

ATLANTIC TELEPHONE MEMBERSHIP BYLAWS

SECTION 1.01. Requirements for Membership. Any person firm, association, corporation, or body politic or subdivision thereof who has the legal capacity to enter into a binding contract may become a member of Atlantic Telephone Membership Corporation (hereinafter called the Cooperative) by:

- (a) Making a written application for membership herein;
- (b) Agreeing to purchase from the Cooperative telecommunications and/or information services in accordance with established tariffs and as hereinafter specified;
- (c) Agreeing 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 of directors (hereinafter called the “board”); and

Provided, however, that no person, firm, association, corporation or body politic or subdivision thereof shall become a member unless and until he/she or it has been accepted for membership by the board or the members. No member may hold more than one membership in the Cooperative, and no membership shall be transferable except as provided in these bylaws.

SECTION 1.02. Membership Certificates. Membership in the Cooperative shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the board not contrary to or inconsistent with, the articles of incorporation of the Cooperative or these bylaws. Such certificate shall be signed by the president and by the secretary of the Cooperative and the corporate seal shall be affixed thereto. In case a certificate is lost, destroyed or mutilated, a new certificate may be issued thereof upon such uniform terms and indemnity to the Cooperative as the board may prescribe.

SECTION 1.03. Joint Membership. A husband and wife may apply for a joint membership and, subject to their compliance with the requirement of Section I 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 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 proxy executed by either or both shall constitute one joint proxy;
- (d) A waiver of notice signed by either or both shall constitute a joint waiver;
- (e) Notice of either shall terminate the joint membership;
- (f) Expulsion of either shall terminate the joint membership;
- (g) Withdrawal of either shall terminate the joint membership;

- (h) 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 1.04. 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 certificate of incorporation, bylaws, and any rules and regulations adopted by the Board. The outstanding membership certificate shall be surrendered and shall be reissued by the Cooperative in such manner as shall indicate the changed membership status. Upon the death of either spouse who is a party to the joint membership, such membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such; membership had never been joint. The outstanding member certificate shall be surrendered, and shall be reissued in such manner as shall indicate the changed membership status, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 1.05. Membership and Service Connection Fees. There shall be no membership fee, and the service connection fee shall be in accordance with the rules, regulations and tariffs of the Cooperative, upon the payment of which a member shall be eligible for one service connection.

Additional fees shall be paid for each additional connection, extension and other available service, in accordance with the rules, regulations and tariffs prescribed by the Board.

Where telecommunications and/or information services are already installed for a member and the member taking such service dies leaving already installed as aforesaid, such surviving spouse shall not be required to pay a service connection fee. Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such membership in the same manner and to the same effect as though such membership had never been joint: PROVIDED, that the other spouse shall not be released from any debts due the Cooperative.

SECTION 1.06. Purchase of Services. Each member, as soon as telecommunication and/or information services are available and for so long as such premises are owned or directly occupied or used by him/her, may purchase from the Cooperative any telecommunication and/or information services or combination of services furnished by the Cooperative pursuant to his/her membership; and shall pay therefore at the times, and in accordance with the rules, regulations, and tariffs established by the Board of Directors. Each member shall also pay all amounts owed by him/her to the Cooperative as and when they become due and payable.

It is expressly understood that amounts paid for 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 by these bylaws.

The Cooperative will use its best efforts to furnish adequate and dependable telecommunications and information services but it cannot and does not guarantee

uninterrupted services nor will it always be able to provide every service requested by each individual customer.

SECTION 1.07. Termination or Suspension of Membership.

