

BYLAWS
AND
ARTICLES OF INCORPORATION
OF
NORTHERN LIGHTS, INC.

Revised May 7, 2005

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**ARTICLES OF INCORPORATION OF
NORTHERN LIGHTS, INC.**

We, the Board of Directors of Northern Lights, Inc., hereby resolve that the Articles of Incorporation of Northern Lights, Inc., be restated. All of the operative provisions of the Articles of Incorporation as heretofore amended are correctly set forth herein, without change, and superseded the original Articles of Incorporation and all amendments thereto.

RESOLVED that the Articles of Incorporation of Northern Lights, Inc., are restated as follows:

ARTICLE I

The name of this association shall be NORTHERN LIGHTS, INC.

ARTICLE II

The objects and purposes for which the Corporation is formed are:

(a) To generate, manufacture, purchase, acquire and accumulate electric energy for its members only and to transmit, distribute, furnish, sell and dispose of such electric energy to its members only, and to construct, erect, purchase lease as lessee and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and electric generation, transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing objects and purposes.

(b) To purchase, acquire and accumulate energy products for its members only and to transmit, distribute, furnish, sell and dispose of such energy products to its members only, and to construct, erect, purchase lease as lessee and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings works, machinery, supplies, apparatus, equipment and energy products transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing objects and purposes.

(c) To acquire, own, hold, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, licenses, rights of way and easements necessary, useful or appropriate to accomplish any or all of the objects or purposes of the Corporation;

(d) To purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, convey, sell, lease as lessor, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property or any interest therein necessary, useful or appropriate to enable the Corporation to accomplish any or all of its objects or purposes;

(e) To assist its members to wire their premises and install therein electrical, energy products and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and, in connection therewith and for such purposes, to purchase, acquire, lease, sell, distribute, install and repair electrical, energy products and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and to receive, acquire, endorse, pledge, guarantee, hypothecate, transfer or otherwise dispose of notes and other evidences of indebtedness and all security therefor;

(f) To borrow money, to make and issue bonds, notes and other evidences of indebtedness, secured or unsecured, for moneys borrowed or in payment for property acquired, or for any of the other objects or purposes of the Corporation; to secure the payment of such bonds, notes or other evidences of indebtedness by mortgage or mortgages, or deed or deeds of trust upon, or by the pledge of or other lien upon, any or all of the property, rights, privileges or permits of the Corporation, wheresoever situated, acquired or to be acquired.

(g) To engage in the business of providing telecommunications, satellite telecommunication reception and related services; to own, sell, distribute, finance, lease, service, install, maintain and create such materials, equipment, properties and programs as may be required therefor and to do all and everything necessary, suitable, or proper for the accomplishment of this purpose either alone or through a subsidiary or in conjunction with other firms, or individuals, and either as principals or agents; provided that no telecommunications activity be taken which would jeopardize the Corporation's tax-exempt status; and provided further that telecommunications and related services may be provided to persons not members of the Corporation only if provision of said services will benefit the Corporation or its members, or enhance the Corporation's ability to provide said services to members.

(h) To do and perform, either for itself or its members, any and all acts and things, and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing objects or purposes or as may be permitted by the Act under which the Corporation is formed. The Corporation shall render no service to or for the public.

ARTICLE III

The duration of this Association shall be perpetual.

ARTICLE IV

The location and post office address of the registered office of this Association shall be Bonner County, Idaho.

ARTICLE V

The names and post office addresses of the incorporators are as follows:

| | | | |
|----------------|-----------------------------|-----------------|-----------------------------|
| H. E. Bassford | Naples, Idaho | A. Steg | Sandpoint, Idaho Route 1 |
| E. Schevenius | Sandpoint, Idaho Route 1 | H. S. Crowder | Sandpoint, Idaho Route 1 |
| Art O. Schauer | Colburn, Idaho | Carl R. Meserve | Sandpoint, Idaho Route 1 |
| W. H. White | Samuels, Idaho | | |

ARTICLE VI

Section 1. The Corporation is a nonprofit corporation without any purpose of pecuniary profit to itself and shall have no capital stock.

Section 2. The terms, conditions, eligibility, admission, withdrawal, expulsion, rights and obligations of membership; the rights, powers, compensation, qualifications, number, election, removal and filling vacancies of the board of directors and officers; the manner of noticing, holding and conducting, and the quorum requirements for, meetings of the board of directors, and the members, including the voting rights of members; the manner of accounting for revenues and expenses so as to assure nonprofit operation; the manner of adopting alterations, amendments or repeals of the Bylaws; and provisions relating to any other matters not covered by law or by these Articles of Incorporation -shall, except as otherwise provided by law or these Articles, be stated or provisions made therefor in the Bylaws.

ARTICLE VII

The operations of the Corporation shall be carried on in the Counties of Bonner, Boundary and Kootenai, in the State of Idaho, and in such other counties in the State of Idaho and in any other state of the United States, as the board of directors may from time to time decide. The registered office and place of business of the Corporation shall be in Bonner County, in the State of Idaho, and the Corporation may maintain offices at such place or places in the State of Idaho and in the United States as the board of directors may from time to time decide.

ARTICLE VIII

The Corporation may amend, alter or repeal any provision of these Articles of Incorporation upon the affirmative vote of the majority of votes cast by the members present at a member meeting in person or by mail-in ballot and upon compliance otherwise with the Idaho Code as presently worded or as may hereafter be amended.

BYLAWS FOR NORTHERN LIGHTS, INC.

ARTICLE I MEMBERSHIP

SECTION 1.01. Eligibility. Any natural person, firm, association, corporation, business trust, partnership, federal or state body politic, department, agency, political subdivision or instrumentality thereof, (each hereinafter referred to as "person," "applicant," "him or her" or "his or hers") shall be eligible to become a member of, and, at one or more premises owned or directly occupied or used by him or her, to receive electric or energy products service from, Northern Lights, Inc. (hereinafter called the "Cooperative"). No person shall hold more than one membership in the Cooperative.

SECTION 1.02. Application for Membership; Renewal of Prior Application. Application for membership--whereby the applicant agrees to purchase electric power and energy or energy products from the Cooperative and to be bound by and to comply with all of the other provisions of the Cooperative's Articles of Incorporation and Bylaws, and all rules, regulations, policies, rate classifications, charges and rate schedules established pursuant thereto, as all the same then exist or may thereafter be adopted or amended (the obligations embraced by such agreement being hereinafter called "membership obligations")--shall be made on such form as is provided therefor by the Cooperative and shall be completed and submitted by the applicant or his or her legally authorized agent in any reasonable manner acceptable to the Cooperative. With respect to any particular classification of service for which the Board of Directors shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefor by the Cooperative. The membership application shall be accompanied by the membership fee provided for in Section 1.03 (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative), which fee (and such service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, if any) shall be refunded in the event the application is by Board resolution denied. Any former member of the Cooperative may, by the sole act of paying a new membership fee and any outstanding account plus accrued interest thereon at the Idaho legal rate on judgments in effect when such account first became overdue, compounded annually (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative), renew and reactivate any prior application for membership to the same effect as though the application had been newly made on the date of such payment provided the information contained in the prior application is still correct and applicable (otherwise, a new application shall be executed).

