

BY-LAWS
OF
TONGUE RIVER ELECTRIC COOPERATIVE, INC.

ARTICLE I
MEMBERSHIP

SECTION 1. Requirements for Membership. Any person, firm, association, corporation or body politic or subdivision thereof may become a member in **TONGUE RIVER ELECTRIC COOPERATIVE, INC.** (hereinafter "Cooperative"). Each member shall:

- (a) Complete an application for membership on such forms as the Cooperative shall prescribe; and
- (b) Agree to purchase electric energy through the Cooperative in accordance with established tariffs, as well as pay other charges for Services that the member uses and the Cooperative is obligated by law or contract to collect; and
- (c) Comply with and be bound by the Articles of Incorporation and By-laws of the Cooperative and any rules and regulations and policies adopted by the Board of Trustees (hereinafter "Board"); and
- (d) Pay such membership, connection, security, facilities extension and construction fees and deposits as may be fixed or required by any rule, regulation or policy adopted by the Board.

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

SECTION 2. Joint Membership. A husband and wife may apply for joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these By-laws 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 joint membership. Without limiting the generality of the foregoing, the effect of the herein 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 have the effect of revoking a proxy executed by either or both and of constituting a joint waiver of notice of the meeting;
- (b) The vote of either separately or 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 to either shall constitute notice to both;
- (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 trustee, provided that both meet the qualifications for such office.

SECTION 3. Conversion of a 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, By-laws, and rules and regulations adopted by the Board of Trustees.

- (b) Upon the death of either spouse who is a party to the joint membership, such membership shall be deemed as held solely by the survivor, provided however, the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 4. Membership and Service Connection Fees. The membership fee shall be ten dollars, upon payment of which a member shall be eligible for one service connection. A service connection fee of ten dollars shall be charged for each additional service connection.

SECTION 5. Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, purchase through the Cooperative all electric energy used on the premises specified in their application for membership, and shall pay monthly at rates which shall from time to time be fixed by the Board of Trustees. The rates established shall include the cost of energy and the cost of service. The cost of energy constitutes a pass thru of the cost of energy from an energy supplier. Any amounts paid by members in excess of the cost of service shall be considered a contribution to capital. Each member shall be credited with the contribution to capital as provided in these By-laws. Regardless of the amount of energy consumed, each member shall pay to the Cooperative such minimum amount per month as shall be fixed by the Board of Trustees from time to time. Each member shall also pay all amounts owed to the Cooperative as and when the same shall become due and payable.

Patrons of the Cooperative, members and non-members alike, shall be obligated at all times to keep the Cooperative informed of their current mailing addresses. Any and all remittance and /or payment of capital credited to all patrons' accounts by retirement thereof, membership fees, deposits and any other amounts shall be made by United States mail. If any such payments are returned by United States mail showing that the same was unclaimed, the Cooperative may thereafter attempt to locate such patrons by publication of a notice in one issue of a newspaper published and circulated in the area where such patrons' addresses are shown by the records of the Cooperative. Such notice shall set forth the name of said patrons, and state that the capital credited to the patrons' account has been retired and is subject to payment by the Cooperative to such patrons. Capital credits which have been declared and are payable to a patron and remain unclaimed by a patron or the patron's heirs, devisees, or assigns for a period in excess of that prescribed by the applicable Montana law for abandoned property shall be allocated and utilized by the Board of Trustees in accordance with applicable Montana Law.

SECTION 6. Termination of Membership. Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Trustees may prescribe. The Board of Trustees of the Cooperative may, by the affirmative vote of not less than two-thirds of all the trustees, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, By-laws or rules or regulations adopted by the Board of Trustees, but only if such member shall have been given written notice by the Secretary of the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. The membership of a member who for a period of six (6) months after service is available to him, has not purchased energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, shall be cancelled by resolution of the Board of Trustees.

- (a) Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative

- (b) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. The membership certificate of such member shall be surrendered forthwith to the Cooperative.
- (c) In case of withdrawal or termination of membership in any manner, the Cooperative will repay the member the amount of the membership fee paid by the 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 member to the Cooperative.

ARTICLE II

RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property Interest of Members. Upon dissolution, after (a) all debts and liabilities of the Cooperative shall have been paid, and (b) all capital furnished through patronage shall have been retired as provided in these By-laws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the seven years next preceding the date of the filing of the certificate of dissolution.

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

ARTICLE III

MEETINGS OF THE MEMBERS

SECTION 1 . Annual Meeting. The Annual Meeting of the members shall be held each year at such time and place within the Cooperative's service area as selected by the Board and shall be designated in the notice of the meeting to be held for the purpose of electing Board Trustees, passing upon the 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 of Trustees 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 2 . Special Meeting. Special meetings of the members may be called by resolution of the Board of Trustees, or upon a written request signed by any three trustees, by the President, or by ten per cent or more of the members. 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 shall be held at any place within the Cooperative's service area and specified in the notice of the Special Meeting.

SECTION 3 . Notice of Members' Meetings. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than twenty-five days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to

the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of 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. In case the membership of the Cooperative shall be less than 1000 members, 5 percent of the total membership present in person shall constitute a quorum. At all times when the membership exceeds 1000 members, Fifty (50) of the members present in person 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 from time to time without further notice, provided that the Secretary shall notify any absent members of the time and place of such adjourned meeting.

SECTION 5 . Nominations. It shall be the duty of the Board of Trustees to appoint, not less than sixty (60) days nor more than ninety (90) days before the date of a meeting of the members at which Trustees are to be elected, a sufficient number of district nominating committees consisting of three (3) members for each committee that are bona fide residents of such district wherein a Trustee is to be elected for that particular year. No trustee of the Board may serve on such committee. Each district committee shall, at least forty five (45) days before the meeting, prepare a list of members that are bona fide residents of their district that are nominated for Trustees.

Each district committee shall, at least forty five (45) days before the meeting, furnish the list of nominations to the Cooperative for posting in the office of the Cooperative.

Any ten (10) or more members that are bona fide residents of a particular district and acting together may make other nominations by petition not less than (45) days prior to the meeting. The nominations shall be furnished to the Cooperative office for posting in the principal office of the Cooperative.

SECTION 6 . Election of Board Members. Not less than ten (10) days before an annual meeting or special meeting of the members at which Board trustees are to be elected, the Secretary of the Cooperative shall be responsible for mailing to each member a list of the candidates nominated by the district nominating committees and also any nominations made by petition. The names shall be arranged by districts. This list may be included with the notice of the meeting.

The Board of Trustees may cause to be submitted by mail ballot any question to be voted on at any meeting of the members including the election of trustees. In such event the secretary shall cause to be mailed to each member along with the notice of the meeting, the ballot on each question and a voting envelope. The ballot may be cast only in a sealed envelope which is authenticated by the member's signature. A vote so cast shall be counted as if the member were present and voting in person. The sealed ballot shall be addressed and returned to the home office of the Cooperative prior to the meeting of the members.

At the meeting the Secretary of the Cooperative shall place in nomination the names of the official candidates of each district. Election of Board trustees shall be by printed ballot. The ballots shall list the candidates nominated by the district committee and by petition with the names to be arranged by district. Each member of the Cooperative present at the meeting or any member voting by mail or by proxy shall be entitled to vote for one candidate from each district. The candidate from each district receiving the highest number of votes at the meeting shall be considered elected as a Board trustee. In the event of a tie vote, the remaining trustees shall all meet as soon as practical after the adjournment of the Annual Meeting and elect a director from the

tied nominees.

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:

1. Reporting existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication of mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers, trustees, and committees.
5. Election of trustees.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE IV

TRUSTEES

SECTION 1. General Powers. The business and affairs of the cooperative shall be managed by a Board of nine (9) Trustees which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation, or these By-Laws conferred upon or reserved to the members.

SECTION 2. Election and Tenure of Office. At each annual meeting three trustees shall be elected to serve a term of three years, or until his or her successor has been elected and shall have qualified.

