

**Rural Water District No. 5
McCurtain County, Oklahoma**

BYLAWS

Article 1

Name and Place of Business

Section 1. The name of this corporation shall be Rural Water District No. 5, McCurtain County, Oklahoma.

Section 2. The principal office of this District shall be located in McCurtain County, Oklahoma.

Article 2

Corporate Powers

Section 1. The corporate powers of this District shall be vested in the Board of Directors, hereinafter referred to as the Board.

Article 3

Purpose and Objectives

Section 1. The purpose and objectives of this District are as follows:

- (a) To acquire water and water rights and to build and acquire pipelines and other facilities, and to operate the same for the purpose of furnishing water to serve the needs of the owners and occupants of land located within the District, and others as authorized by these By-Laws.
- (b) To borrow money from any Federal or State agency, or from any other source, and to secure said loans by mortgaging or pledging all of the physical assets and revenue and income of the District, including easements and rights-of-way.
- (c) To hold such real and personal property as may come into its possession by will, gift, purchase, or otherwise, as authorized by law, and to acquire and dispose of such real and personal property, including rights-of-way, and easements, wherever located, and as may be necessary and convenient for the proper conduct and operation of the business of the District.
- (d) To establish rates and impose charges for water furnished to participating members and others.
- (e) To enter into contracts for the purpose of accomplishing the purposes of the District with any person or governmental agency.
- (f) To cooperate with any person or with any governmental agency in any undertaking designed to further the purpose of the District.
- (g) To do and perform any and all acts necessary or desirable for the accomplishment of the purposes of the District that may be lawfully done by such District under the laws of the State of Oklahoma.

Article 4

Water Users

Section 1. Water service shall be supplied only to rural residents of land located within the District, provided, however, that the Board may make water available to the public for purchase at such distribution points as it may establish.

Section 2. No owner of land located within the District shall be eligible to become a water subscriber unless he has first subscribed and paid for one or more Benefit Units. Tenants occupying land located within the District may become water subscribers: Provided that the owner, or someone on behalf of the owner, has subscribed and paid for one or more Benefit Units in favor of the land or premises occupied by the tenant.

Article 5 Right to Vote

Section 1. Only participating members shall have the right to vote, and each participating member shall be entitled to a single vote, regardless of the number of Benefit Units to which he may have subscribed: Provided all owners of land located within the District shall be eligible to vote at a meeting of landowners until ninety (90) days after declaration of availability of Benefit Units and unit fees has been entered by the Board in its minutes. There shall be no proxy voting, and no dual ownership of Benefit Units for voting purposes. A participating member may be an individual, firm, partnership, association, or corporation.

Participating Members shall be:

(a) Owners of land located within the District who has subscribed to one or more Benefit Units: Provided payments or charges are current on at least one (1) of the Benefit Units.

Article 6 Benefit Units

Section 1. The Board shall at the proper time cause a declaration of availability of Benefit Units for subscription to be entered in its minutes and shall establish a unit price for said subscriptions. Each Benefit Unit shall carry with it the obligation of paying a minimum monthly meter charge from the time service is available. The Board in its discretion may from time to time, if the capacity of the District's facilities permit, make additional Benefit Units available. Subscriptions for Benefit Units shall be given preference and priority in order received. The Board may refuse the subscription for a Benefit Unit in favor of a particular tract of land located within the District, or impose special conditions on granting the same if in the judgment of the Board, the granting of said subscription and the furnishing of water pursuant thereto, would impair the service to other water users in that locality or be uneconomical, unfeasible, and place an undue burden on the District. Any landowner who feels himself aggrieved by such denial, or imposition of special conditions may appeal from the action of the Board to vote to the members at the next regular meeting of the members, or special meeting of the members called for such purpose: Provided, the decision of the Board shall stand, unless 3/4ths of all participating members (or landowners at meetings where only qualification to vote is ownership of land within the District), vote in favor of a motion to overrule the decision of the Board.

Section 2. Upon the purchase of Benefit Units, the owners of land shall designate the tract of land to which the Benefit Unit shall be assigned, and the Benefit Unit shall not be transferred from one tract of land to another within the District without the approval of the Board. The owner of lands subscribing for more than one Benefit Unit to be assigned to one tract of land shall at the time of said subscription designate as nearly as practical the location on said tract where he intends to utilize said Benefit Units and no major change in location shall be made without the approval of the Board. Benefit Units Certificates shall be issued by the Board, signed by the Chairman and Secretary showing name of owner, and tract of land to which the Benefit is assigned, numbered consecutively in the order in which issued.

Section 3. The consideration paid for Benefit Units shall be considered donations to the District and shall in no event and under no circumstances be refunded to the subscriber.

Section 4. Benefit Units shall follow the title of land unless the owner of the land designates otherwise. Owners may transfer Benefit Units from one tract of land to another tract owned by them within the District, subject however, to the approval of the Board. No transfer will be approved unless all charges against the Benefit Unit are paid. All transfers, when approved, shall be recorded in the books of the District.