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the board may prescribe, and upon ceasing to the use or abandoning totally and permanently the use of telecommunication and/or information services furnished by the Cooperative.
- (b) Upon failure of a member, after the expiration of the initial time limit prescribed either in a specific notice to him/her or in the Cooperatives generally publicized applicable rules and regulations, to pay amounts due the Cooperative or to cease any other noncompliance with membership obligations, his/her membership shall automatically be suspended; and he/she shall not during such suspension be entitled to receive service from the Cooperative or to cast a vote at any meeting of the members. Payment of all amounts due the Cooperative, including any additional charges required for reinstatement, and/or cessation of any other noncompliance with his/her membership obligations within the final time limit provided in such notice or rules and regulations shall automatically reinstate the membership, in which event the member shall thereafter be entitled to receive service from the Cooperative and to vote at the meetings of its members.
- (c) The board of directors may, by the affirmative vote of not less than a majority of all the members of the board thereof, expel any member who shall have violated or refused to comply with any of the provisions of the articles of incorporation of the Cooperative or these bylaws or any rules or regulations adopted from time to time by the board. Any person so expelled may, by delivering written notice to the effect of the Cooperative at least ten (10) days prior to the next annual or special meeting of the members, appeal to and be present and heard at such meeting, which may vote approval of such expulsion or disapproval thereof, in which latter event such person's membership shall be reinstated retroactively to the date of his/her expulsion by the board. After any finally effective expulsion of a member he/she may not again become a member except upon new application for membership therefore duly approved as provided in these bylaws. The board upon principles of general application may establish such additional terms and conditions for renewed membership as it may determine to be reasonably necessary to assure the applicant's compliance with all his/her membership obligations.
- (d) The membership of a member who has ceased to purchase service from the Cooperative for more than 90 days continuously will be withdrawn.
- (e) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate, and the membership certificate of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member or his/her estate from any debts due the Cooperative.
- (f) Upon termination of membership for any reason, the Cooperative shall refund to the member, his/her estate, or legal representative, as the case may be, any security deposit he/she may have made to the Cooperative, provided however,

that the Cooperative shall deduct from the amount of such security deposit the amount of any debts or obligations owed by the member to the Cooperative.

SECTION 1.08. Membership to Grant Easement. Each member shall upon being requested so to do by the Cooperative execute and deliver to the Cooperative grants or easements or right-of-way over under and on such lands owned by the member and in accordance with such reasonable terms and conditions as the Cooperative shall require for the furnishing of telecommunications and/or information services to him/her or to other members or for the construction maintenance or relocation of the Cooperative's telecommunication and/or information services facilities.

ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

SECTION 2.01. Property Interest of Members. Upon dissolution of the Cooperative, all assets shall be distributed in the following priority:

- (a) All debts and liabilities of the Cooperative shall have been paid, and
- (b) All capital furnished through patronage shall have been retired as provided in these bylaws and
- (c) All membership fees shall have been repaid and the remaining property and assets of the Cooperative shall be distributed in accordance with the applicable provisions of law.

ARTICLE III MEETINGS OF MEMBERS

SECTION 3.01. Annual Meetings. The annual meeting of the members shall be held during the months of September or October of each year or such other time as the board shall designate, at such place in the County of Brunswick, State of North Carolina or at such other place as may be designated by the board, 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 Cooperative.

SECTION 3.02. Special Meetings. Special meetings of the members may be called by resolution of the Board of Directors, or upon written request signed by not less than fifteen 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. Special meetings of the members may be held at any place with the County of Brunswick or any such other place as may be designated by the board, State of North Carolina receiving telecommunications and/or information services, on such date and beginning at such hour as shall be designated by the Board of Directors and shall be specified in the notice of the special meeting.

SECTION 3.03. Notice of Members' Meetings. Written or printed notice stating the proxy registration/certification place, time and date period and 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, and the purpose of purposes for which the meeting is called, shall be delivered not less than ten days nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the secretary, or upon default in duty by the secretary by the persons calling the meeting to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his/her 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 3.04. Quorum. Attendance in person of at least one (1) per centum of the total members or such lesser number as may be designated by the board shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting to another time and date at least thirty (30) day later and to any place within the service area of the Cooperative: PROVIDED that the Secretary shall notify any absent members of the time date and place of such adjourned meeting by delivering notice thereof as provided in SECTION 3.03. At all meetings of the members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those who were present in person or by proxy.

