

Amended

BYLAWS

as of April 29, 2004

and

Restated

**ARTICLES OF
INCORPORATION**

as of April 27, 2006

CLEAR CREEK MUTUAL TELEPHONE COMPANY



Clear Creek
Communications

Amended

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AMENDED BYLAWS
Of
CLEAR CREEK MUTUAL TELEPHONE COMPANY

Article I -- The Cooperative

1.1 Name

This Cooperative, which was incorporated under the laws of Oregon on April 30, 1906, shall be known as Clear Creek Mutual Telephone Company (hereinafter referred to as the "Cooperative").

1.2 Policy

The policy of the Cooperative is to provide telecommunications, video, and information services to its members. It is expected that the Cooperative may, upon the authorization of the Board of Directors, engage in any other lawful purposes, or purchase stock in or become a member of any trade association or of any corporation or organization, organized for the purpose of engaging in or furthering the cause of telecommunications, video, or information services. Furthermore, it is expected that the Cooperative will become a member of other corporations or associations for the purpose of acquiring facilities and equipment to provide more adequate telecommunications, video, and information services to its members.

Article II -- Membership

2.1 Requirements for Membership

Any person, as the term is used in the Oregon Cooperative Corporation Act, or agency of federal, state, or local government, upon receipt of telecommunications, video, and information services, shall be a member of the Cooperative; however, each member shall:

- A. File with the Cooperative an application for membership in such format as shall be prescribed by the Board of Directors;
- B. Agree to purchase services from the Cooperative in accordance with established rates, as well as pay other charges for services that the member uses and the Cooperative is obligated by law or contract to collect;
- C. Make payment of a non-refundable membership fee of \$2.00; and
- D. Agree to comply with, and be bound by, the Articles of Incorporation and Bylaws of the Cooperative and any rules and regulations adopted by the Board.

2.2 Status of Memberships

The status of all memberships shall be as reflected upon the books of the Cooperative. The membership records of the Cooperative shall be conclusive evidence of membership.

2.3 Joint and Family Unit Memberships

No member may hold more than one membership in the Cooperative. A family unit living in one household which may consist of parents, children, grandparents, stepchildren, and foster children, shall be entitled to but one membership, even though such household may have more than one telephone listing.

A husband and wife may become a joint member upon compliance with the requirements set forth in Section 2.1 and upon an application by either spouse. The term "member" as used in these Bylaws shall be deemed to include any two persons holding a joint membership, and any provisions relating to rights and liabilities of membership, shall apply with respect to the holders of a joint membership. With respect to such joint membership:

- A. There shall be but one vote.
- B. Presence at a meeting or waiver of notice of either joint member shall be considered as presence or waiver by the joint membership.
- C. Notice to either joint member shall constitute notice to both.
- D. Termination of membership of either joint member shall terminate the joint membership, except that on the death of either joint member, the survivor shall continue as a member. In the event of separation or divorce, one of the joint members may continue as a member if each of the joint members provide the Cooperative with an appropriate written agreement. The remaining joint member may apply for a new membership.
- E. Either joint member may be eligible as a member of the Board of Directors, but not both joint members at the same time.

2.4 Conversion of Membership

A membership may be converted to a joint membership upon receipt of written agreement which so provides.

2.5 Classes of Members

The Cooperative may have one or more classes of members to accommodate the various types of services. If the Cooperative has more than one class of membership, patronage may be determined in accordance with these Bylaws for each class of members.

2.6 Time-Sharing or Interval Ownership

Each time sharing or interval ownership premises is considered a single member. The organization holding the seasonal, recreational and short-interval rental properties will be deemed to hold the membership.

2.7 Non-members

Individuals or organizations such as but not necessarily limited to, exchange and interexchange carriers, resellers, public telephone providers, competitive access providers, or carriers who lease facilities and who participate with the cooperative in providing telecommunications, video, and information services to cooperative members are neither members nor patrons of the cooperative.

2.8 Effect of Membership

2.8.1 Membership in the Cooperative is effected by:

- A. Procuring the Cooperative's central office dial tone, or
- B. Providing a continuing periodic telecommunications revenue stream for the Cooperative (The Board will determine under rules of general application the types and amounts of revenue stream or the types and amounts of equity account that give rise to the privileges and obligations of membership), or
- C. Receiving other telecommunications, video, and information services from the Cooperative.