Section 5. Each Benefit Unit shall entitle the owner to not to exceed one line from the District's water system. Each line shall serve not to exceed one residence or business establishment together with the necessary and usual outbuildings.

Section 6. Failure to pay the minimum monthly water charge or failure to pay for water used through the meter shall constitute a forfeiture of the Benefit Unit on behalf of which such failure occurs: Provided, that such Benefit Unit shall be reinstated if within three months after such failure all back charges are paid in full, plus 10 percent interest and reasonable labor charges necessary to effect such

reconnection: Provided, further, that the Board may permit such reinstatement within six months after such failure upon payment of all back charges, plus 10 percent interest, and reasonable labor charges necessary to effect such reconnection: Provided, further, that if the defaulting water subscriber is a tenant, the time set out above shall not commence to run until the secretary of the District has mailed or caused to be mailed, by registered or certified mail, notice of such default of the tenant to the landowner at his last known address as shown on the books of the District.

Article 7

Election of Directors

Section 1. The Board of this District shall consist of Five Members, all of who shall be participating members of the District, provided, however, that the original Board shall consist of owners of land located in the District. The Directors elected at the time of incorporation of the District shall be elected for staggered terms of one, two, and three years, and shall serve until the expiration of the term for which they are elected as shown by the minutes of the original meeting of the landowners, and until their successors are elected and have qualified. At each annual meeting of the participating members, the participating members shall elect for a term of three years the number of Directors whose term of office have expired. When a city or town is part of proportion to the number of users in said city or town, provided further that when a Rural Water District is totally within the municipal city limits of a city or town, The Board of Directors of the District shall be the Governing Body of the town.

Any member seeking election or re-election to the Board of Directors of Rural Water District #5, McCurtain County, Oklahoma:

- a) Must be a member of good standing.
- b) Must file a written notice of candidacy with the Secretary of the District not more than 60 days and not less than 30 days before the Annual Meeting and Election of the participating members. No one person may be nominated for Director except as herein set forth.
- c) Must have Benefit Unit for at least 90 days.

Section 2. Immediately following the annual meeting of the participating members, the Board shall meet and shall elect a Chairman, Vice-Chairman, Secretary and Treasurer, from among themselves, 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. One person may hold the office of the Secretary and Treasurer.

Section 3. Any vacancy on the Board, other than from the expiration of a term of office, shall be filled by appointment by the remaining members of the Board. The disqualification of a director as a participating member of the District or failure of any original Director to become a participating member within 30 days after subscription to Benefit Units are made available through the action of the Board, shall operate to disqualify him as a Director and to create a vacancy in the office of the Director.

Section 4. A majority of the Board shall constitute a quorum at any meeting of the Board.

Section 5. Any Director of the District may be removed from office for cause by a vote of not less than 3/4th of the participating members of the District at any annual or special meeting called for that purpose. The Director shall be informed in writing of the charges preferred against him at least 10 days before such meeting, whether regular or special, and at the meeting shall have an opportunity to present witnesses and be heard in person in answer thereto. Officers of the Board may be removed by cause by vote of 80 % of the members of the Board, and employees and agents discharged or removed from office or employment at any time by action of the Board. When the Board of Directors is the governing body of the city or town, they may not be removed except by due process of city government.

Article 8

Powers and Duties of Director

Section 1. The Board, subject to the restrictions of law, and these By-Laws, shall exercise all the powers of the District, and without prejudice to or limitation upon their general powers; it is hereby expressly provided that the Board shall have, and is hereby given full power and authority in respect to the matters as hereinafter set out:

- (a) To select and appoint all agents and employees of the District or remove such agents and employees of the District for just cause, prescribe such duties and designate such powers as may not be inconsistent with these By-Laws, and fix their compensation and pay for faithful service.
- (b) To borrow from any source money, goods, or services and to make and issue notes, and other negotiable and transferable instruments, mortgages, deeds of trust agreements, and to do every act and thing necessary to effectuate the same.
- (c) To prescribe, adopt and amend, from time to time, such equitable and uniform rules and regulations, as in their discretion may be deemed essential or convenient for the conduct of the business and affairs of the District, and the guidance and control of its agents and employees.
- (d) To fix charges to be paid by each water user for services rendered by the District to him, the time of payment, and the manner of collection, and to establish equal rates for farm members and non-farm members according to the amount of service furnished.
- (e) To require all officers, agents, and employees, charged with the responsibility for the custody of any funds of the District to give adequate bond, and cost thereof to be paid by the District and it shall be mandatory upon the Directors to so require.
- (f) To select one or more banks to act as depositories of the funds of the District and to determine the manner of receiving, depositing and disbursing the funds of the District in the form of checks, and the person by whom the same shall be signed on behalf of the Chairman, with the power to change such banks or person signing such checks and the form thereof at will.
- (g) Prepare annually an estimated budget for the coming year, adjust rates, if necessary, to produce sufficient revenue required by such budget, cause an annual audit of the District records and accounts to be made by a licensed municipal public accountant or a certified public accountant, and make a report on said matters at each annual meeting of participating members.

