

GIVENS PURSLEY LLP

LAW OFFICES
601 W. Bannock
PO Box 2720, Boise, Idaho 83701
TELEPHONE: 208 388-1200
FACSIMILE: 208 388-1300
WEBSITE: www.givenspursley.com

Gary G. Allen
Christopher J. Beeson
Jessica M. Borup
William C. Cole
Michael C. Creamer
Thomas E. Dvorak
Roy Lewis Eiguren
Timothy P. Feamside
Jeffrey C. Fereday
Steven J. Hippler
Karl T. Klein
Debora K. Kristensen
Anne C. Kunkel
Franklin G. Lee
David R. Lombardi

D. David Lorello, Jr.
Emily A. MacMaster
Kimberly D. Maloney
John M. Marshall
Kenneth R. McClure
Kelly Greene McConnell
Cynthia A. Melillo
Christopher H. Meyer
Kendall L. Miller
L. Edward Miller
Patrick J. Miller
Judson B. Montgomery
Angela K. Nelson
Deborah E. Nelson
W. Hugh O'Riordan

Michael C. Orr
Kenneth L. Pursley
Bradley V. Sneed
H. Barton Thomas
Conley E. Ward
Robert B. White

Raymond D. Givens
James A. McClure
Stephanie C. Westermeier
OF COUNSEL

John A. Miller, LL.M. *
TAX CONSULTANT

*Licensed in Kentucky only

July 18, 2003

Terri Carlock
Idaho Public Utilities Commission
472 W. Washington
P.O. Box 83720
Boise, ID 83720-0074

Re: Columbine Telephone Company, Inc., Case No. COL-T-03-1
Copies of Loan Documents
Our File No. 1534-42

RECEIVED
FILED
2003 JUL 21 PM 3:15
Boise Public
UTILITIES COMMISSION

Dear Terri:

Pursuant to the Commission's order, enclosed please find copies of the following documents related to the Columbine loan in the amount of \$8,333,333.00:

1. Loan Agreement, dated July 3, 2003, by and between the Borrowers and RTFC;
2. Secured Promissory Note, dated July 3, 2003, by and between the Borrowers and RTFC;
3. Pledge and Security Agreement, dated July 3, 2003, by and between Silver Star Telephone Company, Inc. and RTFC;
4. Pledge and Security Agreement, dated July 3, 2003, by and between Teton Communications, Inc. and RTFC;
5. Pledge and Security Agreement, dated July 3rd, 2003, by and between The Hoopes Telephone Management Limited Partnership and RTFC;
6. Certificate as to Resolutions of Board of Directors and Incumbency, dated June 30, 2003, executed by the directors of Silver Star Telephone Company, Inc.,
7. Consent Resolution of the Board of Directors Silver Star Telephone Company, Inc., dated June 30, 2003, executed by the directors of Silver Star Telephone Company, Inc.;
8. Certificate as to Resolutions of Board of Directs and Incumbency, dated June 30, 2003, executed by the directors of Teton Communications, Inc.,
9. Consent Resolution of the Board of Directors Teton Communications, Inc., dated June 30, 2003, executed by the directors of Teton Communications, Inc.;

Terri Carlock
July 18, 2003
Page 2

10. Certificate as to Resolutions of General Partner and Incumbency, dated June 30, 2003, executed by the general partner of The Hoopes Telephone Management Limited Partnership; and
11. Consent Resolution of the General Partner The Hoopes Telephone Management Limited Partnership, dated June 30, 2003, executed by the general partner of the Hoopes Telephone Management Limited Partnership.

If you have any questions regarding this matter, please do not hesitate to contact me.

Sincerely,



Michael C. Creamer

Enclosures

cc: Allen Hoopes (w/o enclosures)
Kimberly Maloney (w/o enclosures)

MCC/ACK:kdt S:\CLIENTS\1534\42\UPUC Loan Document Transmittal Letter GP01.DOC

LOAN AGREEMENT

LOAN AGREEMENT ("Agreement") made as of July 3rd 2003 by and between THE HOOPES TELEPHONE MANAGEMENT LIMITED PARTNERSHIP, an Idaho limited partnership, TETON COMMUNICATIONS, INC., a Wyoming corporation, COLUMBINE TELEPHONE COMPANY, INC., a Colorado corporation, MOUNTAIN LAND COMMUNICATIONS, LLC, an Idaho limited liability company (jointly and severally "Borrower"), and RURAL TELEPHONE FINANCE COOPERATIVE, a South Dakota cooperative association ("Lender").

RECITALS

WHEREAS, Borrower has requested Lender to make the Loan to Borrower described in Schedule 1 hereto; and

WHEREAS, Lender is willing to make the Loan upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein, Borrower (jointly and severally) and Lender do hereby agree as follows:

I. CONSTRUCTION AND DEFINITION OF TERMS

All accounting terms not specifically defined herein shall have the meanings assigned to them as determined by generally accepted accounting principles. In addition to the terms defined elsewhere in this Agreement, unless the context otherwise requires, when used herein, the following terms shall have the following meanings:

"Adjustment Date" shall mean a date or dates, determined by the Lender based on the term (or rate period) of the applicable Fixed Rate, after the date of the initial Advance to the Maturity Date.

"Advance" shall mean an advance as defined in Section 2.02.

"Business Day" shall mean any day that Lender is open for business.

"Cash Margins" for any year shall mean net income plus depreciation, amortization and any other non-cash charges, less any non-cash credits and principal on long-term debt payable in such year, as calculated on a consolidated basis for Borrower and all its Subsidiaries.

"Certified" shall mean that the information, statement, schedule, report or other document required to be "Certified" shall contain a representation of a duly authorized officer of Borrower that such information, statement, schedule, report or other document is true and correct and complete.

"Closing" shall mean the first date on which funds are advanced to Borrower hereunder.

"Collateral" shall mean the collateral as such term is defined in the Pledges, and all proceeds, cash and non-cash, including insurance proceeds, of the foregoing, whether in the possession of Borrower or any other person.

"Commitment" shall have the meaning set forth in Schedule 1 hereto.

"Current Ratio" for any year shall mean the ratio of total current assets to total current liabilities, as determined by dividing total current assets by total current liabilities.

"Debt Service Coverage Ratio" or "DSC" for any year shall mean (a) total net income or margins plus depreciation and amortization expense and interest on long-term debt for such year, divided by (b) principal and interest on long-term debt payable in such year, as calculated on a consolidated basis for the Borrower and all its Subsidiaries.

"Event of Default" shall mean any of the events described in Section 8 hereof.

"Fixed Rate" shall mean the interest rate per annum provided for in Section 2.03 of this Agreement.

"Leases" shall mean any lease of property by which Borrower shall be obligated for rental or other payments which in the aggregate are in excess of \$100,000 other than such equipment leases which are in form and substance substantially in conformity with lease agreements in general use in Borrower's industry by companies of size and character similar to Borrower.

"Lien" shall mean any statutory or common law consensual or non-consensual mortgage, pledge, security interest, encumbrance, lien, right of set-off, claim or charge of any kind, including, without limitation, any conditional sale or other title retention transaction, any lease transaction in the nature thereof and any secured transaction under the Uniform Commercial Code of any jurisdiction.

"Loan" shall mean the loan by the Lender to Borrower, pursuant to this Agreement and the Note, in an aggregate principal amount not to exceed the Commitment.

"Make-Whole Premium" shall mean the excess, if any, of (a) the present value of the amount of interest that would have accrued during the applicable Fixed Rate period on that portion of the Loan to be prepaid or converted over (b) the present value of the amount of interest Lender would earn if that portion of the Loan to be prepaid or converted was reinvested for the remainder of the applicable Fixed Rate period in U.S. Treasury obligations with a maturity comparable to the remaining term of the applicable Fixed Rate period. For purposes of calculating the present value in (a) and (b) above, the discount rate will be the rate of interest accruing on the U.S. Treasury obligations in (b) above.

"Maturity Date" shall mean the maturity date defined in the Note.

"Minimum Net Worth Test" shall be calculated on a consolidated basis for the Borrower and all its Subsidiaries, and shall mean an equity to total asset ratio of at least forty percent (40%). Equity shall be determined by subtracting total liabilities from total assets.

"Modified Capitalization Ratio" shall mean the ratio of equity to the total amount of equity plus short and long-term indebtedness plus guarantee commitments.

"Net Worth" shall be calculated on a consolidated basis for the Borrower and all its Subsidiaries taken as a whole and arrived at by subtracting total liabilities from total assets.

"Note" shall mean the Note executed and delivered by Borrower at or prior to Closing pursuant to Section 5.02(a) hereof, and all renewals, replacements and extensions thereof.

"Obligations" shall include the full and punctual performance of all present and future duties, covenants and responsibilities due to the Lender by Borrower under this Agreement, the Note, the Other Agreements, all present and future obligations of Borrower to the Lender for the payment of money under this Agreement, the Note, the Other Agreements, extending to all principal amounts, interest, late charges and all other charges and sums, as well as all costs and expenses payable by Borrower under this Agreement, the Note, the Other Agreements, and any and all other present and future monetary liabilities of Borrower to the Lender, whether direct or indirect, contingent or noncontingent, matured or unmatured, accrued or not accrued, related or unrelated to this Agreement, whether or not of the same character or class as Borrower's obligations under this Agreement and the Note, whether or not secured under any other document, instrument or statutory or common law provision, as well as all renewals, refinancings, consolidations, recastings and extensions of any of the foregoing.

"Other Agreements" shall mean any and all promissory notes, security agreements, assignments, subordination agreements, pledge or hypothecation agreements, mortgages, deeds of trust, leases, contracts, guaranties, instruments and documents now and hereafter existing between the Lender and Borrower, executed and/or delivered pursuant to this Agreement or guaranteeing, securing or in any other manner relating to any of the Obligations, including the instruments and documents referred to in Section 5.02 hereof.

"Payment Date" shall mean the last day of each of the months referred to in Schedule 1 hereto.

"Payment Notice" shall mean the notice furnished to the Borrower at least quarterly indicating the precise amount of principal and/or interest due on the next ensuing Payment Date, such notice to be sent to the Borrower at least ten (10) days before such Payment Date.

"Person" shall include natural persons, corporations, associations, partnerships, joint ventures, trusts, governments and agencies and departments thereof, and every other entity of every kind.

"**Pledges**" shall mean the pledge and security agreements described in Schedule 1.

"**Pledgors**" shall mean The Hoopes Telephone Management Limited Partnership, Silver Star Telephone Company, and Teton Communications, Inc..

"**Subordinated Capital Certificate**" or "**SCC**" shall mean a subordinated certificate representing an investment in the Lender purchased by the Borrower in connection with the Loan.

"**Subsidiary**" at any time means any entity that is at the time beneficially owned or controlled directly or indirectly by the Borrower, by one or more of such entities or by the Borrower and one or more of such entities.

"**Termination Date**" shall mean that date which is four (4) year(s) from the date hereof.

"**Times Interest Earned Ratio**" or "**TIER**" for any year shall mean (a) total net income or margins plus income taxes plus interest payable on long-term debt for such year, divided by (b) interest on long-term debt payable in such year, as measured on a consolidated basis for the Borrower and all its Subsidiaries.

"**Total Plant**" shall be calculated on a consolidated basis for the Borrower and all its Subsidiaries and shall mean the total of all assets included in property, plant and equipment pursuant to generally accepted accounting principles and shall exclude any goodwill or plant acquisition adjustments.

"**Variable Rate**" shall mean the variable rate established by the Lender from time to time for loans similarly classified pursuant to Lender's policies and procedures then in effect.