2.9 Purchase of Services

Each person who applies for service shall, as soon as service is available, take service from the Cooperative. The members shall pay therefor monthly at rates in accordance with either established rates as fixed by the Board, or, for the services rendered by other carriers, at the rate which the Cooperative is obliged to bill and collect by contractual arrangements with other carriers. It is expressly understood that the net savings received by the Cooperative for providing telecommunications, video, and information services to its members in excess of cost are furnished by members from the moment of receipt as capital, and each member shall be credited with the capital so furnished as provided in these Bylaws. However, the Cooperative is not obligated to furnish such credits for those services which are not billed and collected by contractual arrangements with other carriers, even when such services are partially rendered over the facilities of the Cooperative. Each member also agrees to pay such other amounts as may be owed by him or her to the Cooperative as and when the same shall become due and payable.

2.10 Evidence and Transferability of Membership.

Evidence of payment of membership fee shall be in such form, including but not limited to a receipt for payment of the membership fee, as the Board of Directors may determine from time to time. Membership in the Cooperative shall not be transferable.

2.11 Termination of Membership

A member may voluntarily terminate active membership in the Cooperative by failing to procure the services provided in 2.8.1.

The Board of Directors may terminate the membership of a member if:

- A. The member, for a period of thirty (30) days after service is available, has not permitted the installation of service, or
- B. The member has ceased to purchase services from the Cooperative, or
- C. The member fails to make payments for services, or
- D. The member violates the provisions of these Bylaws or the rules and regulations duly promulgated by the Board of Directors.

2.11.1 Termination of active membership in any manner shall not release a member or his or her estate from any debts due to the Cooperative, nor do unpaid bills release a member from his or her obligations under these Bylaws or rules and regulations approved by the Board.

Article III -- Rights and Liabilities of the Cooperative and the Members

3.1 Service Obligations

- A. The Cooperative will use reasonable diligence to furnish adequate and dependable services. It cannot and does not guarantee uninterrupted services nor will it always be able to provide every service desired by each individual member.
- B. The members pledge to purchase all services from the Cooperative to the extent that its services are able to meet the members' needs and are competitively priced.

3.2 Cooperation of the members in the Extension of Services

The cooperation of members of the Cooperative is imperative to the successful, efficient, and economical operation of the Cooperative. Members who are receiving or who are requesting service shall be deemed to have consented to the reasonable use of their real property to construct, operate, maintain, replace or enlarge telephone and/or communications lines, overhead or underground, including all conduit, cables, wires, surface terminals, markers and other appurtenances under, through, across, and upon any real property or interest therein owned or leased or controlled by said member for the furnishing of telephone or communications service to said member at no cost to the Cooperative. When requested by the Cooperative, the member does agree to execute any easement or right-of-way contract on a form to be furnished by the Cooperative.

3.3 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 IV -- Meetings of Members

4.1 Annual Meeting

The annual meeting of the members shall be set by the Board of Directors in each calendar year to be held not earlier than March 1 nor later than September 1 of each year within the area serviced by the Cooperative or at such other place designated by the Board of Directors. At such meeting, directors shall be elected, reports for the previous fiscal year shall be accepted, and such other business as may come before the meeting shall be transacted. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative, nor affect the validity of any action.

4.2 Special Meetings

Special meetings of the members may be called at any time by the Chairperson of the Board or the Board of Directors, and a special meeting shall be called by the Secretary at a time and place determined by the Board of Directors upon request therefore in writing signed by not less than ten percent (10%) of the members of the Cooperative stating the business to be brought before the meeting. Such special meeting shall be held within Clackamas County, Oregon. Calls for special meetings of the members shall specify the purpose of such meeting, and no business other than that specified in the call shall be considered at such meeting.

4.3 Notices

Written notice of every annual or special meeting of the members stating the time and place, and in the case of a special meeting the purpose thereof, shall be given to each member not less than seven (7) days nor more than thirty (30) days before the date of the meeting, by or at the direction of the Secretary. Such notice shall be deemed to be given when deposited in the United States mail, addressed to the member at such member's address as it appears in the records of the Cooperative, with the postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting shall not invalidate any action which may be taken by the members at any such meeting.

4.4 Quorum

The members present at any meeting shall constitute a quorum for the transaction of business. At all meetings of the members, the Secretary shall affix to the meeting minutes, or incorporate therein by reference, a list of those members who were registered as present in person.

4.5 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 conducted under policies established by the Board.

4.6 Voting

4.6.1 Each member shall be entitled to one vote. All questions, except those involving multiple choice issues or determinations, shall be decided by a vote of the majority of the members voting thereon in person except as otherwise provided by law, the Articles of Incorporation, or these Bylaws. Multiple choice issues or determinations shall be decided by a plurality vote. Since candidates may be nominated by committee or by petition, write in candidates are not permitted.