SECTION 1.03. Membership Fee; Service Security; Service Connection and Facilities Extension Deposits or Fees; Contribution in Aid of Construction. The membership fee shall be as fixed from time to time by the Board of Directors. The membership fee (together with any service security deposit, or service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, or any combination thereof, if required by the Cooperative) shall entitle the member to one service connection, or if the member is both

an electric and gas customer, the membership fee for each service shall entitle the member to one service connection for each service. A service connection deposit or fee, in such amount as shall be prescribed by the Cooperative (together with a service security deposit, a facilities extension deposit or a contribution in aid of construction or any combination thereof, if required by the Cooperative), shall be paid by the member for each additional service connection requested by him or her.

SECTION 1.04. Joint Membership. A husband and wife, by specifically so requesting in writing, may be accepted into joint membership or, if one of them is already a member, may automatically convert such membership into a joint membership by jointly executing another membership application. The words "member," "applicant," "person," "his or hers" and "him or her," as used in these Bylaws, shall include a husband and wife applying for or holding a joint membership, unless otherwise clearly distinguished in the text; and all provisions relating to the rights, power, terms, conditions, obligations, responsibilities and liabilities of membership shall apply equally, severally and jointly to them. Without limiting the generality of the foregoing:

(a) the presence at a meeting of either or both shall constitute the presence of one member, and a joint waiver of notice of the meeting;

(b) the vote of, or mail-in ballot executed by, either or both shall constitute, respectively, one joint vote: PROVIDED, that if both be present but in disagreement on such vote, each shall cast only one-half (1/2) vote: AND PROVIDED FURTHER, that if both shall execute a mail-in ballot, and such ballots be in disagreement on such vote, each shall cast only one-half (1/2) vote;

(c) notice to, or waiver of notice signed by, either or both shall constitute, respectively, a joint notice or waiver of notice;

(d) suspension or termination in any manner of either shall constitute, respectively, suspension or termination of the joint membership;

(e) either, but not both concurrently, shall be eligible to serve as a Director of the Cooperative, but only if both meet the qualifications required therefor; and

(f) neither will be permitted to have any additional service connections except through their one joint membership.

SECTION 1.05. Acceptance into Membership. Upon complying with the requirements set forth in Section 1.02, any applicant shall automatically become a member and consents to being a member upon initially using or requesting to use electric or energy products service: PROVIDED, that the Board of Directors may by resolution deny an application and refuse to extend service upon its determination that the applicant is not willing or is not able to satisfy and abide by the Cooperative's terms and conditions of membership or that such application should be denied for other good cause.

SECTION 1.06. Purchase of Electric Power and Energy or Energy Products; Power Production by Member; Application of Payments to All Accounts. The Cooperative shall use reasonable diligence to furnish its members with adequate and dependable electric and energy products service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof; and each member, for so long as such premises are owned or directly occupied or used by him or her, shall purchase from the Cooperative all central station electric power and energy or energy products purchased for use on all premises to which electric or energy products service has been furnished by the Cooperative pursuant to his or her membership, unless and except to the extent that the Board of Directors may in writing waive such requirement; and shall pay therefor at the times, and in accordance with the rules, regulations, policies, rate classifications, charges and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy or energy products actually used) established by the Board of Directors and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into as provided for in Section 1.02. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Each member shall also pay all other amounts owed by him or her to the Cooperative as they become due and payable. When the member has more than one service connection from the Cooperative, any payment for his or her service shall be deemed to be allocated and credited on a pro rata basis to his or her outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures may not reflect such allocation and proration.

SECTION 1.07. Excess Payments to be Credited as Member-Furnished Capital. All amounts paid for electric or energy products service in excess of the cost thereof shall be furnished by members as capital, and each member shall be credited with the capital so furnished as provided in Article VIII of these Bylaws. No provision of these Bylaws shall be construed, however, to prohibit the Cooperative from negotiating rate structures with large industrial customers that either eliminate or substantially modify the provision for capital credit.

SECTION 1.08. Wiring and Hookup of Premises; Responsibility Therefor; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification. Each member shall cause all premises receiving electric or energy products service pursuant to his or her membership to comply with the specifications of the National Electric Code, any applicable state code or local government ordinances, and of the Cooperative, if any, at the time of installation: PROVIDED, that the Cooperative may require, as a condition of continued service, such repairs as are necessary to alleviate any hazardous conditions caused by the wiring or hookup on the member premises. If the foregoing specifications are variant, the more exacting standards shall prevail. Each member shall be responsible for--and shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting from any defect in or improper use or maintenance of--such premises and all wiring and apparatus connected thereto or used thereon. Each member shall make available to the Cooperative a suitable site whereon to place the Cooperative's physical facilities for the

furnishing and metering of electric or energy products service and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto safely for meter reading, bill collecting and inspection, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times. As part of the consideration for such service, each member shall be the Cooperative's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use his or her best efforts to prevent others from so doing. Each member shall also provide such protective devices to his or her premises, apparatuses or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and their operation and to prevent any interference with or damage to such facilities. In the event such facilities are interfered with, impaired in their operation or damaged by the member, or by any other person when the member's reasonable care and surveillance should have prevented such, the member shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting therefrom, including but not limited to the Cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. The Cooperative shall, however, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from a malfunctioning of its metering equipment or any error occurring in the Cooperative's billing procedure. In no event shall the responsibility of the Cooperative extend beyond the point of delivery.

SECTION 1.09. Member to Grant Easements to Cooperative. Each member shall, upon being requested so to do by the Cooperative, execute and deliver, or cause to be executed and delivered to the Cooperative such grants of easement right-of-way over, on or under such lands owned, leased or occupied by or mortgaged to the member as the Cooperative shall require for the purpose of furnishing of electric or energy products service to such member.

ARTICLE II MEMBERSHIP SUSPENSION AND TERMINATION

SECTION 2.01. Suspension; Reinstatement. Upon his or her failure, after the expiration of the initial time limit prescribed either in a specific notice to him or her or in the Cooperative's generally publicized applicable rules and regulations, to pay any amounts due the Cooperative or to cease any other non-compliance with his or her membership obligations, a person's membership shall automatically be suspended; and he or she shall not during such suspension be entitled to receive electric or energy products service from the Cooperative or to cast a vote at any meeting of the members. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement, and/or cessation of any other noncompliance with his or her membership obligations within the final time limit provided in such notice or rules and regulations shall automatically reinstate the membership, in which event the member shall thereafter be entitled to receive electric or energy products service from the Cooperative and to vote at the meetings of its members.

SECTION 2.02. Termination by Expulsion; Renewed Membership. Upon failure of a suspended member to be automatically reinstated to membership, as provided in Section 2.01,

he or she may, upon due notice, but only after due hearing if such is requested by him or her, be expelled by resolution of the Board of Directors at any subsequently held regular or special meeting of the Board. After any finally effective expulsion of a member, he or she may not again become a member except upon new application therefor as provided in Sections 1.02 and 1.05. The Board of Directors, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all his or her membership obligations.