SECTION 3.05. Voting. Each member who is not in a status of suspension, as provided for in SECTION 1.07, shall be entitled to one vote and no more upon each matter submitted to a vote at any meeting of the members. A member which is an association, corporation, business trust or body politic may be present in person and vote at such meeting by and through a designated representative, qualified as such upon registering for the meeting. At all meetings of the members at which a quorum is present all questions shall be decided by a majority of the members voting thereon in person or by proxy, except as otherwise provided by law, the Cooperatives articles of incorporation or these bylaws.

SECTION 3.06. Credentials & Election Committee. The Board of Directors shall at least ten (10) days before any meeting of the members, appoint a Credentials and Election Committee consisting of eight (8) members who are not board members and who are not close relatives or members of the same household or existing board members or known board members candidates to be elected at such meeting. In appointing the Committee, the board shall have regard for equitable and geographic representation of the areas served by the Cooperative. The cooperative's attorney, shall act as chairman of the Credentials and Election Committee. It shall be the responsibility of the Committee to conduct the election of board members, to pass upon all questions that may arise with respect to the registration of members in person or by proxy, to prevent electioneering by any candidate or incumbent or their representatives within the confines of the room and/or area designated for the registrars, to count all ballots cast in any election or in any

other ballot vote taken; and to rule upon the effect of any ballots irregularly or indecisively marked or cast to rule upon other questions that may arise relating to member voting and the election of directors (including but not limited to the validity of petitions of nomination and election of directors) 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 during or within three (3) business days following the adjournment of the meeting in which the voting is conducted. The Credentials and Election 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 protester(s) or objector(s) who may be heard in person, by counsel, or both, and any opposing evidence; and the Committee, by a vote of the majority of those present and voting, shall, within a reasonable time but not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to set it aside. The Committee may not affirmatively act on any matter unless a majority of the Committee is present.

SECTION 3.07. Proxies. At any meeting of the members or any adjournment thereof, any member, including members which are associations, corporations, business trust or bodies politic, may vote by proxy, but only if such proxy:

- (a) is registered with and duly certified by the Secretary or his/her duly designated registrar on or before the time and date designated in the notice of the meeting or any adjournment thereof.
- (b) is executed by the member in writing and designated one and only one holder thereof, which holder shall be either the member's spouse or another member who is a natural person, and
- (c) specifies the particular meeting and/or any adjournment thereof at which it is to be voted and is dated not more than sixty (60) days prior to the date of such meeting or any adjournment thereof: PROVIDED that any mailed proxies not otherwise dated shall be deemed dated as post marked if postmark is satisfactorily evidenced: AND PROVIDED FURTHER, that any proxy valid at any meeting shall be valid at any adjournment thereof unless the proxy itself designates otherwise or is subsequently revoked by another proxy or by the presence in person of the member at such adjournment; and
- (d) can be confirmed by the Secretary or his/her duly designated registrar when presented for certification to have been validly executed by the member and has not otherwise been revoked.

A proxy may be unlimited as to the matter on which it may be voted or may be restricted; a proxy containing no restrictions shall be deemed to be unlimited. In the event a member executes two or more proxies for the same meeting or for any adjournment thereof, the first proxy certified by the Cooperative shall revoke all others. The presence in person of a member at a meeting or any adjournment thereof shall revoke any proxy theretofore executed by him/her for such meeting, or for such adjournment thereof, as the case may be, and he shall be entitled to vote in the same manner and with the same effect as if he had not executed a proxy. A person may vote as proxy for an

unlimited number of members on any matter the carrying of which, as provided by law, or in connection with an amendment of the articles of incorporation or otherwise encumbrancing any of the Cooperative's property to secure loans made or to be made to the Cooperative by the United States of America or any agency or instrumentality thereof, requires the affirmative votes of a clear majority of all the Cooperative's members; but no person shall vote as proxy for more than five (5) members on any other matter.

SECTION 3.08. 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:

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 of mailing thereof, or of the waiver or waiver of notice of the meeting, as the case may be.
3. Reading of the unapproved minutes of previous meeting of the members and taking of necessary action thereon.
4. Presentation and consideration of reports of officers, directors and committees.
5. Election of board members.
6. Unfinished business.
7. New business.
8. Adjournment.

Notwithstanding the foregoing, the Board of Directors may from time to time establish a different order of business for the purpose of assuring the earlier consideration and action upon any item of business the transaction of which is necessary or desirable in advance of any other item or business: PROVIDED, that no business after adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

ARTICLE IV BOARD MEMBERS

SECTION 4.01. General Powers. The business and affairs of the Cooperative shall be managed by a board of eight members which shall exercise all 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 4.02. Election and Tenure of Office. So as to insure equitable and geographical representation on the Board of Directors, the area served by the Cooperative shall be divided into seven districts, as indicated on the service area map attached hereto and made a part (hereof) of these bylaws, and each district shall be represented by one director, which shall be a resident hereof. Additionally, the membership be represented by one at-large director. At the annual meeting of members, beginning with the year 1977, two board members shall be elected, one each from Districts 2 and 4; and each such board member shall be elected by ballot by and from the members for a term of

three years, or until their successors shall have been elected and shall have qualified. At the annual meeting of members held in the year 1978, three board members shall be elected, one each from Districts 1 and 3 and 6; and each such board member shall be elected by ballot by and from the members for a term of three years, or until their successors shall have been elected and shall have qualified. At the annual meeting of members held in the year 1979, three board members shall be elected done each from District 5 and 7 and one elected at large; and each such board member shall be elected by ballot by and from the members for a terms of three years, or until their successors shall have been elected and shall have qualified.

Beginning with the next succeeding annual meeting of the members, and at each such meeting thereafter, the same number of board members that correspond to the number whose terms are expiring shall be elected to serve a term of three consecutive years; PROVIDED, that a year as used in this section shall mean the period beginning with one annual meeting of the members and ending at the next, and PROVIDING FURTHER, that notwithstanding the terms for which they are elected, board members, shall serve until their successors shall have been elected and shall have qualified. In the event there are no more members nominated by the manner prescribed in ARTICLE IV, Section 4.04 of these bylaws, than there are vacancies to be filled, then in that event, on motion duly made and seconded, those members so nominated may be elected by acclamation or voting may be conducted in any other proper manner. If an election of board members as herein before specified shall not be held on the date designated herein for the annual meeting, or at any adjournment thereof, such election may be held at any adjournment of such meeting or at a subsequently-held special meeting. Board members may be elected by a plurality vote of the members.

SECTION 4.03 Qualifications For Eligibility To Serve On The Board Of Directors.

I. OBJECTIVE

The purpose of the policy is to publish the qualifications for election or appointment to, and service, on, the Cooperative's Board of Directors and to establish necessary procedures, including an application form for candidates and an affirmation form for Directors, once elected or appointed.

II. POLICY CONTENT

Certain qualifications are required by law and the Cooperative's Bylaws to become and remain a Director of the Cooperative. It is responsibility of the Board of Directors to ensure that those qualifications are met. If the Board of Directors should determine that an incumbent Director, nominee, or potential appointee to the Board of Directors lacks or has lost any of the necessary qualifications, it is the duty of the Board of Directors to remove such incumbent or to declare such nominee or potential appointee ineligible for election or appointment.

III. PROVISIONS

(a) Any person, to become and remain a Director of the Cooperative, shall, among other things:

- (1) Comply with applicable requirements of law, the Cooperative's Articles of Incorporation and Bylaws, the Cooperative's duly adopted policies, and the Cooperative's duly made decisions;
- (2) Assume a fiduciary duty to act, in good faith, in the best interests of the Cooperative and its members;
- (3) Be loyal to the Cooperative and not have conflicting commercial or personal interests;
- (4) Be possessed of the minimum knowledge and skills necessary to manage the affairs of the Cooperative;
- (5) Be willing to devote such time and effort to the duties of a Director as may be necessary to manage the Cooperative's affairs;
- (6) Be able to represent the entire membership on an impartial basis;
- (7) Be willing and able to attend regularly scheduled and special meetings of the Board of Directors; national, state and other meetings of organizations with the associated interests that further the Cooperative movement; training institutes or seminars which will aid in keeping him/her well informed on matters affecting the Cooperative; and
- (8) Not use, or cause to be used, his/her position as Director to further any political or business ambition.

(b) Service as a Director includes the following responsibilities:

- (1) To put forth the effort to understand the Cooperative's challenges and to provide the judgment needed to reach decisions in constantly changing circumstances;
- (2) To support all official decisions and actions made or taken by a majority of the Board;
- (3) To conscientiously study the information contained in reports submitted to the Board;
- (4) To contribute to the development of statements on functions and responsibilities of Board members and to work toward their constant improvement;
- (5) To objectively evaluate and consider the questions and problems with which the Cooperative is faced;
- (6) To keep informed as to the ideals and objectives of the Cooperative and to further study and analyze the policies, plans and problems which result from efforts to achieve such ideals and objectives;
- (7) To keep informed on, alert to, and aware of the attitudes of the members, the employees, and general public toward the Cooperative's objectives and policies;
- (8) To inform all interested persons about the Cooperative's ideals, objectives, programs, and services; and

(9) To conduct himself/herself in the eyes of the general public in such a manner as will reflect credit to the Cooperative and personify the position of trust held by the Director, including refraining from such conduct which would subject the Director to indictment for a felony or crime of moral turpitude or from conduct representing disregard of the standard of behavior which the members can rightfully expect from a Director.

(c) Bylaw Qualifications. Any person who is a member of Atlantic Telephone Membership Corporation may seek membership on the Board of Directors if that person:

- (1) has not been declared mentally incompetent;
- (2) is presently residing in the area served or to be served by the Cooperative and primary residence is located in the vacant directorial district, except for the at large position, and
- (3) has not been convicted of a felony;
- (4) is not in any way employed by or financially interested in a competing enterprise or businesses engaged in selling telecommunications and/or information services or supplies or constructing or maintaining telecommunications and/or information facilities;
- (5) is not a close relative of an incumbent director or employee of the Cooperative;
- (6) is a member in good standing applicable to financial matters that has had service for a minimum of two (2) years and has not had service suspended for non-payment and has no more than three (3) delinquent treatments within the last twelve (12) months;
- (7) is not a current employee of the Cooperative;
- (8) has not been an employee of the Cooperative in the past five (5) years;
- (9) does not receive any remuneration from the Cooperative other than remuneration of retirement;
- (10) is a citizen of the United States; and
- (11) has legal capacity to enter into a binding contract.

SECTION 4.04. Nominations. It shall be the duty of the board to appoint not less than forty (40) or more than one hundred twenty (120) 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 five nor more than eleven eligible members who shall be selected from different sections so as to insure equitable representation. No member of the board may serve on such committee. The committee, keeping in mind the principle of geographical representation, shall prepare and post at the principal office of the Cooperative at least thirty (30) days before the meeting a list of nominations for board members which shall consist of one nominee of each board position to be filled by the election. The committee shall consider only individuals who meet the qualifications to serve.

Any fifty (50) or more current active members acting together may make other nominations by written and signed petition to be accompanied by a written application signed by the nominee attesting to his or her qualification to serve, all of which must be received in the Corporate Headquarters Office on or before the tenth day of September, and not less than twenty (20) days prior to the meeting and the secretary shall post such nomination at the same place where the list of nominations made by the committee is posted. The secretary shall mail with the notice of the meeting or separately, but at least ten (10) days before the date of the meeting, a statement of the number of board members to be elected and the names and addresses of the candidates, specifying separately the nominations made by the committee and the nominations made by petition if any.

SECTION 4.05. Removal of Director 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 at least twenty (20) per centum of the members may request the removal of such board member by reason thereof. Such board member shall be informed in writing of the charges at least twenty (20) 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/her shall have the same opportunity. The question of the removal of such board member shall be considered and voted upon at the meeting of the members same opportunity. The question of the removal of such board member 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: PROVIDED that the questions of the removal of a director shall not be voted upon at all unless some evidence in support of the charge(s) against him/her shall have been presented during the meeting through oral statements documents or otherwise.

SECTION 4.06. Vacancies. Subject to the provisions of these bylaws with respect to the filing 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 ninety (90) days after the vacancy occurs, the members shall have the right to fill such vacancy at a meeting of the members without compliance with the foregoing provisions in respect to nominations.

SECTION 4.07. Compensation: Expenses. For their services board members shall receive such compensation which may include insurance benefits as is fixed by resolution of the Board of Directors. For the performance of their duties, directors shall also receive advancement of reimbursement of any actual travel and out-of-pocket expenses actually, necessarily and reasonably incurred, in accordance with the established policies of the Cooperative. 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 such compensation shall be specifically authorized by the remaining directors upon their certification of such as an emergency measure: PROVIDED that a director who is also an officer of the board, and who as such officer performs regular or periodic duties of a substantial nature for the Cooperative may be compensated in such amount as shall be fixed and authorized in advance of such service by the remaining directors. Any director who has served fifteen (15) years is eligible to become a director emeritus. In such event, said director emeritus shall be entitled to all privileges of a regular, seated director, except the right to vote. Further, such director emeritus shall be entitled to receive a regular per-diem allowance paid to a regular, seated director for the same number of years he/she was a regular director, and such director shall attend any meeting, unless he/she is physically unable so to do, when requested by the board with the same expenses of attendance paid to regular members of the board.

SECTION 4.08. “Close Relative” Defined. As used in these bylaws “close relative” as defined in the employee policies of the Cooperative.

ARTICLE V MEETINGS OF BOARD

SECTION 5.01. Regular Meetings. A regular meeting of the board shall be held without notice, immediately after, and at the same place as the annual meeting of the members. A regular meeting of the board shall also be held monthly at such time and place in Brunswick County, North Carolina or any such other place as may be designated by the board, as the board may provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

SECTION 5.02. Special Meetings. Special meetings of the Board of Directors may be called by the President, or by any three board members, and it shall there upon be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided. The President or the Board members calling the meeting shall fix the time and place (which shall be in Brunswick County or any such other place as may be designated by the board).

SECTION 5.03. Notice of Board Meeting. Written notice of the time, place and purpose of any special meeting of the board shall be delivered to each board member not less than five days previous 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 other 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/her address as it appears on the records of the Cooperative with postage thereon prepaid.

SECTION 5.04. 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 members present may adjourn the meeting from time to time; and provided further, that the members in office shall be the act of the board, except as otherwise provided in these bylaws. The attendance of a director at any meeting of the board shall

constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or of one or more items of business, on the ground that the meeting shall not have been lawfully called or convened.

SECTION 5.05. Manner of Acting. The act of the majority of the board members present at a meeting at which a quorum is present shall be the act of the full board.

SECTION 5.06. Rules of Order. Parliamentary procedure at all meetings of the board or of any committee provided for in these bylaws and of any committee of the members or board which may from time to time be duly established shall be governed by the most recent edition of Roberts Rules of Order except to the extent that such procedure is otherwise determined by law or the Cooperative's Certification of Incorporation or bylaws.

ARTICLE VI OFFICERS

SECTION 6.01. Numbers. The officers of the Cooperative shall be a President, Vice-President, Secretary, and Treasurer, and such other officers as may from time to time be determined by the Board of Directors. The offices of Secretary and Treasurer may be held by the same person.

SECTION 6.02. Election and Term of Office. The officers shall be elected by ballot or by voice vote annually by and from the board at the meeting of the board held immediately after the annual meeting of the members, except that the board may at its pleasure by resolution elect subordinate officers (such as Assistant Secretary and Assistant Treasurer). 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/her successor shall have been elected and shall have qualified. Except as otherwise provided for in these bylaws, a vacancy in any office shall be filled by the board for the unexpired portion of the term.

SECTION 6.03. Removal of Officers and Agents by 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 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 twenty 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 may be considered and voted upon at the next meeting of the members.

SECTION 6.04. Vacancies. A vacancy in any office elected by the Board of Directors shall be filled by the board for the unexpired portion of the term.

SECTION 6.05. President. The President shall:

- (a) be the principal executive officer of the Cooperative and, unless otherwise determined by the members or the board, shall preside at all meetings of the members and the Board;
- (b) sign, with the Secretary, certificates of membership, the 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 6.06. 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 6.07. Secretary. The Secretary shall be responsible for:

- (a) keeping the minutes of the meetings of the members and of the board in one or more 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 affixing the seal of the Cooperative to all certificates of membership prior to the issue thereof, and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- (d) keeping a register of the names and post office addresses of all members;
- (e) signing, with the President, certificates of membership, the issue of which shall have been authorized by the board or the members;
- (f) keeping on the 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, furnishing a copy of the bylaws and of all amendments thereto to each member; and
- (g) 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/her by the board.

SECTION 6.08. 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 for 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/her by the board.

SECTION 6.09. Delegation of Secretary's and Treasurer's Responsibilities.

Notwithstanding the duties responsibilities and authorities of the Secretary and of the Treasurer hereinbefore provided in Section 6.07 and 6.08 the Board of Director by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of such officer's duties to one or more agents, other officers or employees of the Cooperative who are not board members. To the extent that the Board does so delegate with respect to either such officer, that officer as such shall be released from such duties, responsibilities and authorities.

SECTION 6.10. Manager. The Board may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The manager shall perform such duties and shall exercise such authority as the board may from time to time vest in him or her.

SECTION 6.11. 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 in 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 6.12. 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 6.13. Reports. The officers of the Cooperative shall submit at each annual meeting of the members report 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 7.01. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual

benefits of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 7.02. Patronage Capital in Connection with Furnishing Telecommunication and/or Information Services. In the furnishing of telecommunication and/or information 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 telecommunication and/or information 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 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/her account. **PROVIDED**, that individual notices of such amounts furnished by each patron shall not be required if the Cooperative 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/herself the specific amount of capital so credited to him or her. 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 Cooperative corresponding amounts for capital.

All other amount received by the Cooperative from its operations in excess of costs and expenses shall insofar 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 part of the capital credited to the accounts of patrons, as herein provided and
- (c) the cooperative may also establish a permanent and nonallocated capital account for all nonoperating sources of income not collected from patrons for telecommunication or information services.

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 patrons' account may be retired in full or in part. Any such retirements of capital shall generally 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 the 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/her estate shall request in writing that the capital credited to any such patron be retired early; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

Notwithstanding any other provision of these bylaws, the board at its discretion, shall have the power at any time upon the formal dissolution of a non-human business member and corresponding withdrawal of the dissolved member's membership, to cause the capital credited to such membership to be retired early; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

Any such early retirement of a patron's capital shall be discounted based on a discount rate of 10 percent per annum of each applicable year and a discount period equal to the numbers of years of patronage capital then outstanding. All amounts of capital allocated to patrons but retained by the Cooperative after retirements on a discounted basis shall be considered a contribution of capital to the Cooperative and part of the "net savings" of the Cooperative. "Net Savings" of the Cooperative will not be reallocated as excess margins to any former or current Cooperative patrons but rather be classified as permanent equity of the Cooperative.