4.6.2 Voting by proxy shall not be permitted, but a member that is a corporation, association, partnership, State or Government Agency may designate a representative to cast its vote.

4.6.3 Upon the call of any member for a vote by ballot on any material issue, the vote on such matter may be referred by the Board of Directors to the members by mail ballot or to the members present by ballot in the manner determined by the Board. It shall be the duty of the presiding officer to call for a vote by ballot on any matter which he or she believes will be contested by less than a clear majority. In the election of directors, a voice vote may in the discretion of the Board be permitted if there is no competition for the seat or seats to be filled.

4.6.4 The Board of Directors may cause to be submitted by mail ballot any questions to be voted at any meeting of the members including, but not limited to, the election of directors, removal of board directors,

merger proposals, and disposition of assets as provided in 12.1. 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.

Article V -- Board of Directors

5.1 Number

The business and affairs of the Cooperative shall be managed by a Board of five (5) directors. Qualified members residing within the territory served by the Cooperative shall be eligible to serve as a director. The directors shall be divided into five (5) positions:

- A. Positions 1 and 2 were last elected at the 2004 annual meeting of members, and shall next be elected at the 2007 annual meeting of members.
- B. Positions 3 and 4 shall next be elected at the 2005 annual meeting of members.
- C. Position 5 shall next be elected at the 2006 annual meeting of members.

5.2 Term

Directors shall be elected for a three (3) year term. All directors shall serve until successors are elected and assume office or until death, resignation, or removal.

5.3 Qualifications of Directors

5.3.1 No person shall be eligible to become or remain a member of the Board of Directors of the Cooperative who:

- A. Is not a member of the Cooperative and does not have the legal capacity to enter into a binding contract, or a representative of a member who is other than a natural person.
- B. Is not a bona fide resident of the area served by the Cooperative for his or her position on the Board of Directors.
- C. Is not a member of good standing. "Good Standing" is defined as a member whose indebtedness to the cooperative is not past due.
- D. Is an employee of the Cooperative or in any way financially interested in a competing enterprise or a business engaged in selling communications services or communications supplies or maintaining communications facilities; however, the Board may grant exceptions for "de minimis" competing enterprises.
- E. Is closely related to an incumbent director or an employee of the Cooperative. As used here "closely related" means a person who is related to the principal person by consanguinity or affinity to the second degree or less—that is, a person who is either a spouse, child, grandparent, parent, brother, sister, aunt, uncle, nephew, or niece, by blood or in law, of the principal.

5.3.2 To remain a director, the director must attend two-thirds (2/3) or more of the regular meetings during each twelve (12) month period beginning with the month of his or her election.

5.4 Effect of Disqualification

5.4.1 Termination of membership in the Cooperative by a director who was a member, or by a member of the Cooperative other than a natural person whom the director represents shall automatically create a vacancy in such director's office as such.

5.4.2 Upon establishment of the disqualification of a director by reason of noncompliance with Section 5.3.1, the Board of Directors shall remove such director from office. Upon establishment of the fact that a director is in noncompliance with Section 5.3.2, the Board of Directors in its discretion may remove such director 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.

5.5 Nominations

5.5.1 Nominations by Committee. At least seventy-five (75) days prior to each annual meeting, a nominating committee of five (5) members shall be appointed by the Chairperson of the Board, one (1) of which members shall be designated as Committee Chairperson. The nominating committee shall meet at the call of the Committee Chairperson and nominate at least one (1) nominee for the office of Director for each directorship to be filled at the annual meeting. After the consent of the nominee is secured by the Chairperson of the committee, the list of nominees shall be delivered to the Board Secretary, no later than sixty (60) days prior to the annual meeting. The ballot to be used at the election shall list the names of the nominees.

5.5.2 Nominations by Petition. Nominations by petition for the Board of Directors shall be submitted to the Secretary of the Cooperative not later than forty (40) days prior to the annual meeting. The petition shall be signed by not less than twenty-five (25) members of the Cooperative. Signatures of the signers must be attested to by the person submitting the petition.

