

**BYLAWS**  
**OF**  
**PALMETTO RURAL TELEPHONE COOPERATIVE,**  
**INCORPORATED**

(Amended and Restated as of February 18, 2025)

**ARTICLE I**  
**MEMBERSHIP**

SECTION 1. Requirements for Membership. Any person, firm, association, corporation or body politic or subdivision thereof may become a member (hereinafter called “member”) of the Palmetto Rural Telephone Cooperative, Incorporated (hereinafter called the “Co-op” or “Cooperative”) by:

(a) Making a written application for membership therein (hereinafter called “application for membership”) on such uniform terms and conditions as may be established from time to time by the board of directors (hereinafter called the “Board”);

(b) agreeing to purchase from the Co-op (i) telephone service (the term “telephone service” shall have the same meaning as set forth in Section 33-46-20(5) of the Telephone Cooperative Act, Section 33-46-10 et seq. of the South Carolina Code of Laws of 1976, as amended [hereinafter called the “Telephone Cooperative Act”]; (ii) fixed wired voice service; or (iii) a fixed broadband connection via digital subscriber line or fiber (the term “broadband” shall have the same meaning as set forth in Section 58-9-10(17) of the South Carolina Code of Laws of 1976, as amended), regardless of the Federal classification of such services) as hereinafter specified; and

(c) agreeing to comply with and be bound by the articles of incorporation and bylaws of the Co-op and any rules and regulations adopted by the Board;

provided, however, that no person, firm, association, corporation or body politic or subdivision thereof shall become a member, unless and until he or it has been accepted for membership by the Board. No member may hold more than the lesser of five hundred (500) shares of stock in the Co-op or one-fifth (1/5) of all of the outstanding stock of the Co-op. No share of stock of the Co-op shall be transferable, except as provided in the bylaws.

Exchange, interexchange, wireless carriers or others (hereinafter called “third party carriers”) who purchase telephone service from the Cooperative for resale to end user customers are not members, shareholders, or members by virtue of such activity; provided, however, that to the extent not prohibited by the Telephone Cooperative Act, the Board may elect to admit the subscribers of the CLEC as members of the Cooperative upon such subscribers’ compliance with all applicable provisions of these bylaws and the Telephone Cooperative Act. Any person, firm, association, cooperation, or body politic or subdivision thereof that receives telephone service from a carrier reselling the Cooperative’s telephone service is purchasing service from that carrier and not the Cooperative, and is not eligible for membership in the Cooperative by virtue of the receipt of such service. Any amounts paid by a member to a third-party carrier shall not be taken into account in determining the capital of any member.

SECTION 2. Evidence of Membership. Certificates (either new or replacement) shall not be issued to evidence membership shares, but each owner thereof, upon the owner’s written request to the Co-op, will be given a statement certified by an officer of the Co-op, or his designee, setting forth as of the date on which the statement is provided the number of shares owned by such person, whether such membership is a joint membership, and such other information as may be prescribed by the Board. If, in the Board’s discretion, a membership fee is required, then no person shall become a member until such membership fee is paid in full, and, except as otherwise provided in Section 7(b) of this Article I, such membership fee shall be refunded to the member upon termination of such member’s membership in the Co-op.

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 relation to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect to the holders of a joint membership shall be as follow:

- (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 hearing.
- (b) The vote of either or both 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; and

(g) Either but not both may be elected or appointed as an officer or director provided that both meet the qualifications for such office or position.

SECTION 4. Conversion of Membership.

(a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the articles of incorporation, bylaws, and any rules and regulations adopted by the Board. The outstanding membership certificate, if any, shall be surrendered, and the records of the Co-op shall indicate the changed membership status.

(b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate, if any, shall be surrendered, and the records of the Co-op shall indicate the changed membership status and ownership of the membership, including all benefits and obligations related thereto, by the survivor.

SECTION 5. Membership and Service Connection Fees. From time to time, the Corporation may charge a membership fee and/or a service connection fee. The amount of such fees, if any, shall be determined in the sole discretion of the Board.