**Article 9
Powers and Duties of Manager**

Section 1. The Board may employ for the District a manager, who shall have charge of the business of the Association under the general control, supervision and direction of the Board. No Director shall serve as manager. Subject to approval of the Board, the manager shall employ, supervise and dismiss all agents and employees of the District and fix their compensation. He shall also, as far as practical, conduct the business in such a way that the true and correct conditions of the business may be ascertained therefrom at any time; furnish the Board a current statement of the business affairs of the District at each scheduled meeting of the Board and at the end of each fiscal year and at such other times and in such forms as the Board may direct; carefully preserve and turn over to his successor all books, records, documents and correspondence pertaining to the business of the District which may come into his possession; and to perform such other duties as may be prescribed by the Board.

**Article 10
Duties of Officers**

Section 1. Chairman. The Chairman, who shall be a member of the Board, shall preside over all meetings of the District and the Board, call special meetings of the District and the Board, perform all acts and duties usually performed by an executive and presiding officer, and shall sign all Benefit Unit certificates and such other papers of the District as he may be authorized or directed to sign by the Board, provided, the Board may authorize any person to sign checks, on behalf of the District, provided that all checks must be countersigned by the Treasurer. The Chairman shall perform such other duties as may be prescribed by the Board.

Section 2. Vice-Chairman. In the absence or disability of the Chairman, the Vice-Chairman, who shall be a member of the Board, shall perform the duties of the Chairman.

Section 3. Secretary. It shall be the duties of the Secretary, who shall be a member of the Board, to keep a record of the proceedings of the meetings of the Board and of the District. He shall serve, or cause to be served, all notices required to be served by law or the By-Laws of the District and in case of his absence, inability, refusal or neglect to do so, then any member of the Board directed by the Chairman may serve such notice.

Section 4. Treasurer. The Treasurer, who shall be a member of the Board, shall receive and account

for all funds of the District, shall deposit the same in some bank designated by the Board as a depository, and pay the accounts, or cause them to be paid out of the depository only in the checks of the Chairman, or someone authorized to sign on the Chairman's behalf, countersigned by the Treasurer. At each annual meeting of the District, he shall submit all information of the participating members a complete statement of this account for the past year and he shall discharge such other duties pertaining to his office as shall be prescribed by the Board, and shall give and sufficient bond in any such amount as may be fixed by the Board.

Article 11
Books and Records

Section 1. The books and records of the District and such papers as may be placed on file by vote of the District or Directors, shall during all reasonable hours be subject to inspection by any landowner or participating member of the District.

Article 12
Annual Meeting of Participating Members

Section 1. The annual meeting of the participating members of the District shall be held at some suitable location within the District designated by the Board.

Section 2. Special Meetings of participating members may be called at any time by the Chairman or upon resolution of the Board, or upon written petition to the Chairman of the Board, signed by 51 % of the participating members of the District. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted thereat except such as is specified in the notice.

Section 3. Notice of meeting of participating members of the District shall be given by mail to each participating member of record directed to the address shown upon the books of the District at least 10 days prior to the meeting. Such notice shall state the nature, time, place and purpose of the meeting, but no failure or irregularity of a notice of any annual meeting, regularly held, shall affect any proceedings taken thereat.

Section 4. The participating members present at any meeting of participating members shall constitute a quorum for the purpose of transacting business.

Section 5. The order of business at the regular meeting and so far as possible, at all other meetings, shall be:

- (a) Call to order;
- (b) Proof of Notice of Meeting;
- (c) Reading and Approval of Minutes of Last Meeting;
- (d) Report of Officers and Committees;
- (e) Election of Directors;
- (f) Unfinished Business;
- (g) New Business;
- (h) Adjournment.

Article 13
Board Meetings

Section 1. The Board shall meet each year to adopt a budget for the following year, and will also meet annually to elect officers immediately following the time for election of any new Director. The Board shall meet at such other times as may be determined by the Board, or upon call by the Chairman or any two members of the Board. Notice of all meetings of the Board shall be by mailing a notice to the last known business or residence address of each Director, at least two days before the holding of such meeting: Provided, however that when all of the Directors are present at any meeting, however called, or consent in writing that such meeting may be held, the proceedings thereat shall be as valid as though the previous written notice aforesaid has been given.

The annual meeting shall be the third Thursday of June and all members are to be given 30 days notice by mail of the time and place. The notice shall also be published in a county newspaper thirty days in advance of the said meeting.

Article 14
Manner of Election and Voting

Section 1. At all meetings of the District, each participating member, qualified as stated in these By-Laws, shall be entitled to vote upon all propositions coming before said District. No cumulative voting shall be permitted and each participating member of the District shall have but one vote.

Article 15
Seal

Section 1. The District shall have a corporate seal, consisting of a circle having in its circumference and face the words, "Rural Water District No. 5, McCurtain County, Oklahoma", which shall be in the custody of the Secretary.

Article 16
Fiscal Year

Section 1. The fiscal year of the District shall begin the first day of February of each year.