5.5.3 Nominations from the floor. There shall be no nominations allowed from the floor.

5.6 Removal of Directors

Any director may be removed from office at an annual or special meeting of the members by a majority vote of all members voting at such meeting, provided:

- A. The petition requesting the removal of the director must be signed by at least ten percent (10%) of the membership. The petition shall state the reason(s) for the requested removal;
- B. The petition shall be filed with the Secretary of the Cooperative at least forty-five (45) days prior to the annual or special meeting;
- C. The director whose removal is sought is given fifteen (15) days to respond in writing to answer such reason(s) for removal;
- D. It shall be the duty of the Secretary of the Cooperative to include such statement of reasons for removal and the response of the director whose removal is sought in the meeting notice;
- E. At the meeting of the members at which the changes are to be considered, the directors shall have an opportunity to be heard in person or by counsel to present evidence in

respect to charges, and the person or persons bringing the charges against the director shall have the same opportunity;

- F. The question of the removal of such director shall be considered and voted upon at the meeting of the members or by mail ballot as determined by the Board of Directors;
- G. No director shall be removed from office unless by a vote of the majority of the members present at such meeting, including members voting by mail if authorized by the Board of Directors.

5.6.1 Removal Initiated by Board

In lieu of petition as provided in paragraph 5.6, removal may be initiated by majority vote of the Board of Directors.

5.7 Vacancies

A vacancy occurring on the board shall be filled by the affirmative vote of the majority of the remaining directors for the unexpired portion of the term.

5.8 Compensation of Directors

Directors shall, as determined by resolution of the Board, receive a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the Board. If authorized by the Board, directors and their spouses may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business, or each director may be granted a reasonable per diem allowance by the board in lieu of detailed accounting for some of these expenses.

Article VI -- Meetings of Directors

6.1 Regular Meetings

A meeting of the Board of Directors following each annual meeting of the members shall be held at the principal place of business of the Cooperative, or such other place as may be determined by the Chairperson of the Board, for the purpose of electing officers as hereinafter provided and for completion of the organization of the Board for the coming year, and the board may transact such other business as may come before the meeting. Such meeting may be held without notice, immediately after, and at the same place as the annual meeting of members. Other regular meetings of the Board shall be held at such time and place as designated by the Board. Such regular meetings may be held without notice other than the notice fixing the time and place thereof.

6.2 Special Meetings

Special meetings of the Board may be called by the Chairperson of the Board or by any three (3) directors. The Chairperson or the directors calling the meeting shall fix the time and place for the meeting. Any business may be transacted at such meeting.

6.3 Meeting by Conference Telephone or Similar Communications Equipment

Permissible

The Board of Directors may hold a meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can communicate with each other. Participation in a meeting pursuant to this section shall constitute presence in person at the meeting.

6.4 Notice

Special meetings of the Board may be held on twenty-four (24) hours notice given personally, by mail, telegram, or telephone.

6.5 Quorum

At all regular and special meetings of the Board of Directors, the majority of the directors shall constitute a quorum. However, no action of the Board of Directors shall be taken except upon the affirmative vote of at least three (3) directors.

6.6 Action Without a Meeting

Any actions which may be taken at a meeting of the Board may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all the directors. Such consent shall have the same force and effect as a unanimous vote at a meeting.

Article VII -- Powers and Duties of Directors and Officers

7.1 General Powers and Management

The Board of Directors shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation, or these Bylaws conferred upon or reserved to the members.

The Board of Directors shall manage the business and conduct the affairs of the Cooperative and shall make the necessary rules and regulations, not inconsistent with the laws or with these Bylaws, for the management of the business and the guidance of the officers, employees, and agents of the Cooperative.

7.2 Rules, Regulations, Rate Schedules, and Contracts

The Board of Directors shall have the power to make, adopt, amend, abolish, and promulgate such rules, regulations, rate classification, rate schedules, contracts, security deposits and other deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Articles of Incorporation or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative, or cause such to be submitted for any appropriate regulatory approval.

7.3 Bonds

The Board of Directors may require all officers, agents, and employees charged by the Cooperative with responsibility for the custody of any of its funds to give bond with sufficient surety for the faithful performance of their official duties, the premium on such bonds to be paid by the Cooperative.

7.4 Accounting Systems and Reports

The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and conditions, and shall, after the close of each

fiscal year, cause to be made a full scope independent audit by a certified public accountant of the Cooperative's financial statements as of the end of such year. The auditor's report and summary of the financial statements shall be submitted to the members at the succeeding annual meeting of the members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

7.5 Selection of Depository

The Board of Directors shall have power to select one (1) or more institutions to act as depository of the funds of the Cooperative and to determine the manner of receiving, depositing, and disbursing the funds of the Cooperative and the form of checks and the person or persons by whom same shall be signed, with power to change such institutions and the officer or officers, employee or employees, person or persons signing said checks and the form thereof, at will.