If an election of trustees shall not be held on the date designated in these By-laws for the annual meeting, or at any adjournment thereof, the Board of Trustees shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be, and the term of office of trustees shall not expire until their successors shall have been elected and shall have qualified.

SECTION 3. Qualifications. No person shall be eligible to become or remain a Trustee or to hold any position of trust in the Cooperative who:

- (a) Is not a member and a bona fide resident of the district he/she represents in the area served or to be served by the Cooperative.
- (b) Is a spouse of an employee of this Cooperative.
- (c) Is an employee of this Cooperative, or has been an employee in the previous three (3) years.

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

Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Trustees.

SECTION 4. Voting Districts. The territories served or to be served by the Cooperative

shall be divided into (9) districts, each of which shall contain so far as practical the same number of members. Each district shall be represented by one Board trustee.

Every five (5) years beginning in the year 2000, the Board shall review the composition of the several districts, and if it should find inequalities in representation which could be corrected by a redefinition of district, the Board shall reconstitute the districts so that each shall contain as nearly as practical the same number of members. The map designating the original districts and any future changes in such districts shall be kept at the Cooperative office.

SECTION 5. Nominations. It shall be the duty of the Board of Trustees to appoint, not less than sixty (60) days nor more than ninety (90) days before the date of a meeting of the members at which Trustees are to be elected, a sufficient number of district nominating committees consisting of three (3) members for each committee that are bona fide residents of such district wherein a Trustee is to be elected for that particular year. No trustee of the Board may serve on such committee. Each district committee shall, at least forty-five (45) days before the meeting, prepare a list of members that are bona fide residents of their district that are nominated for Trustees.

Each district committee shall, at least forty-five (45) days before the meeting, furnish the list of nominations to the Cooperative for posting in the office of the Cooperative.

Any ten (10) or more members that are bona fide residents of a particular district and acting together may make other nominations by petition not less than forty-five (45) days prior to the meeting. The nominations shall be furnished to the Cooperative office for posting in the principal office of the Cooperative.

SECTION 6. Election of Board Members. Not less than ten (10) days before an annual meeting or special meeting of the members at which Board trustees are to be elected, the Secretary of the Cooperative shall be responsible for mailing to each member a list of the candidates nominated by the district nominating committees and also any nominations made by petition. The names shall be arranged by districts. This list may be included with the notice of the meeting.

The Board of Trustees may cause to be submitted by mail ballot any question to be voted on at any meeting of the members including the election of trustees. In such event the secretary shall cause to be mailed to each member along with the notice of the meeting, the ballot on each question and a voting envelope. The ballot may be cast only in a sealed envelope which is authenticated by the member's signature. A vote so cast shall be counted as if the member were present and voting in person. The sealed ballot shall be addressed and returned to the home office of the Cooperative prior to the meeting of the members.

At the meeting the Secretary of the Cooperative shall place in nomination the names of the official candidates of each district. Election of Board trustees shall be by printed ballot. The ballots shall list the candidates nominated by the district committee and by petition with the names to be arranged by district. Each member of the Cooperative present at the meeting or any member voting by mail or by proxy shall be entitled to vote for one candidate from each district. The candidate from each district receiving the highest number of votes at the meeting shall be considered elected as a Board trustee. In the event of a tie vote, the remaining trustees shall all meet as soon as practical after the adjournment of the Annual Meeting and elect a director from the tied nominees.

SECTION 7. Removal of Trustees by Members. Any member may bring charges against a Trustee and, by filing with the Secretary such charges in writing together with a petition signed by at least ten per cent of the members, may request the removal of such Trustee by reason thereof. Such Trustee shall be informed in writing of the charges at least ten days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges. The person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such Trustee shall be considered and voted upon at the meeting of the members. Any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provision with respect to nominations.

SECTION 8. Vacancies. Subject to the provisions of these By-Laws with respect to the filling of vacancies caused by the removal of Trustees by the members, a vacancy occurring in the Board of Trustees shall be filled by the affirmative vote of a majority of the remaining Trustees for the unexpired portion of the term.