Article 17
Amendment

Section 1. These By-Laws may be repealed or amended by a vote of 3/4ths of the participating members present at any regular meeting of the District, or at any special meeting of the District called for that purpose except that the participating members shall not have the power to change the purposes of the District so as to impair its rights and powers under the laws of the State of Oklahoma, or to waive any requirement of bond or other provision for the safety and security of the property and funds of the District or its participating members, or to deprive any participating member or landowner of rights and privileges then existing, or to so amend the By-Laws as to affect a fundamental change in the policies of the District. Notice of any amendment to be made at any regular or special meeting of the participating members must be given at least 10 days before such meeting and must set forth amendments to be considered.

Article 18
Basis of Operation

Section 1. The District shall at all times be operated on a non-profit basis for the mutual benefit of its participating members.

Article 19
Benefits and Duties of Members

Section 1. The District shall install, maintain and operate a main distribution pipe line or lines from the source of water supply, and lines from the main distribution pipe line or lines, to the property line of each participating member of the District at which point as delivery points, meters to be purchased, installed, owned and maintained by the District shall be placed.

Section 2. Each participating member shall be entitled to purchase from the District pursuant to such agreement as may from time to time be provided and required by the District and the Board, such water for domestic livestock, garden and other purposes as a participating member may desire, subject however, to the provisions of these By-Laws and such rules and regulations as may be prescribed by the Board. The water delivered to each participating member shall be metered.

Section 3. In the event the total water supply shall be insufficient to meet all of the needs of the

members and users, or in the event there is a shortage of water, the District may prorate the water available among the members and users on such basis as is deemed equitable by the Board and may also prescribe a schedule of hours covering the use of water for garden purposes if at any time the total water supply shall be insufficient to met all needs of all the participating members for domestic and livestock purposes before supplying water for garden or other purposes.

Article 20 Printing

Section 1. After adoption, these By-Laws shall be prepared in pamphlet form, and a copy thereof shall be delivered to each participating member.

AFFIDAVIT

STATE OF OKLAHOMA

SS.

COUNTY OF McCURTAIN

Jewel Callaham, Herbert Derryberry, Lance Kincaid, Wendell Davis, George Mulkey, being first duly sworn, depose and state each for himself, that he is a Director of Rural Water District No. 5, McCurtain County, Oklahoma, the foregoing bylaws were adopted at a meeting of the landowners of said District, duly held on the 7th day of February, 1986, at 7:00 p.m. That there were 16 landowners present in person and that the vote for the adoption of the bylaws was unanimous.

Rules and Regulations

These rules are designed to govern the supplying and taking of water service in a uniform manner for the benefit of the District and its members. They are subject to change from time to time. However, all such changes must be approved by the State Director of the U.S.D.A., Rural Development, until such time as the District is no longer indebted to the United States of America, or until such time as the District has completely retired all loans made by or insured by the United States of America. If a provision of the Rules conflict with a provision of the rate schedule, the provisions of the rate schedule will prevail. If any portion of these Rules shall be declared invalid by competent authority, such voidance shall not affect the validity of the remaining portions.

Definition: The following expressions when used herein will have the meaning stated below.

Applicant: Any individual, firm, partnership, corporation or other agency owning land located within the District, applying for water service.

Benefit Unit: A right entitling the holder to one water service connection.

Board: The Board of Directors of Rural Water District No. 5, McCurtain County, Oklahoma.

Consumer: Any individual, firm, partnership, corporation or other agency receiving water from the District's facilities and owning or occupying land located within the District in favor of which one or Benefit Units have been subscribed and paid for.

Point of Delivery: In rural areas water transmission lines will be installed parallel to section lines and highways and on private property, where possible. Service lines to the meter will not extend across private property unless necessary to serve users whose property does not join the section lines and road. Water will be delivered at the meter, which will be located five feet inside the user's property line. However, if the cost to serve the last user or users on any line segment exceeds the average cost per user of the entire system, the last user or users, will be required to pay all cost which exceed the average cost per user of the entire system.

Service: The term service when used in connection with the supplying of water shall mean the availability for use by the consumers of water adequate to meet the consumer's requirements. Service shall be considered as available when the District maintains the water supply at normal pressure at the point of delivery, in readiness for the consumer's use, regardless of whether or not the consumer makes use of it.

Application for Water Service and Water User's Agreement: The agreement or contract between the consumer and the District, pursuant to which water service is supplied and accepted.

State Director: The State Director of the U.S.D.A., Rural Development.

Water Service: A water service shall consist of facilities for supplying water to one residence or business establishment located on land within the District.

General Rules

1. The supplying and taking of water will be in conformance with these Rules and the applicable rate schedule attached hereto and filed with the Secretary of the District: Provided, however, that such rate schedules is subject to change by action of the Board with approval of the State Director: Provided, further, that if at any time the Board of Directors determines that the total amount derived from the collection of water charges is insufficient for the payment of operating cost, emergency repairs, or debt service, the Board shall increase the minimum water rate for the first month thereafter in an amount sufficient to pay such operating cost, emergency repairs, or debt service.
2. Applicants for service shall make application to the manager of the District. If the application for service is approved by the Board, the applicant will purchase a Benefit Unit for each water service desired and sign the standard application for water service and water user's agreement and he shall receive service.
3. Before installing a service extension and providing water available for use, the Board may require the applicant to pipe his home and be in readiness to accept service.