7.6 Records

It shall be the duty of the Board of Directors to cause to be kept a complete record of all of its acts and proceedings of its meetings, to cause to be presented at the annual meeting a report reviewing the Cooperative's business for the year, and to supervise all officers and see that their duties are properly performed and that the business of the Cooperative is ably managed.

Article VIII -- Indemnification

8.1 Indemnification of Directors, Officers, Employees or Agents Permitted for Expenses Incurred in Legal Action

The Cooperative shall indemnify directors, officers, employees or agents for expenses incurred in legal actions in accordance with ORS 62.460, et seq., and any amendments thereto.

8.2 Rights of Persons Indemnified

The indemnification provided by this Article shall not be deemed exclusive of any other rights which those seeking indemnification may be entitled under any bylaw, agreement, vote of members or disinterested Board director, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Board director, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such a person.

8.3 Insurance Coverage

The Cooperative may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a director, officer, employee, or agent of another Cooperative, association, corporation, partnership, joint venture, trust, or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of the status of such person as such, whether or not the Cooperative would have the power to indemnify such person against such liability under the provisions of this article.

Article IX -- Officers

9.1 Offices to be Filled

The principal officers of this Cooperative shall be a Chairperson of the Board of Directors, a Vice Chairperson of the Board of Directors, President, Vice President, Secretary, and Treasurer. The offices of the Chairperson of the Board and the President may be combined in one (1) person and the offices of Secretary and Treasurer may be combined in one (1) person. At least three (3) officers must be directors of the Cooperative. The other officers may be, but need not be, directors. Such officers shall be elected by the Board at the first regular meeting of the Board of Directors after the annual meeting, and their term of office shall be at the pleasure of the Board.

9.2 Chairperson of the Board

The Chairperson of the Board shall preside or shall designate a presiding chairperson at all meetings of the Board of Directors and members, and shall perform such other duties as may be prescribed from time to time by the Board of Directors or by the Bylaws of the Cooperative.

9.3 Vice Chairperson of the Board

The Vice Chairperson of the Board shall preside or shall designate a presiding chairperson at all meetings of the Board of Directors and members in the absence of the Chairperson of the Board, and shall perform such other duties as may be prescribed from time to time by the Board of Directors or by the Bylaws of the Cooperative.

9.4 President

The President shall be the Chief Executive Officer (CEO) and administrative officer of the Cooperative. The President shall act as directed by the Board of Directors. The President shall exercise such duties as customarily pertain to the office of President and shall have general and acting supervision over the property, business and affairs of the Cooperative. Unless directed otherwise by the Board of Directors, the President shall be the official representative of the Cooperative at all meetings in which the Cooperative is entitled to representation. The President shall execute, in the name of the Cooperative, all deeds, bonds, contracts, and other obligations and instruments authorized by the Board of Directors to be executed, and the President shall have such other specific powers and perform such other duties as may be assigned from time to time by the Board of Directors.

9.5 Vice President

The duty of the Vice President shall be to assume the office of the President in his or her absence, and to perform such other acts and duties as may be prescribed by the Board of Directors.

9.6 Secretary-Treasurer

The Secretary-Treasurer shall:

- A. Keep or cause to be kept a complete record of all meetings of the members and of the Board of Directors;
- B. Keep or cause to be kept membership records of the Cooperative;

- C. Sign on behalf of the Cooperative all papers which the Secretary-Treasurer is authorized by the Board of Directors to sign;
- D. Serve all notices required to be served by law or these Bylaws;
- E. Keep such records, make such reports and perform such other duties as may be required of the Secretary-Treasurer from time to time by the Board of Directors.

In the event the Board of Directors determines that the office of Secretary and Treasurer should be held by two (2) persons, then the Secretary shall perform all secretarial duties, and the Treasurer shall perform all financial duties, and each shall perform such other duties as may be required by the Board.

9.7 Removal of Officer 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 Cooperative will be served thereby.

Article X -- Operating Methods

10.1 Non-Profit Operation

The term "net savings" is used in this article in the same manner as that term is used in the Oregon Cooperative Corporation Act, and net savings shall be determined in accordance with the provisions of such Act. This Cooperative shall operate on a cooperative, non-profit basis for the mutual benefit of its members. The net savings of the Cooperative derived from business transacted with members belong to such members in proportion to their respective patronage, and shall be returned to such members either in the form of cash or credits. The portion of net savings of the Cooperative not derived from business with members shall be set aside in the permanent capital account.

10.2 Application of Net Savings to Indebtedness

The Cooperative at its option may withhold any and all net savings distributable to a member and apply the same to the indebtedness such member may owe the Cooperative. In such event, however, the Cooperative shall give such member written notice of the amount so applied.

