

AMENDED BYLAWS
(As Approved, August 17, 1999)
OF
Quincy Water Association, Inc.

ARTICLE I

General Purposes

The purposes for which this corporation is formed, and the powers which it may exercise, are set forth in the Amended Articles of Incorporation of the association.

ARTICLE II

Name and Location

Section 1. The name of this association is the Quincy Water Association, Inc.

Section 2. The principal office of this association shall be located in the Village of Quincy, County of Monroe, State of Mississippi, but the association may maintain offices and places of business at such other places within or without the state as the board of directors may determine.

ARTICLE III

Seal

Section 1. The seal of the association shall have inscribed thereon the name of the association, the year of its organization and the words, "Corporation Not For Profit, Quincy Water Association, Inc . "

Section 2. The secretary of the association shall have custody of the seal.

Section 3 . The seal may be used for causing it, or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE IV

Fiscal Year

The fiscal year of the association shall begin the First day of May in each year.

ARTICLE V

Membership

Section 1. Every person (which word as used herein includes any legal entity) who is a record owner of a fee or undivided fee interest or having a substantial possessory interest, in a property served by the water system may become a member of the association upon signing such applications and agreements for the purchase of water as may be provided and required by the association and upon the payment of such connection fee as may be imposed by the board of directors, provided that only one (1) membership at a time may be held for each property served. A single membership may be issued to all persons owning or having a substantial possessory interest in the property. Only one (1) membership may be held with respect to property at one time. The board of directors shall cause to be issued appropriate certificates of membership, provided that membership shall not be denied because of the applicant's race, color, creed or national origin. Membership may be denied if capacity of the association's water system is exhausted by the need of its existing members, or if the proposed use of the applicant is such that it would interfere with existing uses previously authorized by the board of directors.

A. A substantial possessory interest is one where the person or persons have a legal right to control and to occupancy of a property but do not have the legal or the equitable ownership of the property. It may be under a lease or similar right to possession.

(1) Before membership is allowed to one or more persons claiming such an interest, the association will endeavor to obtain the application for membership from the owner of such property.

(2) Where membership is granted to one or more persons having a substantial possessory interest, the association as a condition to the membership may require such applicant to post such collateral or bond as the directors determine necessary to fully protect the association from any additional risk that may be involved to the association by reason of the lack of legal ownership in the applicant.

Section 2 . Each member shall have only one (1) membership for each property served, regardless of the number of service connections he may obtain to serve his property. Each membership certificate shall represent one (1) vote. When more than one person holds the interest in a property served, the vote shall be exercised by the person in whose name the certificate is registered or by such person as the several persons may designate, but in no event shall more than one vote be cast with respect to any property.

Section 3. Membership shall be transferable, but the transfer will be effective only when noted on the books of the association. Such transfer will be made only to a person who obtains a qualifying interest in the property. A member will transfer his membership in the association to his successor in interest as part of the transaction whereby he disposes of his interest to said property. The secretary, upon request, will make note of such

transfer upon the records of the association but need not issue a new certificate to the successor in interest of the previous existing member.

Section 4. When membership in the association is not transferred, it shall terminate upon the disposition or other termination of the member's interest in the property, regardless of whether or not the certificate is surrendered to the association . Membership also may be terminated by action of the board of directors where the use of the property is changed so as to materially increase the amount of water to the prejudice of other existing members or to the prejudice of the orderly operation of the system.

Section 5. The termination of the membership of any member shall not disqualify for membership any other person who has or obtains an interest in the property of the terminated member and who otherwise meets the requirements of these Bylaws.

Section 6 . In the event a member's property interest is divested other than by voluntary means, such member's membership will pass to the trustee, receiver, executor, or the like, who will be entitled either in person or through a designated representative t o exercise all the rights incident to such membership, but subject to such duties and liabilities also applicable to the membership. The trustee, receiver, executor, or the like, may terminate such membership by written notice to such effect delivered or mailed to the secretary of the association. Upon the final disposition of such property rights, the owner thereof shall be entitled to membership in like manner as if the membership had been transferred to him by the original member as set forth in Section 4 above.

Section 7. Upon the transfer of a membership, the association will not look to the successor in interest for the payment of any past-due amounts. The association will seek collection only from the individual who incurred such charges or assessments or from the property itself if a judgment lien had been duly perfected against such property.

