

BY-LAWS

ARTICLE I

Members

Section 1. Qualification and Obligations - Any person, firm, corporation or body politic may become a member in the Cooperative by:

- (a) paying the membership fee hereinafter specified:
- (b) agreeing to purchase from the Cooperative electric energy as hereinafter specified; and
- (c) agreeing to comply with and be bound by the articles of incorporation of the Cooperative and these by-laws and any amendments thereto and such rules and regulations as may from time to time be adopted by the board of directors, provided, however, that no person, firm, corporation or body politic shall become a member unless and until he or it has been accepted for membership by the board of directors or the members. At each meeting of the members held subsequent to the expiration of a period of six (6) months from the date of incorporation of the Cooperative, all applications received more than ninety (90) days prior to such meeting and which have not been accepted by the board of directors shall be submitted by the board of directors to such meeting of the members and, subject to compliance by the applicant with the conditions set forth in subdivisions (a), (b) and (c) of this section, such application for membership may be accepted by a vote of the members at such meeting. The Secretary shall give any such applicant at least ten (10) days prior notice of the date of the members meeting to which his application will be submitted and such applicant may be present and heard at the meeting. No person, firm, corporation or body politic may own more than one (1) membership in the Cooperative.

Two or more natural persons may jointly become a member and their application for a joint membership may be accepted in accordance with the foregoing provisions of this section provided the parties comply jointly with the provisions of the above subdivisions (a), (b) and (c).

Section 2. Membership Fee -The membership fee shall be \$5.00, the payment of which shall make the member eligible for one or more service connections.

Section 3. Purchase of Electric Energy

(a) Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises referred to in the application of such member for membership, and shall pay therefore monthly at rates which shall from time to time be fixed by resolution of the board of directors; provided, however, that the electric energy which the Cooperative shall furnish to any member may be limited to such an amount as the board of directors shall from time to time determine and that each member shall pay to the Cooperative such minimum amount per month as shall be fixed by the board of directors from time to time, regardless of the amount of electric energy consumed.

(b) Each member shall also pay all obligations which may from time to time become due and payable by such member of the Cooperative as and when the same shall become due and payable.

Section 4. Non-liability for Debts of the Cooperative - The private property of the members of the Cooperative shall be exempt from execution for the debts of the

Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

Section 5. Expulsion of Members - The board of directors of the Cooperative may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member who shall have violated or refused to comply with any of the provisions of the articles of incorporation to the Cooperative or these by-laws or any rules or regulations adopted from time to time by the board of directors. Any member so expelled may be reinstated as a member by a vote of the members at any annual or special meeting of the members. The action of the members with respect to any such reinstatement shall be final.

Section 6. Withdrawal of Membership - Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the board of directors may prescribe.

Section 7. Transfer and Termination of Membership

(a) Membership in the Cooperative and a certificate representing the same shall not be transferable, except as hereinafter otherwise provided, and upon the death, cessation of existence, expulsion or withdrawal of a member the membership of such member shall thereupon terminate and the certificate of membership of such member shall be surrendered forthwith to the Cooperative. A member shall not be entitled to repayment of his membership fee while utilizing the Cooperative's services. In cases of expulsion the Cooperative shall pay him an amount equal to the membership fee paid by him, within sixty (60) days thereafter. In cases of death or ineligibility, it shall pay such value to him or his personal representative within two years thereafter, without interest. Interest shall not in any case be paid upon the value of membership. Any termination of membership for any reason shall not release the member from debts or liabilities of such member to the Cooperative.

(b) A membership may be transferred by a member to himself or herself and his or her spouse, as the case may be jointly upon the written request of such member and compliance by such persons jointly with the provisions of subdivisions (b) and (c) of Section 1 of this article. Such transfer shall be made and recorded on the books of the Cooperative and such joint membership noted on the original certificate representing the membership so transferred.

(c) When a membership is held jointly by two or more natural persons, upon the death of either such membership shall be deemed to be held solely by the survivor or survivors with the same effect as though such membership had been originally issued solely to him or her, as the case may be, and the joint membership certificate may be surrendered by the survivor and upon the recording such death on the books of the Cooperative the certificate may be reissued to and in the name of such survivor or survivors; provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the Cooperative.

Section 8. Removal of Directors and Officers - Any member may bring charges against an officer or director by filing them in writing with the Secretary, together with a petition signed by ten (10) percent of the members, requesting the removal of the officer or director in question. The removal shall be voted upon at the next regular or special meeting of the members and any vacancy created by such removal may be filled by the members at such meeting, provided, however, that the director so chosen must reside in

the same district as the directors in respect of whom the vacancy occurs. The director or officer against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence, and the person or persons bringing the charges against him shall have the same opportunity.