10.3 Allocation of Loss

If there is a net loss from providing telecommunications, video, or information services in any year, the amount of such loss shall be handled in accordance with one (1) of the three (3) or a combination of the following alternatives as determined by the Board of Directors:

- A. The loss shall be charged against unallocated equities;
- B. The loss shall be allocated to the members in proportion to their respective patronage for such year. The amount of such allocation shall be charged against the credits of such members in the member's equity account, with the most recent of such allocations being first canceled. In the event there is not a sufficient credit in a member's equity account to absorb the allocation of loss, the balance of such allocation shall be offset against and cancel future allocations of net savings to such member's account until the balance of such account is reduced to zero;

- C. In any particular year the Cooperative or any of its divisions shall sustain a net loss, such loss shall be allocated to the division from which the loss arose.

10.4 Allocation of Non-Operating Income

All non-operating income received by the Cooperative insofar as permitted by law, shall be:

- A. Used to offset any losses incurred during the current or any prior fiscal year; and
- B. To the extent not needed for that purpose, retained by the Cooperative in a reserve account for the financing of the construction or acquisition by the Cooperative of additional facilities, except to the extent otherwise determined by the Board.

10.5 Allocation of Extraordinary Items

Extraordinary items of income or expense attributable to the furnishing of telecommunications and information services during prior periods shall be allocated to members on the basis of their patronage during such prior periods. Such allocation is not required for amounts deemed by the Board of Directors to be immaterial.

Article XI -- Capital

11.1 Members' Equity Account

In the furnishing of telecommunications, video, and information services, the Cooperative's operation shall be so conducted that all members will furnish capital for the Cooperative through their patronage. The members' equity account in the Cooperative is a part of the capital of the Cooperative and shall consist of that portion of the net savings from telecommunications, video, and information services provided by the members not returned in cash to members and refund of federal and state taxes received by the Cooperative on behalf of its members. All amounts received or receivable by the Cooperative from its members 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 members as equity. The Cooperative shall establish a separate equity account for each of its members and allocate to such member's account the portion of such member's equity to which such member is entitled. 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 equity, if any, furnished by each member is clearly reflected and credited in an appropriate record to the equity account of each member. The Cooperative shall notify each member of the amount of the credits to his or her account within a reasonable time after the close of each fiscal year. All such allocations shall be made in such manner as to record the year of such allocations as a series of such credits (or debits). All such amounts credited to the equity account of any member shall have the same status as though it had been paid to the member in cash in pursuance of a legal obligation to do so and the member had then furnished the Cooperative corresponding amounts for equity. No interest shall be payable on such credits.

11.2 Transferability

Credit of a member to members' equity account of the Cooperative may be assigned, but only on the books of the Cooperative pursuant to written instructions from the assignor and only to:

- A. The heirs of legatees of a deceased member; or

- B. On written request of the member to his or her successor in occupancy in all or a part of such member's premises serviced by the Cooperative; or
- C. Back to the Cooperative; or
- D. The Board, acting under policies of general application, shall authorize other types of assignments.

The Cooperative is authorized to negotiate capital credit settlement arrangements with bankrupt members.

11.3 Retirement of Member Equity Credits

Credits to member's equity account may be retired by the Board of Directors in its discretion and direction as to timing, method and type of retirement. If the Board of Directors at any time determines that retirement of credits to member's equity account should cease for any reason, such process of retirement shall be stopped until the Board of Directors deems it advisable to continue such process. Any indebtedness due from the record holder of such a credit to the Cooperative may be offset by the Cooperative before the retirement of such credit or any part thereof.

11.4 Retirement of Capital Credits on Death

On the death of an individual who is the holder to a member's equity account, upon the application in the manner required by the Board of the personal representative of the estate of such decedent or other representatives, the Cooperative shall pay to the estate, heirs or devisees of such decedent the amount of credits held by the decedent if in the determination of the Board the financial condition of the cooperative shall not be impaired thereby. The amount of any credits not paid held by such decedent shall be transferred to the personal representative, devisees or heirs of such deceased holder for payment at such time as the Board determines the financial condition of the cooperative shall not be impaired thereby. The retirement of credits for each decedent may in the discretion of the Board be made pursuant to general board policy or be specifically authorized by special Board decision.

Credits held in the name of a husband and wife shall be considered for the purpose of this section as if held by a partnership with the partners having equal interest unless otherwise demonstrated by the holders. The interest of the deceased partner in such member's equity account shall be redeemed in the same manner as an individual decedent.