2. LOAN

2.01 Loan. The Lender agrees to make the Loan to Borrower subject to all of the terms and conditions of this Agreement and the Other Agreements.

2.02 Advances. The Lender agrees to make, and the Borrower agrees to request, on the terms and conditions of this Agreement, Advances from time to time at the office of the Lender in Herndon, Virginia, or at such other place as the Lender may designate, not to exceed the Commitment. The Borrower shall give the Lender at least one Business Day prior written notice of the date on which each Advance is to be made. On the Termination Date the Lender may stop advancing funds and reduce the Commitment to the aggregate amount theretofore advanced. The obligation of the Borrower to repay the Advances shall be evidenced by the Note.

2.03 Payment, Amortization and Interest Rate.

(a) **Payment.** The Borrower shall pay on each Payment Date quarterly installments, in an amount as determined by the Lender, of principal and/or interest as shown in the Payment Notice. If not sooner paid, any balance of the principal amount and interest accrued thereon and all other amounts due hereunder shall be due and

payable on the Maturity Date. Payment of principal hereunder shall commence after the first full quarter following the initial Advance of funds as set forth in Schedule 1 and shall continue to be made on each subsequent Payment Date until the Maturity Date or such earlier date as all amounts due hereunder and on account of the Note shall have been paid in full. Payment of interest hereunder is due on each Payment Date in which a principal balance is outstanding. Principal will be amortized in accordance with the method stated in Schedule 1 hereto.

The Lender will use, for purposes of calculating the amortization of principal, one of the following interest rates, as applicable:

- (i) If the Borrower elects the Fixed Rate, the Fixed Rate in effect on the Adjustment Date; or
- (ii) If the Borrower elects the Variable Rate, the Variable Rate in effect when amortization begins; or
- (iii) If the Borrower elects to convert from one interest rate program to another pursuant to the provisions hereunder, the interest rate then in effect for the elected program.

At the Lender's option, all payments shall be applied first to late payment charges due, as hereinafter provided, then to interest accrued to the date of such payment, and then to the reduction of principal balance outstanding.

No provision of this Agreement or the Note shall require the payment, or permit the collection, of interest in excess of the highest rate permitted by applicable law.

(b) Interest Rate. Each Advance shall be initially made at the Variable Rate. Interest shall be computed from the actual number of days elapsed on the basis of a year of 365 days until the first Payment Date following the initial Advance. Thereafter, interest shall continue to be computed for the actual number of days elapsed on the basis of a year of 365 days unless a Fixed Rate is applicable to the Loan, in which case interest shall be computed on the basis of a 30-day month and 360-day year.

- (i) Variable Rate. If Advances are made at the Variable Rate, it shall apply until the Maturity Date, except as provided herein below.
- (ii) Fixed Rate. If the Borrower elects a Fixed Rate, such Fixed Rate as is available and in effect for loans similarly classified pursuant to Lender's policies and procedures then in effect at the time of the election shall apply to such Advance until the Adjustment Date. Upon notice given by the Borrower five (5) Business Days prior to such Adjustment Date, Borrower may elect to reset the interest rate to such Fixed Rate as is available and in effect at the time of such Adjustment Date. Such reset Fixed Rate shall apply to that portion of the outstanding principal balance of the Loan elected to have a Fixed Rate from the Adjustment Date until a new Adjustment Date or the Maturity Date. If Borrower does not elect to reset the Fixed Rate, the Variable Rate shall apply to the outstanding principal balance of the Loan that had been bearing interest at the Fixed

Rate prior to such Adjustment Date, from such Adjustment Date to the Maturity Date.

- (iii) Conversion to Different Interest Program.
- (A) Variable Rate to Fixed Rate. Subject to the conditions set forth herein, the Borrower may convert from the Variable Rate to the Fixed Rate for any portion or all of the principal amount of the Commitment then outstanding at any time provided the Lender offers a Fixed Rate at such time for similarly classified loans.
- (B) Fixed Rate to Variable Rate. The Borrower may convert from a Fixed Rate to the Variable Rate: (1) on an Adjustment Date or (2) at any other time, provided that the Borrower shall pay Lender any applicable Make-Whole Premium.

2.04 Prepayment. In the event the Borrower prepays all or part of the Loan, the Borrower shall pay any prepayment fee as the Lender may prescribe pursuant to the terms of this Section 2.04. All prepayments shall be accompanied by payment of accrued and unpaid interest on the amount of and to the date of the prepayment. All prepayments shall be applied first to fees, second to the payment of accrued and unpaid interest, and then to the unpaid balance of the principal amount of the Loan. If the Loan bears interest at the Variable Rate the Borrower may prepay the Loan or any portion thereof, as the case may be, at any time subject to the terms hereof and said prepayment fee shall be in an amount equal to fifty (50) basis points times the amount being prepaid. If the Loan bears interest at the Fixed Rate, the Borrower may prepay the Loan only on an Adjustment Date or any such other date provided that the Borrower shall pay a prepayment fee in an amount equal to fifty (50) basis points times the amount being prepaid plus any applicable Make-Whole Premium.

2.05 10% Subordinated Capital Certificates. The Borrower shall purchase SCCs that in the aggregate shall not exceed the amount specified in Schedule 1 hereto. Unless otherwise requested in writing by the Borrower prior to the initial Advance and approved by the Lender, the Borrower agrees to purchase SCCs either: (a) with each Advance in the amount of ten percent (10%) of each such Advance, and each such SCC shall be paid for with proceeds of such Advance, or (b) by making payments with Borrower's own funds in twenty (20) equal quarterly installments, commencing with the first full quarter following the initial Advance. If the Borrower elects to pay for SCCs other than from Loan funds, the amount of the Commitment will be correspondingly reduced by said amount when the SCCs are fully paid. If the Borrower obtains Advances hereunder other than for the purpose of purchasing SCCs and fails to pay for the SCCs, then the Lender may make Advances for the account of the Borrower to purchase the SCCs. The Lender agrees to deliver the SCCs on or about the date on which the SCCs have been paid for in full. The SCCs shall bear no interest and shall mature in accordance with the terms thereof.

3. SECURITY

As security for the payment and performance of all of the Obligations, Pledgors have entered into the Pledges pledging and granting to the Lender a prior and continuing security interest in the Collateral that may be secured by the Pledges that shall

continually exist until all Obligations have been paid in full. If reasonably required by the Lender at any time, Pledgors shall make notations, satisfactory to the Lender, on its books and records disclosing the existence of the Lender's security interest in the Collateral. Pledgors agree that, with respect to the Collateral, which is subject to Article 9 of the Uniform Commercial Code, the Lender shall have, but not be limited to, all the rights and remedies of a secured party under the Uniform Commercial Code. The Lender shall have no liability or duty, either before or after the occurrence of an Event of Default hereunder, on account of loss of or damage to, or to collect or enforce any of its rights against, the Collateral, or to preserve any rights against account debtors or other parties with prior interests in the Collateral.

4. REPRESENTATIONS AND WARRANTIES

To induce the Lender to enter into this Agreement, Borrower represents and warrants to the Lender as of the date of this Agreement that:

4.01 Good Standing. Each Borrower is duly organized as the entities described in the first paragraph of this Agreement, validly existing and in good standing under the laws of the state of its organization, has the power to own its property and to carry on its business, is duly qualified to do business, and is in good standing in each jurisdiction in which the transaction of its business makes such qualification necessary.

4.02 Authority. Each Borrower has the power and authority to enter into this Agreement, the Pledges and the Note, to make the borrowing hereunder, to execute and deliver all documents and instruments required hereunder and to incur and perform the obligations provided for herein and in the Note, all of which have been duly authorized by all necessary and proper organizational governance action, and no consent or approval of any person, including, as applicable and without limitation, stockholders, members and partners of Borrower, and any public authority or regulatory body, which has not been obtained is required as a condition to the validity or enforceability hereof or thereof.

4.03 Binding Agreement. This Agreement has been duly and properly executed by Borrower, constitutes the valid and legally binding obligation of Borrower and is fully enforceable against Borrower in accordance with its terms, subject only to laws affecting the rights of creditors generally, the exercise of judicial discretion in accordance with general principles of equity or because waivers of statutory or common law rights or remedies may be limited.

4.04 No Conflicting Agreements. The execution, delivery of and performance by Borrower of this Agreement, the Pledges and the Note, and the transactions contemplated hereby or thereby, will not: (a) violate any provision of law, any order, rule or regulation of any court or other agency of government, any award of any arbitrator, the charter or by-laws of Borrower, or any indenture, contract, agreement, mortgage, deed of trust or other instrument to which Borrower is a party or by which it or any of its property is bound; or (b) be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under, any such award, indenture, contract, agreement, mortgage, deed of trust or other instrument, or result in the creation or imposition of any Lien (other than contemplated hereby) upon any of the property or assets of Borrower.

4.05 Litigation. There are no judgments, claims, actions, suits or proceedings pending or, to the knowledge of Borrower, threatened against or affecting Borrower or its properties, at law or in equity or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, which may result in any material adverse change in the business, operations, prospects, properties or assets or in the condition, financial or otherwise, of Borrower, and Borrower is not, to its knowledge, in default with respect to any judgment, order, writ, injunction, decree, rule or regulation of any court or federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which would have a material adverse effect on Borrower.

4.06 Financial Condition. The financial statements of Borrower as at the date set forth in Schedule 1 hereto, heretofore delivered to the Lender, are complete and correct, fairly present the financial condition of Borrower and have been prepared in accordance with generally accepted accounting principles applied on a consistent basis. There are no liabilities of Borrower, direct or indirect, fixed or contingent, as of the date of such statements that are not reflected therein. There has been no material adverse change in the financial condition or operations of the Borrower from that set forth in said financial statements except changes previously disclosed in writing to the Lender prior to the date hereof.

4.07 Taxes. Borrower has paid or caused to be paid all federal, state and local taxes to the extent that such taxes have become due, unless the Borrower is contesting in good faith any such tax. Borrower has filed or caused to be filed all federal, state and local tax returns that are required to be filed by Borrower.

4.08 Title to Properties. Borrower has good and marketable title to all of its real properties and owns or has other rights in all of its other properties and assets free and clear of any liens, except (a) the lien of the Pledges and prior mortgages to Lender, and taxes or assessments not yet due; (b) deposits or pledges to secure payment of workmen's compensation, unemployment insurance, old age pensions or other social security; (c) deposits or pledges to secure performance of bids, tenders, contracts (other than contracts for the payment of borrowed money), leases, public or statutory obligations, surety or appeal bonds, or other deposits or pledges for purposes of like general nature in the ordinary course of business; and (d) liens permitted under Section 7.02(c) of this Agreement after the date hereof.

4.09 Licenses and Permits. Borrower has duly obtained and now holds all licenses, permits, certifications, approvals and the like necessary to own and operate its property and business that are required by federal, state and local laws of the jurisdictions in which Borrower conducts its business and each remains valid and in full force and effect.

4.10 Subsidiaries. Borrower has no Subsidiaries other than Subsidiaries heretofore disclosed to the Lender, or hereafter formed or acquired with the prior written consent of the Lender.

4.11 Certain Indebtedness. There is no indebtedness of Borrower owing to any employee, officer, stockholder, member, partner or director of the board of Borrower other than accrued salaries, commissions and the like and any indebtedness subordinated to the Obligations pursuant hereto.

4.12 Borrower's Legal Status. (a) The Borrower's exact legal name is that indicated on the signature page hereof, (b) the Borrower is an organization of the type and organized in the jurisdiction set forth on the first page hereof, (c) Schedule 1 hereto accurately sets forth the Borrower's organizational identification number or accurately states that the Borrower has none and (d) Schedule 1 hereto accurately sets forth the Borrower's place of business or, if more than one, its chief executive office as well as the Borrower's mailing address if different.