SECTION 2.03. Termination by Withdrawal or Resignation. A member may withdraw from membership upon such generally applicable and reasonable conditions as the Board of Directors shall prescribe and upon either (a) ceasing to (or, with the approval of the Board of Directors, resigning his or her membership in favor of a new applicant who also shall own or directly occupy or use all premises being furnished electric or energy products service pursuant to his or her membership, or (b) except when the Board of Directors specifically waives such condition, abandoning totally and permanently the use of central station electric or energy products service on such premises.

SECTION 2.04. Termination by Death or Cessation of Existence; Continuation of Membership in Remaining or New Partners. Except as provided in Section 2.06, the death of an individual human member shall automatically terminate his or her membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership: PROVIDED, that upon the dissolution for any reason of a partnership, or upon the death, withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining and/or new partner or partners as continue to own or directly to occupy or use the premises being furnished electric or energy products service pursuant to such membership in the same manner and to the same effect as though such membership had never been held by different partners: PROVIDED FURTHER, that neither a withdrawing partner nor his or her estate shall be released from any debts then due the Cooperative.

SECTION 2.05. Effect of Termination. Upon the termination in any manner of a person's membership, he or she or his or her estate, as the case may be, shall be entitled to refund of his or her service security deposit, if any, theretofore paid the Cooperative, less any amounts due the Cooperative; but neither he or she nor his or her estate, as the case may be, shall be released from any debts or other obligations then remaining due the Cooperative. Notwithstanding the suspension or expulsion of a member, as provided for in Sections 2.01 and 2.02, such suspension or expulsion shall not, unless the Board of Directors shall expressly so elect, constitute such release of such person from his or her membership obligations as to entitle him or her to purchase from any other person any central station electric power and energy or energy products for use at the premises to which such service has theretofore been furnished by the Cooperative pursuant to such membership. Termination of membership shall not affect any right, title or interest of the member theretofore vested in him or her in the assets of the Cooperative except for the purpose of offsetting obligations he or she owes the Cooperative, if any.

SECTION 2.06. Effect of Death, Legal Separation or Divorce upon a Joint Membership. Upon the death of either spouse of a joint membership, such membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such membership had never been joint: PROVIDED, that the estate of the deceased spouse shall not be released from any debts due the Cooperative. Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such membership, in the same manner and to the same effect as though such membership had never been joint: PROVIDED, that the other spouse shall not be released from any debts due the Cooperative.

SECTION 2.07. Acceptance of Members Retroactively. Upon discovery that the Cooperative has been furnishing electric or energy products service to any person other than a member, it shall cease furnishing such service unless such person applies for, and the Board of Directors approves, membership retroactively to the date on which such person first began receiving such service, in which event the Cooperative, to the extent practicable, shall correct its membership and all related records accordingly.

ARTICLE III MEETINGS OF MEMBERS

SECTION 3.01. Annual Meeting. For the purposes of electing directors, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the meeting, the annual meeting of the members shall be held during the month of May, at such site and place within the service area of the Cooperative, and beginning at such hour, all as the Board of Directors shall fix from year to year. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for, and to encourage member attendance at, the annual meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative.

SECTION 3.02. Special Meetings. A special meeting of the members may be called by a majority of the Board of Directors or by member petition that includes a description of the purpose or purposes for which the special meeting is to be held and is signed by not less than ten percent (10%) of the members. It shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 3.03. Special meetings of the members may be held at any place within the service area of the Cooperative, in the State of Idaho, on such date, not sooner than forty (40) nor more than sixty (60) days after the call or request for such meeting is made, and beginning at such hour as shall be designated by him or her or those calling the same. All directors shall, immediately after any such call other than one joined in by all of them, be fully informed thereof by the Secretary and/or the Cooperative's chief operating executive (the general manager by whatever title called).

SECTION 3.03 Notice of Member Meetings. Written or printed notice of the place, day and hour of each member meeting and of the purposes of the meeting, including all matters to be voted upon at the meeting which are known to the Secretary at the time the notice is prepared shall by the Secretary be delivered to each member not less than ten (10) days nor,

except as provided in Article X, more than fifty (50) days before the date of the meeting, by any reasonable means. Reasonable means of providing such notice to the member shall include any of the following: the United States mail, personal delivery, a Cooperative newsletter, magazine or magazine insert, or service billings. No matter the carrying of which, as provided by law or by the Cooperative's Articles of Incorporation or Bylaws, requires the affirmative votes of more than a simple majority of those voting shall be acted upon at any meeting of the members unless notice of such matter shall have been contained in the notice 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 or her address as it appears on the records of the Cooperative, with postage thereon prepaid and postmarked at least ten (10) days before the meeting date. In making such computation, the date of the meeting shall not be counted. The incidental and non-intended failure of any member to receive such notice shall not invalidate any action which may be taken by the members at any such meeting, and the attendance in person of a member at any meeting of the members shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the ground that the meeting shall not have been lawfully called or convened. Any member attending any meeting for the purpose of making such objection shall notify the Secretary prior to or at the beginning of the meeting of his or her objection.

SECTION 3.04. Quorum. Business may not be transacted at any meeting of the members unless there are present in person or by validly executed and received mail-in ballot at least one hundred fifty (150) of the Cooperative's members, except that if less than a quorum is present at any meeting, a majority of those present may adjourn the meeting to another time and date not less than thirty-five (35) days later and to any place in the service area in the State of Idaho: PROVIDED, that the Secretary shall notify all members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3.03. At all meetings of the members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those members who were registered as present in person or by mail-in ballot.

SECTION 3.05. Voting. Each member who is not in a status of suspension, as provided for in Section 2.01, shall be entitled to one vote and no more upon each matter submitted to a vote at any annual or special meeting of the members. Voting by members other than members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each member meeting, of satisfactory evidence entitling the person presenting the same to vote. At all meetings of the members, all questions shall be decided by the vote of a majority of the members voting thereon, except as otherwise provided by law or by the Cooperative's Articles of Incorporation or these Bylaws. Members may not cumulate their votes in the election of directors.

SECTION 3.06. Mail-in Balloting.

(a) At any meeting of the members or any adjournment thereof, any member may vote by mail-in ballot, but only if such ballot (1) is received by the Cooperative at its principal office in Sagle, Idaho, during office hours on or before the last business day preceding the date of the meeting or any adjournment thereof, as the case may be, (2) is executed by the member in writing, (3) specifies the particular meeting and/or any adjournment thereof at which it is to be voted, and (4) is dated.

(b) With the notice of each annual or special meeting, the Cooperative shall send to each member a mail-in ballot which shall be in a form which will be acceptable at the member meeting. Such ballot shall be so worded that a member may, if he or she so desires, vote on every substantive matter noticed for consideration and action at such meeting. Whenever possible, the ballot shall be printed on one side of a piece of paper not greater than eight and one-half (8 ½) inches by eleven (11) inches.