SECTION 6. Purchase of Telephone Service. Each member shall, as soon as telephone service is available, take telephone service from Co-op to be used on the premises specified in his application for membership, and shall pay therefore monthly rates which shall from time to time be fixed by the Board; provided, however, that the Board may limit the amount of telephone service which the Co-op will be required to furnish to any one member. It is expressly understood that amounts paid for telephone service received directly from the Co-op in excess of the cost of such service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay to the Co-op such minimum amount per month for telephone service as shall be fixed by the Board from time to time. Each member shall also pay all amounts owed by him to the Co-op as and when the same shall come due or payable.

SECTION 7. Termination of Membership. (a) The Board may, by the affirmative vote of not less than two-thirds (2/3) of all the directors, expel any member who fails to comply with any of the provisions of the articles of incorporation, bylaws, or any rules or regulations adopted by the Board, but only if such member shall have been given written notice by the Secretary that such failure makes him liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by vote of the Board or by majority vote of the members at any annual or special meeting. The membership of a member who has not permitted the installation of service within thirty (30) days after he has been notified service is available to him, or of a member who has ceased to purchase telephone service from the Co-op (which includes failure to pay amounts due to the Co-op for telephone service), shall be cancelled by resolution of the Board.

(b) Upon the withdrawal, death, cessation of existence, expulsion of a member, or cancellation of membership, the membership certificate of such terminated member, if any, shall be surrendered forthwith to the Co-op. The Cooperative shall repay the membership fee if any paid by the terminated member to the terminated member, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owing from the terminated member to the Cooperative, if any.

## **ARTICLE II**

### **RIGHTS AND LIABILITIES OF MEMBERS**

SECTION 1. Property Interest of Members. Upon dissolution, after (a) all debts and liabilities of the Co-op shall have been paid, (b) all capital furnished through memberships shall have been repaid as provided in these bylaws, and (c) all membership fees if any shall have been repaid, the remaining property and assets of the Co-op shall be distributed among members in the proportion which the aggregate capital of each member bears to the total capital of all such members all determined as of the date determined by the Board in considering any plan of dissolution unless otherwise provided by law, the articles of incorporation or these bylaws.

SECTION 2. Non-liability for debts of the Co-op. The private property of the members shall be exempt from execution or other liability for the debts of the Co-op and no member shall be liable or responsible for any debts of the Co-op.

## **ARTICLE III**

### **MEETINGS OF MEMBERS**

SECTION 1. Annual Meeting. The time and place of the annual meeting shall be determined annually by the Board, at such time and place in the County of Colleton, State of South Carolina, as shall be designated in the notice of the meeting, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. If the day fixed for the annual meeting shall fall on a holiday, such meeting shall be held on the next succeeding business day. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Co-op.

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 of the Board, or by not less than two hundred (200) members or ten percent (10%) of all the members, whichever shall be lesser, and it shall be thereupon 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 specified place within the County of Colleton, State of South Carolina, specified in the notice of the special meeting.

SECTION 3. Notice of Members Meetings. Written notice stating the place, day and hour of the meeting and in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days, no more than twenty (20) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the person 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 Co-op, with postage thereon paid. The failure of any member to receive notice of 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. As long as the total number of members does not exceed five hundred (500), ten percent (10%) of the total number of members present, in person or by proxy, shall constitute a quorum. In case the number of members shall exceed five hundred (500), the greater of fifty (50) members or one-quarter of one percent (1/4 of 1%) total number of members, present in person, or by proxy, shall constitute a quorum. If less than a quorum is present, the President 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 one vote only upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of the majority of the members, voting thereon in person or by proxy except as otherwise provided by law, the articles of incorporation or by these bylaws.

SECTION 6. Proxies. A member may vote by proxy executed in writing by the member provided that such proxy specifically complies with the requirements of these bylaws and such other rules or operating guidelines as may be approved by the Board from time to time. For a proxy to be valid, such proxy shall be filed with the Secretary (or his designee) no later than ten business days before the time of the meeting and such proxy must be approved by the Secretary. A proxy may be submitted solely for purposes of establishing a quorum. A proxy may be voted by another member only if the member has a power of attorney to act with respect to such member for meaningful purposes, other than the voting of the membership interest. No proxy shall be valid unless it shall designate the particular meeting at which it is to be voted and no proxy shall be voted at any meeting other than the one so designated or at any adjournment of such meeting. The presence of a member at a meeting shall revoke a proxy theretofore executed by him and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he had not executed a proxy. Any business, church or other charitable or civic organization that owns a membership interest shall be permitted to designate an individual to vote its membership interest but such designation must be filed with the Secretary (or his designee) no later than ten business days before the time of the meeting and such designation must be approved by the Secretary. Such designation should be on the letterhead of the organization or have some other evidence that such designation represents official action of the designating organization.

