may exceed the insurance provided. The Cooperative may also invest its funds in bills, notes, bonds and any other evidences of debt issued by the United States of America that are backed by the full faith and credit of the United States of America.

SECTION 4. Change in Rates. Written notification shall be given to the Administrator of the Rural Electrification Administration of the United States of America not less than ninety days prior to the date upon which the proposed change in rates charged by the Cooperative for telephone service becomes effective.

SECTION 5. Fiscal Year. The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

ARTICLE XI MISCELLANEOUS

SECTION 1. Membership in Other Organizations. The Cooperative shall not purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of

which shall specify that action is to be taken upon such proposed stock purchase, provided, however, that the Cooperative may, upon authorization of the board, purchase stock in any corporation subject to ratification of such act by the members at their next meeting.

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

SECTION 3. Policies, Rules and Regulations. The Board shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the articles of incorporation, or these bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

SECTION 4. Accounting System and Reports. The board shall cause to be established and maintained a complete accounting system which, among other things, and 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. The board shall also cause to be made by a certified public accountant a full and complete annual audit of the accounts, books, and financial condition of the Cooperative. The results of such audit shall be reported to the members at the next following annual meeting.

SECTION 5. Area Coverage. The board shall make diligent effort to see that the telephone service is extended to all unserved persons within the Cooperative service area who:

- a. desire such service and;
- b. meet all reasonable requirements established by the Cooperative as a condition of such service.

SECTION 6. Powers of the Cooperative. The Cooperative shall furnish telephone service and other communication services as defined in T.C.A. §65-29-103 (4). Notwithstanding any provisions in these bylaws to the contrary, the Cooperative may also provide any state of the art services including expanded broadband services such as video, television, entertainment, computer data services and other beneficial member services as they become available and feasible to provide. Patronage capital may be used in providing and expanding these services.

ARTICLE XII AMENDMENTS

These by-laws may be altered, amended, or repealed by the members at any regular or special meeting by majority vote provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal.