

BY-LAWS OF
SURRY TELEPHONE MEMBERSHIP CORPORATION

ARTICLE I
MEMBERSHIP

SECTION 1. REQUIREMENTS FOR MEMBERSHIP. Any person, firm, association, corporation, or body politic or subdivision thereof may become a member of Surry Telephone Membership Corporation (hereinafter called the "corporation") by:

- (a) Being at least 18 years of age;
- (b) Presenting positive identification;
- (c) Agreeing to purchase from the Corporation communications or media services as hereinafter specified;
- (d) agreeing to comply with and be bound by the certificate of incorporation and bylaws of the Corporation and any rules and regulations adopted by the Board of Directors hereinafter called the "Board"), and
- (e) agreeing to pay a non-refundable membership fee hereinafter specified on uniform terms and conditions established by the Board;

No person, firm, association, corporation or body politic or subdivision thereof may hold more than one membership in the corporation, and no membership shall be transferable, except as provided in these bylaws.

SECTION 2. MEMBERSHIP NUMBER. Each membership in the Corporation shall be assigned a membership number.

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 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 holder 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 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 an officer or director provided that both meet the qualifications for such office.

SECTION 4. MEMBERSHIP AND SERVICE CONNECTION FEES. The non-refundable membership fee shall be TEN DOLLARS (\$10.00).

SECTION 5. PURCHASE OF SERVICE. Each member shall, as soon as communication or media service is available, take service from the Corporation to be used on the premises specified in his application for membership, and shall pay therefore

monthly at rates which shall from time to time be fixed by the Board. It is expressly understood that amounts paid for communications or media service in excess of the cost of service are furnished by members as capital and each member shall be credited with capital so furnished as provided in these bylaws. Each member shall pay all amounts owed by him to the Corporation as and when the same shall become due and payable.

SECTION 6. 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 a majority of all the directors expel any member who fails to comply with any of the provisions of the certificate 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 Corporation that such failure makes him liable to expulsion and such failure shall have continued for 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 has permitted the installation of service within thirty (30) days after he has been notified service is available to him, or of a member who has ceased to purchase communications or media service from the Corporation may 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. Termination of membership in any manner shall not release a member or his estate from any debts due the corporation.

ARTICLE II

SECTION 1. PROPERTY INTEREST OF MEMBERS. Upon dissolution, after

- (a) all debts and liabilities of the Corporation shall have been paid and
- (b) all capital furnished through patronage shall have been retired as provided in these bylaws, the remaining properties and assets of the Corporation shall be distributed in accordance with the applicable provisions of law.

SECTION 2. NON-LIABILITY FOR DEBTS OF THE CORPORATION. The private property of the members shall be exempt from execution or other liability for the debts of the Corporation and no member shall be liable or responsible for any debts or liabilities of the Corporation.

***ARTICLE III
MEETING OF MEMBERS***

SECTION 1. ANNUAL MEETING. The annual meeting of the members shall be held on the third Saturday in March of each year, beginning with the year 1952, at any place within the counties served by the Corporation as shall be designated in the Notice of the meeting, for the purpose of electing directors, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Corporation.

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 200 members or ten per centum of all the members, whichever shall be the lesser, 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 counties served by the Corporation, 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 days nor more than twenty days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon 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 Corporation, 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. That fifty members or one per centum of the members present in person, whichever shall be the larger, shall constitute a quorum. If less than a quorum is present at any meeting, a majority of these present in person may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members present in person.

SECTION 5. VOTING. Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by vote of a majority of the members voting thereon in person except as otherwise provided by law or the certificate of incorporation. Voting may be by written ballot or voting machine. When any matters or questions are presented to the members requiring the vote of the members by written ballot, no ballot shall be cast until the matters in question shall have been submitted and explained to the members.

SECTION 6. WHO MAY VOTE. Each membership shall have one vote, and the person authorized to cast that one vote shall be:

- (a) the named member;
- (b) A relative, who is at least 18 years of age, living in the same home as the member;
- (c) a corporate membership may be voted by an officer of the corporation;
- (d) memberships in the name of any organization, club or church may be voted by any officer of the organization, club or church;
- (e) a membership in the name of a public or private school may be voted by the principal, or assistant principal of the school, or by any member of the faculty;
- (f) a membership in the name of a governmental agency or subdivision (other than a school), shall be voted by an official of that agency or subdivision;
- (g) a membership in the name of a solely owned business shall be voted by the owner of the said business or his or her spouse;
- (h) a membership in the name of a partnership may be voted by any one of the partners.

SECTION 7. CAMPAIGNING. Any nominee for a director may campaign as he sees fit. However, there shall be no campaigning or handing out of literature inside the building where the members are voting, except in the event of inclement weather. In the event of inclement weather, the Elections Credentials Committee shall designate an area inside the building and all campaigning and handing out of materials shall be limited to this area.