SECTION 7. 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 meeting:

1. Report on the number of members present in person or by proxy in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication and/or mailing thereof (which shall be done in the manner determined by the Board in its reasonable discretion), or the waiver of the notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meeting of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers, directors and committees.
5. Announcement of the results of the election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.

## **ARTICLE IV**

### **DIRECTORS**

SECTION 1. General Powers. The business and affairs of the Co-op shall be managed by a Board of seven (7) directors which shall exercise all of the powers of the Co-op, except such as are conferred upon or reserved to the members by law, the articles of incorporation, or these bylaws.

SECTION 2. Election and Tenure of Office. The territory served by the Cooperative shall be divided into seven (7) districts, which districts shall be approved by the Board. In determining the boundaries of the districts pursuant to these bylaws, the following guidelines shall apply, with each factor being considered equally, while also seeking to minimize re-districting by taking into account, among other things, the likelihood that a director may voluntarily terminate his or her service on the Board:

- a. Each district is to be as nearly equal as practical based on the number of members residing in such district.
- b. Communities of interest and other incorporated municipalities in the service area of the Co-op shall be included in the same district.
- c. Each district shall be comprised of a single parcel.

Each district shall be represented by one director who shall reside within that district and who shall provide an affidavit, in a form approved by the Board, on annual basis that such director continues to reside in the district. The districts shall be numbered and delineated on a map of the service area, which map shall be attached to, and hereby is made a part of, the bylaws of the Cooperative, and such map shall be publicly displayed in the main or corporate office of the Cooperative. In addition, the Board may, in its sole discretion, determine to add the map to the Cooperative's website, retail stores, and/or telephone directory. Directors are elected for a three (3) year term and shall be nominated and elected in accordance with the bylaws. The elections of directors will be by class so that at least two directors will be voted upon at each annual meeting of the members. Directors residing in districts numbered 1 and 2 shall be one class; directors residing in districts 3 and 4 shall be another class; and, directors residing in districts numbered 5, 6 and 7 shall be another class. Directors shall be elected by members by secret ballot and serve until their successors have become qualified. A director may be elected by a plurality vote of the members. If an election of directors shall not be held on the day designated for the annual meeting or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing directors within a reasonable time thereafter.

SECTION 3. Qualifications. No person shall be eligible to become or remain a director of the Co-op who:

(a) is not a member in good standing and is not presently residing in Colleton County within the area served by the Co-op;

(b) is in anyway employed by or financially interested in a competing enterprise or business engaged in selling telecommunications service or supplies, or constructing or maintaining telecommunications facilities, other than a business operating on a cooperative nonprofit basis for the purpose of furthering rural telephony;

(c) has been an employee of the Co-op within five (5) years prior to the date of the election of the director;

(d) is a relative of an employee of the Co-op or a relative of a director of the Co-op. A relative is defined as spouse, child, parent, brother, sister, sister-in-law, brother-in-law, mother-in-law, father-in-law, daughter-in-law, son-in-law, stepparent, stepchild, guardian, or foster child. This policy also applies to couples residing together regardless of kinship, so long as one is either the director or a relative of the director, and to dependents living in the household of the director or a relative of the director and not specifically referred to above. (This subsection (d) shall not apply to a director elected prior to May 25, 2005);

(e) A director must continue to reside in the district that the director was elected to represent throughout his term in office; and

(f) is (1) personally insolvent, (2) an undischarged bankrupt, (3) a convicted felon, or (4) disqualified by a court order for implication in dishonesty or fraud punishable by imprisonment.

(g) has been a member of the Co-op and has resided in the district for which such person is seeking election to the Board for less than thirty (30) consecutive days prior to such person's nomination as a director.