4.13 Required Approvals. No license, consent, permit or approval of any governmental agency or authority is required to enable the Borrower to enter into this Agreement or to perform any of its obligations provided for herein except as disclosed on Schedule 1 hereto and except with respect to regulatory approvals which may be required in connection with the Lender's enforcement of certain remedies hereunder.

4.14 ERISA. Each pension plan of Borrower and its Subsidiaries providing benefits for employees of Borrower or such Subsidiary covered by Title IV of the Employee Retirement Income Security Act of 1974, as amended, and the regulations thereto ("ERISA"), is in compliance with ERISA in all material respects, and no material liability to the Pension Benefit Guaranty Corporation or to a multiemployer plan has been, or is expected by Borrower or its Subsidiaries to be, incurred by Borrower or such Subsidiary.

5. CONDITIONS OF LENDING

The Lender shall have no obligation to make Advances to Borrower hereunder unless each of the following conditions shall be satisfied as provided below:

5.01 Legal Matters. All legal matters incident to the consummation of the transactions hereby contemplated shall be satisfactory to counsel for the Lender and to such local counsel as counsel for the Lender may retain.

5.02 Documents. There shall have been delivered to the Lender, fully completed and duly executed (when applicable), the following, satisfactory to the Lender and its counsel:

- (a) This Agreement and the Note.
- (b) Certified copies of all such organizational documents and proceedings of the Borrower authorizing the transactions herein contemplated.
- (c) A written opinion from Borrower's counsel addressing such legal matters as the Lender or its counsel shall reasonably require.
- (d) (i) The Pledges; (ii) filed financing statements in all jurisdictions necessary to provide Lender a first priority, perfected security interest in all Collateral (as defined in the Pledges) which may be perfected by the filing of financing statements; and (iii) such other documents as are necessary to create or continue a perfected security interest in favor of the Lender in the Collateral.

5.03 Landlord Waiver. If any Collateral is located on real property leased by the Borrower, Lender shall have received a landlord's waiver of lien from each landlord of Borrower, in form and substance satisfactory to Lender.

5.04 Government Approvals. The Borrower shall have furnished to the Lender true and correct copies of all certificates, authorizations and consents, including without limitation the consents referred to in Section 4.13 hereof, necessary for the execution, delivery or performance by the Borrower of this Agreement, the Note and the Pledges. Borrower and Lender acknowledge that written consent of the Rural Utilities Service or the Rural Telephone Bank (collectively the "United States") may be necessary for the Pledge by Silver Star Telephone Company, Inc. to be effective. Borrower shall cause Silver Star Telephone Company, Inc. to obtain such consent as soon as possible after closing. Lender acknowledges that such consent need not accommodate or subordinate the prior lien of the Rural Utilities Service and the Rural Telephone Bank to the lien of the Pledge.

5.05 Representations, Warranties and Material Change. The representations and warranties contained in this Agreement shall be true and correct on the date of the making of each Advance hereunder with the same effect as though such representations and warranties had been made on and as of such date; no Event of Default specified in Section 8 and no event which, with the lapse of time or the notice and lapse of time specified in Section 8 would become such an Event of Default, shall have occurred and be continuing or will have occurred after giving effect to the Advance on the books of the Borrower; there shall have occurred no material adverse change in the business or condition, financial or otherwise, of the Borrower; and nothing shall have occurred which in the opinion of the Lender materially and adversely affects the Borrower's ability to meet its obligations hereunder.

5.06 Special Conditions. The Lender and its counsel shall be fully satisfied that the Borrower has complied and will continue to comply with any special conditions identified in Schedule 1 hereto.

5.07 Requisitions. The Borrower will request Advances in form and substance satisfactory to the Lender. Pursuant to the terms and conditions hereof, the Lender will wire the proceeds of the requested Advance to an account as directed by the Borrower.

6. AFFIRMATIVE COVENANTS

Borrower covenants and agrees with the Lender that, until all of the Obligations have been paid in full, Borrower will:

6.01 Membership. Remain or an affiliate thereof will remain, a member in good standing of the Lender.

6.02. Financial Books; Financial Reports and Other Information.

(a) At all times keep, and safely preserve, proper books, records and accounts in which full and true entries will be made of all of the dealings, business and affairs of the Borrower, in accordance with methods of accounting prescribed by the

state regulatory body having jurisdiction over the Borrower, or in the absence of such regulatory body or such prescription, by the Federal Communications Commission ("FCC") or in accordance with generally accepted accounting principles.

(b) Prepare and furnish Lender not later than sixty (60) days from the six-month period ending June 30 of each year and the twelve-month period ending December 31 of each year, or at more frequent intervals when reasonably specified by the Lender, financial and statistical reports on its and any Subsidiaries' condition and operation. The December year-end reports shall include individual financial statements for the Borrower and consolidated and consolidating financial statements for the Borrower and each of its Subsidiaries, in such detail as the Lender may reasonably prescribe.

(c) Cause to be prepared and furnished to the Lender, not more than one hundred twenty (120) days after the close of each of Borrower's fiscal years, a full and complete report of its and its Subsidiaries' financial condition as of the end of each such fiscal year, in form and substance reasonably satisfactory to the Lender, audited and certified by independent certified public accountants reasonably satisfactory to the Lender and accompanied by a report of such audit in form and substance reasonably satisfactory to the Lender.

(d) Furnish to the Lender such other information, reports or statements concerning the operations, business affairs and/or financial condition of Borrower as the Lender may reasonably request from time to time.

(e) Promptly upon becoming available, information, in form and substance satisfactory to Lender, and evidence of any and all changes or modification of licenses, permits, certifications, approvals and the like necessary for Borrower to own or operate its business or a substantial part of its business.

6.03 Lender's Right of Inspection. Permit the Lender, through its representatives, at all times during normal business hours, to have access to, and the right to inspect and make copies of, any or all books, records and accounts, and any or all invoices, contracts, leases, payrolls, canceled checks, statements and other documents and papers of every kind belonging to or in possession of the Borrower and its Subsidiaries and pertaining to the Borrower's and its Subsidiaries' property or business.

6.04 Financial Ratios. Subject to applicable laws and rules and orders of regulatory bodies, and to events which in the judgment of the Lender are beyond the control of the Borrower, shall so operate and manage its business as to achieve an annual DSC of not less than 1.25 and an annual TIER of not less than 1.50.

6.05 Annual Certificate. Within one hundred twenty (120) days after the close of each calendar year, commencing with the year in which the Initial Advance hereunder shall have been made, deliver to the Lender a written statement signed by the general manager stating that to the best of said person's knowledge, the Borrower has fulfilled all of its Obligations under this Agreement, the Note and the Pledges throughout such year or, if there has been a default in the fulfillment of any such Obligations, specifying each such default known to said person and the nature and status thereof.

6.06 Use of Proceeds. Use Advances made hereunder and under the Note only for the purpose identified in Schedule 1 hereto and for the payment of the costs, expenses and fees incident to this Agreement and for no other purpose whatsoever without the prior written consent of the Lender.

6.07 Organizational Identification Number. If the Borrower does not have an organizational identification number and later obtains one, the Borrower will promptly notify the Lender of such organizational identification number.

6.08 Landlord Waiver. If any Collateral is at any time located or is to be located on real property leased by the Borrower, Borrower shall furnish Lender with a landlord's waiver of lien from each landlord of Borrower, in form and substance satisfactory to Lender.

6.09 Special Affirmative Covenants. During the term hereof, Lender and its counsel shall be fully satisfied that the Borrower has complied and will continue to comply with any special affirmative covenants identified in Schedule 1 hereto.

7. NEGATIVE COVENANTS.

Borrower covenants and agrees with the Lender that, until all of the Obligations have been paid in full, Borrower will not:

7.01 Notice. Without giving written notice to the Lender thirty (30) days prior to the effective date of any change:

- (a) Change the location of Borrower's place of business or, if more than one, its chief executive office.
- (b) Change the name of Borrower.
- (c) Change the mailing address of Borrower.
- (d) Change the organizational identification number of Borrower if it has one.

7.02 Consent. Without the prior written consent of the Lender:

- (a) Control. Alter or permit alteration of control of the Borrower. Control shall be as defined by regulations for telephone companies issued by the FCC.
- (b) Subsidiaries. Form or acquire any Subsidiaries.
- (c) Additional Indebtedness. Borrow or allow any of its Subsidiaries to borrow money on a secured or unsecured basis from any other lender or incur any additional secured or unsecured indebtedness; or enter into or allow any of its Subsidiaries to enter into any Leases, unless at that time Borrower meets the Minimum Net Worth Test; provided, however, Borrower and its Subsidiaries may

grant purchase money secured indebtedness or incur unsecured trade debt or pay other current operating liabilities that arise in the ordinary course of business so long as the aggregate total of such debt does not exceed five percent (5%) of Borrower's consolidated total assets. If Borrower meets the Minimum Net Worth Test, then Borrower and its Subsidiaries may incur additional indebtedness or enter into Leases without prior written approval of Lender provided the Borrower meets the Minimum Net Worth Test after Borrower or its Subsidiaries incur such additional indebtedness or enter into such Leases; provided, further, however, Borrower must give at least thirty (30) days written notice to Lender prior to Borrower and/or its Subsidiaries incurring any additional indebtedness or entering into such Leases.

- (d) Organizational Changes. Change its type of organization, jurisdiction of organization or legal structure.

7.03 Dividends and Other Cash Distributions. In any one calendar year, without the prior written consent of the Lender: (A) declare or pay any dividends or make any other distribution to its stockholders, members or partners with respect to its capital stock, membership interests or partnership interests; (B) purchase, redeem or retire any of its capital stock, membership interests or partnership interests; or (C) pay any management fees or if already paying a management fee, pay an increase in management fees unless with respect to any of the foregoing (after giving effect to such transaction) (1) (a) Borrower maintains a Current Ratio of not less than 1.25; and (b) Borrower meets the Minimum Net Worth Test -or- (2) (a) Borrower maintains a Current Ratio of not less than 1.25; (b) Borrower maintains a minimum Net Worth to total assets of not less than twenty-five percent (25%) and (c) the payment of such dividend, the making of such distribution, or the purchase, redemption or retirement of such stock, membership interest or partnership interest, individually or in the aggregate, does not exceed twenty-five percent (25%) of the prior fiscal year-end Cash Margins in any one fiscal year. In no event may the Borrower make any such distribution or payment when there is unpaid any due installment of principal and/or interest on the Note or if the Borrower is otherwise in material default of any provision of this Agreement or would be in material default hereunder as a result of such distribution or payment. Notwithstanding the foregoing, those of the Borrowers that are subsidiaries, may make dividend/distribution payments to their respective parent company without prior RTFC approval.

7.04. Limitations on Contracts; Deposits of Funds. Without the prior written consent of the Lender: (a) enter into any contract or contracts (i) for management of its business or any part thereof, (ii) for the operation or maintenance of all or any substantial part of its property, (iii) for the use by others of any of the Collateral (as defined in the Pledges) in excess of \$100,000 or (iv) with other companies; provided, however, that such approval shall not be required for any contract which in form and substance substantially conforms with contracts in general use in the Borrower's industry by companies of size and character similar to Borrower or which substantially conform to contracts which are currently in existence that Borrower is a party to; or (b) deposit any of its funds, regardless of the source thereof, in any account which is not fully insured by the federal government of the United States.