SECTION 9. Compensation . Trustees shall not receive any salary as Trustees, except that by resolution of the Board of Trustees a fixed sum, of not more than \$250.00 plus the expense of attendance at each meeting of the Board or committee assignment meetings or any meeting that a Trustee may be authorized by the Board of Trustees to attend. If authorized by the Board, Board Trustees may also be reimbursed for expenses actually and necessarily incurred in carrying out Cooperative business, such as attendance at conferences and training programs, or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some expenses. No Trustee shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Trustee receive compensation for serving the Cooperative, unless the payments and amounts of compensation shall be specifically authorized by vote of the Trustees or the service by such Trustee or close relative shall have been certified by the Board of Trustees as an emergency measure.

ARTICLE V

MEETINGS OF TRUSTEES

SECTION 1. A regular meeting of the Board of Trustees shall be held monthly, unless waived by a resolution by a majority of the Board of Trustees. Such regular monthly meetings may be held without notice other than a Board resolution fixing the time and place thereof.

SECTION 2. Special Meetings. Special meetings of the Board of Trustees may be called by the President or by any three trustees. 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 trustees calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3. Notice of Trustees' Meeting. Written notice of the time, place and purpose of any special meeting of the Board of Trustees shall be delivered to each trustee not less than five days previous thereto, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the trustees calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the trustees at his address as it appears on the records of the Cooperative, with postage thereon

prepaid.

SECTION 4. Quorum. A majority of the Board of Trustees shall constitute a quorum, provided that if less than such majority of the trustees is present at said meeting, a majority of the trustees present may adjourn the meeting from time to time. The Secretary shall notify any absent trustees of the time and place of such adjourned meeting. The act of the majority of the trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees.

ARTICLE VI

OFFICERS

SECTION 1. Number. The offices of the Cooperative shall be President, Vice President, Secretary, Treasurer, and such other officers as may be determined by the Board of Trustees 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 of Trustees at the first meeting of the Board of Trustees held after the annual meeting of the members. Each officer shall hold office until the first meeting of the Board of Trustees following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board of Trustees for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by Trustees. Any officer or agent elected or appointed by the Board of Trustees may be removed by the Board of Trustees 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 cent 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 (10) ten days prior to the Board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges. The person or persons bringing the charges against him shall have the same opportunity. In the event the Board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

SECTION 4. President. The President shall:

- (a) be the principal executive officer of the Cooperative and unless otherwise determined by the members or the Board of Trustees, shall preside at all meetings of the members and the Board of Trustees.
- (b) sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Trustees to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Trustees or by these By-laws 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 of Trustees 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. When so acting, he/she shall have all the powers of and be subject to all 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 of Trustees.

SECTION 6. Secretary - Treasurer. The Secretary-Treasurer shall ensure that all of the following duties are carried out by the manager, staff, or attorney, and in general perform all duties incident to the office of Secretary-Treasurer and such other duties as from time to time be assigned to him or her by the Board of Trustees:

- (a) Keep the minutes of the meeting of the members and of the Board of Trustees in books provided for that purpose.
- (b) See that all notices are duly given in accordance with these By-Laws or as required by law;
- (c) Be custodian of the corporate records and of the seal of the Cooperative and affix the seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these By-Laws;
- (d) Keep a register of names and post office addresses of all members;
- (e) Have general charge of the books of the Cooperative;
- (f) Keep on file at all times a complete copy of the Articles of Incorporation and By-Laws containing all amendments thereto (which copy shall always be open to inspection of any member) and provide a copy of the By-Laws and all amendments thereto to each new member and at the request of any member.
- (g) Have charge of, and be responsible for, all funds and securities of the Cooperative.
- (h) Be responsible for the receipt of and the issuance of receipts for all moneys due and payable to the Cooperative and for the deposit of all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the terms of these By-Laws.

SECTION 7. The Manager. The Board of Trustees may appoint a manger 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 of Trustees may from time to time vest in him.