(c) With the notice of each annual or special meeting, the Cooperative shall send to each member that is not a natural person a mail-in ballot in a form which will be acceptable at the said meeting.

(d) Notwithstanding any of the foregoing provisions of subsections (b) and (c), the Cooperative will recognize and honor any properly executed mail-in ballot that is timely presented and legally sufficient.

(e) Voting by proxy shall be prohibited.

SECTION 3.07. Credentials and Election Committee. The Credentials and Elections Committee shall be appointed by the Board of Directors and shall be comprised of not less than three (3) nor more than seven (7) members of the Cooperative who are neither employees nor current Directors or Director-candidates, of the Cooperative. Each member appointment is limited to one (1) member from any given District. The Committee shall be appointed no less than thirty (30) days prior to each annual meeting, or, if appropriate, special meeting, and shall be dissolved no later than forty-five (45) days after the meeting for which the Committee was appointed. The Committee shall elect its own Chairman and Secretary prior to such meeting. The Board of Directors shall provide the Committee with a list of all members that are receiving service and shall be eligible to vote in any election, and the procedures for conducting any election, which procedures shall be in compliance with those set forth in the Idaho Code. It shall be the responsibility of the Committee to count all ballots cast in any election or any other matter, to rule upon the effect of any ballots irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to member voting, and to pass upon any protest or objection filed with respect to any election or conduct affecting the results of any election: PROVIDED, the Committee shall not rule on or decide any parliamentary matter. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative. Any protest or objection concerning any election must be filed in

writing during, or within ten (10) days following the adjournment of, the meeting. Any protest or objection concerning the determination of eligibility of a candidate must be in writing during, or within ten (10) days following the adjournment of the Credentials and Elections Committee Meeting when eligibility is determined. The Committee shall thereupon be reconvened, upon notice from its Secretary, not less than seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protester(s) or objector(s), or any other member, who may be heard in person, by counsel, or both, and any opposing evidence; all persons who are heard shall be subject to cross examination by any other member participating in the hearing including the committee members and attorneys, if any; and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time but not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm action, to change the outcome thereof or to set it aside. The Committee may not act on any matter unless a majority of the Committee is present. The Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final.

SECTION 3.08. Order of Business. The order of business at the annual meeting of the members and, so far as practicable or desirable, at all other meetings of the members shall be essentially as follows:

- (1) Report on the number of members present in person in order to determine the existence of a quorum;
- (2) Reading of the notice of the meeting and proof of the due giving thereof, or of 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 any necessary action thereon;
- (4) Presentation and consideration of reports of officers, Directors and committees;
- (5) Election of Directors;
- (6) Unfinished business;
- (7) New business; and
- (8) Adjournment.

Notwithstanding the foregoing, the Board of Directors or the members themselves may from time to time establish a different order of business for the purpose of assuring the earlier consideration of and action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business: PROVIDED, that no business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

ARTICLE IV DIRECTORS

SECTION 4.01. Number and General Powers. The business and affairs of the Cooperative shall be managed by a Board of Directors consisting of seven (7) persons. The Board shall exercise all of the powers of the Cooperative except such as are by law or by the Cooperative's Articles of Incorporation or Bylaws conferred upon or reserved to the members. The Board of Directors may by resolution designate one or more committees pursuant to Idaho Code 30-317.

SECTION 4.02. Qualifications. To be eligible to become or remain a Director, any such person:

(a) must be a member of the Cooperative, eighteen (18) years or older and in good standing. To be in good standing a member:

1. shall not have more than three (3) late payments to the Cooperative and no more than two (2) non-sufficient funds checks issued to the Cooperative within the prior twelve (12) months.
2. shall not be subject to a restraining order or injunction prohibiting contact with the Cooperative.
3. shall not have been convicted of a felony involving moral turpitude within the prior ten (10) years.

(b) must not be a close relative of an incumbent Director;

(c) must maintain a primary residence receiving service from the cooperative in the geographical area represented by the Director;

(d) must not be an employee of the Cooperative; and

(e) must not be in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies or natural gas to the Cooperative, or a business substantially engaged in selling electrical or natural gas appliances, fixtures or supplies to the Cooperative. Notwithstanding any of the foregoing provisions of this Section relating to "close relative" relationship, no incumbent director shall lose eligibility to remain a Director or to be re-elected as a Director if he or she becomes a close relative of another incumbent Director or of a Cooperative employee solely because of a marriage or an adoption to which the Director was not a party.

Any director who breaches the Director's fiduciary duties to the Cooperative, violates confidences which cause actual damage or injury to the Cooperative, or engages in illegal activity under the color of authority as a Director of the Cooperative may be removed by the Board of Directors.

Upon establishment of the fact that any person seeking election is in violation of any of the foregoing provisions, the Board of Directors shall not allow such person to stand for election. Upon the establishment that any Director is in violation of any of the foregoing provisions, the Board shall remove such Director. Nothing contained in this Section shall affect in any manner whatsoever the validity of any action taken at any meetings of the Board of Directors. Any determination by the Board of Directors under this section shall be by a two-thirds (2/3) majority vote of the Board of Directors, following notice and a full hearing by the Board of Directors.

If a Director, without prior approval by the Board President, shall miss three (3) regular meetings of the Board of Directors out of any twelve (12) consecutive meetings, the Director may be removed from the Board by a majority vote of the Board of Directors.

SECTION 4.03. Directorate Districts.

(a) The territory served by the Cooperative shall be divided into seven (7) Directorate Districts from each of which one Director shall be elected, on the staggered term basis provided for in Section 4.06, solely by the members who or which have premises served by the Cooperative in each such District at the annual member meetings.

(b) Notwithstanding the foregoing number of Directorate Districts, District descriptions and number of District Directorships presently provided for in this Section and in other sections of this Article IV, every year the Board of Directors shall review the number of members in each District and determine the percentage differential between the District with the highest membership and lowest membership. When the differential is less than ten percent (10%), the Board shall not make any District boundary adjustments. When the percentage differential is greater than ten percent (10%) but less than twenty percent (20%), the Board at its discretion may adjust the District boundaries. When the percentage differential is twenty percent (20%) or greater, the Board shall adjust the District boundaries. The membership of each District shall be as nearly equal as practicable to the membership of every other district following a boundary adjustment. PROVIDED, that any such changes shall not, without the affected Director's consent, have the effect of shortening the term of any incumbent Director. In the event that a boundary adjustment results in a Director residing outside the Director's District, said affected Director shall serve the Director's remaining term and continue to represent the District in which the Director formerly resided. Notice to the membership of the revised District boundaries shall include an accurate map and boundary description of each revised District and shall be provided, not less than 90 days prior to any annual or special meeting.