7.05 Limitations on Loans, Investments and Other Obligations.

(a) (i) Purchase or make any commitment to purchase any stock, bonds, notes, debentures or other securities or obligations of or beneficial interest in, (ii) make any other investment in, (iii) make any loan to, or (iv) guarantee, assume, or otherwise become liable for any obligation of, any corporation, association, partnership, joint venture, trust, government or any agency or department thereof, or any other entity of any kind if the aggregate amount of all such purchases, investments, loans and guarantees exceeds the greater of ten percent (10%) of Total Plant or thirty percent (30%) of Net Worth without the prior written consent of the Lender.

(b) The following shall not be included in the limitation on purchases, investments, loans and guarantees in (a) above: (i) bonds, notes, debentures, stock, or other securities or obligations issued by or guaranteed by the United States government or any agency or instrumentality thereof; (ii) bonds, notes, debentures, stock, commercial paper, subordinated capital certificates, or other security or obligation of institutions whose senior unsecured debt obligations are rated by at least two nationally recognized rating organizations in either or its two highest categories; (iii) investments incidental to loans made by Lender; (iv) bonds, notes, debentures, commercial paper or any other security of National Rural Utilities Cooperative Finance Corporation; and (v) any deposit that is fully insured by the federal government of the United States.

7.06 Special Negative Covenants. During the term hereof, Lender and its counsel shall be fully satisfied that the Borrower has complied and will continue to comply with any special negative covenants identified in Schedule 1 hereto.

8. EVENTS OF DEFAULT

The occurrence of any one or more of the following events shall constitute an "Event of Default":

- (a) **Representations and Warranties.** Any representation or warranty made herein, in any of the Other Agreements or in any statement, report, certificate, opinion, financial statement or other document furnished or to be furnished in connection with this Agreement or the Other Agreements shall be false or misleading in any material respect.
- (b) **Payment.** Failure of Borrower to make any of the payment Obligations, including, without limitation, any sum due the Lender under this Agreement or any of the Other Agreements, when and as the same shall become due, whether at the due date thereof, by demand, by acceleration or otherwise.
- (c) **Other Covenants.** Failure of Borrower to observe or perform any warranty, covenant or condition to be observed or performed by Borrower under this Agreement or any of the Other Agreements.
- (d) **Legal Existence.** The Borrower's existence shall terminate under the law of the state of its organization, or Borrower shall forfeit or otherwise

be deprived of its franchises, permits, easements, consents or licenses required to carry on any material portion of its business.

- (e) **Other Obligations.** Default by the Borrower in the payment when due of any money owed by the Borrower, whether principal, interest, premium or otherwise, under any other agreement for borrowing money in an amount in excess of five percent (5%) of total assets, whether or not such borrowing is secured.
- (f) **Bankruptcy.** (i) A court shall enter a decree or order for relief with respect to the Borrower, any general partner of Borrower or any subsidiary or guarantor (if any) in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days, or (ii) the Borrower, any general partner of Borrower or any subsidiary or guarantor (if any) shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or under any such law, or consent to the appointment or taking of possession by a receiver, liquidator, assignee, custodian or trustee, of a substantial part of its property, or make any general assignment for the benefit of creditors.
- (g) **Dissolution or Liquidation.** (i) Other than as provided in subsection (f) above, the dissolution or liquidation of the Borrower, any general partner of Borrower or any subsidiary or guarantor (if any), or (ii) failure by the Borrower, any general partner of Borrower or any subsidiary or guarantor (if any) promptly to forestall or remove any execution, garnishment or attachment of such consequence as will impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within sixty (60) days.
- (h) **Final Judgment.** A final non-appealable judgment in excess of \$100,000 shall be entered against the Borrower and shall remain unsatisfied or without a stay for a period of sixty (60) days.

9. RIGHTS AND REMEDIES

9.01 Rights and Remedies of the Lender. Upon the occurrence of an Event of Default, the Lender may, subject to:

- (a) thirty (30) days prior written notice to Borrower during which time Borrower shall have the opportunity to cure said Event of Default, except with respect to Events of Default pursuant to Sections 8(a), 8(b), 8(f)(ii) and 8(g)(i) above which shall require no notice or demand and shall have no period to cure; provided, however, that Borrower shall not be entitled to any separate notice and opportunity to cure any Event of Default which specifies its own cure period, as for example, the Event of Default specified in Section 8(h); and

- (b) compliance, if required, with the rules and regulations of the FCC and any state public service or utilities commission having jurisdiction;

exercise in any jurisdiction in which enforcement hereof is sought, the following rights and remedies, in addition to all rights and remedies available to the Lender under applicable law, all such rights and remedies being cumulative and enforceable alternatively, successively or concurrently:

- (i) Cease making Advances hereunder.
- (ii) Declare all unpaid principal outstanding on the Note, all accrued and unpaid interest thereon, and all other Obligations to be immediately due and payable and the same shall thereupon become immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived.
- (iii) Institute any proceeding or proceedings to enforce the Obligations owed to, or any Liens in favor of the Lender.
- (iv) Pursue all rights and remedies available to the Lender that are contemplated by the Pledges in the manner, upon the conditions, and with the effect provided in the Pledges, including but not limited to a suit for specific performance, injunctive relief or damages.
- (v) Pursue any other rights and remedies available to the Lender at law or in equity.

9.02 Cumulative Nature of Remedies. Nothing herein shall limit the right of the Lender, subject to notice and right to cure provisions contained herein, to pursue all rights and remedies available to a creditor following the occurrence of an Event of Default subject to compliance, if required, with the rules and regulations of the FCC and any state public service or utilities commission having jurisdiction. Each right, power and remedy of the Lender in this Agreement and/or the Other Agreements shall be cumulative and concurrent, and recourse to one or more rights or remedies shall not constitute a waiver of any other right, power or remedy.

9.03 Costs and Expenses. The Borrower shall pay to the Lender on demand any and all expenses, including reasonable attorneys' fees and disbursements incurred or paid by the Lender in protecting, preserving or enforcing the Lender's rights hereunder or under the Other Agreements, together with interest thereon at the rate and determined in the manner provided in the Mortgage. Subject to the Mortgage and applicable law, the Lender may apply all Collateral and proceeds of all Collateral to the Obligations in any manner that the Lender, in its sole discretion, deems appropriate, and Borrower will continue to be liable for any deficiency.

9.04 Late Payment Charges. If payment of any principal and/or interest due under the terms of the Note is not received at the office of the Lender in Herndon, Virginia, or as the Lender may otherwise designate to the Borrower, within such time period as the Lender may prescribe from time to time in its policies in connection with any late payment charges (such unpaid amount of principal and/or interest being herein called the "delinquent amount" and the period beginning after such due date until

payment of the delinquent amount being herein called the "late-payment period"), the Borrower will pay to the Lender, in addition to all other amounts due under the terms of the Note, the Pledges, and this Agreement, any late-payment charge as may be fixed by the Lender from time to time, on the delinquent amount for the late-payment period.

9.05 Lender's Setoff. The Lender shall have the right, in addition to all other rights and remedies available to it, to setoff and to recover against any or all of the Obligations due to Lender, any monies now and hereafter owing to Borrower by the Lender. Borrower waives all rights of setoff, deduction, recoupment and counterclaim.

10. MISCELLANEOUS

10.01 Performance for Borrower. Borrower agrees and hereby authorizes that the Lender may, in its sole discretion, but the Lender shall not be obligated to, advance funds on behalf of Borrower without prior notice to Borrower, in order to insure Borrower's compliance with any material covenant, warranty, representation or agreement of Borrower made in or pursuant to this Agreement or any of the Other Agreements, to preserve or protect any right or interest of the Lender in the Collateral or under or pursuant to this Agreement or any of the Other Agreements, including without limitation, the payment of any insurance premiums or taxes and the satisfaction or discharge of any judgment or any Lien upon the Collateral or other property or assets of Borrower; provided, however, that the making of any such advance by the Lender shall not constitute a waiver by the Lender of any Event of Default with respect to which such advance is made nor relieve Borrower of any such Event or Default. Borrower shall pay to the Lender upon demand all such advances made by the Lender with interest thereon at the rate and determined in the manner provided in the Note. All such advances shall be deemed to be included in the Obligations and secured by the security interest granted the Lender hereunder to the extent permitted by law.

10.02 Expenses and Filing Fees. Whether or not any of the transactions contemplated hereby shall be consummated, Borrower agrees to pay to the Lender at Closing or thirty (30) days after the execution and delivery hereof, whichever is earlier, all expenses of the Lender in connection with the filing or recordation of all financing statements and instruments as may be required by the Lender at the time of, or subsequent to, the execution of this Agreement, including, without limitation, all documentary stamps, recordation and transfer taxes and other costs and taxes incident to recordation of any document or instrument in connection herewith. Borrower agrees to save harmless and indemnify the Lender from and against any liability resulting from the failure to pay any required documentary stamps, recordation and transfer taxes, recording costs, or any other expenses incurred by the Lender in connection with this Agreement. The provisions of this Section 10.02 shall survive the execution and delivery of this Agreement and the payment of all other Obligations.

10.03 Waivers by Borrower. Borrower hereby waives, to the extent the same may be waived under applicable law: (a) in the event the Lender seeks to repossess any or all of the Collateral by judicial proceedings, any bond(s) or demand(s) for possession which otherwise may be necessary or required; (b) presentment, demand for payment, protest and notice of non-payment and all exemptions; and (c) substitution, impairment, exchange or release of any collateral security for any of the Obligations. Borrower agrees that the Lender may exercise any or all of its rights and/or remedies

hereunder and under the Other Agreements without resorting to and without regard to security or sources of liability with respect to any of the Obligations.

10.04 Waivers by the Lender. Neither any failure nor any delay on the part of the Lender in exercising any right, power or remedy hereunder or under any of the Other Agreements shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

10.05 Lender's Records. Every statement of account or reconciliation rendered by the Lender to Borrower with respect to any of the Obligations shall be presumed conclusively to be correct and shall constitute an account stated between the Lender and Borrower unless, within ten (10) Business Days after such statement or reconciliation shall have been mailed, postage prepaid, to Borrower, the Lender shall receive written notice of specific objection thereto.

10.06 Modifications. No modification or waiver of any provision of this Agreement, the Note or any of the Other Agreements, and no consent to any departure by Borrower therefrom shall in any event be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand upon Borrower in any case shall entitle Borrower to any other or further notice or demand in the same, similar or other circumstances.

10.07 Notices. All notices, requests and other communications provided for herein including, without limitation, any modifications of, or waivers, requests or consents under, this Agreement shall be given or made in writing (including, without limitation, by teletype) and delivered to the intended recipient at the "Address for Notices" specified below; or, as to any party, at such other address as shall be designated by such party in a notice to each other party. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given when personally delivered or, in the case of a mailed or teletyped notice, upon receipt, in each case given or addressed as provided for herein. The Address for Notices of the respective parties is as follows:

The Lender:

Rural Telephone Finance Cooperative
Woodland Park
2201 Cooperative Way
Herndon, Virginia 20171-3025
Attention: Loan Officer
Fax: 703-709-6780

The Borrower:

The address set forth in
Schedule 1 hereto

10.08 GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.

(a) THE PERFORMANCE AND CONSTRUCTION OF THIS AGREEMENT AND THE NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

(b) BORROWER HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES COURTS LOCATED IN VIRGINIA AND OF ANY STATE COURT SO LOCATED FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH OF THE BORROWER AND THE LENDER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

10.09 Holiday Payments. If any payment to be made by the Borrower hereunder shall become due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing any interest in respect of such payment.