ARTICLE II

Meetings of Members

Section 1. Annual Meetings - The first regular meeting of the members shall be held on a date specified in the articles of incorporation of the Cooperative and thereafter the annual meeting of the members shall be held each year on the date and at the time and location within the State of Iowa as established by resolution adopted by the Board of Directors of the Cooperative and as designated in the notice of the meeting for the purpose of electing directors, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. If the election of directors shall not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the board of directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 2. Special Meetings - Special meetings of the members may be called by at least three (3) directors or upon a written request signed by at least ten per centum (10%) 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 within the County of Clarke in the State of Iowa 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, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or by the persons calling the meeting, to each member; provided, however, that with respect to all meetings at which directors are to be elected such notice shall be delivered not less than ten (10) days nor more than (30) days before the date of the meeting. 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 paid. In case of a joint membership notice given to either party shall be deemed notice to all joint members. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

Section 4. Quorum - As long as the total number of members does not exceed five hundred (500) at least ten per centum (10%) of the total number of members present in person shall constitute a quorum for the transaction of business at all meetings of the members. In case the total number of members shall exceed five hundred (500), then at least fifty (50) members present in person shall constitute a quorum for the transaction of business at all meetings of the members. In case of a joint membership the presence at a meeting of either party, shall be regarded as the presence of one member. If less than a

quorum is present at any meeting, a majority of those present may adjourn the meeting from time to time without further notice.

Section 5. Voting - Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote of a majority of the members voting thereon at such meeting in person or by mail, except as otherwise provided by law, the articles of incorporation of the Cooperative, or these bylaws. A joint membership shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

Section 6. Voting By Mail - Any member who is absent from any annual or special meeting of the members may vote by mail upon any motion or resolution to be acted upon at any such meeting with respect to an amendment to the articles of incorporation, of the by-laws or any action submitted pursuant to a resolution adopted by the board of directors or by petition of not less than ten per centum (10%) of the members. The Secretary shall enclose with the notice of such meeting an exact copy of such motion or resolution to be acted upon and such absent member may express his vote thereon by writing ayes or nays on each such motion or resolution in the space provided therefore and enclose each such copy so marked in a sealed envelope bearing his name and address to the Secretary. When such written vote so enclosed is received by mail from any absent member it shall be accepted and counted as a vote of such absent member at such meeting. Any member who is absent from any meeting provided for in Section I of Article II for the election of directors may also vote by mail in the election of directors by ballot as hereinafter provided in these by-laws. If two (2) or more natural persons hold a joint membership and are absent from any annual or special meeting of the members they shall jointly be entitled to one (1) vote by mail as provided in this section. The failure of any such absent member to receive a copy of any such motion or resolution or ballot shall not invalidate any action which may be taken by the members at any such meeting.

Section 7. Director Districts - The territory served or to be served by the Cooperative shall be divided into seven districts and two at-large positions. The seven districts shall contain as nearly as possible the same number of members. Two at-large directors shall be elected. Each director-district shall be represented by one director and the two at-large directors shall represent the entire membership.

Not less than sixty days before any meeting of the members at which directors are to be elected, the Board of Directors shall review the composition of the seven director districts, and, if it should be found that inequalities in representation have developed which can be corrected by redelineation of districts, the Board of Directors shall reconstitute the districts so that each shall contain as nearly as possible the same number of members, except for the two at-large districts which shall be comprised of the entire membership.

Section 8. Order of Business - The order of business at the annual meeting of the members, and so far as possible at all other meetings of the members, shall be essentially as follows:

1. Call of the roll.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the

taking of necessary action thereon.

4. Presentation and consideration of, and acting upon, reports of officers, directors and committees.
5. Election of directors.
6. Unfinished business.
7. New business.
8. Adjournments.

ARTICLE III

Section 1. General Powers - The business and affairs of the Cooperative shall be managed by a board of nine (9) directors which shall exercise all of the powers of the Cooperative except such as are by law or by the articles of incorporation of the Cooperative or by these by-laws conferred upon or reserved to the members.