Section 8. A member shall be enrolled in the Association's membership roster as of the date each member joined. The membership roster shall be the basis for any distribution of excess revenues of the Association. Any such distribution shall be to the members and shall be based upon patronage for the time period over which such excess revenues to be distributed were collected. Loss of membership by death or otherwise shall not terminate the rights and interest of such member in any patronage distribution due to him at the termination of his membership unless voluntarily terminated or transferred. Any amount to be distributed shall be in excess of that needed for normal, reasonable business purposes. (Section 79-11-393)

ARTICLE VI

Membership Certificate

Section 1. This association shall not have capital stock. Membership in the association shall be represented by membership certificates. Such certificates shall represent the right to use and enjoy the benefits of the association's water system upon the payment of

necessary assessments, if any, and of reasonable charges based upon such use, provided such use and enjoyment are consistent with the rules, regulations and contracts affecting the same as may from time to time be prescribed by the board of directors.

Section 2. A membership certificate shall be issued to each holder of fully paid membership, numbered consecutively in accordance with the order of issue, and be issued in accordance with and subject to the conditions and restrictions stipulated in the Amended Articles of Incorporation and Bylaws and amendments to the same of the Quincy Water Association, Inc.

ARTICLE VII

Meetings of Members

Section 1. The annual meeting of the members of this association shall be held at the Village of Quincy, County of Monroe, State of Mississippi, at 6: 00 o ' clock p.m., on the third Tuesday of August of each year. The place, day, and time of the annual meeting may be changed to any other convenient place, day , and time in the county by the board of directors giving notice thereof to each member not less than ten (10) days in advance thereof.

Section 2. Special meetings of the members may be called at any time by the action of the board of directors and such meetings must be called whenever a petition requesting such meeting is signed by at least ten percent (10%) of the members and presented to the secretary or to the board of directors. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted thereat except such as i s specified in the notice.

Section 3 . Notice of meetings of members of the association, both regular and special, shall be given by notice mailed by first-class mail to each member of record, directed to the address shown upon the books of the association, not less than ten (10) nor more than forty (40) days prior to such meeting . Such a notice shall state the nature, time, place, and purpose of the meeting, but no failure or irregularity of notice of any annual meeting, regularly held, shall affect any proceedings taken thereat.

Section 4. Voting by proxy shall be allowed at any annual or special meeting of the members. The board of Directors shall mail to each member a proxy form prior to any annual or special meeting of the membership in accordance with these Bylaws. All proxies shall be in writing and filed with the secretary. Such proxies may be general or restrictive. Proxies shall be revocable and shall not be valid beyond eleven (11) months, nor after termination of the membership by cessation of the member's interest in the property.

The presence at a meeting of members entitled to cast in their own right or by proxy 10 percent of the total number of votes shall constitute a quorum; also a minimum of 3 directors shall be present at the annual meeting.

The voting powers of this association shall be equal; each member shall have one vote only.

Section 5. Directors of this association shall be elected at the annual meeting of the members as provided in Article VIII, Section 1. No cumulative voting shall be allowed.

Section 6. The order of business at the regular meetings and so far as possible at all other meetings shall be:

1. Calling to order and proof of quorum
2. Proof of notice of meeting
3. Reading and action on any unapproved minutes
4. Reports of officers and committees
5. Election of directors
6. Unfinished business
7. New business
8. Adjournment

ARTICLE VIII

Directors and Officers

Section 1. The initial board of directors shall be elected at the organizational meeting following the issuance of the Charter, and they shall serve until the first annual meeting of the members and until their successors are elected and have qualified. At the first annual meeting of the members, one (1) director shall be elected for a term of one (1) year; two (2) directors shall be elected for a term of two (2) years; and two (2) directors for a term of three (3) years. At each annual meeting thereafter, the members shall elect for a term of three (3) years the number of directors whose terms of office have expired. Each director shall hold office for the term for which he is elected and until his successor shall have been elected and qualified.

Section 2. The board of directors shall meet within thirty (30) days after the annual election of directors and shall elect a president and vice-president from among themselves and a secretary treasurer who need not be a member of the board of directors, each of whom shall hold office until the next annual meeting and until the election and qualification of his successor unless sooner removed by death, resignation or for cause.

Section 3. If the office of any director becomes vacant by reason of death, resignation, retirement, disqualification or otherwise, except by removal from office, a majority of the remaining directors, though less than a quorum, shall, by a majority vote, choose a

successor who shall hold office through and complete said unexpired term, at which time the members then shall elect a director for the next term of office for that director's position on the board of directors.

Section 4 . A majority of the board of directors shall constitute a quorum at any meeting of the board. The affirmative vote of the majority of the directors at a meeting at which a quorum is present shall be the act of the board.

Section 5. Compensation of officers and directors may be fixed at any regular or special meeting of the members of the association. This provision shall be reviewed each year .