10.10 Consent to Patronage Capital Distributions. The Borrower hereby consents that the amount of any distributions with respect to Borrower's patronage which are made in written notices of allocation (as defined in Section 1388 of the Internal Revenue Code of 1986, as amended ("Code") including any other comparable successor provision) and which are received from Lender will be taken into account by Borrower at their stated dollar amounts in the manner provided in Section 1385(a) of the Code in the taxable year in which such written notices of allocation are received.

10.11 Right to Inspect. The Borrower shall permit representatives of the Lender at any time during normal business hours to inspect and make abstracts from the books and records pertaining to the Collateral, and permit representatives of the Lender to be present at Borrower's place of business to receive copies of all communications and remittances relating to the Collateral, all in such manner as the Lender may reasonably require.

10.12 Survival; Successors and Assigns. All covenants, agreements, representations and warranties made herein and in the Other Agreements shall survive Closing and the execution and delivery to the Lender of the Note, and shall continue in full force and effect until all of the Obligations have been paid in full. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party. All covenants, agreements, representations and warranties by or on behalf of Borrower that are contained in this Agreement and the Other Agreements shall inure to the benefit of the successors and assigns of the Lender.

SCHEDULE 1

1. The "Commitment" shall mean \$8,333,333.00.
2. The "Pledges" are the pledge and security agreements by and between:
 - a) The Hoopes Telephone Management Limited Partnership and Lender dated as of even date herewith;
 - b) Teton Communications, Inc. and Lender dated as of even date herewith; and
 - c) Silver Star Telephone Company, Inc. and Lender dated as of even date herewith. Lender agrees that, even though prior to closing, Silver Star Telephone Company, Inc. will be required to deliver to Lender the executed Pledge, stock powers, and the stock certificates being pledged, Silver Star Telephone Company, Inc.'s Pledge shall provide that it will not become effective until Silver Star Telephone Company, Inc. obtains any required written consent from the Rural Utilities Service or the Rural Telephone Bank, that the consent may be obtained after closing of the Loan, and that if such consent is denied or is not granted within twelve (12) months of the date of this Agreement (whichever comes first), Lender has the option, but not the obligation, to require Silver Star Telephone Company, Inc. to refinance with Lender the subject Rural Utilities Service or the Rural Telephone Bank loan(s) on the same terms and conditions Lender offers on comparable loans.
3. The months relating to the Payment Date are January, April, July, and October.
4. The method of amortization referred to in Section 2.03 shall be based upon either of the two methods indicated below (to be selected by Borrower prior to the first Advance):

_____ level principal

_____ level debt service
5. The amount referred to in Section 2.05 is \$833,333.00.
6. The date of Borrower's financial statement referred to in Section 4.06 is 12/31/02.
7. The place of business or, if more than one, its chief executive office as well as the Borrower's mailing address if different referred to in Section 4.12 is 104101 Highway 89/P.O. Box 226, Freedom, WY 83120.
8. The organizational identification numbers of the Borrower referred to in Section 4.12 are:
 - a) The Hoopes Telephone Management Limited Partnership (ID) : None

- b) Teton Communications, Inc. (WY): CID 199400294311
- c) Silver Star Telephone Company, Inc. (WY): CID 198000053541
- d) Columbine Telephone Company, Inc. (CO): 19871176888
- e) Mountain Land Communications, LLC (ID): CID 199700328397

9. The government authority referred to in Section 4.13 is: Idaho Public Utility Commission.

10. The special conditions referred to in Section 5.06 are as follows: None.

11. The purpose referred to in Section 6.06 is to provide funds to serve as cash collateral for a Wells Fargo premium loan and to purchase SCCs.

12. The special affirmative covenants referred to in Section 6.10 are as follows:

Columbine Telephone Company, Inc. shall so operate and manage its business as to achieve, on an unconsolidated basis, an annual DSC of not less than 1.25 and an annual TIER of not less than 1.50.

13. The special negative covenants referred to in Section 7.06 are as follows:

(a) Columbine Telephone Company, Inc. shall not borrow money on a secured or unsecured basis from any other lender or incur any additional secured or unsecured indebtedness; or enter into any Leases, unless at that time Columbine Telephone Company, Inc. meets, on an unconsolidated basis, the Minimum Net Worth Test; provided, however, Columbine Telephone Company, Inc. may grant purchase money secured indebtedness or incur unsecured trade debt or pay other current operating liabilities that arise in the ordinary course of business so long as the aggregate total of such debt does not exceed five percent (5%) of Columbine Telephone Company, Inc.'s total assets. If Columbine Telephone Company, Inc. meets, on an unconsolidated basis, the Minimum Net Worth Test, then Columbine Telephone Company, Inc. may incur additional indebtedness or enter into Leases without prior written approval of Lender provided Columbine Telephone Company, Inc. meets, on an unconsolidated basis, the Minimum Net Worth Test after Columbine Telephone Company, Inc. incurs such additional indebtedness or enter into such Leases; provided, further, however, Columbine Telephone Company, Inc. must give at least thirty (30) days written notice to Lender prior to Columbine Telephone Company, Inc. incurring any additional indebtedness or entering into such Leases.

(b) Borrower shall not allow Silver Star Telephone Company, Inc. to borrow money on a secured or unsecured basis from any other lender or incur any additional secured or unsecured indebtedness; or enter into any Leases, unless at that time Silver Star Telephone Company, Inc. meets, on an unconsolidated basis, the Minimum Net Worth Test; provided, however, Silver Star Telephone Company, Inc. may grant purchase money secured indebtedness or incur unsecured trade debt or pay other current operating liabilities that arise in the ordinary course of business so long as the aggregate total of such debt does not exceed five percent (5%) of Silver Star Telephone Company, Inc.'s total assets. If Columbine Telephone Company, Inc. meets, on an unconsolidated basis, the

Minimum Net Worth Test, then Silver Star Telephone Company, Inc. may incur additional indebtedness or enter into Leases without prior written approval of Lender provided Silver Star Telephone Company, Inc. meets, on an unconsolidated basis, the Minimum Net Worth Test after Silver Star Telephone Company, Inc. incurs such additional indebtedness or enter into such Leases; provided, further, however, Silver Star Telephone Company, Inc. must give at least thirty (30) days written notice to Lender prior to Silver Star Telephone Company, Inc. incurring any additional indebtedness or entering into such Leases.

14. The address for notices to the Borrower referred to in Section 10.07 is 104101 Highway 89/P.O. Box 226, Freedom, WY 83120, Attention: General Manager, Fax: 307/883-2575.

10.13 Assignment. The Lender may assign its rights and obligations under this Agreement and the Other Agreements without the consent of the Borrower; provided, however, that no such assignment shall result in terms or conditions less favorable to Borrower. The Borrower may not assign any of its rights or obligations under this Agreement or the Other Agreements without the prior written consent of the Lender.

10.14 Severability. If any term, provision or condition, or any part thereof, of this Agreement or any of the Other Agreements shall for any reason be found or held invalid or unenforceable by any court or governmental agency of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision or condition, and this Agreement, the Note, and the Other Agreements shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

10.15 Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute one and the same instrument.

10.16 Headings/Use of Terms. The headings and sub-headings contained in this Agreement are intended to be used for convenience only and do not constitute part of this Agreement. The use of any gender or the neuter herein shall also refer to the other gender or the neuter and the use of the plural shall also refer to the singular, and vice versa.

10.17 Further Assurances. The Borrower will, upon demand of the Lender, make, execute, acknowledge and deliver all such further and supplemental indentures of mortgage, deeds of trust, mortgages, financing statements, continuation statements, security agreements and/or any other instruments and conveyances as may be reasonably requested by the Lender to effectuate the intention of this Agreement and to provide for the securing and payment of the principal of and interest on the Note according to the terms thereof.

10.18 Lender's Approval. Wherever prior written approval of Lender is required under the terms and conditions of this Agreement, Lender hereby agrees to not unreasonably withhold said approval.

10.19 Merger and Integration. This Agreement and the attached exhibits and matters incorporated by reference contain the entire agreement of the parties hereto with respect to the matters covered and the transactions contemplated hereby, and no other agreement, statement or promise made by any party hereto, or by any employee, officer, agent or attorney of any party hereto, which is not contained herein, shall be valid or binding.

10.20 Schedule 1. Schedule 1 attached hereto is an integral part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed or caused to be executed this Agreement under seal as of the date first above written.

THE HOOPES TELEPHONE MANAGEMENT LIMITED PARTNERSHIP

By: Melvin R. Hoopes

Title: As Operating Manager of A&M Management, L.C., general partner of The Hoopes Telephone Management Limited Partnership

(SEAL)

Attest: N/A
Secretary

TETON COMMUNICATIONS, INC.

By: Leelan R. Hoopes

Title: PRESIDENT

(SEAL)

Attest: Bonnie E. Hoopes
Secretary

COLUMBINE TELEPHONE COMPANY, INC.

By: Leelan R. Hoopes

Title: PRESIDENT

(SEAL)

Attest: Bonnie E. Hoopes
Secretary



SECURED PROMISSORY NOTE

\$8,333,333.00

July 3rd, 2003

THE HOOPES TELEPHONE MANAGEMENT LIMITED PARTNERSHIP, an Idaho Limited Partnership, TETON COMMUNICATIONS, INC., a Wyoming corporation, COLUMBINE TELEPHONE COMPANY, INC., a Colorado corporation, and MOUNTAIN LAND COMMUNICATIONS, LLC, an Idaho limited liability company (jointly and severally the "Borrower"), for value received, hereby, jointly and severally, promise to pay, without setoff, deduction, recoupment or counterclaim, to the order of RURAL TELEPHONE FINANCE COOPERATIVE (the "Payee"), at its office in Herndon, Virginia, or such other location as the Payee may designate to the Borrower, in lawful money of the United States, the principal sum of EIGHT MILLION THREE HUNDRED THIRTY-THREE THOUSAND THREE HUNDRED THIRTY-THREE DOLLARS (\$8,333,333.00), or such lesser sum of the aggregate unpaid principal amount of all advances made by the Payee pursuant to that certain Loan Agreement dated as of even date herewith by and between the Borrower and the Payee, as it may be amended from time to time (herein called the "Loan Agreement"), and to pay interest on all amounts remaining unpaid hereunder from the date of each advance in like money, at said office, at the rate and in amounts and payable on the dates provided in the Loan Agreement together with any other amount payable under the Loan Agreement. If not sooner paid, any balance of the principal amount and interest accrued thereon shall be due and payable fifteen (15) years from the date hereof (such date herein called the "Maturity Date").

This Note is secured under a Pledge and Security Agreement dated as of even date herewith, by and between The Hoopes Telephone Management Limited Partnership and the Payee, a Pledge and Security Agreement dated as of even date herewith, by and between Teton Communications, Inc. and the Payee, and a Pledge and Security Agreement dated as of even date herewith, by and between Silver Star Telephone Company, Inc., a Wyoming corporation, and the Payee, This Note is the Note referred to in, and has been executed and delivered pursuant to, the Loan Agreement. The principal hereof and accrued interest thereon and any other amount due under the Loan Agreement may be declared to be forthwith due and payable in the manner, upon the conditions, and with the effect provided in the Loan Agreement.

The Borrower waives demand, presentment for payment, notice of dishonor, protest, notice of protest and notice of non-payment of this Note and waives the defense of usury.

IN WITNESS WHEREOF, the Borrower has caused this Note to be signed in its corporate/company name and its corporate/company seal to be hereunto affixed and to be attested by its duly authorized officers, all as of the day and year first above written.

