



NORTHERN TELEPHONE COOPERATIVE, INC.

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**AMENDED BYLAWS OF
NORTHERN TELEPHONE
COOPERATIVE, INC.**

AMENDED MARCH 1, 2019

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AMENDED BYLAWS
OF
NORTHERN TELEPHONE COOPERATIVE, INC.

ARTICLE I. MEMBERSHIP

Section 1. Requirements for Membership

Any person, firm, association, corporation, limited liability entity, partnership, or body politic may become a member in Northern Telephone Cooperative, Inc., (herein "Cooperative") upon receipt of retail communications service from the Cooperative, within the Cooperative's geographic service areas (districts) that are part of the Eligible Telecommunications Carrier serving area, as defined by the Federal Communications Commission. By acceptance or use of any such services provided by the Cooperative, each person or entity consents to being admitted as a member of the Cooperative and agrees:

- (a) to purchase retail communications service from the Cooperative in accordance with the rates, terms and conditions specified by the Cooperative; and
- (b) to comply with and be bound by the Articles of Incorporation (Conversion) and Bylaws of the Cooperative and any rules, regulations and policies adopted by the Board of Trustees (herein "Board"); and
- (c) 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. Evidence of Membership

Membership in the Cooperative shall be evidenced by the assignment to each member of a unique identification number and by the enrollment of each member into a written membership record maintained by the Cooperative.

Section 3. Joint Membership

Up to two (2) natural persons 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 Bylaws shall be deemed to include a husband and wife holding a joint membership and any provisions relation 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 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 a 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, providing that the participant so elected meets the qualifications of such office, but only one (1) participant in a joint membership may be elected, appointed or serve as a trustee at the same time.

Section 4. Conversion of Membership

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 rules and regulations adopted by the Board. The outstanding membership certificate, if any, shall be surrendered, and a new member identification number may be issued in such manner as shall indicate the changed membership status.

Upon the death of either person who is a party to the joint membership such membership shall be held solely by the survivor. The outstanding membership certificate, if any, shall be surrendered, and may 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 Cooperative.

Section 5. Purchase of Communications Service

Each member shall, as soon as communications service is available, take communications service from the Cooperative to be used on the premises specified in the application for membership, and shall pay for such service monthly, in accordance with rates established in tariffs or rate schedules as fixed by the Board. The Board may limit the amount of communications service which the Cooperative shall be required to furnish 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 Bylaws. Each member shall pay all amounts owed to the Cooperative as and when the same become due and payable.

Section 6. Termination of Membership

The Board may, by the affirmative vote of not less than two-thirds (2/3) of all Trustees, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, 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 such member 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 the member has been notified service is available, or of a member who has ceased to purchase retail communications service from the Cooperative, shall be cancelled by resolution of the Board.

- (a) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate, and the membership certificate, if any, for such member be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member or the member's estate from any debts due the Cooperative.

ARTICLE II. RIGHTS AND LIABILITIES OF MEMBERS

Section 1. Nonliability 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 individually liable for or responsible for any debts or liabilities of the Cooperative.

ARTICLE III. MEETINGS OF MEMBERS

Section 1. Annual Meeting

The annual meeting of the members shall be held during the month of March of each year at a time designated by the Board, at the principal office and place of business of the Cooperative or at such other place within the State of Montana and within the area served by the Cooperative as shall be designated by the Board in the notice of the meeting, for the purpose of 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. Failure to hold the annual meeting at the designated time shall not constitute 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 written request signed by any three (3) trustees; by the President; or by not less than ten (10) percent of all the members; and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided.

Section 3. Notice of Members' Meetings

Written notice stating the place, day and hour of the meeting, and in case of a special 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-five (25) 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 the 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 a special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

Section 4. Quorum

Five (5) percent of all members present in person or by proxy shall constitute a quorum for the transaction of business at all meetings of the members. 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 minutes of each meeting shall contain a list of the members present in person and by proxy.

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 the majority of the members voting thereon in person, by proxy, or by mail, except as otherwise provided by law, the Articles of Incorporation or these Bylaws.