Upon establishment of the fact that a director is holding office in violation of any of the foregoing provisions after a hearing described in section 5 below, the Board shall immediately remove the director from office and such vacancy shall be filled as described in Section 6 below.

No violation of any requirement contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board.

"A member in good standing", as used in this Article IV, Section 3, shall mean that such member (i) has no unsettled or outstanding obligations to the Cooperative, including with respect to accounts of businesses of which he or she is an owner or co-owner or is otherwise responsible, within the twenty-four (24) months prior to the date of the application of the member as a candidate for the Board of Directors and (ii) has not been previously removed for cause as a director or employee of the Cooperative.

#### SECTION 4. Nominations.

(a) It shall be the duty of the Board to appoint, not less than forty-five (45) nor more than seventy (70) days before the date of a meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members of the Co-op, who shall be selected from different districts 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 forty (40) days before the meeting, a list of nominations for directors. Any person who desires to accept a nomination to represent a particular district shall provide the Co-op with an affidavit, in a form approved by the Board, certifying that such person resides in the district where such person has been nominated to serve.

(b) Any one-hundred fifty (150) or more members together may make nominations by petition not more than seventy (70) days nor less than thirty (30) days prior to the meeting of the members at which directors are to be elected, and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted.

(c) The Secretary shall mail with the notices 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 of the candidates nominated by petition, if any. The ballot to be used shall list the names of the candidates nominated by the committee and the names of the candidates nominated by petition. There shall be no further nominations other than as specifically permitted in these bylaws.



SECTION 5. Suspension and Removal of Directors.

(1) A temporary suspension of a director for Cause may occur upon the affirmative vote of at least two-thirds of the members of the Board. The suspension must be enforced until the next annual or special meeting. At the next meeting, the membership may remove the suspended director for Cause from the Board by an affirmative vote of a majority of the members present and voting. In the event the members refuse to vote to remove the director or a majority vote for removal is not obtained, he or she must be reinstated immediately with all the powers of his or her office and he or she shall continue to serve for the remainder of his or her elected term.

(2) "Cause" for removal of a director means fraudulent or dishonest acts, gross abuse of authority in the discharge of duties to the Cooperative, or failure to adhere to such obligations, duties, or qualifications as the bylaws may prescribe. Cause may not be found unless written notice of the specific charges and opportunity to meet and refute such charges has been provided to the director.

(3) If a removal occurs pursuant to this Section 5, a successor must be elected as provided in Section 6 of Article IV below.

SECTION 6. Vacancies. Any vacancy occurring in the Board shall be filled by election of a new director at the next regular meeting of the members unless such vacancy is eliminated by the reduction in the number of districts of the Cooperative, in which case no election shall be required.

SECTION 7. Compensation. The Board shall set the compensation to which directors shall be entitled for services as such and no director nor any relative of a Board member shall receive compensation for serving the Co-op unless the payment and amount of compensation shall be authorized by a vote of the members of the Board.

SECTION 8. Indemnification. Directors are entitled to immunity and indemnification as provided for in Sections 33-46-520 and 33-46-530 of the Telephone Cooperative Act as well as in Article 5 of the South Carolina Business Corporation Act of 1988.

SECTION 9. Committees. The Board may, from time to time, designate one or more committees, each of which shall be comprised of one or more Directors. Any such committee, to the extent provided in resolutions or in the articles of incorporation or these Bylaws, shall have and may exercise all of the authority of the Board, subject to the limitations set forth in the Act. At every meeting of any such committee, the presence of a majority of all the Directors thereof shall constitute a quorum, and the affirmative vote of a majority of the Directors present shall be necessary for the adopting of any resolution. The Board may dissolve any committee at any time, unless otherwise provided in the articles of incorporation or these Bylaws.

## ARTICLE V

### MEETING OF DIRECTORS

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

SECTION 2. Special Meetings. Special meetings of the Board may be called by the President or by any three directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or the directors calling the meeting shall fix the time and place (which shall be in Colleton County, South Carolina), 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 the President, or the director 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 Co-op, 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 present is present at said meeting, a majority of the directors present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent directors of the time and place of such adjourned meeting. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.