THE HOOPES TELEPHONE MANAGEMENT LIMITED
PARTNERSHIP

By: Melvin R. HoopesTitle: As Operating Manager of A&M Management, L.C.,

general partner of The Hoopes Telephone
Management Limited Partnership

(SEAL)

Attest: N/A

Secretary

TETON COMMUNICATIONS, INC.

By: Alan R. Hoopes

Title: PRESIDENT

(SEAL)

Attest: Bonnie E. Hoopes
Secretary

COLUMBINE TELEPHONE COMPANY, INC.

By: Alan R. Hoopes

Title: PRESIDENT

(SEAL)

Attest: Bonnie E. Hoopes
Secretary

MOUNTAIN LAND COMMUNICATIONS, LLC

By: Alan R. Hoopes

Title: MANAGER

(SEAL)

Attest: N/A
and
~~Secretary~~

RTFC Loan No.: WY802-9001

PLEDGE AND SECURITY AGREEMENT

PLEDGE AND SECURITY AGREEMENT (this "Agreement") dated as of July 3rd 2003, between SILVER STAR TELEPHONE COMPANY, INC., a corporation duly organized and validly existing under the laws of the State of Wyoming (the "Pledgor"), and RURAL TELEPHONE FINANCE COOPERATIVE, a South Dakota cooperative association (the "Lender").

WHEREAS, Pledgor is a wholly-owned subsidiary of The Hoopes Telephone Management Limited Partnership, an Idaho limited partnership ("Borrower");

WHEREAS, Borrower and the Lender are parties to a Loan Agreement dated as of even date herewith (as modified and supplemented and in effect from time to time, the "Loan Agreement"), providing, subject to the terms and conditions thereof, for an extension of credit to be made by the Lender to Borrower and others in the principal amount of up to \$8,333,333.00;

WHEREAS, to induce Lender to enter into the Loan Agreement, Pledgor has agreed to pledge and grant a security interest in the Collateral (as hereinafter defined) to Lender to secure the payment of the obligations under the Loan Agreement.

NOW, THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions. To the extent not inconsistent herewith, capitalized terms defined in the Loan Agreement are used herein as defined therein. In addition, as used herein:

"Basic Documents" shall mean the Loan Agreement and the promissory notes issued thereunder.

"Collateral" shall have the meaning ascribed thereto in Section 2 hereof.

"Secured Obligations" shall mean, collectively, all obligations to the Lender hereunder and under the Basic Documents.

"Uniform Commercial Code" shall mean the Uniform Commercial Code as in effect from time to time in the applicable jurisdiction.

SECTION 2. The Pledge and Security Interest. As collateral security for the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of the Secured Obligations, Pledgor hereby pledges, grants, assigns, transfers, conveys and sets over to the Lender a security interest in all of Pledgor's right, title and interest in the property described in paragraph 1 of Schedule A hereto, whether now owned by Pledgor or hereafter acquired and whether now existing or hereafter coming into existence (all being collectively referred to herein as "Collateral"). Schedule A attached hereto is an integral part of this Agreement and contains both a description of and certain representations regarding the Collateral. Pledgor covenants and agrees

with Lender that Pledgor will not, directly or indirectly, without prior written consent of the Lender, transfer, issue or sell any of the Collateral, or enter into any agreement which may result in the transfer, issuance or sale of any of the Collateral. Pledgor and Pledgee agree and acknowledge that this Pledge shall not become effective and that no lien shall attach until Pledgor obtains any required written consent to this Pledge from Rural Utilities Service or the Rural Telephone Bank. Pledgor is obligated to make a good faith effort to obtain such consent as soon as possible and, if needed, Pledgee shall assist Pledgor in its efforts. Lender acknowledges that such consent need not accommodate or subordinate the prior lien of the Rural Utilities Service and the Rural Telephone Bank to the lien of the Pledge. If such consent is denied or is not granted within twelve (12) months of the date of this Pledge (whichever comes first), Pledgee has the option, but not the obligation, to require Pledgor to refinance with Pledgee the subject Rural Utilities Service or Rural Telephone Bank loan(s) on the same terms and conditions that Pledgee offers on comparable loans.

SECTION 3. Further Assurances; Remedies. In furtherance of the grant of the pledge and security interest pursuant to Section 2 hereof, Pledgor hereby agrees with the Lender as follows:

3.01 Delivery and Other Perfection. Pledgor shall:

(a) deliver to the Lender, endorsed in blank for transfer or accompanied by duly executed stock powers or other instruments of assignment and transfers in such form and substance as the Lender may request, and all stock certificates or other securities representing any of the Collateral;

(b) give, execute, deliver, file and/or record any financing statement, notice, instrument, document, agreement or other papers that may be necessary or desirable (in the judgment of the Lender) to create, preserve, perfect or validate the security interest granted pursuant hereto or to enable the Lender to exercise and enforce its rights hereunder with respect to such pledge and security interest; and

(c) permit representatives of the Lender, upon reasonable notice, at any time during normal business hours to inspect and make abstracts from the books and records pertaining to the Collateral, and permit representatives of the Lender to be present at Pledgor's place of business to receive copies of all communications and remittances relating to the Collateral, all in such manner as the Lender may require.

3.02 Other Financing Statements. Without the prior written consent of the Lender, Pledgor shall not file or suffer to be on file, or authorize or permit to be filed or to be on file, in any jurisdiction, any financing statement or like instrument with respect to the Collateral in which the Lender is not named as the sole secured party for the benefit of the Lender.

3.03 Preservation of Rights. The Lender shall not be required to take steps necessary to enforce or preserve any rights under any contract, instrument, or agreement included in the Collateral.

3.04 Rights Regarding Collateral. So long as no Event of Default under the Loan Agreement shall have occurred and be continuing, Pledgor shall have the right to exercise all of its

voting, consensual and other powers of ownership pertaining to the Collateral for all purposes not inconsistent with the terms of this Agreement or any of the Basic Documents, and shall be entitled to receive, spend and otherwise utilize all dividends and other distributions with respect to the Collateral; provided, however, that Pledgor agrees that it will not vote the Collateral in any manner that is inconsistent with the terms of this Agreement or any of the Basic Documents. The Lender shall execute and deliver to Pledgor or cause to be executed and delivered to Pledgor all such proxies, powers of attorney, dividend checks (duly endorsed to Pledgor), and other orders, and all such instruments, without recourse, as Pledgor may reasonably request for the purpose of enabling it to exercise its rights and powers which it is entitled to exercise pursuant to this Section 3.04.

3.05 Events of Default, etc. Upon the occurrence of an Event of Default under the Loan Agreement which has continued beyond any applicable grace period, then, subject to applicable law and approvals, if necessary, of regulatory agencies:

(a) the Lender shall have all of the rights and remedies with respect to the Collateral of a secured party under the Uniform Commercial Code (and to the extent permitted by applicable law, whether or not said Code is in effect in the jurisdiction where the rights and remedies are asserted);

(b) the Lender in its discretion may, in its name or in the name of Pledgor or otherwise, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for any of the Collateral, but shall be under no obligation to do so; and

(c) the Lender may, upon fifteen (15) business days prior written notice to Pledgor of the time and place, with respect to the Collateral or any part thereof which shall then be or shall thereafter come into the possession, custody or control of the Lender or any of its agents, sell or otherwise dispose of all or any part of such Collateral, at such place or places as the Lender deems best, and for cash or on credit or for future delivery (without thereby assuming any credit risk), at public or private sale, without demand of performance or notice of intention to effect any such disposition or of time or place of sale (except such notice as is required above, or as is required by applicable statute and cannot be waived) and the Lender or anyone else may be the purchaser or recipient of any or all of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale), and thereafter hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise) of Pledgor any such demand, notice or right or equity being hereby expressly waived and released. The proceeds of each collection, sale or other disposition under this Section 3.05 shall be applied in accordance with Section 3.09.

3.06 Deficiency. If the proceeds of sale, collection or other realization of or upon the Collateral are insufficient to cover the costs and expenses of such realization and the payment in full of the Secured Obligations, Pledgor shall remain liable for any and all deficiency for which Pledgor is obligated under this Agreement.

3.07 Private Sale. In exercising its rights and remedies hereunder in the event of default hereunder, the Lender shall incur no liability as a result of the sale of the Collateral, or any part

thereof, at any private sale conducted in a commercially reasonable manner in accordance with applicable law. Pledgor hereby waives any claims against the Lender arising by reason of the fact that the price at which the Collateral may have been sold at such private sale was less than the price which might have been obtained at a public sale or was less than the aggregate amount of the Secured Obligations, unless the related sale was not conducted in a commercially reasonable manner in accordance with applicable law.

3.08 Removals, Etc. Pledgor shall not maintain any of its books and records with respect to the Collateral at any office other than its office as provided on the last page of this Agreement as of the date hereof or maintain its office or its principal place of business at any other place other than at such location without giving thirty (30) days prior written notice to the Lender.

3.09 Application of Proceeds. Except as otherwise herein expressly provided, the proceeds of any collection, sale or other realization of all or any part of the Collateral, and any other cash at the time held by the Lender under this Section 3, shall be applied by the Lender:

First, to the payment of the costs and expenses of such collection, sale or other realization, including reasonable compensation to the Lender and its agents and counsel, and all expenses, and advances made or incurred by the Lender in connection therewith;

Second, to the payment in full of the Secured Obligations described in Section 1 hereof; and

Finally, to the payment to Pledgor, or its successors or assigns, or as a court of competent jurisdiction may direct, of any surplus then remaining.

As used in this Section 3, "proceeds" of Collateral shall mean cash, securities and other property realized with respect to, and distributions in kind of, Collateral, including any thereof received under any reorganization, liquidation or adjustment of debt of Pledgor or any issuer of or obligor on any of the Collateral.

3.10 Attorney-in-Fact. Subject to the Lender having first obtained any required approval from regulatory agencies, without limiting any rights or powers granted by this Agreement to the Lender, upon the occurrence and during the continuance of an Event of Default under the Loan Agreement, the Lender is hereby appointed the attorney-in-fact of Pledgor for the purpose of carrying out the provisions of this Section 3 and taking any action and executing any instruments which the Lender may deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest, provided that the Lender shall not take any action pursuant to the authority granted to it in this Section 3.10 without first notifying Pledgor in writing thereof. Without limiting the generality of the foregoing, so long as the Lender shall be entitled under this Section 3 to make collections in respect of the Collateral, the Lender shall have the right and power to receive, endorse and collect all checks made payable to the order of Pledgor representing any dividend, payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same.

SECTION 4. Miscellaneous.

4.01 Initial Financing Statements. Prior to or concurrently with the execution and delivery of this Agreement, Pledgor shall file such financing statements and other documents in such offices as the Lender may request to perfect the pledge and security interest granted by this Agreement.

4.02 Further Assurances. Pledgor agrees that, from time to time upon the written request of the Lender, Pledgor will execute and deliver such further documents and do such other acts and things as the Lender may reasonably request in order fully to effect the purposes of this Agreement.

4.03 No Waiver. No failure on the part of the Lender or any of its agents to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by the Lender or any of its agents of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein are cumulative and are not exclusive of any remedies provided by law.

4.04 Expenses. Pledgor agrees to pay to the Lender all out-of-pocket expenses (including reasonable expenses for legal services of every kind) of, or incident to, the enforcement of any of the provisions of this Agreement, or performance by the Lender of any obligations of Pledgor with respect to the Collateral which Pledgor has failed or refused to perform, or any actual or attempted sale, or any exchange, enforcement, collection, compromise or settlement with respect to any of the Collateral, and for the care of the Collateral and defending or asserting rights and claims of the Lender in respect thereof, by litigation or otherwise and all such expenses shall be Secured Obligations to the Lender secured under Section 2 hereof.