Service is for Sole Use of the Consumer:

A standard water service connections is for the sole use of the applicant or consumer, and does not permit the extension of pipes to transfer water from one property to another, nor to share, resell, or sub-meter water to any other consumer. If an emergency or specific situation should make such an arrangement advisable, it shall be done only on specific written permission of the Board of Directors for the duration of the emergency.

Multiple Users:

1. Mobile Home Parks: The classification, method of service, and minimum charge to be assessed each mobile home resident, whether located in a trailer park or located on an individual lot, will be the same as for any other residential user on the system. Each mobile home resident is expected to pay the same water charges as other users on the system. Normally, this would be accomplished by installing a water meter at each mobile home. If the residents of the mobile homes are not permanent residents, the Board of Directors may elect to serve mobile homes located in a trailer park through a master meter in accordance with the rate schedule used for other residential users. Owners of trailer parks serving non-resident users will be expected to contribute an amount equal to the cost of enlarging the District's water system as required to serve the trailers. The trailer park owners must also pay for constructing their own lines within the trailer park.
2. Subdivisions and Developers: Developers are expected to pay for essential utilities to new or developing areas, including subdivisions. Owners of subdivisions or developments will be expected to contribute an amount equal to the cost of enlarging the District's water system to serve the area being developed. The owners must also pay for constructing their own lines within the development or subdivision. If the District's consulting engineer and Board of Directors determine that the owner has installed service and main lines within the subdivision or development in accordance with approved

plans and specifications, the District may agree to accept ownership and overall operation and maintenance responsibility of the service lines within the subdivision or development. Also, if the Board of Directors determines adequate water is available, water service may be provided to the development or subdivision through a master meter. See Developer Requirements attached. (Amended December 2003)

Agreement with Governmental Bodies:

The District through its Board of Directors may make specific water service contracts with the Federal Government, the State of Oklahoma, or agencies thereof, school districts and municipal corporations and nonprofit corporations, differing from stipulations set out in the rate schedule and rules. Such contracts must receive approval by the State Director of the U.S.D.A., Rural Development.

Right of Access:

Representatives of the District shall have the right at all reasonable hours to enter upon consumer's premises to read and test meters, inspect piping, and to perform other duties for the proper maintenance and operation of service, or to remove its meters and equipment upon disconnection of service by consumers.

Continuity of Service:

The District will make all reasonable efforts to supply continuous, uninterrupted service. However, it shall have the right to interrupt service for the purpose of making repairs, connections, extensions, or for necessary work. Efforts will be made to notify consumers who may be affected by such interruptions, but the District will not accept responsibility for losses which might occur due to such necessary interruptions.

The District does not accept responsibility for losses that might occur due to interruptions to service caused by storms, strikes, floods, or other cause beyond our control.

Meters:

Meters will be furnished, installed, owned, inspected, tested and kept in proper condition by the District without cost to the consumer. A complete record of test and histories of meters will be kept. Meter tests will be made according to methods of the American Waterworks Association by the District as often as deemed necessary by its Board of Directors.

Meter Accuracy:

Service meters whose errors do not exceed two percent (2%) fast or slow shall be considered as being within the allowable limits of accuracy for billing purposes. The percentage of error will be considered as that arrived at by taking the average of the error at full load and that at ten percent (10%) load, unless a consumer's rate of usage is known to be practically constant in which case the error at such constant use will be used.

Bills:

Bills will be rendered for service by the 5th of the month following that in which the service was rendered as set forth in the rate schedule. They are due by the 10th of the month. Service bills not paid at the close of the business day on the 15th of the month shall be subject to a ten percent (10%) late charge. Failure of the District to submit a service bill shall not excuse the consumer of his obligation to pay for water service used when the bill is submitted. Failure to pay by the 20th of the month shall result in disconnection of service.

Reconnection Charge:

The reconnection charge for restoration of service, if reconnection is authorized and approved under the

provisions of the By-laws of the District, after each suspension of services because of delinquent payment or other infraction of these rules shall be the unpaid amount charged to date against the consumer's Benefit Unit and plus a sum to cover the reasonable cost of labor necessary to make such a reconnection. The Board shall determine this fee.

Penalties:

Tampering or cutting off locks from meters will result in a \$250.00 fine.

The District may impose a fine of \$600.00 to any member who has connected a second residence, cabin, or business to their residential meter.

Water Loss:

Members are responsible for all water that goes through their meter. If a member has a line break, they may make payment arrangements with the manager of the District.

Any member of the District who reports a district line break is eligible for a reward of \$50.00. This does not apply to the member's side of meter.

Requested Meter Tests:

Meter test requested by consumers will be performed without cost to the consumer if the meter is found to be in excess of two percent (2%) fast. Otherwise, the consumer for whom the requested test was made will be charged \$25.00 for the cost of making the test.

Consumers Responsibility:

The consumer shall be responsible for any damage to the meter installed for his service, on account of any cause other than normal wear and tear.