Section 6. Voting by Mail

Any member who is absent from any annual or special meeting of the members may vote by mail on the ballot herein prescribed, upon any motion, resolution or amendment, to be acted upon at such meeting. The ballot shall be in the form prescribed by the Board and shall contain the exact text of the proposed motion, resolution or amendment to be acted upon at such meeting and the date of the meeting; and shall also contain spaces opposite the text of such motion, resolution or amendment in which such member may indicate his/her affirmative or negative vote therein. Such member shall express their choice by making an "X" in the appropriate space upon such ballot. Such ballot shall be signed by the member, if an individual, or if a corporation, by the President or Secretary thereof, and when received by the Secretary of the Cooperative, shall be accepted and counted as the vote of the absent member at such meeting. If either natural person of a joint membership is absent from any annual or special meeting of the members they shall jointly be entitled to vote by mail 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 7. Voting List

The Secretary shall make, at least fifteen (15) days before each regular meeting of the members, a complete list of the members entitled to vote at such meeting. Such list shall be produced and kept open at said meeting and shall be subject to the inspection of any member during the meeting. Failure to comply with this provision shall in no way invalidate any action which may be taken by the Cooperative.

Section 8. 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 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 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 report of officers, trustees, and committees.
5. Report on Election of Trustees.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE IV. TRUSTEES

Section 1. General Powers

The business and affairs of the Cooperative shall be managed by a Board of five (5) Trustees which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or these Bylaws conferred upon or reserved to the members.

Section 2. Qualifications

No person shall be eligible to become or remain a trustee of the Cooperative who:

- (a) is not a member and is not presently residing in voting (exchange) district from which elected;
- (b) is in any way employed by or financially interested in a competing enterprise or a business engaged in selling telephone service or supplies, or constructing or maintaining telephone facilities, other than a business operating on a cooperative nonprofit basis for the purpose of furthering rural telephone service;
- (c) has been an employee of the Cooperative or any of its subsidiaries within six (6) years prior to the date of the district election or appointment as a trustee.

Upon the establishment of the fact that a trustee is holding an office in violation of any of the foregoing provisions, the Board shall remove such trustee 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. Trustee Election Districts

The territory served by the Cooperative is divided into five (5) geographic service areas, or districts, to correspond with telephone exchanges operated by the Cooperative. The trustee geographic service areas (districts) shall be as follows:

- District #1: Sunburst-Sweetgrass Exchange
- District #2: Kevin-Oilmont Exchange
- District #3: Ethridge Exchange
- District #4: Devon Exchange
- District #5: North Cut Bank Exchange

Each trustee district shall be entitled to elect one (1) trustee to serve for a term of three (3) years. The terms of said trustees shall be staggered so that two (2) trustees shall be elected in one (1) year; two (2) trustees shall be elected the following year, then one (1) trustee shall be elected in the third year. This cycle shall then repeat itself. To implement the staggering of terms of the trustees, the following procedures shall be followed:

- (a) in 2019 the District #1 trustee shall be elected and serve a term of three (3) years.
- (b) in 2020 the District #2 and District #4 trustees shall be elected and each serve a term of three (3) years.
- (c) in 2021 the District #3 and District #5 trustees shall be elected and each serve a term of three (3) years.

District meetings shall be held independent of each other, with only the members of their own district voting for their district trustee.

It shall be the duty of the Board, not less than thirty (30) days nor more than forty-five (45) days before the annual meeting of members, to call meeting(s) in each trustee district in which the terms of a trustee is about to expire to elect a trustee from such trustee district for a term consistent with the procedure hereinabove set forth. Such trustee district meetings shall be held in the trustee district not less than fifteen (15) days nor more than thirty (30) days before such annual meeting of members. Ten (10) days' notice of such trustee district meeting shall be given by mail, or at the direction of the Secretary, and shall state the time, place, and purpose of the meeting. Five (5) percent of the members, but not less than five (5) members, served by the exchange(s) constituting the trustee district shall be a quorum but no member shall vote by proxy or by mail at such meeting. Each such meeting shall organize by electing a chairman and a secretary who shall certify to the Secretary of the Cooperative the name of the member elected as trustee. Election shall require a majority vote of those present. The term of office of the trustee(s) elected at the trustee district meeting(s) shall begin at the close of the annual meeting of the members of the Cooperative.