SECTION 8. Bonds of Officers. The Treasurer and any other officer or agent of the Cooperative charged with the responsibility for the custody of any of its funds or property shall give in bond such sum and with such surety as the Board of Trustees shall determine. The Board of Trustees in its discretion may also require any other officer, agency or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

SECTION 9. Compensation. The powers, duties and compensation of officers, agents, and employees shall be fixed by the Board of Trustees, subject to the provisions of these By-Laws with respect to compensation for the trustees and close relatives of trustees.

SECTION 10 Reports. The officers of the Cooperative shall submit to the members at each annual meeting the reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII

NON-PROFIT OPERATIONS

SECTION 1. Interest of Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 2. Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy and services, the Cooperative's operations shall be so conducted that all patrons, members and non-members alike, 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, members and non-members alike, for all amounts received and receivable from the furnishing of electric energy in excess of operating cost and expenses properly chargeable against the furnishing of electric energy. 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, members non-members alike, as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account for each patron. The Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital 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.

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 accounts of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Trustees shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. The Board of Trustees shall determine the method, basis, priority and order of retirement, if any, for all amounts furnished as capital.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or in part of such patron's premises served by the Cooperative unless the Board of Trustees, acting under policies of general application, shall determine otherwise. Upon the death of any patron, the legal representative of the patron's estate may request in writing that the capital credited to the account of the deceased be retired prior to the time such capital would ordinarily be retired under the bylaw provision. Notwithstanding any other provision of these By-laws, the Board of Trustees, at its discretion, shall have the power at any time upon the death of any patron to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Trustees, acting under policies of general application, and the legal representative of such patron's estate shall agree upon. However, the financial conditions of the Cooperative will not be impaired thereby.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and By-Laws 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 provision. The provisions of this article of the By-Laws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

SECTION 3. Patronage Refunds in Connection with Furnishing Other Services.

In the event that the Cooperative shall engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefore which are in excess of cost and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons, members and non-members alike, from whom which amounts were obtained.

SECTION 4. REDEMPTION OF MEMBER EQUITY CREDITS AT A DISCOUNT.

The Board of Trustees, in its discretion, may establish an equity discounting program whereby existing allocated equity balances may be paid in cash at a discount to members or former members. Also, active members may elect to receive current years and future patronage capital allocations in the year the allocations are made at a discount. Participation in the program will be exclusively at the election of the members or former members.

ARTICLE VIII

DISPOSITION OF PROPERTY

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a duly held meeting of members thereof by the affirmative vote of none less than two-thirds (2/3rds) of all members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained or any other provision of law, the Board of Trustees of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of mortgages or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated as well as revenues and income therefore, all upon such terms and conditions the Board of Trustees shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof, or to any other financing sources within the United States; provided, further, that the Board may upon the authorization of a majority of those members of the Cooperative voting at a meeting of the members thereof, sell, lease or otherwise dispose of all or a substantial portion of its property to another cooperative or foreign corporation doing business in this State pursuant to the Act under which the Cooperative is incorporated.

ARTICLE IX

SEAL

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

ARTICLE X

FINANCIAL TRANSACTIONS

SECTION 1. Contracts. Except as otherwise provided in these By-Laws, the Board of Trustees may authorize any officer or officers, agent, or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

SECTION 2. Check, 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 in such manner as shall from time to time be determined by resolution of the Board of Trustees.

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

SECTION 4. Change in Rates. Written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America not less than ninety days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy become effective.

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

ARTICLE XI

MISCELLANEOUS

SECTION 1. Membership in Other Organizations. The Cooperative shall not 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 purchase. However, the Cooperative may upon the authorization of the Board of Trustees, purchase stock in or become a member of any corporation organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification, or with the approval of the administrator of RUS, or any other corporation for the purpose of acquiring electric facilities.

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

SECTION 3. Rules and Regulations. The Board of Trustees shall have power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation or these By-Laws, as it may deem advisable for the management of the business and affairs of the Cooperative.

SECTION 4. Accounting System and Reports. The Board of Trustees shall cause to be established and maintained a complete accounting system which, among other things and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the RUS of the United States of America. The books of the Cooperative shall be examined at each regular meeting by the Board of Trustees. The Board of Trustees 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 By-Laws may be altered, amended, or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.