Change of Occupancy:

It shall be the consumer's responsibility to anticipate changes of occupancy, and to have his Benefit Unit transferred to the new consumer as prescribed by the By-Laws. Until the Benefit Unit is formally transferred, the original holder shall be responsible for payment of service. The District may refuse to transfer a Benefit Unit until all back bills have been paid. However, this would not preclude a new owner from purchasing a new Benefit Unit in the District.

Main Extensions:

1. In extending a water main to serve an applicant, the District may at its discretion exercise one of the following options:

(a) If the cost of the extension is less than the average cost of the entire system to each member, and sufficient construction funds are available, the District may elect to make the extension upon the applicant's purchase of a Benefit Unit or payment of the required fee.

(b) If the cost of the extension is greater than the average cost of the entire system to each member, but funds are available to the extent of such average cost, the Board of Directors may elect to contribute to the extension in the amount of the average cost, and require the applicant to deposit in cash the additional cost in addition to the price of a Benefit Unit. If, and as additional consumers are connected to the extension, and as funds become available, all or part of the original consumer's deposit may be returned to him. Any portion of the original deposit remaining after the expiration of a five-year period will become the property of the District. In no case will interest be paid on such deposits.

(c) In the event that the District does not have funds available to pay for construction in the amount of the average cost per member of the entire system, it may require as a condition of extending service, that

the applicant deposit in addition to the price of a Benefit Unit, an amount which may equal the entire cost of the extension. In such an event, the Board may, as funds become available, return to the consumer the portion of his deposit equal to the average cost of the system per member. No interest will be paid on such deposit.

2. However, the Board shall not issue any bonds, notes, indentures, obligations, or other form of indebtedness in connection with the extension of lines hereunder, or mortgage or encumber the system in any matter.

Services:

The District will install and pay for all water service pipes (except for private fire protection) from its mains to the meters. The service pipe shall not be less than three-fourths inch in size. The District will also install the meter and meter setting. The meter will be set in front of the premises to be served or at the closest point on the consumer's premises as designated by the District.

Applicant's Having Excessive Requirements:

In the event an applicant whose water requirements are found to exceed the District's ability to supply it from existing plant without adversely affecting service to other consumers to a reasonable extent, the District will not be obligated to render such service, unless and until suitable self-liquidating financing is arranged to cover necessary investment in additional plant.

Cross Connections:

There shall be no cross connections made or maintained between the water system of the District or any other system (private or otherwise) and all new structures constructed within the District shall, prior to service connection, comply with the plumbing standards of the State of Oklahoma.

Representatives of the District, the state and local Health Department shall have the right at all reasonable hours to enter upon the consumer's premises for the purpose of inspection and enforcement of this provision.

Violation of this provision shall constitute cause for disconnection of a consumer's service.

Rules and Regulations

These rules are designed to govern the supplying and taking of water service in a uniform manner for the benefit of the District and its members. They are subject to change from time to time. However, all such changes must be approved by the State Director of the U.S.D.A., Rural Development, until such time as the District is no longer indebted to the United States of America, or until such time as the District has completely retired all loans made by or insured by the United States of America. If a provision of the Rules conflict with a provision of the rate schedule, the provisions of the rate schedule will prevail. If any portion of these Rules shall be declared invalid by competent authority, such voidance shall not affect the validity of the remaining portions.

Definition: The following expressions when used herein will have the meaning stated below.

Applicant: Any individual, firm, partnership, corporation or other agency owning land located within the District, applying for water service.

Benefit Unit: A right entitling the holder to one water service connection.

Board: The Board of Directors of Rural Water District No. 5, McCurtain County, Oklahoma.

Consumer: Any individual, firm, partnership, corporation or other agency receiving water from the District's facilities and owning or occupying land located within the District in favor of which one or Benefit Units have been subscribed and paid for.

Point of Delivery: In rural areas water transmission lines will be installed parallel to section lines and highways and on private property, where possible. Service lines to the meter will not extend across private property unless necessary to serve users whose property does not join the section lines and road. Water will be delivered at the meter, which will be located five feet inside the user's property line. However, if the cost to serve the last user or users on any line segment exceeds the average cost per user of the entire system, the last user or users, will be required to pay all cost which exceed the average cost per user of the entire system.

Service: The term service when used in connection with the supplying of water shall mean the availability for use by the consumers of water adequate to meet the consumer's requirements. Service shall be considered as available when the District maintains the water supply at normal pressure at the point of delivery, in readiness for the consumer's use, regardless of whether or not the consumer makes use of it.

Application for Water Service and Water User's Agreement: The agreement or contract between the consumer and the District, pursuant to which water service is supplied and accepted.

State Director: The State Director of the U.S.D.A., Rural Development.

Water Service: A water service shall consist of facilities for supplying water to one residence or business establishment located on land within the District.