Section 5. Removal of Trustees by Members

Any member may bring charges against a trustee and, by filing with the Secretary such charges in writing, together with a petition signed by at least ten (10) percent of the members, or two hundred (200) members, whichever is the lesser, may request the removal of such trustee by reason thereof. Such trustee 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 against such trustee shall have the same opportunity. The question of the removal of such trustee shall be considered and voted upon at the meeting of the members and no trustee shall be removed unless by a vote of two-thirds (2/3) of the members present.

Section 6. Vacancies

Any vacancy occurring in the Board shall be filled by the affirmative vote of the majority of all of the remaining trustees for the unexpired portion of the term. In the event the vacancy is not filled by the Board within sixty (60) days after the vacancy occurs, the members residing in the trustee district from which such trustee was elected shall have the right to fill such vacancy at a meeting of the members of such trustee district, in the same manner as set out in Section 4 of this Article. In any event such vacancy shall be filled from the members residing in the trustee district in which the vacancy occurs.

Section 7. Compensation

Trustees shall not receive any salary for his/her services as trustees, except that by resolution of the Board, a fixed sum and expense of attendance, if any, may be allowed for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, conventions, seminars and training programs or performing committee assignments when authorized by the Board. If authorized by the Board, trustees 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 trustee shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a trustee 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 of such trustee or close relative shall have been certified by the Board as an emergency measure.

Section 8. Forfeiture of Trustee Position

If any trustee shall, without being excused by the Board, miss four (4) consecutive regular meetings, such trustee shall automatically forfeit his/her position as trustee.

ARTICLE V. MEETINGS OF TRUSTEES

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 the principal office and place of business of the Cooperative or at such other place within the State of Montana and within the area served by the Cooperative as the Board may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

Regular or special meetings may be conducted through the use of telecommunications conference or other communications equipment by means of which all persons participating in the meetings can communicate with each other. Such participation will constitute attendance and presence in person at the meeting.

Section 2. Special Meetings

Special meetings of the Board may be called by the President or by any three (3) trustees, 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 trustees calling the meeting shall fix the time and place for the holding of the meeting, and such meeting may be held at the principal office and place of business of the Cooperative, or at such other place within the State of Montana and within the area served by the Cooperative as shall be designated in the notice of the meeting.

Section 3. Notice of Trustee Meetings

Written notice of the time and place and purpose of any special meeting of the Board shall be delivered to each trustee not less than five (5) days prior thereto, either personally or by mail, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the President, or the trustees calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the trustee at his/her 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 trustees is present at said meeting, a majority of the trustees present may adjourn the meeting from time to time; and provided, further that the Secretary shall notify any absent trustees of the time and place of such adjourned meeting. The act of a majority of the trustees 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, and Treasurer, who shall be elected from the members of the Board, 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

Officers shall be elected by ballot, if there is a contest, and if not, by voice vote or any other method designated by the person presiding. They shall be elected 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 possible. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until his/her successor shall have been elected and shall have qualified. Except as otherwise provided in these Bylaws, the vacancy in any office shall be filled by the Board for the unexpired portion of the terms.

Section 3. Removal of Officers and Agents by Trustees

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 (10) percent of the members, or two hundred (200) members, whichever is the 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 (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 him/her shall have the same opportunity. In the event the Board does not remove such officer, the question of his/her 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 of the Board, shall preside at all meetings of the members and the Board;
- (b) 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;
- (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/her 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/her 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 Bylaws and as required by law;

- (c) be custodian of the corporate records and of the seal of the Cooperative and affix the seal of the Cooperative 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 Bylaws;
- (d) keep a register of the names and post office addresses of all members;
- (e) have general charge of the books of the Cooperative;
- (f) keep 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);
- (g) 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/her 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 monies due and payable to the Cooperative and for the deposits 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;
- (c) in general, perform all the duties incident of the office of Treasurer and such other duties as from time to time may be assigned to him/her by the Board.