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 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, directors and committees.
5. Report of Election.
6. Unfinished Business.
7. New Business.
8. Adjournment.

SECTION 9. ELECTION AND CREDENTIALS COMMITTEE.

If more members are nominated for directors than vacancies to be filled, the Board of Directors shall, at least ten (10) days before any meeting of the members, appoint a Credentials and Elections Committee consisting of an uneven number of members, not less than five (5) nor more than fifteen (15), and who are not close relatives or members of the same household of, existing directors or known candidates for directors to be elected at such meeting. In appointing the Committee, the Board shall have regard for equitable representation of the several areas served by the Corporation. The Committee shall elect its own chairman and secretary prior to the member meeting. It shall be the responsibility of the Committee to approve the manner of conducting member registration and any ballot voting, to pass upon all questions that may arise with respect to the registration of members in person, to count all ballots cast in any election or in any other ballot vote taken, to rule upon the effect of any ballots irregularly or indecisively marked, and to pass upon any protest or objection filed with respect to any election or conduct affecting the results of any election. In the event a protest or objection is filed concerning any election, such protest or objection must be filed within three (3) business days following the adjournment of the meeting in which the election is conducted. The Committee shall thereupon be reconvened, upon notice from its chairman, not less than seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protector(s) or objector(s) who may be heard in person, by counsel, or both; and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time but not later than thirty (30) days after such hearing, render its decision, which may be either to affirm or change the results of the election or to set aside such election. The Committee's decision (as reflected by a majority of those actually present and voting) on all such matters shall be final.

ARTICLE IV
DIRECTORS

SECTION 1. GENERAL POWERS. The business and affairs of the Corporation shall be managed by a Board of Directors which shall exercise all of the powers of the Corporation except such as by law, the Certificate of Incorporation or these Bylaws conferred upon or reserved to the members. The Board of Directors may, from time to time, act through an "Executive Committee." The Executive Committee shall be made up of the President,

Vice-President, Secretary and Treasurer. Any action taken by the "Executive Committee" shall be deemed action taken by the entire Board of Directors unless such action is repealed at the next regular or special meeting of the entire Board of Directors.

SECTION 2. ELECTION AND TENURE OF OFFICE.

The areas served by the Surry Telephone Membership Corporation shall be divided into eight Districts as follows:

- District No. 1 -- All members served by the Level Cross Exchange
- District No. 2 -- All members served by the Westfield Exchange
- District No. 3 -- All members served by the Zephyr Exchange
- District No. 4 -- All members served by the Beulah Exchange
- District No. 5 -- All members served by the Red Brush Exchange
- District No. 6 -- All members served by the Shoals Exchange
- District No. 7 _ All members served by the Reeds Exchange
- District No. 8__All members served by the Churchland Exchange

There shall be one (1) director from each of the eight Districts for a total of eight (8) directors of the company

Directors shall be nominated and elected by the members. Directors shall be elected by secret ballot when there are more nominations than vacancies. Directors shall be elected by a plurality vote of the members representing a quorum

SECTION 3. QUALIFICATION. No person shall be eligible to become or remain a director of the Corporation who:

- (a) is not a member and is not presently residing in the area served or to be served by the Corporation; or
- (b) is employed by the Corporation, or its subsidiary(s), or a competing enterprise or has been employed by the Corporation, or its subsidiary(s), at any time during the ten years preceding the date of the election or financially interested in a competing enterprise or a business engaged in selling communication services or supplies, or constructing or maintaining communication facilities, other than a business operating on a corporate, non-profit basis for the purpose of furthering rural telephony and/or communications.

Upon 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 effect in 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 at the regular Board meeting held in November of each year to appoint a committee on nominations consisting of not less than five (5) nor more than eleven (11) members who shall be selected from different districts so as to insure equitable representation. A list of the persons named to the nominating committee and the date and place set for their initial meeting shall be sent to the members prior to the date for the initial meeting of this nominating committee. No member of the Board shall serve on the nominating committee. The nominating committee, keeping in mind the principal of district representation, shall prepare and post at the principal office of the Corporation on or before January 20 of each year a list of all nominations for directors, which shall include at least one (1) candidate for each director to be elected. Seventy-five (75) members residing in the district for which an election for director is to be held may nominate by written petition a nominee for director from that

district. This nominee must reside in the district for which the election of a director is to be held and shall have held a membership in the Corporation for at least one year prior to the filing of the petition in the office of the Corporation. A written petition for nomination shall be filed in any office of the Corporation on or before 12:00 noon, February 15, unless the 15th falls on a Saturday or Sunday, then in that event, the deadline shall be 12:00 noon on the Monday following February 15. (Each petition is subject to verification.)

