

ARTICLE I
MEMBERSHIP

SECTION 1. QUALIFICATIONS AND OBLIGATIONS.

A. Membership Qualifications

Any person, partnership, firm, association, corporation or body politic or subdivision thereof may become a member of Salmon River Electric Cooperative, Inc., (hereinafter called the "Cooperative") by:

1. Making written application for membership therein;
2. Purchase from the Cooperative electric services, when such services become available to the member;
3. Comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative and any rules and regulations adopted by the Board of Directors; and
4. Paying the established membership fee. No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these Bylaws.

B. Indemnification

Each member shall be responsible for and shall indemnify and hold the Cooperative harmless from and against all claims, actions, injuries, losses or damages of every kind, name, nature, whether wholly or partially caused by any act or failure to act on the part of the member, or the performance or failure to perform any duty of the member under these Bylaws, including but not limited to any claim, action, liability or damage related to or arising out of a defect in or improper use or maintenance of the member's premises, machinery or equipment. In no event shall the Cooperative be responsible for any act or failure to act with respect to any event that occurs on the member's side of the metering point.

C. Grants of Easement

Each member shall execute and deliver to the Cooperative grants of easement or right of way on or over such lands owned by the member and in accordance with such reasonable terms and conditions as the Cooperative shall require, for the furnishing of electric service to him/her or other members or for the construction, operation and maintenance or the relocation of the Cooperative's electric facilities.

D. Member Compliance with Bylaws and Regulations

Each member shall purchase from the Cooperative electric energy or services and shall pay rates, which shall from time to time be fixed by the Board of Directors. Production or use of electric energy, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative electrical facilities, shall be subject to appropriate regulations as may be fixed from time to time by the Cooperative. It is expressly understood that amounts paid for electric energy or other electrical services in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these Bylaws. Each member shall pay to the Cooperative such minimum amount per month, regardless of the amount of electric energy or electrical services consumed, as shall be fixed by the Board of Directors from time to time. Each member shall also pay all amounts owed by him/her or it to the Cooperative as and when the same shall become due and payable.

By dealing with the Cooperative, each member acknowledges that the terms and provisions of the Articles of Incorporation and Bylaws of the Cooperative, as well as the Cooperative's policies, rules and regulations shall constitute and be a contract between the Cooperative and each member, and both the Cooperative and its members are bound by such contract, as fully as though each member had individually signed a separate instrument containing such terms and conditions.

SECTION 2. MEMBERSHIP APPLICATION.

Unless the Board determines otherwise, an applicant shall become a member of the Cooperative effective on the date the applicant completes the membership procedures to the satisfaction of the Cooperative and meets the criteria for becoming a member.

SECTION 3. EXPULSION, SUSPENSION OR WITHDRAWAL OF MEMBERSHIP.

A. Expulsion or Suspension of Members.

The Board of Directors of the Cooperative may, by an affirmative vote of not less than two-thirds (2/3) of all directors, expel a member or suspend a membership in the Cooperative for failure of a member to comply with any of the provisions of the Articles of Incorporation, Bylaws, rules, regulations or policies of the Cooperative, provided that such expulsion or suspension is fair and reasonable. No member may be expelled, nor a membership suspended, if not less than fifteen (15) days prior written notice of the expulsion or suspension is provided to the member stating the reasons therefore, and such member shall be provided an opportunity to be heard, orally or in writing, not less than five (5) days before the effective date of the expulsion or suspension by a person or persons authorized by the Board to decide that the proposed expulsion or suspension not take place. Written notice of suspension or expulsion shall be provided by first class or certified mail sent to the last known address of the member shown on the Cooperative's records. Any proceeding challenging an expulsion or suspension of membership, including any proceeding in which defective notice is alleged, must be commenced within one (1) year after the effective date of the expulsion or suspension. A member who has been expelled or suspended may be liable to the Cooperative for dues, assessments, fees

or services as a result of obligations incurred or commitments made prior to expulsion or suspension. Any expelled or suspended member may be reinstated by the Board of Directors, or by the affirmative vote of two-thirds (2/3) of the members present and voting in person, or by proxy at any annual or special meeting of the members where a quorum is present. The action of the members with respect to any such reinstatement shall be final. The membership of a member who for a period of six months after service is available to him/her, has not purchased electric energy or services from the Cooperative, or of a member who has ceased to purchase energy or services from the Cooperative, may be terminated by resolution of the Board of Directors provided such termination is conducted in accordance with the terms of this section.

B. Withdrawal of Membership.

Any member may withdraw from membership upon payment in full of all liabilities of such member to the Cooperative and upon compliance with such uniform terms and conditions as the Board of Directors may prescribe.

SECTION 4. TRANSFER AND TERMINATION OF MEMBERSHIP.

- A. Membership in the Cooperative shall not be transferable, except as hereinafter otherwise provided, and upon the death, cessation of existence, expulsion, suspension or withdrawal of a member, the membership of such member shall thereupon terminate; provided, however, that such termination of membership shall not release the member or his/her estate from the liabilities of such member to the Cooperative. In case of termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid by him/her or it; provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any obligations owing from the member of the Cooperative.
- B. A membership may be converted to a joint membership upon written request of the holder thereof and the written agreement by such holder and his or her spouse or joint member to comply with the Articles of Incorporation, Bylaws, policies and rules and regulations adopted by the Board of Directors.
- C. Upon the death of a joint member, such joint membership shall be held solely by the surviving member but the estate of the deceased member shall not be released from any debts due the Cooperative.
- D. The term "member" as used in these Bylaws shall include any two or more individuals holding a joint membership. Any provisions relating to the rights and liabilities of membership shall apply equally to the holders of a joint membership. The holders of a joint membership shall act in accordance as follows:

1. The presence at a meeting of one or more individuals of a joint membership shall be regarded as the presence of one member;
2. The vote of one or more individuals of a joint membership shall constitute one joint vote;
3. A proxy executed by either or both shall constitute one joint proxy;
4. A waiver of notice signed by one or more individuals of a joint membership shall constitute a joint waiver;
5. Notice to one or more individuals of a joint membership shall constitute notice to all;
6. Expulsion of one or more individuals of a joint membership shall terminate the joint membership;
7. Withdrawal of one or more individuals of a joint membership shall terminate the joint membership;
8. One individual of a joint membership may be elected or appointed as an officer or director.