Section 8. General Manager

The Board may appoint a General 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 the Board may from time to time vest in him/her.

Section 9. Bonds

The Treasurer and any other officer or agent of the Cooperative charged with responsibility 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 with such surety as it shall determine. The costs of all such bonds shall be borne by the Cooperative.

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 in respect to compensation for trustees and close relatives of trustees.

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 conditions of the Cooperative at the close of such fiscal year.

ARTICLE VII. NON-PROFIT OPERATION

Section 1. Dividends

The Cooperative shall at all times be operated on a cooperative basis for the mutual benefit of its members.

Section 2. Patronage Capital in Connection with Furnishing Retail Communications Service

In the furnishing of retail communications service the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. The Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of retail communications service in excess of operating costs and expenses properly chargeable against the furnishing of retail communications service. All such amounts at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital and the Cooperative is obliged to pay the credits to a capital account for each patron on all such accounts. The books and records of the Cooperative shall be set up and kept in such 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 time after the close of the fiscal year notify each patron of the amount of capital so credited to the patron's account. All such amounts credited 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 Cooperative corresponding amounts of capital.

All other amounts received by the Cooperative from non-patronage sourced activities in excess of costs and expenses shall be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated by the Board either (1) 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; (2) to a permanent capital account to be held as unallocated equity capital; or (3) the Board, in its discretion, may allocate all amounts received and receivable from non-patronage sourced activities. The amount of any unallocated equity capital shall not be subject to distribution as patronage capital credits but shall be returned to the patrons and former patrons in proportion to their patronage upon dissolution of the Cooperative.

In event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been repaid, outstanding capital credits shall be retired without priority on a

prorated 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 then credited to patrons' accounts may be retired in full or in part. Any such retirement 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. If no event, however, may any such capital be retired unless, after the proposed retirement, the capital of the Cooperative shall equal at least forty (40) percent of the total assets of the Cooperative.

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 the successors in occupancy in all or part of such patrons' premises served by the Cooperative unless the Board, acting under policies of general application, shall determine otherwise.

Upon the written request of the legal representative of the deceased patron or former patron's estate, the Board, in its discretion shall have the power to retire capital credited to any such patron or former patron immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representative of such patron or former 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 a 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 or by publication distributed by the Cooperative to its patrons.

ARTICLE VIII. DISPOSITION AND PLEDGING 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 (2/3) of all of 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,

In pursuit of the Cooperative's business purposes, and notwithstanding the foregoing provision of this section, or any other provision of law, the Board, 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 there from, all upon such terms and conditions as the Board shall determine to secure any indebtedness of the Cooperative, whether acquired or to be acquired, and wherever situated, as the Board shall determine to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof, or to any financing source within the United States.

ARTICLE IX. SEAL

The Corporate Seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal - Montana".

ARTICLE X. FINANCIAL TRANSACTIONS

Section 1. Contracts

Except as otherwise provided in these Bylaws, 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 bank or banks as the Board may select.

Section 4. Change in Rates

Written notice shall be given to the Administrator of REA of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in monthly 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 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 Cooperative shall not become a member of or 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 membership or stock purchases, provided, however, that the Cooperative may upon the authorization of the Board purchase stock or become a member of any corporation or organization organized on a nonprofit basis for the purpose of engaging in or furthering the cause of area wide rural telephone service, or with the approval of the Administrator of REA, of any other

corporation for the purpose of acquiring telephone facilities or assuring more adequate telephone service to its members.

Section 2. Waiver of Notice

Any member or trustee may waive in writing any notice of a meeting required to be given by these Bylaws, the attendance of a member or trustee at any meeting shall constitute a waiver of notice of such meeting by such member or trustee, except in case a member or trustee 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 and convened.

Section 3. Rules and Regulations

The Board shall have power to make and adopt such 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 by 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 REA of the United States of America. The Board shall also after the close of each 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 next following annual meeting.

ARTICLE XII. AMENDMENTS

These Bylaws may be altered, amended or repealed by the members at any regular or special meeting, by the affirmative vote of two-thirds (2/3) of the members present, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.