(c) Any increase or decrease in the number of Directorate Districts shall require an amendment to the Bylaws by a majority vote of all the cooperative members voting at the annual membership meeting one year prior to the implementation of the change. In the event the Districts are increased, the membership shall vote for new Directors at the next annual meeting to fill the vacancies in the new Districts. The term of the Directors for the new District shall be staggered as required by Idaho Code. In the event the Districts are decreased, no reduction shall exceed the number of District Directorships which shall expire the year following the adoption of the bylaw. If the bylaw calls for a reduction of District, the Board of Directors shall proceed to adjust the District boundaries as provided in 4.03 (b). Following an adjustment caused by a reduction, if a Director resides outside any realigned District, the Board shall assign a District to the Director and the Director shall represent that District and serve the remainder of the Director's term representing the realigned District.

SECTION 4.04. Nomination of Directors.

(a) Members may run for election for any Director position for which Members are scheduled to vote at any Member Meeting by use of a "Member Petition Nomination" form. Members make Member Petition Nominations by delivering to the Secretary or the Cooperative's principal place of business at least thirty (30) business days prior to the Member Meeting a writing entitled "Member Petition Nomination":

- (1) Listing the name of the Member Petition Nominee;
- (2) Indicating the Director Position for which the Member Petition Nominee will run; and
- (3) Containing the printed names, addresses, and telephone numbers, and original signatures of at least twenty-five (25) members receiving electric service from Northern Lights and residing in the District for which the Member Petition Nominee will run.

(b) It shall be the duty of the Board of Directors not less than ninety (90) days before the date of the meeting of the members at which Directors are to be elected to notify the membership of each vacancy occurring on the board, the District represented by the vacancy, the requirements to be eligible as a Director, and the procedure to be nominated by petition for the position of Director.

(c) The Board of Directors may request candidates to submit a picture and biography not to exceed 150 words by a set date for distribution to the members. The Board may direct Cooperative employees to distribute the materials as long as all materials received by the deadlines set forth by the Board are distributed. The Board may

not authorize any other use of Cooperative employees or Cooperative resources for election purposes.

(d) If only one (1) qualified person is nominated for a vacant position, no election need be held for that directorship, and the candidate shall become Director for the District as if duly elected. If there are no nominations, the vacancy shall be filled by the Board of Directors.

SECTION 4.05. Election.

(a) At each annual meeting of the members, directors for each of the seven (7) Directorate Districts shall be elected by secret written ballot solely by the members who or which have premises served by the Cooperative in each such district.

(b) All written ballots cast in electing Directors at member meetings and all mail-in ballots received shall be impounded by the Secretary and retained for a reasonable time, not less than six (6) months.

SECTION 4.06. Tenure. Directors shall be so nominated and elected that one Director from each of Directorate Districts Nos. 3 and 6 shall be elected for three-year terms at an annual member meeting; one Director from each of Directorate Districts Nos. 2 and 4 shall be elected for three-year terms at the next succeeding annual member meeting; and one Director from each of Directorate Districts 1, 5 and 7 shall be elected for three-year terms at the next succeeding annual member meeting, and so forth. Upon their election, Directors shall, subject to the provisions of these Bylaws with respect to the removal of Directors, serve until the annual meeting of the members of the year in which their terms expire or until their successors shall have been elected and shall have qualified. If for any reason an election of Directors shall not be held at an annual meeting of the members duly fixed and called pursuant to these Bylaws, such election may be held at an adjournment of such meeting or at a subsequently held special or the next annual meeting of the members. Failure of an election for a given year shall allow the incumbents whose directorships would otherwise have been voted upon to hold over only until the next member meeting at which their directorships shall be voted upon.

SECTION 4.07. Voting for Directors; Validity of Board Action. In the election of Directors at annual member meetings, each member shall be entitled to vote solely for the directorship in the District in which said member has premises served by the Cooperative. If a member is served at premises in two or more Districts, he or she may vote solely at, (1) the District within which his or her primary residence is served by the Cooperative or (2) if not so served at his or her primary residential abode, the District in which the Cooperative knows or has reasonable basis to believe the member would prefer to vote. Ballots marked in violation of the foregoing restriction shall be invalid and shall not be counted with respect to the affected District or Districts.

SECTION 4.08. Removal of Directors by Members. Any member may request the removal of one or more Directors by filing the request in writing with the Secretary, which writing shall also set forth with particularity charges, if any, upon which the request is based, together with a petition signed by not less than ten (10%) percent of the members of the Directorate District which the Director(s) represent(s), which calls for a special member meeting to act upon such request and, if one or more Directors are recalled, to elect their successors, and which petition specifies the place, time and date of such meeting not sooner than forty (40) days after the filing of such petition. Each page of the petition shall, in the forepart thereof, state the name(s) and address(es) of the member(s) filing the request and making the charges, if any, and a verbatim statement of any such charges. The petition shall be signed by each member in the same name as he or she is billed by the Cooperative and shall state the signatory's address as the same appears on such billings. Notice of such request, verbatim, of the precise charge(s), if any, upon which such request is based, of the name(s) and address(es) of the member(s) filing the request and of the purpose of the meeting shall be contained in the notice of the special member meeting at which the matter will be acted upon: PROVIDED, that the notice need set forth (in alphabetical order) only twenty (20) of the names and addresses of the members filing the request if twenty-one (21) or more members file the request. Each Director whose removal is so requested, after the request and petition have been filed and validated and at least twenty (20) days prior to the special meeting of the members at which the request will be acted upon, shall be informed in writing of the same information contained or to be contained in the notice but such information shall also include the name and address of every member who has signed the request, the names of all the Directors whose removal is so requested, and the name and address of every member who has signed the petition. Such Director(s) shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel or by other evidence in respect of such request and charge(s), if any; and the member(s) bringing the charge(s) shall have the same opportunity, but shall be heard first. The question of the removal of such Director(s) shall, separately for each if the removal of more than one has been requested, be considered and voted upon at such meeting. To remove a Director shall require the affirmative votes of a majority of the members who or which have premises served by the Cooperative in the Directorate District which said Director represents. Any vacancy created by such removal shall be filled by vote of the members of the affected District(s) who are present at such meeting without the need for compliance with the foregoing provisions with respect to nominations, such nominations to be made from the floor. A newly elected Director shall be from the same Directorate District as was the Director whose office he succeeds and shall serve the unexpired portion of the removed Director's term.

SECTION 4.09. Vacancies. Except when a Director is removed by the members as provided in Section 4.08, vacancies occurring on the Board of Directors shall be filled by the Board of Directors. A Director thus appointed shall serve out the term of the Director whose office was vacated, provided that such Director shall be from the same Directorate district as the Director whose office was vacated.

SECTION 4.10. Compensation; Expenses. Directors shall, as determined by resolution of the Board of Directors, receive on a per diem basis a fixed fee, which may include insurance benefits, for attending meetings of the Board of Directors and, when such has had the

prior approval of the Board of Directors, for otherwise performing their duties. The fee or fees fixed for otherwise performing their duties need not be the same as the fee fixed for attending meetings of the Board of Directors. Directors shall also receive advancement or reimbursement of any travel and out-of-pocket expenses actually, necessarily, and reasonably incurred, in performing their duties. All such expenses shall be reported to, and shall be subject to approval or disapproval by the Board of Directors. No Director shall receive compensation for serving the Cooperative in any other capacity, without prior approval or subsequent ratification by a majority of the members at an annual or special meeting called for that purpose, unless the service of such Director is temporary and authorized by a vote of the Board that such is or was an emergency measure. No close relative of a Director shall be employed by the Cooperative without approval or subsequent ratification by a majority of the members at an annual or special meeting called for that purpose, PROVIDED, that an employee shall not lose eligibility to continue in the employment of the Cooperative if he or she becomes a close relative of a Director due to a marriage or an adoption to which he or she was not a party.