11.5 Credit Held by Members Indebted to the Cooperative

Any indebtedness owed by a member to the Cooperative and not paid within sixty (60) days may be offset by the Cooperative against a member's equity account.

11.6 Credit Subordinate to Claims of Credits

All credits to members' equity account are subordinate in right to the claim of all creditors of the Cooperative.

11.7 Credit Held by Divorced Patrons

If credits to member's equity account are held in the name of a husband and wife and such husband and wife are divorced, the Cooperative, unless otherwise notified in writing, by both parties or by court order shall be entitled to assume for all purposes under this Article XI that the parties to the divorce each had equal interests in such credits to member's equity account.

11.8 Retained Capital in Connection with Furnishing Other Services

In the event that the Cooperative should engage in the business of furnishing goods or services, other than telecommunications, video, and information services to members, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishings of such goods or services may, insofar as permitted by law, be deemed retained capital and used at such time and for such purposes as the Board shall determine.

Article XII -- Disposition and Pledging of Property Dissolution and Distribution of Surplus Assets Upon Dissolution

12.1 Disposition of Property and Assets

A sale, lease, exchange or other disposition of all, or substantially all, the property and assets, with or without the good will of the Cooperative, if not made in the usual and regular course of its business, may be made upon such terms and for such consideration, which may consist in whole or in part of money or property, real or personal, including shares of any other cooperative, corporation, or association, as may be authorized in the following manner:

- A. The Board shall adopt a resolution recommending the sale, lease, exchange, or other disposition and directing the submission thereof to vote at a meeting of members, which may be either an annual or a special meeting.
- B. Written or printed notice shall be given to each member within the time in the manner as provided in Article IV Section 4.3 for the giving of notice of meetings of members, and shall state that the purpose, or one of the purposes, of the meeting is to consider the proposed sale, lease, exchange or other disposition.
- C. At the meeting, the members, without right of proxy, by affirmative vote of two-thirds (2/3) of the membership of the Cooperative, may approve the sale, lease, exchange or other disposition, and may fix, or may authorize the Board to fix, any or all of the terms and conditions thereof and the consideration to be received by the Cooperative therefor.
- D. The transaction must also be authorized by the holders of at least seventy-five percent (75%) of the outstanding indebtedness of the Cooperative.
- E. If the Board receives approval of a transaction, it shall then give by notice in appropriate publications other telephone cooperatives within the state of Oregon an opportunity to submit equal or better proposals. Any interested telephone cooperative shall be sent copies of any proposals which the cooperative has already received. Such telephone cooperatives shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given.

- F. If the Board then determines that favorable consideration should be given to the initial or any subsequent proposal which has been submitted, it shall so notify the members not less than sixty (60) days before noticing a special meeting of the members thereon or the next annual member meeting, expressing in detail each of any such proposals, and shall call a special meeting of the members for consideration thereof and action thereon, which meeting shall be held not less than ten (10) nor more than thirty (30) days after giving the notice thereof to the members; provided that consideration and action by the members may be given at the next annual meeting if the Board so determines and if such annual meeting is held not less than ten (10) nor more than thirty (30) days after the giving of notice of such meeting.
- G. Any twenty-five (25) or more members, by petitioning the Board not less than thirty (30) days prior to the date of such special or annual meeting may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.

12.1.1 After authorization by votes of members and creditors, the Board nevertheless, in its discretion, may abandon the sale, lease, exchange or other disposition of assets subject to the right of third parties under any contracts relating thereto, without further action or approval by members.

12.2 Dissolution or Liquidation

Upon dissolution or liquidation of the Cooperative, the following priorities shall exist in the distribution of assets:

- A. All debts and liabilities of the Cooperative shall have been paid;
- B. Holders of credits to members' equity accounts shall be paid the face amount of such credits without regard for priority of issue of such credits. If the amount of funds to be distributed is insufficient to retire all such credits at the face value thereof, retirement shall be made prorata thereon;
- C. The remaining property and assets of the Cooperative shall be distributed among the current members in the proportion in which the aggregate patronage of each current member bears to the total patronage of all such current members on the date of dissolution unless otherwise provided by law.
- D. Any indebtedness due to the Cooperative from the holders of equities in the Cooperative may be offset by the Cooperative before retirement of such equities.

Article XIII -- Miscellaneous

13.1 Fiscal Year

The fiscal year of the Cooperative shall begin on the first day of January and shall end on the thirty-first day of December of each year.

13.2 Membership in Other Organizations

The Cooperative may become a member or purchase stock in other profit or nonprofit organizations, associations, partnerships, or joint ventures when the Board finds that the general or long-term interests of its membership will be served by such investments or participation.