Section 6. Officers and directors may be removed from office in the following manner:

Any member, officer, or director may present charges against a director or officer by filing them in writing with the secretary of the association. If presented by a member, the charges must be accompanied by a petition signed by ten percent (10%) of the members of the association. Such removal shall be voted on at the next regular or special meeting of the members and shall be effective if approved by a vote of a majority of those voting if a quorum is present. The director or officer against whom such charges have been presented shall be informed, in writing, of such charges at least twenty (20) days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses; and the person or persons presenting such charges against him shall have the same opportunity. If the removal of a director is approved, such action shall also vacate any other office held by the removed director in the association. A vacancy in the board of directors thus created shall be filled by the board of directors choosing a successor who shall hold office through and complete the unexpired term of the removed director, at which time the members then shall elect a director for the next term of office for that director's position on the board of directors. Any director who misses three consecutive monthly meetings of the board of directors without prior approval of the board of directors, automatically shall be removed from the board of directors, and the board of directors may proceed to fill said vacancy pursuant to Article VIII Section 3 of the bylaws.

ARTICLE IX

Duties of Directors

Section 1 . The board of directors, subject to restrictions of law, the Articles of Incorporation, and these Bylaws, shall exercise all the powers of the association and, without prejudice to or limitation upon the general powers, it is hereby expressly provided that the board of directors shall have, and are hereby given, full power and authority in respect to the matters as hereinafter set forth to be exercised by resolution duly adopted by the board:

a. To approve and disapprove membership applications and to cause to be issued appropriate certificates of membership . The board may make binding commitments to issue membership certificates and to permit the connection of properties to the system in the future in cases involving proposed construction or may issue such certificates prior to the commencement of the proposed construction.

b. To select and appoint all officers, agents or employees of the association, remove such agents or employees of the association, prescribe such duties and designate such powers as may not be inconsistent with these Bylaws, fix their compensation and pay for faithful services. No employee shall be related by blood or through marriage to any member of Board of Directors of the Association.

c. To borrow from any source, money, goods or services and to make and issue notes and other negotiable or nonnegotiable instruments evidencing indebtedness of the association; to make and issue mortgages, deeds of trust, pledges of revenue, trust agreements, security agreements and financing statements, and other instruments evidencing a security interest in the assets of the association; and to do every act and thing necessary to effectuate the same.

d. To prescribe, adopt and amend, from time to time such equitable uniform rules and regulations as, in its discretion, may be deemed essential or convenient for the conduct of the business and affairs of the association and the guidance and control of its officers and employees, and to prescribe adequate penalties for the breach thereof. The board of directors also shall serve as a nominating committee for the nomination of directors to be elected to serve the association. The nominating committee shall also provide for write-in votes for director.

e. To order, at least once each year, an audit of the books and accounts of the association by a competent public auditor or accountant. The report prepared by such auditor or accountant shall be submitted to the members of the association at their annual meeting, together with a proposed budget for the ensuing year . Copies of such audits and budgets shall be submitted to such parties as may be required by other agreements.

f. To fix and alter the charges to be paid by each member for services rendered by the association to the member, including connection fees where such are deemed to be necessary by the directors and to fix and alter the method of billing, time of payment, manner of connection, and penalties for late or nonpayment of the same. The board may establish one or more classes of users. All charges shall be uniform and nondiscrimination within each class of users .

g. To require all officers, agents and employees charged with responsibility for the custody of any of the funds of the association to give adequate bonds, the cost thereof to be paid by the association, and it shall be mandatory upon the directors to so require .

h. To select one or more banks to act as depositories of the funds of the association and to determine the manner of receiving, depositing, and disbursing the funds of the association and the form of checks and the person or persons by whom the same shall be signed, with the power to change such banks and the person or persons signing such checks and the form thereof at will.

i. To levy assessments against the members of the association in such manner and upon such proportionate basis as the directors deem equitable and to enforce collection of such assessments by the suspension of water service or other legal methods. The board of directors shall have the option to suspend the service of any member who has not paid such assessment within thirty (30) days from the date the assessment was due, and the Association is not required to give the member at any notice to suspend such service if the assessment is not paid. Upon payment of such assessments, any penalties applicable thereto, and a reconnection charge, if one is in effect, service will be promptly restored to such a member. Payment of all assessments by members following suspension of service

by the association shall be made at the business office of the association during normal business hours.

ARTICLE X

Duties of Officers

Section 1 . Duties of President. The president shall preside over all meetings of the association and the board of directors, call special meetings of the board of directors, perform all acts and duties usually performed by an executive and presiding officer, and sign all membership certificates and such other papers of the association as he may be authorized or directed to sign by the board of directors, provided the board of directors may authorize any person to sign any or all checks, contracts and other instruments in writing on behalf of the association. The president shall perform such other duties as may be prescribed by the board of directors.