4.05 Taxes. Pledgor agrees to pay before delinquency any tax or other governmental charge which is or can become through assessment, distraint or otherwise a lien on the Collateral and to pay any tax or other governmental charge which may be levied on the transactions hereunder, provided that nothing herein shall require Pledgor to pay any such tax or other governmental charge with respect to which Pledgor is prosecuting in good faith or appeal or other proceedings shall have been fully bonded or otherwise effectively stayed.

4.06 Termination. When all Secured Obligations have been paid in full and the Loan Agreement shall have terminated, this Agreement shall terminate, and the Lender shall forthwith cause to be assigned, transferred and delivered, against receipt but without any recourse, warranty or representation whatsoever, any remaining Collateral and money received in respect thereof, to or on the order of Pledgor.

4.07 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF VIRGINIA, PROVIDED THAT AS TO COLLATERAL LOCATED IN ANY JURISDICTION OTHER THAN THE COMMONWEALTH OF VIRGINIA, THE LENDER SHALL HAVE ALL THE RIGHTS TO WHICH A SECURED PARTY UNDER THE LAWS OF SUCH JURISDICTION IS ENTITLED.

4.08 Notices. All notices, requests and other communications provided for herein including, without limitation, any modifications of, or waivers, requests or consents under, this

Agreement shall be given or made in writing (including, without limitation, by telecopy) and delivered to the intended recipient at the "Address for Notices" specified below; or, as to any party, at such other address as shall be designated by such party in a notice to each other party. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given when personally delivered or, in the case of a telecopied or mailed notice, upon receipt, in each case given or addressed as provided for herein. The Address for Notices of the respective parties are on the last page of this Agreement.

4.09 Waivers, etc. The terms of this Agreement may be waived, altered or amended only by an instrument in writing duly executed by Pledgor and the Lender.

4.10 Headings. The headings and sub-headings contained in this Agreement are intended to be used for convenience only and do not constitute part of this Agreement.

4.11 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of Pledgor, the Lender and each subsequent holder of the Secured Obligations (provided, however, that Pledgor shall not assign or transfer its rights hereunder without the prior written consent of the Lender).

4.12 Counterparts. This Agreement may be executed in one or more counterparts and all of such counterparts taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Pledge and Security Agreement to be duly executed as of the day and year first above written.

SILVER STAR TELEPHONE COMPANY, INC.

By: *Allen R. Hoopes*

Title: PRESIDENT

Address: 104101 Highway 89
P.O. Box 226
Freedom, WY 83120
Attention: General Manager

Telecopy: 307/883-2575

RURAL TELEPHONE
FINANCE COOPERATIVE

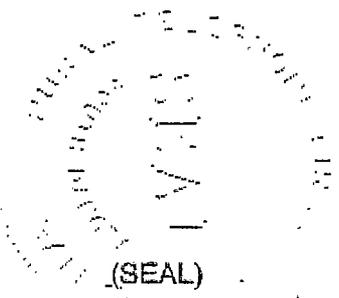
By: *[Signature]*
Assistant Secretary-Treasurer

Address: Woodland Park
2201 Cooperative Way
Herndon, VA 20171-3025

Telecopy: 703-709-6776



Attest: *Bonnie E. Hoopes*
Secretary



Attest: *Cheryl Ann Schindler*
Assistant Secretary-Treasurer

SCHEDULE A TO PLEDGE AND SECURITY AGREEMENT

1. "Collateral", as defined and described in Section 2 of the Pledge and Security Agreement, shall be:

(a) 1,483 non-voting Shares of Common Stock of Columbine Telephone Company, Inc., a Colorado corporation. As of the date hereof, Columbine Telephone Company, Inc. has issued and outstanding 11,483 Shares of Common Stock and Zero Shares of Preferred Stock;

(b) without affecting any provision prohibiting such action hereunder or under the Basic Documents, in the event of any consolidation or merger in which the pledged company identified in 1(a) above is not the surviving company, all shares of each class of the capital stock of the successor corporation formed by or resulting from such consolidation or merger distributed in respect of the pledged stock described above;

(c) all proceeds of and to any of the property described in clauses (a) and (b) above and, to the extent related to any property described in said clauses or above in this clause (c), all books, correspondence, credit files, records, invoices and other papers; and

(d) all dividends on the stock described in clauses (a) and (b) above, and any other distributions to their stockholders relating to said stock; provided, however, that prior to the occurrence of an Event of Default under the Loan Agreement and so long as such Event of Default is not continuing, the Pledgor shall be entitled to receive, spend and otherwise utilize free of the security interest granted hereby any and all cash dividends and other distributions with respect to the pledged stock to the extent permitted by the terms and conditions set forth herein and in the Loan Agreement.

The Pledgor represents and warrants that the Collateral is owned by the Pledgor free and clear of any perfected lien and that such Collateral is not subject to any restrictions as to transfer, except those specifically disclosed in Section 2 of this Agreement or as otherwise disclosed in writing to Lender or such as may be imposed by applicable law affecting transfers generally.

2. Pledgor's office, as referred to in Section 3.08 of the Pledge and Security Agreement, is located at 104101 Highway 89/P.O. Box 226, Freedom, WY 83120.

PLEDGE AND SECURITY AGREEMENT

PLEDGE AND SECURITY AGREEMENT (this "Agreement") dated as of July 3rd 2003, between TETON COMMUNICATIONS, INC., a corporation duly organized and validly existing under the laws of the State of Wyoming (the "Pledgor"), and RURAL TELEPHONE FINANCE COOPERATIVE, a South Dakota cooperative association (the "Lender").

WHEREAS, Pledgor and the Lender are parties to a Loan Agreement dated as of even date herewith (as modified and supplemented and in effect from time to time, the "Loan Agreement"), providing, subject to the terms and conditions thereof, for an extension of credit to be made by the Lender to Pledgor in the principal amount of up to \$8,333,333.00;

WHEREAS, to induce Lender to enter into the Loan Agreement, Pledgor has agreed to pledge and grant a security interest in the Collateral (as hereinafter defined) to Lender to secure the payment of the obligations of Pledgor under the Loan Agreement.

NOW, THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions. To the extent not inconsistent herewith, capitalized terms defined in the Loan Agreement are used herein as defined therein. In addition, as used herein:

"Basic Documents" shall mean the Loan Agreement and the promissory notes issued thereunder.

"Collateral" shall have the meaning ascribed thereto in Section 2 hereof.

"Secured Obligations" shall mean, collectively, all obligations of Pledgor to the Lender hereunder and under the Basic Documents.

"Uniform Commercial Code" shall mean the Uniform Commercial Code as in effect from time to time in the applicable jurisdiction.

SECTION 2. The Pledge and Security Interest. As collateral security for the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of the Secured Obligations, Pledgor hereby pledges, grants, assigns, transfers, conveys and sets over to the Lender a security interest in all of Pledgor's right, title and interest in the property described in paragraph 1 of Schedule A hereto, whether now owned by Pledgor or hereafter acquired and whether now existing or hereafter coming into existence (all being collectively referred to herein as "Collateral"). Schedule A attached hereto is an integral part of this Agreement and contains both a description of and certain representations regarding the Collateral. Pledgor covenants and agrees with Lender that Pledgor will not, directly or indirectly, without prior written consent of the Lender, transfer, issue or sell any of the Collateral, or enter into any agreement which may result in the transfer, issuance or sale of any of the Collateral.

RTFC SECINS
WY802-A-9001 (YERGINJ)
30082-1

SECTION 3. Further Assurances; Remedies. In furtherance of the grant of the pledge and security interest pursuant to Section 2 hereof, Pledgor hereby agrees with the Lender as follows:

3.01 Delivery and Other Perfection. Pledgor shall:

(a) deliver to the Lender, endorsed in blank for transfer or accompanied by duly executed stock powers or other instruments of assignment and transfers in such form and substance as the Lender may request, and all stock certificates or other securities representing any of the Collateral;

(b) give, execute, deliver, file and/or record any financing statement, notice, instrument, document, agreement or other papers that may be necessary or desirable (in the judgment of the Lender) to create, preserve, perfect or validate the security interest granted pursuant hereto or to enable the Lender to exercise and enforce its rights hereunder with respect to such pledge and security interest; and

(c) permit representatives of the Lender, upon reasonable notice, at any time during normal business hours to inspect and make abstracts from the books and records pertaining to the Collateral, and permit representatives of the Lender to be present at Pledgor's place of business to receive copies of all communications and remittances relating to the Collateral, all in such manner as the Lender may require.

3.02 Other Financing Statements. Without the prior written consent of the Lender, Pledgor shall not file or suffer to be on file, or authorize or permit to be filed or to be on file, in any jurisdiction, any financing statement or like instrument with respect to the Collateral in which the Lender is not named as the sole secured party for the benefit of the Lender.

3.03 Preservation of Rights. The Lender shall not be required to take steps necessary to enforce or preserve any rights under any contract, instrument, or agreement included in the Collateral.

3.04 Rights Regarding Collateral. So long as no Event of Default under the Loan Agreement shall have occurred and be continuing, Pledgor shall have the right to exercise all of its voting, consensual and other powers of ownership pertaining to the Collateral for all purposes not inconsistent with the terms of this Agreement or any of the Basic Documents, and shall be entitled to receive, spend and otherwise utilize all dividends and other distributions with respect to the Collateral; provided, however, that Pledgor agrees that it will not vote the Collateral in any manner that is inconsistent with the terms of this Agreement or any of the Basic Documents. The Lender shall execute and deliver to Pledgor or cause to be executed and delivered to Pledgor all such proxies, powers of attorney, dividend checks (duly endorsed to Pledgor), and other orders, and all such instruments, without recourse, as Pledgor may reasonably request for the purpose of enabling it to exercise its rights and powers which it is entitled to exercise pursuant to this Section 3.04.

3.05 Events of Default, etc. Upon the occurrence of an Event of Default under the Loan Agreement which has continued beyond any applicable grace period, then, subject to applicable law and approvals, if necessary, of regulatory agencies:

RTFC SECINS
WY802-A-9001 (YERGINJ)
30082-1

(a) the Lender shall have all of the rights and remedies with respect to the Collateral of a secured party under the Uniform Commercial Code (and to the extent permitted by applicable law, whether or not said Code is in effect in the jurisdiction where the rights and remedies are asserted);

(b) the Lender in its discretion may, in its name or in the name of Pledgor or otherwise, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for any of the Collateral, but shall be under no obligation to do so; and

(c) the Lender may, upon fifteen (15) business days prior written notice to Pledgor of the time and place, with respect to the Collateral or any part thereof which shall then be or shall thereafter come into the possession, custody or control of the Lender or any of its agents, sell or otherwise dispose of all or any part of such Collateral, at such place or places as the Lender deems best, and for cash or on credit or for future delivery (without thereby assuming any credit risk), at public or private sale, without demand of performance or notice of intention to effect any such disposition or of time or place of sale (except such notice as is required above, or as is required by applicable statute and cannot be waived) and the Lender or anyone else may be the purchaser or recipient of any or all of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale), and thereafter hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise) of Pledgor any such demand, notice or right or equity being hereby expressly waived and released. The proceeds of each collection, sale or other disposition under this Section 3.05 shall be applied in accordance with Section 3.09.

3.06 Deficiency. If the proceeds of sale, collection or other realization of or upon the Collateral are insufficient to cover the costs and expenses of such realization and the payment in full of the Secured Obligations, Pledgor shall remain liable for any and all deficiency for which Pledgor is obligated under this Agreement.