13.3 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 grounds that the meeting has not been lawfully called or convened.

13.4 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 the affairs of the Cooperative.

13.5 Corporate Seal

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and words "Corporate Seal Oregon."

13.6 Contracts

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

13.7 Checks, Drafts, Etc.

All checks, drafts, or other orders for the payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner, as shall from time to time be determined by resolution of the Board.

Article XIV -- Amendments

These Bylaws may be amended or repealed by a vote of the majority of the members present, or, when authorized, voting by mail, at any regular or special meeting of the members, provided that the notice of the meeting shall have contained a notice of the proposed amendment or repeal.

However, the provisions of Article XII of these Bylaws relating to the vote required for sale or lease of substantially or all of the property of the Cooperative other than in the regular course of business shall not be amended or repealed except by the affirmative vote of not less than two-thirds (2/3) of all the members of the Cooperative.

Restated Articles of Incorporation of CLEAR CREEK MUTUAL TELEPHONE COMPANY

These restated Articles of Incorporation and Amended Bylaws supersede the heretofore-existing Articles of Incorporation and Bylaws and all amendments thereof of Clear Creek Mutual Telephone Company.

Article I -- Name and Duration

The name of this Cooperative is Clear Creek Mutual Telephone Company, and its duration shall be perpetual.

Article II -- Purposes and Powers

The purposes for which the Cooperative is organized are:

1. To engage on a cooperative basis in telecommunications, video and information services and in the provision of any and all other kinds of communications services and other services which utilize communications facilities within Clear Creek Mutual Telephone Company's serving area and such other territories as the Cooperative considers practical.
2. To own, operate, buy, sell and lease telephone, video, information and other communications services, facilities and accessories.
3. To engage in any activity in connection with the telephone business and the business of providing communications services.
4. This Cooperative shall have all the corporate powers enumerated in the Oregon Cooperative Corporation Act, and in addition thereto and not in diminution thereof, shall have the following powers:
 - A. To make application for, to acquire, own, hold, use and administer all manner of letters patent, patent rights, copyrights, trademarks, trade names and any interest therein, and to sell, assign or otherwise dispose of the same.
 - B. To make any guarantee respecting stock, dividends, securities, indebtedness, interest, contracts or other obligations created by any individual, partnership, corporation or other entity, to the extent that such guarantee is made in furtherance of the purposes set forth in this Article.
 - C. To enter into any lawful arrangement for joint venture, sharing profits, union of interest or cooperative association with any corporation, association, partnership, individual or other legal entity for the carrying on of any business activity, including research, where the purpose of such activity is similar to the purposes set forth in this Article.

5. To engage in any lawful business purpose.

Article III -- Membership

This Cooperative shall admit members upon direct payment of a membership fee, which the board of directors shall from time to time establish, not to exceed \$2.00, and upon such other conditions as may be prescribed in the bylaws or resolutions of the board of directors.

Article IV -- Basis of Distribution of Assets in the Event of Dissolution or Liquidation

Upon dissolution or liquidation of the Cooperative, the following priorities shall exist in the distribution of assets:

1. All debts and liabilities of the Cooperative shall have been paid.
2. Holders of credits to members' equity accounts shall be paid the face amount of such credits without regard for priority of issue of such credits. If the amount of funds to be distributed is insufficient to retire all such credits at the face value thereof, retirement shall be made prorata thereon.
3. The remaining property and assets of the Cooperative shall be distributed among the current members in the proportion in which the aggregate patronage of each member bears to the total patronage of all such current members on the date of dissolution unless otherwise provided by law.

Any indebtedness due to the Cooperative from the holders of equities in the Cooperative may be offset by the Cooperative before retirement of such equities.

Article V -- Registered Office and Registered Agent

The address of the registered office of the Cooperative is 18238 S. Fischers Mill Road, Oregon City, Oregon 97045. The registered agent is the President of the Cooperative.

Article VI -- Cooperative Operation

This Cooperative shall operate on a cooperative basis for the mutual benefit of its members. The net savings of the Cooperative derived from business transacted with members belong to such members in proportion to their respective patronage and shall be returned to such members either in the form of cash or credits as may be prescribed in the bylaws or resolutions of the board of directors.

The Cooperative, at its option, may withhold any and all net savings distributable to a member and apply such net savings to the indebtedness of such member to the Cooperative.

Dated this 27th day of April, 2006
Clear Creek Mutual Telephone Company

BY: 
Chairperson

BY: 
Secretary/Treasurer