## ARTICLE VI

### OFFICERS

SECTION 1. Number. The officers of the Co-op shall be a President, Vice-President, Secretary, Treasurer, and such other officers as may be determined by the Board from time to time. The offices of Secretary and Treasurer may be held by the same person.

SECTION 2. Election and Term of Office. The officers shall be elected by ballot, annually by and from the Board at the meeting of the Board held immediately after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until 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 the Board. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Co-op will be served thereby.

SECTION 4. President. The President shall:

(a) be the principal executive officer of the Co-op and, unless otherwise determined by the members or the Board, shall preside at all meetings of the members and of the Board.

(b) sign, with the Secretary, certificates of membership, if any, the issue of which shall have been authorized by the Board or the members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or any 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 Co-op, or shall be required by bylaw 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 action 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 law;

(c) be custodian of the corporate records and of the seal of the Co-op and affix the seal of the Co-op to all certificates of membership, if any, prior to the issue thereof and to all documents, the execution of which on behalf of the Co-op under its seal is duly authorized in accordance with the provisions of these bylaws;

(d) keep a register of the names and post office addresses of all members (including a list of shares owned by such members to provide the certification required by Article I, Section 4);

(e) sign, with the President, certificates of membership, if any, the issue of which shall have been authorized by the Board or the members;

(f) have general charge of the books of the Co-op;

(g) keep on file at all times a complete copy of the articles of incorporation and bylaws of the Co-op containing all amendments thereto (which copy shall always be open to inspection of any member) and at the expense of the Co-op, forward a copy of the bylaws and of all amendments thereto to each member; and

(h) in general, perform all duties incident to the Office of Secretary and such other duties as from time to time may be assigned 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 Co-op;

(b) be responsible for the receipt of and the issuance of receipts for all money due and payable to the Co-op and for the deposit of all such moneys in the name of the Co-op in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and

(c) in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board.

SECTION 8. General Manager. The Board may appoint a general manager (the "General Manager") who shall be an officer of the Co-op and who may be, but who shall not be required to be, a member of the Co-op. The General Manager shall perform such duties and shall exercise such authority as the Board may from time to time vest in him, and shall be the Chief Executive Officer of the Co-op unless otherwise determined by the Board.

SECTION 9. Bonds of Officers. The Treasurer and any other officer or agent of the Co-op 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 Co-op to give bond in such amount and with such surety, as it shall determine.

SECTION 10. Compensation. The powers, duties and compensation of directors, officers, agents and employees shall be fixed by the Board, subject to the provisions of these bylaws with respect to compensation for directors.

SECTION 11. Reports. The officers of the Co-op shall submit at each annual meeting of the members, reports covering the business of the Co-op for the previous fiscal year. Such reports shall set forth the condition of the Co-op at the close of such fiscal year.

SECTION 12. Indemnification. An officer who is not a director shall be entitled to indemnification to the same extent as a director.

## **ARTICLE VII**

### **NON-PROFIT OPERATION**

SECTION 1. Interest or Dividends on Capital Prohibited. The Co-op shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its members.

SECTION 2. Member Capital in Connection with Furnishing Telephone Service.  
(a) In the furnishing of telephone service, the Co-op's operations shall be so conducted that all members will through their patronage furnish capital for the Co-op. In order to induce patronage and to assure that the Co-op will operate on a non-profit basis, the Co-op is obligated to account on a patronage basis to all its members for all amounts received and receivable from the furnishing of telephone service in excess of operating costs and expenses properly chargeable against the furnishing of telephone service. The Co-op shall also account on a patronage basis to all its members for all other amounts received by the Co-op in excess of the operating costs and expenses properly charged against such income.

(b) All such amounts in excess of operating costs and expense (as determined pursuant to Section 33-46-460 of the Telephone Cooperative Act) at the moment of receipt by the Co-op are received with the understanding that they are furnished by the members as capital. The Co-op shall be set up and kept in such manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member is clearly reflected and credited in an appropriate record to the capital account of each member, and the Co-op shall within a reasonable time after the close of the fiscal year notify each member of the amount of the capital so credited in an appropriate record to the capital account of each member, and the Co-op shall within a reasonable time after the close of the fiscal year notify each member of the amount of the capital so credited to his account. All such amounts credited to the capital account of any member shall have the same status as though they have been paid to the member in cash in pursuance of a legal obligation to do so and the member had then furnished the Co-op corresponding the amounts for capital.