Section 2. Qualifications and Tenure - At the 1952 annual meeting of the members to be held on the date specified in ARTICLE VIII of the Articles of Incorporation of the Cooperative, one director from the members in each district shall be elected by the members of the Cooperative to represent said district and those directors so elected from Districts 1, 4 and 8 to serve for a term of three years, or until their successors have been elected and qualified, those directors so elected from districts 2, 6 and 9 to serve for a term of two years, or until their successors have been elected and qualified, those directors so elected from districts 3, 5 and 7 to serve for a term of one year, or until their successors have been elected and shall have qualified and at each annual meeting thereafter of the members. Directors from the districts where the terms have expired shall be elected by ballot by the members of the Cooperative to succeed those directors whose terms of office have expired, to serve for a term of three years or until their successors have been elected and shall have qualified. From and after the annual meeting in 2014, "No member shall be eligible to become or remain a director or to hold any position of trust in the Cooperative whose primary residence is not served by the Cooperative, or who is in any way employed by or who is married to an employee of the Cooperative or who has been an employee or married to an employee within the past three years or who is financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative. When a membership is held jointly by two or more natural persons, either one, but not both may be elected a director, provided however that neither one shall be eligible to become or remain a director or to hold a position of trust in the Cooperative unless both shall meet the qualifications hereinafter set forth. Nothing in this section contained shall, or shall be construed to affect in any manner whatsoever the validity of any action taken at any meeting of the board of directors.

Section 3. Nomination and Election of Directors.

(a) Nomination of Directors. It shall be the duty of the board of directors to appoint, not less than 60 days nor more than 90 days before the date for the meeting of members at which directors are to be elected, a committee on nominations, which committee shall for the purpose of the 1952 annual meeting of the members for the purpose of the election of directors, consist of nine members, one from each of the districts so as to insure equitable representation, and after 1952 said committee shall consist of two members from each of the districts where the terms are to expire following the annual meeting. A director of the Cooperative who is ineligible to be a candidate because of tenure, may be appointed to

the nominating committee. The committee shall prepare and post at the principal office of the Cooperative, at least 45 days before the meeting a list of the nominations for directors. The committee shall be encouraged, but shall not be required, to nominate not less than two candidates for each district from which a director is to be elected. Any fifteen or more members acting together may make other nominations by petition not less than 45 days prior to the meeting and the secretary shall post such nominations at the same place where the list of nominations made by the committee is posted, providing that said nominations made by petition shall be limited to members from the district for which a director is to be elected and the petitioners must also be from said district. The Secretary shall mail with the notice of the meeting or separately, but at least ten days before the date of the meeting, a statement of the number of directors to be elected and the names and addresses of the candidates. The names shall be arranged by districts and shall specify separately the nominations made by the committee on nominations and also the nominations made by petition, if any. The members may, at any meeting at which a director or directors shall be removed as hereinbefore provided, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations, except that the new directors must reside in the same district as the directors in respect of whom the vacancy occurs. Notwithstanding anything contained in this section, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of directors.

(b) Election of Directors. Election of directors shall be by printed or mimeographed ballot. The ballot shall list the candidates nominated by the committee on nominations and by petition, if any, arranged by districts. The Secretary shall mail a ballot, marked Ballot for Election of Directors and a statement of the number of directors to be elected and showing separately the nominations made by the committee and those made by petition. The statement shall also contain and inform the members of the manner in which they may vote by mail for directors as provided in this section. Any member who is absent from the meeting may vote by mail for directors by marking on the ballot an X opposite the names of the number of candidates equal to the number of candidates to be elected and enclosing the ballot in a sealed envelope bearing his name addressed to the Secretary. When such ballot is received by mail from the absent member it shall be accepted and counted as a vote for directors by ballot of such absent member. Each member of the Cooperative present in person or voting by mail at the meeting shall be entitled to vote for one candidate from each district from which a director is to be elected. The candidate from each district receiving the highest number of votes at such meeting shall be considered elected as director.

Section 4. Vacancies. Subject to the provisions of these by-laws with respect to the removal of directors, vacancies occurring in the Board of Directors shall be filled by a majority vote of the remaining directors and directors thus elected shall serve until the next annual meeting of the members or until their successors shall have been elected and shall have qualified, provided, however, that the directors so chosen must reside in the same district as the directors in respect of whom the vacancy occurs.

Section 5. Compensation. Directors as such shall not receive any salary for their

services, but by resolution of the board of directors, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the board of directors, committee, or other activity on behalf of the cooperative as may be authorized by the Board of Directors or membership. Except in emergencies, no director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a director receive compensation for serving the Cooperative, unless such compensation shall be specifically authorized by a vote of the members.

Section 6. Rules and Regulations. The board of directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the articles of incorporation of the Cooperative or these by-laws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 7. Accounting System and Reports. The board of directors shall cause to be established and maintained a complete accounting system which, among other things, 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 Rural Electrification Administration of United States of America. All accounts of the Cooperative shall be examined by a committee of the board of directors at least four times a year at regular meetings of the board of directors. The board of directors 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 following annual meeting.