Section 2. Duties of the vice-president. In the absence or disability of the president, the vice-president shall perform the duties of the president provided, however, that in case of death, resignation or disability of the president, the board of directors may declare the office vacant and elect his successor.

Section 3. Duties of the secretary-treasurer. The secretary treasurer shall keep a complete record of all meetings of the association and of the board of directors and shall have general charge and supervision of the books and records of the association. He shall attest the president's signature on all membership certificates and other papers pertaining to the association unless otherwise directed by the board of directors. He shall serve, mail, or deliver all notices required by law and by these Bylaws and shall make a full report of all matters and business pertaining to his office to the members at the annual meeting or at such other time or times as the board of directors may require. He shall keep the corporate seal and membership certificate records of the association, complete and attest all certificates issued and affix said corporate seal to all papers requiring seal. He shall keep a proper membership certificate record, showing the name of each member of the association and date of issuance, surrender, transfer, termination, cancellation or forfeiture. He shall make all reports required by law and shall perform such other duties as may be required of him by the board of directors or the association. Upon the election of this successor, the secretary treasurer shall turn over to him all books and other property belonging to the association that he may have in his possession. He shall also perform such duties with respect to the finances of the association as may be prescribed by the board of directors.

ARTICLE XI

Benefits and Duties of Members

Section 1 . The association will install, maintain and operate a water disposal line or lines from the property line of the member of the association to the water treatment facility. The cost of the water line or lines from the member's property line to the water treatment facility shall be paid by the association. The association also may purchase and install a cutoff valve in each service line from each member's property line or lines, such cutoff valve to be owned and maintained by the association and to be installed on some portion of the member' s property or the service line owned by the association. The association shall have the sole and exclusive right to the use of such cutoff valve. However, the provisions of this section shall not be construed to require the acquisition or installation of meters or cutoff valves where the directors determine under the circumstances of the system and the nature of the membership that the use of either or both of such devices is impractical, unnecessary to protect the system and the rights of the membership, and/or economically not feasible.

Section 2. Each member will be required at his own expense to have dug a ditch for the connection of the service line or lines from the property line of the member to his dwelling or other portion of his premises, and to purchase and have installed the portion of the service line or lines from his property line to the place of use on his premises. The member will maintain such portion of such service line or lines which shall be owned by the member, at his own expense. The association may, if the board of directors so determines, purchase the pipe for and install such portion of such service line or lines, the cost of which will, however, be paid by the individual members. In addition, each member shall pay such connection charge, if any, as may have been imposed by the board of directors before such member will be entitled to receive water services from the system.

Each member agrees to abide by the rules and regulations of the association with any amendments thereto as adopted by the board of directors from time to time and their continued use of the water provided by the association will constitute an agreement to abide by the same.

Section 3. No new service line or change in an existing service line may be made which will interfere with an existing service line or the delivery of water therein. Each member may be permitted to have additional service lines to the association's water system in the discretion of the board of directors upon proper application therefore and the tender of payment not to exceed the then-existing connection charge. The approval by the board of directors of additional service lines to an existing member may be made conditional upon such provisions as the board of directors determines necessary to protect the interest of other members and to allow for the orderly expansion and extension of the system to serve other property that may need service along the lines of the system. Each service line shall connect with the association's water system at the nearest available place to the place of desired use by the member if the association's water system has sufficient capacity to permit the delivery of water through a service line at that point without interfering with the delivery of water through a prior service line. If the association ' s water system is inadequate to permit the discharge of water through a service line installed at such place without interfering with the discharge of water through a prior

service line, then such service line shall be installed at such place designated by the association.

Section 4. Each member may be permitted to purchase from the association, pursuant to such agreements as may from time to time be provided and required by the association, such water as is required by him for residential, domestic, commercial or other purposes as a member may desire, Subject, however, to the provisions of these Bylaws and to such rules and regulations as may be prescribed by the board of directors. Each member shall be entitled to have delivered him through a single service line only such water as may be necessary to meet the needs of each member, including his family or business requirements. The water delivered through each service line shall be metered or monitored or measured separately and the charges for such water may be determined separately, irrespective of the number of service lines owned by a member.