SECTION 4.11. Rules, Regulations, Policies, Rate Classifications and Schedules, Charges, Contracts, Etc. The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, policies, rate classifications, rate schedules, charges, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Cooperative's Articles of Incorporation or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 4.12. Accounting System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting financial operations during, and financial condition as of the end of, such year. A full and accurate summary of such audit reports shall be submitted to the members at or prior to the succeeding annual meeting of the members. Such report shall include the amounts of compensation paid to and the amounts of expenses paid to or on behalf of each director during the preceding fiscal year. The Board may authorize special audits, complete or partial, at any time and for any specified period of time. The Board shall also cause minutes to be kept of the meetings of the members, the Board and Board committees.

SECTION 4.13. "Close Relative" Defined. As used in these Bylaws, "close relative" means a person who, by blood or in law, including step, half, foster and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece of the principal.

ARTICLE V MEETINGS OF THE DIRECTORS

SECTION 5.01. Regular Meetings. A regular meeting of the Board of Directors shall be held monthly. The Board of Directors shall conduct an organizational meeting and elect

officers of the Board of Directors at the first regular meeting of the Board of Directors following the annual meeting of the members. A regular meeting of the Board of Directors shall also be held monthly at such date, time and place as the Board may provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the date, time and place thereof, except when business to be transacted thereat shall require special notice: PROVIDED, that any Director absent from any meeting of the Board at which such a resolution initially determines or makes any change in the date, time or place of a regular meeting shall be entitled to receive written notice of such determination or change at least five (5) days prior to the next meeting of the Board: AND PROVIDED FURTHER that, if a policy therefor is established by the Board, the President may change the date, time or place of a regular monthly meeting for good cause and upon at least five (5) days' notice thereof to all Directors.

SECTION 5.02. Special Meetings. Special meetings of the Board of Directors may be called by Board resolution, by the President, or by any three Directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 5.03 or within less than five (5) days' notice, if all the Directors consent thereto. The Board, the President, or the Directors calling the meeting shall fix the date, time and place for the meeting, which shall be held in the service area of the Cooperative, in Idaho, unless all Directors consent to its being held in some other place in Idaho or elsewhere. Special meetings, upon proper notice as otherwise provided in Section 5.03, may also be held via telephone conference call, without regard to the actual location of the Directors at the time of such a telephone conference meeting.

SECTION 5.03. Notice of Directors Meetings. Written notice of the date, time and place (or telephone conference call), and of the purpose or purposes, of any special meeting of the Board and, when the business to be transacted thereat shall require such, of any regular meeting of the Board shall be delivered to each Director not less than five (5) days prior thereto, either personally or by mail, by or at the direction of the Secretary or, upon a default in this duty by the Secretary, by him or her or those calling it in the case of a special meeting or by any other Director or officer in the case of any meeting whose date, time and place (or telephone conference call), have already been fixed by Board resolution. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Director at his or her address as it appears on the records of the Cooperative, with first class postage thereon prepaid, and postmarked at least five (5) days prior to the meeting date. The attendance of a Director at any meeting of the Board shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or of one or more items of business, on the ground that the meeting shall not have been lawfully called or convened.

SECTION 5.04. Quorum. The presence in person of a majority of the Directors in office shall be required for the transaction of business and the affirmative votes of a majority of the Directors present and voting shall be required for any action to be taken: PROVIDED, that a Director who by law or these Bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of an action upon that matter be counted in determining the number of Directors in office or present: AND PROVIDED FURTHER, that if less than a quorum be

present at a meeting, a majority of the Directors present may adjourn the meeting from time to time, but shall cause the absent Directors to be duly and timely notified of the date, time and place of such adjourned meeting.

SECTION 5.05. Member Attendance of Meetings and Access to Minutes

(a) All regular, committee, and special meetings of the Board of Directors may be attended by members of the Cooperative.

(b) If excepted subjects are to be discussed at a meeting, the meeting must first be convened as a regular or special meeting and the question of holding an executive session to discuss matters that come within the exceptions contained in (c) of this section shall be determined by a majority vote of the Board. No subjects may be considered at the executive session except those mentioned in the motion calling for the executive session unless auxiliary to the main question. Formal action may not be taken during the executive session.

(c) The following excepted subjects may be discussed in an executive session:

- (1) Personnel issues;
- (2) Labor negotiations and labor contracts;
- (3) Matters of trade, commerce, or contracts the general knowledge of which could have an adverse effect on the Cooperative;
- (4) Pending or potential litigation.

(d) All minutes of regular, special, and committee meetings shall be available to the members upon request.

ARTICLE VI OFFICERS; MISCELLANEOUS

SECTION 6.01. Number and Title. The officers of the Cooperative shall be a President, Vice President, Secretary and Treasurer, and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and Treasurer may be held by the same person.

SECTION 6.02. Election and Term of Office. The officers in Section 6.01 shall be elected by secret written 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 such officers shall not be held at such meeting, it shall be held as soon thereafter as conveniently may be. Each such 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 or her successor shall have been duly elected and shall have qualified, subject to the provisions of the Bylaws with respect to the

removal of Directors by the members and to the removal of officers by the Board of Directors. Any other officers may be elected by the Board from among such persons, and with such title, tenure, responsibilities and authorities, as the Board of Directors may from time to time deem advisable.

SECTION 6.03. Removal. Any officer, agent or employee elected or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interests of the Cooperative will be served thereby.

SECTION 6.04. Vacancies. A vacancy in any office elected or appointed by the Board of Directors shall, in the manner provided in Section 6.02, be filled by the Board for the unexpired portion of the term.

SECTION 6.05. President. The President:

(a) shall be the principal executive officer of the Board and shall preside at all meetings of the Board of Directors, and, unless determined otherwise by the Board of Directors, at all meetings of the members;

(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 Bylaws 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 6.06. Vice President. In the absence of the President, or in the event of his or her inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of 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 6.07. Secretary. The Secretary:

(a) shall keep, or cause to be kept, the minutes of meetings of the members, the Board of Directors and any Board committees in one or more books provided for that purpose;

(b) shall see that all notices are duly given in accordance with these Bylaws or as required by law;

(c) shall 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 Bylaws or is required by law;

(d) shall keep, or cause to be kept, a register of the name and post office address of each member, which address shall be furnished to the Cooperative by such member;

(e) shall sign, with the President, certificates of membership the issue of which shall have been authorized by resolution of the Board of Directors;

(f) shall have general charge of the books of the Cooperative in which a record of the members is kept;

(g) shall keep, or cause to be kept, on file at all times a complete copy of the Cooperative's Articles of Incorporation and Bylaws, together with all amendments thereto, which copies shall always be open to the inspection of any member, and, at the expense of the Cooperative, furnish a copy of such documents and of all amendments thereto upon request to any member; and

(h) in general, shall perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him or her by the Board of Directors.