Any member that has been nominated for director may withdraw his name as a nominee for director by filing a written notice with the Corporation ten (10) days prior to the holding of the annual meeting of the members. All nominees, with the exception of such nominees who have withdrawn, will be voted on at the annual meeting.

The Secretary of the Corporation shall post all nominations for director, including nominations by written petition and nominations by the nominations committee, at the office of the Corporation. In addition to the posting of the nominations, the Secretary shall mail with a notice of the meeting or separately, but 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 the addresses of the candidate, specifying the nominations made by the committee and the nominations made by petition, if any. The ballot or voting machine 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 members may nominate more than one candidate. There shall be no nominations from the floor. All nominations for directors shall be in accordance with this Article 4, Section 4.

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 of the members, or two hundred members, whichever is lesser, may request the removal of such director by reason thereof. Such director shall be informed in writing of the charges at least ten 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 him 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 Bylaws with respect to the filling of vacancies caused by the removal of directors by the members, and also subject to the provisions of SECTION 2 of this Article, a vacancy occurring on the Board shall, within ninety (90) days be filled by the affirmative vote of the majority of the remaining directors for the unexpired portion of the term. A vacancy must be filled by a member from the district in which the vacancy exists or, in the case of a "director-at-large" reside in any of the six districts. The Executive Committee shall act as a nominating committee to recommend to the full Board of Directors the name or names of potential directors to fill the vacancy created by the death or resignation of a sitting director.

SECTION 7. COMPENSATION. Directors shall not receive any salary or compensation for services as directors, except as is authorized by resolution of the Board.

SECTION 8. INDEMNIFICATION. Every director, officer or employee or former director, officer or employee of the corporation shall be indemnified by the corporation against all expenses and liabilities, including counsel fees, reasonably incurred or imposed upon him in connection with any proceeding to which he may be made a party, or in which he may become involved, by reason of his being or having been a director, officer or

employee of the corporation or any settlement thereof, whether or not he is a director, officer or employee at the time such expenses are incurred, except in such cases wherein the director, officer or employee is adjudged guilty of negligence or misconduct in the performance of his duties. Provided, however, that in the event of a settlement the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being to the best interest of the corporation. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director, officer or employee may be entitled.

ARTICLE V MEETING OF DIRECTORS

SECTION 1. REGULAR MEETINGS. A regular meeting of the Board shall be held without notice, immediately after the meeting of the members. A regular meeting of the Board shall also be held monthly at such date, time, and place within the counties served by the Corporation as the Board of Directors may provide by resolution from time to time.

SECTION 2. SPECIAL MEETING. Special meeting of the Board of Directors 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 within the counties served by the Corporation), for the holding of the meeting.

SECTION 3. NOTICE OF DIRECTORS MEETINGS. 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 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 his address as it appears on the records of the Corporation, 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 provide 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 in office shall be the act of the Board.

ARTICLE VI OFFICERS

SECTION 1. NUMBER. The officers of the Corporation 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 of 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 his 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 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 Corporation will be served thereby. In addition, any member of the Corporation 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 two hundred 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 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 his 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 Corporation and, unless otherwise determined by the members or the Board, shall preside at all meetings of the members and the Board,
- (b) 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 executing thereof shall be expressly delegated by the Board or by these bylaws to some other officer or agent of the Corporation, 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:

- (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 or as required by laws;
- (c) be custodian of the corporate records and of the seal of the Corporation; to affix the seal of the corporation to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these bylaws or at the direction of the Board of Directors;
- (d) keep a register of the names and post office addresses of all members;
- (e) have general charge of the books of the Corporation;
- (f) keep on file at all times a complete copy of the certificate of incorporation and bylaws of the Corporation containing all amendments thereto (which copy shall always be open to the inspection of any member and at the expense of the Corporation, forward a copy of the bylaws and of all amendments thereto each member; and
- (g) in general perform all duties incident to the Office of Secretary and such other duties as from time to time be assigned to him 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 Corporation;
- (b) be responsible for the receipt of and the issuance of receipts for all monies due and payable to the Corporation and for the deposit of all such monies in the name of the Corporation in such bank or banks as shall be selected in accordance with provisions of these bylaws or as directed by the Board of Directors; and
- (c) in general perform all the duties incident to the office of Treasurer time to time may be assigned to him by the Board.

SECTION 8. CHIEF EXECUTIVE OFFICER. The Board may appoint a Chief Executive Officer who may be, but who shall not be required to be, a member of the Corporation. The Chief Executive Officer shall perform such duties and shall exercise such authority as the Board may from time to time vest in him.

SECTION 9. BONDS OF OFFICERS. The Treasurer and other officer or agent of the Corporation 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 Corporation 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 bylaws with respect to compensation for directors and close relatives of directors.