General Rules

1. The supplying and taking of water will be in conformance with these Rules and the applicable rate schedule attached hereto and filed with the Secretary of the District: Provided, however, that such rate schedules is subject to change by action of the Board with approval of the State Director: Provided, further, that if at any time the Board of Directors determines that the total amount derived from the collection of water charges is insufficient for the payment of operating cost, emergency repairs, or debt service, the Board shall increase the minimum water rate for the first month thereafter in an amount sufficient to pay such operating cost, emergency repairs, or debt service.
2. Applicants for service shall make application to the manager of the District. If the application for service is approved by the Board, the applicant will purchase a Benefit Unit for each water service desired and sign the standard application for water service and water user's agreement and he shall receive service.
3. Before installing a service extension and providing water available for use, the Board may require the applicant to pipe his home and be in readiness to accept service.

Service is for Sole Use of the Consumer:

A standard water service connections is for the sole use of the applicant or consumer, and does not permit the extension of pipes to transfer water from one property to another, nor to share, resell, or sub-meter water to any other consumer. If an emergency or specific situation should make such an arrangement advisable, it shall be done only on specific written permission of the Board of Directors for the duration of the emergency.

Multiple Users:

1 Mobile Home Parks: The classification, method of service, and minimum charge to be assessed each mobile home resident, whether located in a trailer park or located on an individual lot, will be the same as for any other residential user on the system. Each mobile home resident is expected to pay the same water charges as other users on the system. Normally, this would be accomplished by installing a water meter at each mobile home. If the residents of the mobile homes are not permanent residents, the Board of Directors may elect to serve mobile homes located in a trailer park through a master meter in accordance with the rate schedule used for other residential users. Owners of trailer parks serving non-resident users will be expected to contribute an amount equal to the cost of enlarging the District's water system as required to serve the trailers. The trailer park owners must also

pay for constructing their own lines within the trailer park.

2. Subdivisions and Developers: Developers are expected to pay for essential utilities to new or developing areas, including subdivisions. Owners of subdivisions or developments will be expected to contribute an amount equal to the cost of enlarging the District's water system to serve the area being developed. The owners must also pay for constructing their own lines within the development or subdivision. If the District's consulting engineer and Board of Directors determine that the owner has installed service and main lines within the subdivision or development in accordance with approved plans and specifications, the District may agree to accept ownership and overall operation and maintenance responsibility of the service lines within the subdivision or development. Also, if the Board of Directors determines adequate water is available, water service may be provided to the development or subdivision through a master meter. See Developer Requirements attached. (Amended December 2003)

Agreement with Governmental Bodies:

The District through its Board of Directors may make specific water service contracts with the Federal Government, the State of Oklahoma, or agencies thereof, school districts and municipal corporations and nonprofit corporations, differing from stipulations set out in the rate schedule and rules. Such contracts must receive approval by the State Director of the U.S.D.A., Rural Development.

Right of Access:

Representatives of the District shall have the right at all reasonable hours to enter upon consumer's premises to read and test meters, inspect piping, and to perform other duties for the proper maintenance and operation of service, or to remove its meters and equipment upon disconnection of service by consumers.

Continuity of Service:

The District will make all reasonable efforts to supply continuous, uninterrupted service. However, it shall have the right to interrupt service for the purpose of making repairs, connections, extensions, or for necessary work. Efforts will be made to notify consumers who may be affected by such interruptions, but the District will not accept responsibility for losses which might occur due to such necessary interruptions.

The District does not accept responsibility for losses that might occur due to interruptions to service caused by storms, strikes, floods, or other cause beyond our control.

Meters:

Meters will be furnished, installed, owned, inspected, tested and kept in proper condition by the District without cost to the consumer. A complete record of test and histories of meters will be kept. Meter tests will be made according to methods of the American Waterworks Association by the District as often as deemed necessary by its Board of Directors.

Meter Accuracy:

Service meters whose errors do not exceed two percent (2%) fast or slow shall be considered as being within the allowable limits of accuracy for billing purposes. The percentage of error will be considered as that arrived at by taking the average of the error at full load and that at ten percent (10%) load, unless a consumer's rate of usage is known to be practically constant in which case the error at such constant use will be used.

Bills:

Bills will be rendered for service by the 5th of the month following that in which the service was rendered as set forth in the rate schedule. They are due by the 10th of the month. Service bills not paid at

the close of the business day on the 15th of the month shall be subject to a ten percent (10%) late charge. Failure of the District to submit a service bill shall not excuse the consumer of his obligation to pay for water service used when the bill is submitted. Failure to pay by the 20th of the month shall result in disconnection of service.

Reconnection Charge:

The reconnection charge for restoration of service, if reconnection is authorized and approved under the provisions of the By-laws of the District, after each suspension of services because of delinquent payment or other infraction of these rules shall be the unpaid amount charged to date against the consumer's Benefit Unit and plus a sum to cover the reasonable cost of labor necessary to make such a reconnection. The Board shall determine this fee.

Penalties:

Tampering or cutting off locks from meters will result in a \$250.00 fine.

The District may impose a fine of \$600.00 to any member who has connected a second residence, cabin, or business to their residential meter.

Water Loss:

Members are responsible for all water that goes through their meter. If a member has a line break, they may make payment arrangements with the manager of the District.

Any member of the District who reports a district line break is eligible for a reward of \$50.00. This does not apply to the member's side of meter.