SECTION 6.08. Treasurer. The Treasurer:

(a) shall have charge and custody of and be responsible for all funds and securities of the Cooperative;

(b) shall receive and give receipts for monies due and payable to the Cooperative from any source whatsoever, and deposit or invest all such monies in the name of the Cooperative in such bank or banks or securities as shall be selected in accordance with the provisions of these Bylaws; and

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

SECTION 6.09. Delegation of Secretary's and/or Treasurer's Responsibilities. Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer

hereinbefore provided in Sections 6.07 and 6.08, the Board of Directors by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each such officer's such duties to one or more agents, other officers or employees of the Cooperative who are not Directors. To the extent that the Board does so delegate with respect to either such officer, that officer as such shall be released from such duties, responsibilities and authorities.

SECTION 6.10. General Manager; Executive Vice President. The Board of Directors may appoint a general manager, who may be, but who shall not be required to be, a member of the Cooperative, and who also may be designated Executive Vice President. The manager shall perform such duties as the Board of Directors may from time to time require and shall have such authority as the Board of Directors may from time to time vest in that person as general manager and, if such be the case, as Executive Vice President.

SECTION 6.11. Bonds. The Board of Directors shall require the Treasurer and any other officer, agent or employee of the Cooperative charged with responsibility for the custody of any of its funds or property to give bond in such sum and 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. The costs of all such bonds shall be borne by the Cooperative.

SECTION 6.12. 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 as provided in Section 4.10 of these Bylaws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed or a plan therefor approved by the Board of Directors.

SECTION 6.13. Indemnification of Officers, Directors, Employees and Agents.

(a) The Cooperative shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by, or in the right of, the Cooperative) by reason of the fact that such person is or was a Director, officer or employee of the Cooperative, or is or was serving at the request of the Cooperative as a member, partner, Director, officer, employee or agent of another cooperative, corporation, association, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Cooperative, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any such action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Cooperative, and, with respect to any criminal action

or proceeding, had reasonable cause to believe that the conduct of such person was unlawful.

(b) The Cooperative shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Cooperative to procure a judgment in its favor by reason of the fact that such person is or was a Director, officer or employee of the Cooperative, or is or was serving at the request of the Cooperative as a member, partner, Director, officer, employee or agent of another cooperative, corporation, association, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Cooperative, except that no such indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of the duty of such person to the Cooperative unless, and only to the extent that, the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

(c) To the extent that a Director, officer or employee of the Cooperative has been successful on the merits or otherwise in the defense of any action, suit, or proceeding referred to in subsection (a) or (b) hereof, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

(d) Any indemnification under subsection (a) or (b) hereof (unless ordered by a court) shall be made by the Cooperative only as authorized in the specific case upon a determination that such indemnification is proper in the circumstances because such person has met the applicable standard of conduct set forth in subsections (a) or (b). Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion or (3) by the members.

(e) Expenses (including attorneys' fees) incurred in defending a civil or criminal action, suit or proceeding may be paid by the Cooperative in advance of the final disposition of such action, suit or proceeding as authorized in the manner provided in subsection (d) hereof upon receipt of an undertaking by or on behalf of the Director, officer or employee to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the Cooperative as authorized in this Section.

(f) The indemnification provided by this Section shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any law, Bylaw, agreement, vote of members or disinterested Directors 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 Director, officer or employee and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) The Cooperative may purchase and maintain insurance on behalf of any person who is or was a Director, officer or employee of the Cooperative, or who is or was serving at the request of the Cooperative as a member, partner, Director, officer, employee or agent of another cooperative, corporation, association, partnership, joint venture, trust or any 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, together with any related expenses, whether or not the Cooperative would have the power to indemnify such person against such liability and expenses under the provisions of this Section.

SECTION 6.14. 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. The books and records of the Cooperative may be inspected by any member or his or her agent or attorney for any proper purpose at a reasonable time, except as may be limited or prohibited by law.

ARTICLE VII CONTRACTS, CHECKS AND DEPOSITS

SECTION 7.01. Contracts. Except as otherwise provided by law or these Bylaws, the Board of Directors may by general written policy or by specific resolution authorize any Cooperative officer, agent or employee 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 7.02. 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 or countersigned by such officer, agent or employee of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 7.03. Deposits; Investments. All funds of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board of Directors may select.

**ARTICLE VIII
NON-PROFIT OPERATION**

SECTION 8.01. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 8.02. Patronage Capital in Connection with Furnishing Electric or Energy Products Energy. In the furnishing of electric energy or energy products the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy or energy products in excess of operating costs and expenses properly chargeable against the furnishing of electric energy or energy products. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to credit a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his or her account: PROVIDED, that individual notices of such amounts furnished by each patron shall not be required if the Cooperative notifies all patrons of the aggregate amount of such excess and provides a clear explanation of how each patron may compute and determine for himself or herself the specific amount of capital so credited to him or her. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital. Whenever a cooperative retires capital, it will make a reasonable effort to find, and to retire such capital to, all patrons or their heirs who are entitled thereto. Any retirement of capital which shall remain unpaid and unclaimed for a period of five years following the date on which it was payable shall be deemed given to the Cooperative by the patron otherwise entitled to the retirement. All incidents of ownership shall vest in the Cooperative, but such capital will not thereafter be assigned or assignable to any other patrons. The effectiveness of the foregoing three sentences shall be subject to approval by the Internal Revenue Service and the Idaho Tax Commission, lacking either of which they shall become a legal nullity and thereupon removable from the Cooperative's Bylaws.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, 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, allocated to its patrons on a patronage basis, and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members: PROVIDED, that insofar as gains may at that time be realized from the sale of any appreciated asset, such gains shall be distributed to all persons who were patrons during the period the asset was owned by the Cooperative in proportion to the amount of business done by such patrons during that period insofar as is practicable, as determined by the Board of Directors, before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority and order of making such retirements: PROVIDED, however, that the Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion ("power supply or other service or supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing power supply or any other service or supply to the Cooperative. Such rules shall (a) establish a method for determining the portion of such capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of such portions of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to such portions of capital credited to their accounts and (d) preclude a general retirement of such portions of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative, unless the Board of Directors, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these Bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron, who was a natural person, (or, if as so provided for in the preceding paragraph, upon the death of an assignee of the capital credits of a patron, which assignee was a natural person), if the legal representatives of his or her estate shall request in writing that the capital credited to such patron be retired prior to the time such capital would otherwise be retired under the provisions of the Bylaws, to retire such capital immediately upon such terms and conditions as the Board of Directors, acting under policies of general application to situations of like kind, and such legal representatives, shall agree upon: PROVIDED, however, that the financial condition of the Cooperative will not be impaired thereby.