The Cooperative before retiring any capital credited to any person's account shall deduct there from any amount owing by such patron to the Cooperative.

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 on the internet website of the Cooperative.

ARTICLE VIII DISPOSITION OF PROPERTY

SECTION 8.01. Sale of Property. The Cooperative may not sell or dispose of any of its property (other than merchandise and property which lie within the limits of an incorporated city or town which shall represent not in excess of ten (10) percent of the Cooperative's assets, or which in the judgment of the Board are not necessary or useful in operating the Cooperative) unless

- (a) authorized to do so by the votes of at least a majority of the members of the Cooperative; and

- (b) unless the consent of the holders of seventy-five per centum (75%) in amount of the bonds of the Cooperative then outstanding is obtained; provided, however, that notwithstanding anything herein contained, the Board of Directors is authorized
- (1) to borrow funds in such amount upon such terms and conditions and from such sources as it may from time to time deem necessary or desirable for the Cooperative's construction, acquisition, operation, restoration, maintenance or improvement of its telephone facilities and related property, or for any other property purpose on the Cooperative's behalf and
 - (2) to pledge, by mortgage, deed of trust or otherwise, all or any portion of the Cooperative's properties as security for such borrowings.

SECTION 8.02 Encumbrance or Lease of Property. The Cooperative may mortgage, otherwise encumber or lease for revenue, any of its property provided the same is approved by the Board and is in the judgment of the Board beneficial in the operating of the Cooperative and provided the same does not violate any provision or rule of the Rural Utility Services of the United States of America.

ARTICLE IX SEAL

SECTION 9.01 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" and "Shallotte N.C.".

ARTICLE X FINANCIAL TRANSACTIONS

SECTION 10.01. Contracts. Except as otherwise provided in these bylaws the board may authorize any officer or officers, agent or agents to enter into any contact 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 10.02. 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 10.03. Deposits, Investments. All funds of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board of Directors may select.

SECTION 10.04. Change in Rates. The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate schedules, contracts, security deposits and contribution in-aid-of-construction, consistent with law,

the Cooperative's articles of incorporation or bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 10.05. 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 11.01. 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 authorization of the board, purchase stock in 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 telecommunications and/or information services or with the approval of the Administrator of the Rural Utility Services, or any other corporation for the purpose of acquiring telephone facilities or assuring more adequate telephone service to its members or for the purpose of increasing the Cooperative's stability or financial well-being in the telecommunications and information services market in which it operates and competes.

SECTION 11.02. Waiver of Notice. Any member or board member may waive in writing any notice of a meeting required to be given in 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 11.03. 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 11.04. 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 systems as may from time to time be designated by the Administrator of the Rural Utility Services 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 such fiscal year. Such audit reports shall be submitted to the members at the next following annual meeting.

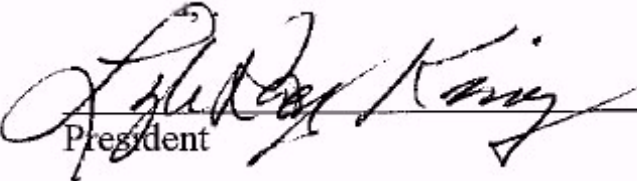
**ARTICLE XII
AMENDMENTS**

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 alternations, amendment or repeal.

**ARTICLE XIII
INDEMNIFICATION**

Every director, officer, or employee or former director, officer or employee of the Cooperative shall be indemnified by the corporation against all expenses and liabilities, including counsel fees, reasonably incurred or imposed upon him/her in connection with any proceeding to which he/she may be made a party, or in which he/she may become involved, by reason of his/her being or having been a director, officer, or employee of the corporation, or any settlement hereof, whether or not he/she 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/her duties. Provided, however, that in the event of a settlement and reimbursement as being for the best interests 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.

Revised, Board Meeting, February 24, 2009



President

(end of bylaws)