Section 8. Changes in Rates. Written notice shall be given to the Administrator of the Rural Electrification Administration of United States of America not less than ninety (90) days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

ARTICLE IV

Meetings of Directors

Section 1. Regular Meetings. A regular meeting of the board of directors shall be held without notice other than this by-law, immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the board of directors shall also be held monthly at such time and place in Clarke County, Iowa, as the board of directors 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 of directors may be called by the President or any three (3) directors. The person or persons authorized to call special meetings of the board of directors may fix the time and place for the holding of any special meeting of the board of directors called by them.

Section 3. Notice. Notice of the time, place and purpose of any special meeting of the board of directors shall be given at least five (5) days previous thereto, by written notice, delivered personally or mailed, to each director at his last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except in case a director shall attend a

meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 4. Quorum. A majority of the board of directors shall constitute a quorum for the transaction

of business at any meeting of the board of directors, provided, that if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 5. Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors.

ARTICLE V

Officers

Section 1. Number. The officers of the Cooperative shall be a President, Vice-President, Secretary, Treasurer and Asst. Secretary-Treasurer, and such other officers as may be determined by the board of directors from time to time. The offices of Secretary and of Treasurer may be held by the same person.

Section 2. Election and Term of Office. The officers shall be elected, by ballot, annually by and from the board of directors at the first meeting of the board of directors held after each 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 of directors following the next succeeding annual meeting of the members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of these by-laws with respect to the removal of officers.

Section 3. Removal. Any officer or agent elected or appointed by the board of directors may be removed by the board of directors whenever in its judgment the best interest of the Cooperative will be served thereby.

Section 4. Vacancies. Except as otherwise provided in the by-laws, a vacancy in any office may be filled by the board of directors for the unexpired portion of the term.

Section 5. President. The President:

- (a) shall be the principal executive officer of the Cooperative and shall preside at all meetings of the members and of the board of directors;
- (b) shall sign, with the Secretary certificates of membership, the issue of which shall have been authorized by resolution of the board of directors and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the board of directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the board of directors 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 shall perform all duties incident to the office of president and such other duties as may be prescribed by the board of directors from time to time.

Section 6. Vice-President. In the absence of the President, or in the event of his inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers and be subject to all the restrictions upon the President and shall perform such other duties as from time to time may be assigned to him by the board of directors.

Section 7. Secretary. The Secretary shall:

- (a) keep the minutes of meetings of the members and the board of directors in one or more 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 see that the seal of the Cooperative is affixed 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 by-laws;
- (d) keep a registrar of the post office address of each member which shall be furnished to the Secretary by such member;
- (e) sign with the President certificates of membership, the issue of which shall have been authorized by resolution of the board of directors;
- (f) have general charge of the books of the Cooperative in which a record of the members is kept;
- (g) keep on file at all times a complete copy of the by-laws 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 forward a copy of the by-laws 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 of directors.

Section 8. Treasurer. The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the Cooperative.
- (b) receive and give receipts for moneys due and payable to the Cooperative from any source whatsoever, and deposit all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these by-laws; 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 of directors.

Section 9. Manager. The board of directors 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 as the board of directors may from time to time require of him and shall have such authority as the board of directors may from time to time vest in him.

Section 10. Bonds of Officers. The board of directors may require the treasurer or any other officer of the Cooperative charged with responsibility for the custody of any of its funds or property to give bond in such sum with such surety as the board of directors shall determine. The board of directors in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

Section 11. Compensation. The compensation, if any, of any officer, agent or employee who is also a director or close relative of a director, shall be determined by the members, as provided elsewhere in these by-laws, and the powers, duties and compensation of any other officers, agents or employees shall be fixed by the board of directors.

Section 12. Reports. The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

ARTICLE VI

Contracts, Checks and Deposits

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

Section 2. Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or 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 of directors.

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 directors may select.

ARTICLE VII

Membership Certificates

Section 1. Certificates of Membership. Membership in the cooperative shall be evidenced by a certificate of membership which shall be in such form and shall contain such provisions as shall be determined by the board of directors not contrary to, or inconsistent with, the articles of incorporation of the Cooperative or these by-laws. Such certificate shall be signed by the President and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto.

Section 2. Issues of Membership Certificates. No membership Certificates shall be issued for less than the membership fee fixed in these by-laws, nor until such membership fee has been fully paid for in cash, and such payment has been deposited with the treasurer.

Section 3. Lost Certificate. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefore upon such terms and such indemnity to the Cooperative as the board of directors may prescribe.