Section 5 . In the event the total water supply shall be insufficient to meet all the needs of the members or in the event there is a shortage of water, the association may prorate the water available among the various members on such basis as is deemed equitable by the board of directors, and may also prescribe a schedule of hours covering use of water for domestic, garden, livestock, or commercial purposes by particular members and require adherence thereto or prohibit the use of the water system for garden, livestock, or commercial purposes; provided that if at any time the total water system shall be insufficient to meet all the needs of all the members for domestic, garden, livestock, or commercial purposes, the association must first satisfy all the reasonable needs of the members for domestic purposes before supplying any water service for garden purposes and must satisfy all the needs of all the members for domestic and garden purposes before supplying any water services for livestock purposes; and must satisfy all the needs of all the members for domestic and garden and livestock purposes before supplying any water services for commercial purposes and, provided further, that where a member has more than one service line, the association may cut off the flow of water from the nonresidential or nondomestic service lines until such time as the water system is sufficient to meet the needs of all the members for garden, livestock, and commercial purposes. During such periods of shutoff of additional service lines, there shall be no minimum fee charged to the members having such additional services lines, and the cost, if any, of resuming the flow of water from such additional service lines shall be borne by the association.

Section 6. The board of directors shall prior to the beginning of each calendar year, determine the minimum monthly water rate per connection to be charged each member during the following fiscal year, such minimum monthly water rate to be payable irrespective of whether any water service is used by a member during any month, the amount of additional charges, if any, for additional water connection or services which may be supplied the members, and the amount of penalty for late payments, and shall fix the date for the payment of such charges. A member to be entitled to the delivery of water shall pay such charges at the office designated by the association at or prior to the dates fixed by the board of directors. The failure to pay water charges duly imposed shall result in the automatic imposition of the following penalties:

a. Nonpayment within fifteen (15) days from the due date will be subject to a penalty of ten percent (10%) of the delinquent account, which percent may be changed at the discretion of the board of directors.

b. Nonpayment within thirty (30) days from the due date will result in the water services being shut off from the member ' s property without any notice thereof to such delinquent member. Upon the payment by the delinquent member of past-due water charges , penalties thereon, and any reconnection charges, such member shall be entitled to resumption of the delivery of water. During the time of such suspension of delivery of water to a member, such member shall have no right to vote in the affairs of the association. Payment of all assessments by members following suspension of service by the association shall be made at the business office of the association during normal business hours.

Section 7 . The board of directors shall be authorized to require each member to enter into water user's agreements which shall embody the principles set forth in the foregoing provisions of these Bylaws.

ARTICLE XII

Distribution of Surplus Funds

It is not anticipated that there will be any surplus funds or net income to the association at the end of the fiscal year after provisions are made for the payment of the expenses of operation and maintenance and the funding of the various reserves for depreciation, debt retirement and other purposes, including those required by the terms of any borrowing transaction. In the event that there should exist such surplus funds or net income, they may be placed in an existing or new reserve account to be used for the early retirement of any outstanding indebtedness or be used for the improvement and/or extension of the corporate facilities as the board of directors may determine to be in the best interest of the association and to the extent not otherwise provided for by any contractual arrangement. The occurrence in subsequent fiscal years of surplus funds or net income above the requirements of the association as above mentioned, including, if any, a reserve for improvements and extension of the facilities shall be taken into consideration by the board of directors in determining the water rates to be charged the members.

ARTICLE XIII

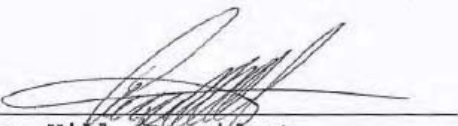
Amendments

These Bylaws may be repealed or amended by a vote of a majority of the members present at any regular meetings of the association, or at any special meeting of the association called for that purpose, except that the members shall not have the power to change the purposes of the association so as to decrease its rights and powers under the laws of the State of Mississippi , or to waive any requirement of bond or other provision

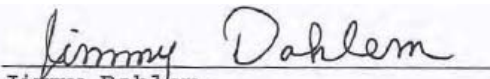
for the safety and security of the property and funds of the association or its members, or to deprive any member of rights and privileges then existing, or so to amend the Bylaws as to effect a fundamental change in the policies of the association. No amendment of by-laws shall effect the approval of present or future loans from the Farmers Home Administration (now known as Rural Utilities Service, Rural Development, Department of Agriculture, United States of America) or other lender, which approval may be confirmed in writing. Notice of any amendment to be made at a special meeting of the members must be given at least ten days before such meeting and the notice must set forth amendments to be considered.

We certify that the foregoing Amended Bylaws were duly adopted by the members on August 17, 1999, at the 1999 Annual Meeting and that the same are in full force and effect and have not been amended.

Given under our hands and the seal of the association, this 17th day of August, 1999.



Coy Hill, President
Quincy Water Association, Inc.



Jimmy Dahlem,
Secretary/Treasurer,
Quincy Water Association, Inc.