(c) In the event of dissolution or liquidation of the Co-op, after all outstanding indebtedness of the Co-op 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, as more specifically set forth in Article II, Section 1.

(d) If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Co-op will not be impaired thereby, the capital then credited to the members' accounts may be retired in full or in part. Subject to the following sentence and compliance with the Telephone Cooperative Act, the mode, method, and manner of determining the members' patronage capital and of crediting the members' patronage capital to the members' accounts, together with the mode, time, manner, and priority of

retiring or otherwise making provisions for payment of such patronage capital credits, shall be determined by the Board in its sole discretion. . In no event, however, may any such capital be retired unless, after the proposed retirement, the capital of the Co-op shall equal at least forty percent (40%) of the total assets of the Co-op, as shown on the financial statements of the Co-op for the quarter immediately preceding such retirement.

(e) Capital credited to the account of each member shall be assignable only on the books of the Co-op, pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such member's premises served by the Co-op unless the Board, acting under policies of general application, shall determine otherwise.

(f) Notwithstanding any other provision of these bylaws, the Board, at its discretion, shall have the power at any time upon the death of any member, if the legal representatives of his estate shall request in writing that the capital credited to any such member be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire the capital credited to any such member immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representative of such member's estate shall agree upon; provided, however, that the financial condition of the Co-op will not be impaired thereby.

(g) The members of the Co-op, by dealing with the Co-op, acknowledge that the term and provisions of the articles of incorporation and bylaws shall constitute and be a contract between the Co-op and each member, just as if the Co-op and the member 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 member of the Co-op by posting in a conspicuous place in the main office of the Co-op.

## **ARTICLE VIII**

### **DISPOSITION OF PROPERTY**

The Cooperative may not sell, mortgage lease or otherwise dispose of or encumber all or substantially all of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds (2/3) of all the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting which shall be sent by registered mail to each member of record at least ten (10) days but not more than thirty (30) days prior to the meeting; provided, however, that notwithstanding anything herein contained, the Board, without authorization by the members, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, license, franchises, and permits of the Cooperative, whether acquired or to be acquired, and wherever situated as well as the revenues and income therefrom, all upon such terms and conditions as the Board shall

determine, to secure any indebtedness of the Cooperative, for the benefit of the Cooperative..

## **ARTICLE IX**

### **SEAL**

The corporate seal of the Co-op shall be in the form of a circle and shall have inscribed thereon the name of the Co-op and the words “Corporate Seal, State of South Carolina”, and the year of incorporation.

## **ARTICLE X**

### **FINANCIAL TRANSACTIONS**

SECTION 1. Contracts. Except as otherwise provided in these bylaws, the Board may authorize any officer or officers, agent or in the name and on behalf of the Co-op 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, all notes, bonds or other evidences of indebtedness issued in the name of the Co-op shall be signed by such officer or officers, agents, employees of the Co-op and in such manner as shall from time to time be determined by resolution of the Board.

SECTION 3. Deposits. All funds of the Co-op shall be deposited from time to time to the credit of the Co-op in such bank or banks as the Board may select.

SECTION 4. Fiscal Year. The fiscal year of the Co-op shall begin on the first day of January and shall end on the thirty-first day of December of the same calendar 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 member or director, except in case a member or director shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground 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 articles of incorporation or

these bylaws, as it may deem advisable for the management of the business and affairs of the Co-op.

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 RUS. 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 conditions of the Co-op as of the end of such fiscal year.

## **ARTICLE XII**

### **AMENDMENTS**

These bylaws may be altered, amended or repealed by the affirmative vote of not less than a majority of the directors in office, at any regular or special Board meeting, but only if the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal, or an accurate summary explanation thereof; provided however, that the provisions of Article VIII, relating to Disposition of Property, may be altered, amended or repealed only by the affirmative vote of not less than two-thirds (2/3) of all current members of the Cooperative.