ARTICLE VIII

Revenues and Receipts

Section 1. Disposition of Revenues and Receipts. No dividends shall be paid upon memberships in the Cooperative. Subject to the provisions of any mortgage or deed of trust given or assumed by the Cooperative, the board of directors shall, after the expiration of each fiscal year and after paying or making provision for the payment of all obligations and expenses of the Cooperative property chargeable against its revenues and receipts for such fiscal year, apply the unexpended revenues and receipts for such fiscal year in the following manner:

- (a) to provide a reasonable reserve for maintenance, depreciation, obsolescence, bad debts or contingent losses or expenses;
- (b) at least ten per centum (10%) of the remaining net earnings must be added to

surplus until surplus equals either (1) thirty per centum (30%) of the total of all capital paid in for memberships plus all unpaid patronage dividends (hereinafter called patronage refunds), plus certificates of indebtedness payable upon liquidation, or (2) one thousand dollars (\$1,000), whichever is greater; no additions shall be made to surplus whenever it exceeds either fifty per centum (50%) of such total, or one thousand dollars (\$1,000), whichever is greater.

(c) not less than one per centum (1%) nor more than five per centum (5%) of such earnings in excess of reserves may be placed in an educational fund, to be used as the directors deem suitable for teaching and promoting cooperation and the effective use of electricity; and

(d) all remaining net earnings shall be allocated to a revolving fund and shall be credited to the account of each member ratably in proportion to the business he has done with the Cooperative during such year; such credits are herein referred to as deferred patronage refunds.

Section 2. Membership Control over Disposition of Revenues and Receipts. The members may, at any meeting, control the amount to be allocated to surplus or educational fund within the limits specified in these bylaws.

Section 3. Revolving Fund. The directors may use the revolving fund to pay the obligations of or add to the capital of the Cooperative. In such event, the deferred patronage dividends credited to the members shall constitute a charge upon the revolving fund and future addition thereto and on the corporate assets subordinate to creditors then, or thereafter existing. The Directors may, at their discretion, pay deferred patronage dividends of deceased natural persons who are members, without reference to the order of priority herein described. The Directors shall determine the percentage or the amount of said allocation that currently shall be paid in cash provided that so long as there are unpaid deferred patronage dividends for prior years, the amount currently payable in cash shall not exceed twenty percent (20%) of said allocation. All said remaining allocation not so paid in cash shall be transferred to the revolving fund and credited to said members and subscribers.

Section 4. Deferred Patronage Certificates. The Cooperative may issue certificates for deferred patronage refunds, but such certificates shall be non-transferable except to a person eligible to, and accepted for membership who becomes the owner or operator of the real property formerly owned or operated by a member and served by the Cooperative.

Section 5. Maturity of Deferred Patronage Refund Certificates. Credits or certificates referred to in these by-laws shall not mature until the dissolution or liquidation of the Cooperative but shall be callable by the Cooperative at any time in order of priority specified in the articles of incorporation of the Cooperative.

ARTICLE IX

Waiver of Notice

Any member or director may waive, in writing, any notice of meetings required to be given by these by-laws. In case of a joint membership a waiver of notice signed by either party shall be deemed a waiver of notice of such meeting by all joint members.

ARTICLE X

Disposition of Property

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber any of its property other than:

(a) property which in the judgment of the board of directors neither is nor will be necessary or useful in operating and maintaining the Cooperatives system and facilities; provided, however, that all sales of such property shall not in any one (1) year exceed in value ten per centum (10%) of the value of all the property of the Cooperative;

(b) services of all kinds, including electric energy; and

(c) personal property acquired for resale,

unless such sale, mortgage, lease, or other disposition or encumbrance is authorized at a meeting of the members by the affirmative vote of at least two-thirds (2/3) of the members voting thereon at such meeting in person or by mail, and 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, the board of directors, without authorization by the members, shall have full power and authority to borrow money from the United States of America, or any agency or instrumentality thereof, and in connection with such borrowing to authorize the making and issuance of bonds, notes or other evidences of indebtedness and, to secure the payment thereof, to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging or encumbrance 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, all upon such terms and conditions as the board of directors shall determine.

ARTICLE XI

Membership in Other Organizations

The directors shall have full power and authority on behalf of the cooperative to purchase stock in or to become a member of, any organization, corporation or cooperative organized on a non-profit basis for the benefit of rural electrification.

ARTICLE XII

Fiscal Year

The fiscal year of the Cooperative shall begin on the first day of January of each year and end with the 31st day of December.

ARTICLE XIII

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, Iowa.

ARTICLE XIV

Amendments

The directors by a vote of seventy-five percent (75%) of the directors may adopt, alter, amend, or repeal by-laws for the Cooperative, and the same shall remain in force until altered, amended, or repealed by a vote of seventy-five percent (75%) of the members present or represented at any annual meeting or special meeting of the members.