The Cooperative, before retiring any capital credited to any patron's account, shall deduct therefrom any amount overdue by such patron to the Cooperative, together with interest thereon

at the Idaho legal rate on judgments in effect when such amount became overdue, compounded annually.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

SECTION 8.03. Patronage Refunds in Connection with Furnishing Other Services.

In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy or energy products, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons from whom such amounts were obtained at such time and in such order of priority as the Board of Directors shall determine.

**ARTICLE IX
WAIVER OF NOTICE**

Any member or Director may waive, in writing, any notice of meetings required to be given by these Bylaws.

**ARTICLE X
DISPOSITION AND PLEDGING OF PROPERTY;
DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION**

SECTION 10.01. Disposition and Pledging of Property.

(a) Except as otherwise provided in subsection (c) hereof and not inconsistently with the provisions of subsection (b) hereof, the Cooperative shall not sell, lease, lease-sell, exchange or otherwise dispose of or encumber all or substantially all of its property and assets unless authorized so to do by the affirmative votes of at least a majority of the members of the Cooperative, in which case, such property and assets shall not be sold for less than their market value as determined by the Board of Directors after reviewing the hereinafter mentioned appraisals received by them: PROVIDED, the Board of Directors shall have full power and authority, without necessity of member authorization or approval, (1) to borrow monies from any source and in such amounts as the Board may from time to time determine and (2) to encumber, by mortgage, deed of trust or trust indenture, or to otherwise pledge or encumber, any or all of the Cooperative's property or assets as security therefor.

(b) No sale, lease, lease-sale, exchange or other disposition of all or substantially all of the Cooperative's property and assets shall be authorized except in conformity with the following:

(1) If the Board of Directors initially favors the acceptance and approval of any proposal for such sale, lease, lease-sale, exchange or other disposition, it shall first cause three (3) independent appraisers, expert in such matters, to render their individual opinions as to the value of the Cooperative with respect to such a sale, lease, lease-sale, exchange or other disposition, including intangible values, and as to any other terms and conditions or any alternative action, including merger or consolidation with one or more electric or energy products cooperatives, which any such appraiser determines should be considered. The three (3) appraisers shall be designated by the District Court Judge for the First Judicial District of Idaho. If such judge refuses to make such designations, they shall be made by the Board of Directors.

(2) If the Board of Directors, after receiving the reports of each of the three (3) appraisers, determines that the proposal should be recommended to the members, it shall then give every other electric or energy products cooperative, power company, electric or energy products public utility district and municipality that owns and operates an electric or energy products distribution system, corporately sited and operating in Idaho or any adjacent state an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such entities, which notice shall attach a copy of the proposal the Cooperative has already received and copies of the reports of the three (3) appraisers. Such entities shall be given not less than sixty (60) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the notice.

(3) If the Board of Directors thereafter favors the initial proposal or any subsequent proposal which may be submitted to it, including, if such be the case, one of the kinds of proposals described in subsection (c) hereof, it shall adopt a resolution so recommending and directing the submission of the proposal and of a Board-approved plan to carry it out to a vote of the members at a member meeting, which may be a special meeting called for that purpose by the Board or the next annual meeting of the members. With respect to either such meeting, the notice thereof shall be delivered to the members not less than ninety (90) days prior to the date of the meeting and shall attach and describe, in detail and by summary explanation, the proposal being recommended and each additional proposal, if any, which has been submitted to the Cooperative. If the Board recommends the approval of a merger or consolidation, it shall otherwise comply with the provisions of Idaho Code 30-1-71 or 30-1-72, whichever be the case, and 30-1-73.

(4) Any fifty (50) or more members, by so petitioning the Board not less than forty (40) 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, together with a summary explanation thereof, which they may have to the proposal that has been submitted and recommended by the Board, such mailing to be postmarked not later than twenty (20) days prior to such meeting.

(5) The provisions of this subsection (b)(1) and (2) shall not apply to a proposal, whether the one initially received and considered by the Board or one thereafter received as a result of the operation of subsection (b)(2), if it is one of the kinds of proposals described in subsection (c) hereof.

(c) If the proposal submitted and recommended by the Board of Directors is to sell and transfer all or substantially all of the property and assets of the Cooperative to one or more other electric or energy products cooperatives corporately sited and operating in Idaho in a manner, as provided for in a contract between the Cooperative and such other electric or energy products cooperative(s), so as essentially but not technically to merge or consolidate the Cooperative with such other electric or energy products cooperative(s), it shall be authorized upon receiving the affirmative votes of at least two-thirds (2/3rds) of the votes cast upon such proposal.

SECTION 10.02. Distribution of Surplus Assets on Dissolution. Upon the Cooperative's dissolution, any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged, including retirement of any outstanding capital credits, shall, to the extent practicable as determined by the Board of Directors and not inconsistently with the provisions of the third paragraph of Section 8.02 of these Bylaws, be distributed without priority to all persons who have been members of the Cooperative for any period during its existence on the basis of their respective patronage: PROVIDED, however, that, if in the judgment of the Board the amount of such surplus is too small to justify the expense of making such distribution, the Board may, in lieu thereof, donate, or provide for the donation of, such surplus to one or more non-profit charitable or educational organizations that are exempt from federal income taxation.

ARTICLE XI FISCAL YEAR

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

ARTICLE XII RULES OF ORDER

Parliamentary procedure at all meetings of the members, of the Board of Directors, of any committee provided for in these Bylaws and of any other committee of the members or Board of

Directors which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or Bylaws.

**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 as follows: "Northern Lights, Inc." and the words "corporate seal."

**ARTICLE XIV
AMENDMENTS**

Except as provided in Section 4.03, these Bylaws, including Section 4.03, may be altered, amended or repealed by an affirmative majority of the votes cast at any regular or special meeting of the members, provided the notice of such meeting shall have contained both the full text of and an accurate summary explanation of the proposed alteration, amendment or repeal. Proposals to alter, amend or repeal one or more provisions of the Bylaws shall be so noticed to the members for their consideration and action if proposed by the Board of Directors or by a petition signed by not less than fifty (50) members and delivered to the Cooperative not less than ninety (90) days prior to the date of the member meeting at which the same is to be considered and acted upon: PROVIDED, the Board of Directors shall not notice to the members any such petitioned-for alteration, amendment or repeal if it determines that the same, if adopted, would be illegal. When any noticed alteration, amendment or repeal is being considered by the members in a member meeting, it shall be subject to amendment duly moved and seconded from the floor of such meeting if such amendment from the floor is germane to the noticed alteration, amendment or repeal. The time of the effectiveness of any alteration, amendment or repeal shall be as determined by its own wording, if such be the case, or as fixed in the wording of the resolution by which it is adopted.

CERTIFICATION

The undersigned, as Secretary of the Board of Directors of Northern Lights, Inc., hereby certifies that I am the duly elected, qualified and acting Secretary of the above-named Board of Directors and that the foregoing Bylaws were adopted by said Cooperative and are currently effective.

Dated this 7th day of May 2005.

Secretary of NLI Board of Directors

Attested to:

President of NLI Board of Directors