Requested Meter Tests:

Meter test requested by consumers will be performed without cost to the consumer if the meter is found to be in excess of two percent (2%) fast. Otherwise, the consumer for whom the requested test was made will be charged \$25.00 for the cost of making the test.

Consumers Responsibility:

The consumer shall be responsible for any damage to the meter installed for his service, on account of any cause other than normal wear and tear.

Change of Occupancy:

It shall be the consumer's responsibility to anticipate changes of occupancy, and to have his Benefit Unit transferred to the new consumer as prescribed by the By-Laws. Until the Benefit Unit is formally transferred, the original holder shall be responsible for payment of service. The District may refuse to transfer a Benefit Unit until all back bills have been paid. However, this would not preclude a new owner from purchasing a new Benefit Unit in the District.

Main Extensions:

1. In extending a water main to serve an applicant, the District may at its discretion exercise one of the following options:

(b) If the cost of the extension is less than the average cost of the entire system to each member, and sufficient construction funds are available, the District may elect to make the extension upon the applicant's purchase of a Benefit Unit or payment of the required fee.

(b) If the cost of the extension is greater than the average cost of the entire system to each member, but funds are available to the extent of such average cost, the Board of Directors may elect to contribute to

the extension in the amount of the average cost, and require the applicant to deposit in cash the additional cost in addition to the price of a Benefit Unit. If, and as additional consumers are connected to the extension, and as funds become available, all or part of the original consumer's deposit may be returned to him. Any portion of the original deposit remaining after the expiration of a five-year period will become the property of the District. In no case will interest be paid on such deposits.

(c) In the event that the District does not have funds available to pay for construction in the amount of the average cost per member of the entire system, it may require as a condition of extending service, that the applicant deposit in addition to the price of a Benefit Unit, an amount which may equal the entire cost of the extension. In such an event, the Board may, as funds become available, return to the consumer the portion of his deposit equal to the average cost of the system per member. No interest will be paid on such deposit.

2. However, the Board shall not issue any bonds, notes, indentures, obligations, or other form of indebtedness in connection with the extension of lines hereunder, or mortgage or encumber the system in any matter.

Services:

The District will install and pay for all water service pipes (except for private fire protection) from its mains to the meters. The service pipe shall not be less than three-fourths inch in size. The District will also install the meter and meter setting. The meter will be set in front of the premises to be served or at the closest point on the consumer's premises as designated by the District.

Applicant's Having Excessive Requirements:

In the event an applicant whose water requirements are found to exceed the District's ability to supply it from existing plant without adversely affecting service to other consumers to a reasonable extent, the District will not be obligated to render such service, unless and until suitable self-liquidating financing is arranged to cover necessary investment in additional plant.

Cross Connections:

There shall be no cross connections made or maintained between the water system of the District or any other system (private or otherwise) and all new structures constructed within the District shall, prior to service connection, comply with the plumbing standards of the State of Oklahoma.

Representatives of the District, the state and local Health Department shall have the right at all reasonable hours to enter upon the consumer's premises for the purpose of inspection and enforcement of this provision.

Violation of this provision shall constitute cause for disconnection of a consumer's service.

Attachment

Developer Requirements

1. Developer must comply with Water District Construction Standards on all water supply lines.
2. Developer will provide the District with a sketch of the development showing the number of lots proposed, legal description of property, lot size and easements required by the District prior to beginning construction.
3. The District will then review drawing and determine probable improvements required. If engineering consultation is required, the developer shall be responsible for the cost of this service and provide compact disc of survey plat.
4. The District has the option to do the installation of all District lines at the developer's expense.
5. If developer desires to proceed with the project, the drawing will then be presented to the Board of Directors for approval.
6. After Board approval, the developer shall proceed with Engineer's Specifications and Drawings for the installation and shall use District's Engineer for all engineering of water lines.
7. The District will charge a \$100.00 per lot fee to the Developer.
8. The District will perform inspection on the installation and will charge 15% of the engineering cost for this service
9. The District will perform inspection on the installation and will charge 15% of the engineering cost for this service.
10. The developer will be required to pay a deposit equal to District cost for meter boxes to be set during construction. Refunds of deposits will be made as Memberships are sold by District.
11. Contractor hired by the developer to install improvements must be approved by the District and provide adequate proof of insurance coverage.
12. Engineering plans and specifications must be approved by the State Health Department and the Department of Environmental Quality prior to beginning construction.
13. The developer and contractor will sign District's "AGREEMENT" prior to beginning construction.
14. Upon completion of the project, the developer will furnish District with an affidavit stating all bills and /or liens in connection with the waterline installation have been paid, sign an Assignment and Bill of Sale transferring ownership of waterline installation to the District, warranty the waterline for a period of one year after final inspection has been by the District and furnish District with a Warrantee Agreement.
15. It is understood that each Benefit Unit will be approved individually by the District after application is submitted. No guarantee for service to lots will be granted without application approval according to the By-Laws and Rules and Regulations of the District. All "Developer Requirements" must be met prior to membership approval in the development.
16. There will be no new service in areas identified as floodplains, wetlands or prime farmland.