SECTION 11. REPORTS. The officers of the Corporation shall submit at each annual meeting of the member's reports covering the business of the Corporation for the previous fiscal year. Such reports shall set forth the condition of the Corporation at the close of such fiscal year.

ARTICLE VII NON-PROFIT OPERATION

SECTION 1. INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED. The Corporation shall at all times be operated on a Corporation non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Corporation on any capital furnished by its patrons.

SECTION 2. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING SERVICE.

In the furnishing of communications or media service the Corporation's operations shall be so conducted that all patrons will through their patronage furnish capital for the Corporation. In order to induce patronage and to assure that the Corporation will operate on a non-profit basis the Corporation is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of communications or media service in excess of operating costs and expenses properly chargeable against the furnishing of communications or media service. All such amounts in excess of operating costs and expenses at the moment of receipt by the Corporation are received with the understanding that they are furnished by the patrons as capital.

The Corporation is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses for communications or media service.

The books and records of the Corporation 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 for communications or media service is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Corporation 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. Provided, however, that individual notices of such amounts furnished to each patron shall not be required if the Corporation notifies all patrons of the aggregate amount of such excess and provides a clear explanation of how each patron may compute and determine for himself the specific amount of capital credited to him. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Corporation corresponding amounts for capital.

All other amounts received by the Corporation from its operations in excess of costs and expenses shall, in so far as permitted by law, 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 to its patrons on a patronage basis and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided ; or
- (c) used to establish and maintain a non-operating margin reserve not assignable to members prior to dissolution of the Corporation

In the event of dissolution or liquidation of the Corporation, after all outstanding indebtedness of the Corporation shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis.

If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Corporation 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 Corporation being first retired, provided, however, that beginning with the year 1964, cash made available for retirement in any year may be used to retire capital furnished by all patrons during the most recent fiscal year subject to the requirement that at least fifty per centum (50 per cent) of such cash shall be applied to the retirement of the oldest outstanding capital credits as hereinabove provided.

Capital credited to the account of each patron shall be assignable only on the books of the Corporation, 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 Corporation unless the Board, acting under policies of general application, shall determine otherwise. Notwithstanding any other provision of these bylaws, the Board, at its discretion, shall have the power at any time upon the death of any patron who was a natural person, if the legal representatives of his estate shall request in writing that the capital credit 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 and upon such terms and conditions as the Board, acting under policies of general application, shall deem appropriate, including the discounting of the account to reflect present value; provided, however, the financial condition of the Corporation will not be impaired thereby.

No corporation or entity shall be entitled to have capital credited other than as a general payment of patronage capital to all members.

**ARTICLE VIII
DISPOSITION OF PROPERTY**

The Corporation shall not sell, mortgage, lease or otherwise encumber or dispose of any of its property (other than merchandise and property which lie within the limits of an incorporated city or town, or which shall represent not in excess of ten per cent (10 percent) of the total value of the Corporation's assets, or which in the judgment of the board of directors are not necessary or useful in operating the Corporation) unless authorized so to do by the votes of at least a majority of its total membership and by the consent of the holders of seventy-five percentum (75 percent) in an amount of the Corporation's outstanding bonds, except that the members of the Corporation may, by the affirmative majority of the votes cast in person or by proxy at any meeting of the members, delegate to the board of directors the power and authority (1) to borrow monies from any source and in such amounts as the board may from time to time determine and (2) to mortgage or otherwise pledge or encumber any or all of the Corporation's property or assets as security therefore.

**ARTICLE IX
SEAL**

The corporate seal of the Corporation shall be in the form of a circle and shall have inscribed thereon the name of the Corporation and the words "Corporation Seal, North Carolina."

**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 Corporation, 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 Corporation shall be signed by such officer or officers, agent or agents, employee or employees of the Corporation and in such manner as shall from time to time be determined by resolution of the Board.

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

SECTION 4. FISCAL YEAR. The fiscal year of the Corporation shall begin on the first day of January of each year and shall end on the thirty-first of December of the same year.

**ARTICLE XI
MISCELLANEOUS**

SECTION 1. WAIVER OF NOTICE. Any member or director may waive in writing any notice of a meeting required to be given by these bylaws. The attendance of a member or director at any meeting shall constitute a waiver of notice of such meeting by such members or director, except in case a members 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 2. RULES AND REGULATIONS. The Board shall have power to make and adopt such rules and regulations, not inconsistent with law, the certificate of incorporation or these bylaws, as it may deem advisable for the management of the business and affairs of the Corporation.

SECTION 3. 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 Rural Utilities Services of the USDA. 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 Corporation as of the end of such 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 affirmative vote of not less than a majority of the members of the Board at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.