3.07 Private Sale. In exercising its rights and remedies hereunder in the event of default hereunder, the Lender shall incur no liability as a result of the sale of the Collateral, or any part thereof, at any private sale conducted in a commercially reasonable manner in accordance with applicable law. Pledgor hereby waives any claims against the Lender arising by reason of the fact that the price at which the Collateral may have been sold at such private sale was less than the price which might have been obtained at a public sale or was less than the aggregate amount of the Secured Obligations, unless the related sale was not conducted in a commercially reasonable manner in accordance with applicable law.

3.08 Removals, Etc. Pledgor shall not maintain any of its books and records with respect to the Collateral at any office other than its office as provided on the last page of this Agreement as of the date hereof or maintain its office or its principal place of business at any other place other than at such location without giving thirty (30) days prior written notice to the Lender.

3.09 Application of Proceeds. Except as otherwise herein expressly provided, the proceeds of any collection, sale or other realization of all or any part of the Collateral, and any other cash at the time held by the Lender under this Section 3, shall be applied by the Lender:

First, to the payment of the costs and expenses of such collection, sale or other realization, including reasonable compensation to the Lender and its agents and counsel, and all expenses, and advances made or incurred by the Lender in connection therewith;

Second, to the payment in full of the Secured Obligations described in Section 1 hereof; and

Finally, to the payment to Pledgor, or its successors or assigns, or as a court of competent jurisdiction may direct, of any surplus then remaining.

As used in this Section 3, "proceeds" of Collateral shall mean cash, securities and other property realized with respect to, and distributions in kind of, Collateral, including any thereof received under any reorganization, liquidation or adjustment of debt of Pledgor or any issuer of or obligor on any of the Collateral.

3.10 Attorney-in-Fact. Subject to the Lender having first obtained any required approval from regulatory agencies, without limiting any rights or powers granted by this Agreement to the Lender, upon the occurrence and during the continuance of an Event of Default under the Loan Agreement, the Lender is hereby appointed the attorney-in-fact of Pledgor for the purpose of carrying out the provisions of this Section 3 and taking any action and executing any instruments which the Lender may deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest, provided that the Lender shall not take any action pursuant to the authority granted to it in this Section 3.10 without first notifying Pledgor in writing thereof. Without limiting the generality of the foregoing, so long as the Lender shall be entitled under this Section 3 to make collections in respect of the Collateral, the Lender shall have the right and power to receive, endorse and collect all checks made payable to the order of Pledgor representing any dividend, payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same.

SECTION 4. Miscellaneous.

4.01 Initial Financing Statements. Prior to or concurrently with the execution and delivery of this Agreement, Pledgor shall file such financing statements and other documents in such offices as the Lender may request to perfect the pledge and security interest granted by this Agreement.

4.02 Further Assurances. Pledgor agrees that, from time to time upon the written request of the Lender, Pledgor will execute and deliver such further documents and do such other acts and things as the Lender may reasonably request in order fully to effect the purposes of this Agreement.

4.03 No Waiver. No failure on the part of the Lender or any of its agents to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy

hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by the Lender or any of its agents of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein are cumulative and are not exclusive of any remedies provided by law.

4.04 Expenses. Pledgor agrees to pay to the Lender all out-of-pocket expenses (including reasonable expenses for legal services of every kind) of, or incident to, the enforcement of any of the provisions of this Agreement, or performance by the Lender of any obligations of Pledgor with respect to the Collateral which Pledgor has failed or refused to perform, or any actual or attempted sale, or any exchange, enforcement, collection, compromise or settlement with respect to any of the Collateral, and for the care of the Collateral and defending or asserting rights and claims of the Lender in respect thereof, by litigation or otherwise and all such expenses shall be Secured Obligations to the Lender secured under Section 2 hereof.

4.05 Taxes. Pledgor agrees to pay before delinquency any tax or other governmental charge which is or can become through assessment, distraint or otherwise a lien on the Collateral and to pay any tax or other governmental charge which may be levied on the transactions hereunder, provided that nothing herein shall require Pledgor to pay any such tax or other governmental charge with respect to which Pledgor is prosecuting in good faith or appeal or other proceedings shall have been fully bonded or otherwise effectively stayed.

4.06 Termination. When all Secured Obligations have been paid in full and the Loan Agreement shall have terminated, this Agreement shall terminate, and the Lender shall forthwith cause to be assigned, transferred and delivered, against receipt but without any recourse, warranty or representation whatsoever, any remaining Collateral and money received in respect thereof, to or on the order of Pledgor.

4.07 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF VIRGINIA, PROVIDED THAT AS TO COLLATERAL LOCATED IN ANY JURISDICTION OTHER THAN THE COMMONWEALTH OF VIRGINIA, THE LENDER SHALL HAVE ALL THE RIGHTS TO WHICH A SECURED PARTY UNDER THE LAWS OF SUCH JURISDICTION IS ENTITLED.

4.08 Notices. All notices, requests and other communications provided for herein including, without limitation, any modifications of, or waivers, requests or consents under, this Agreement shall be given or made in writing (including, without limitation, by telecopy) and delivered to the intended recipient at the "Address for Notices" specified below; or, as to any party, at such other address as shall be designated by such party in a notice to each other party. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given when personally delivered or, in the case of a telecopied or mailed notice, upon receipt, in each case given or addressed as provided for herein. The Address for Notices of the respective parties are on the last page of this Agreement.

4.09 Waivers, etc. The terms of this Agreement may be waived, altered or amended only by an instrument in writing duly executed by Pledgor and the Lender.

4.10 Headings. The headings and sub-headings contained in this Agreement are intended to be used for convenience only and do not constitute part of this Agreement.

4.11 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of Pledgor, the Lender and each subsequent holder of the Secured Obligations (provided, however, that Pledgor shall not assign or transfer its rights hereunder without the prior written consent of the Lender).

4.12 Counterparts. This Agreement may be executed in one or more counterparts and all of such counterparts taken together shall constitute one and the same instrument.

SCHEDULE A TO PLEDGE AND SECURITY AGREEMENT

1. "Collateral", as defined and described in Section 2 of the Pledge and Security Agreement, shall be:

(a) 2,500 voting Shares of Common Stock of Columbine Telephone Company, Inc., a Colorado corporation. As of the date hereof, Columbine Telephone Company, Inc. has issued and outstanding 11,483 Shares of Common Stock and Zero Shares of Preferred Stock;

(b) 7,500 non-voting Shares of Common Stock of Columbine Telephone Company, Inc., a Colorado corporation. As of the date hereof, Columbine Telephone Company, Inc. has issued and outstanding 11,483 Shares of Common Stock and Zero Shares of Preferred Stock;

(c) without affecting any provision prohibiting such action hereunder or under the Basic Documents, in the event of any consolidation or merger in which the pledged company identified in 1(a) above is not the surviving company, all shares of each class of the capital stock of the successor corporation formed by or resulting from such consolidation or merger distributed in respect of the pledged stock described above;

(d) all proceeds of and to any of the property described in clauses (a), (b) and (c) above and, to the extent related to any property described in said clauses or above in this clause (d), all books, correspondence, credit files, records, invoices and other papers; and

(e) all dividends on the stock described in clauses (a), (b) and (c) above, and any other distributions to their stockholders relating to said stock; provided, however, that prior to the occurrence of an Event of Default under the Loan Agreement and so long as such Event of Default is not continuing, the Pledgor shall be entitled to receive, spend and otherwise utilize free of the security interest granted hereby any and all cash dividends and other distributions with respect to the pledged stock to the extent permitted by the terms and conditions set forth herein and in the Loan Agreement.

The Pledgor represents and warrants that the Collateral is owned by the Pledgor free and clear of any lien or encumbrance and that such Collateral is not subject to any restrictions as to transfer, except those specifically disclosed in writing to Lender or such as may be imposed by applicable law affecting transfers generally.

2. Pledgor's office, as referred to in Section 3.08 of the Pledge and Security Agreement, is located at 104101 Highway 89/P.O. Box 226, Freedom, WY 83120.

IN WITNESS WHEREOF, the parties hereto have caused this Pledge and Security Agreement to be duly executed as of the day and year first above written.

TETON COMMUNICATIONS, INC.

(SEAL)

By: Allen R. Hoopes

Title: PRESIDENT

Attest: Bonnie E. Hoopes
Secretary

Address: 104101 Highway 89
P.O. Box 226
Freedom, WY 83120
Attention: General Manager

Telecopy: 307/883-2575

RURAL TELEPHONE
FINANCE COOPERATIVE

(SEAL)

By: [Signature]
Assistant Secretary-Treasurer

Attest: [Signature]
Assistant Secretary-Treasurer

Address: Woodland Park
2201 Cooperative Way
Herndon, VA 20171-3025

Telecopy: 703-709-6776

PLEDGE AND SECURITY AGREEMENT

PLEDGE AND SECURITY AGREEMENT (this "Agreement") dated as of July 3rd 2003, between THE HOOPE'S TELEPHONE MANAGEMENT LIMITED PARTNERSHIP, a limited partnership duly organized and validly existing under the laws of the State of Idaho (the "Pledgor"), and RURAL TELEPHONE FINANCE COOPERATIVE, a South Dakota cooperative association (the "Lender").

WHEREAS, Pledgor and the Lender are parties to a Loan Agreement dated as of even date herewith (as modified and supplemented and in effect from time to time, the "Loan Agreement"), providing, subject to the terms and conditions thereof, for an extension of credit to be made by the Lender to Pledgor in the principal amount of up to \$8,333,333.00;

WHEREAS, to induce Lender to enter into the Loan Agreement, Pledgor has agreed to pledge and grant a security interest in the Collateral (as hereinafter defined) to Lender to secure the payment of the obligations of Pledgor under the Loan Agreement.

NOW, THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions. To the extent not inconsistent herewith, capitalized terms defined in the Loan Agreement are used herein as defined therein. In addition, as used herein:

"Basic Documents" shall mean the Loan Agreement and the promissory notes issued thereunder.

"Collateral" shall have the meaning ascribed thereto in Section 2 hereof.

"Secured Obligations" shall mean, collectively, all obligations of Pledgor to the Lender hereunder and under the Basic Documents.

"Uniform Commercial Code" shall mean the Uniform Commercial Code as in effect from time to time in the applicable jurisdiction.

SECTION 2. The Pledge and Security Interest. As collateral security for the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of the Secured Obligations, Pledgor hereby pledges, grants, assigns, transfers, conveys and sets over to the Lender a security interest in all of Pledgor's right, title and interest in the property described in paragraph 1 of Schedule A hereto, whether now owned by Pledgor or hereafter acquired and whether now existing or hereafter coming into existence (all being collectively referred to herein as "Collateral"). Schedule A attached hereto is an integral part of this Agreement and contains both a description of and certain representations regarding the Collateral. Pledgor covenants and agrees with Lender that Pledgor will not, directly or indirectly, without prior written consent of the Lender,

transfer, issue or sell any of the Collateral, or enter into any agreement which may result in the transfer, issuance or sale of any of the Collateral.

SECTION 3. Further Assurances; Remedies. In furtherance of the grant of the pledge and security interest pursuant to Section 2 hereof, Pledgor hereby agrees with the Lender as follows:

3.01 Delivery and Other Perfection. Pledgor shall:

(a) deliver to the Lender, endorsed in blank for transfer or accompanied by duly executed stock powers or other instruments of assignment and transfers in such form and substance as the Lender may request, and all stock certificates or other securities representing any of the Collateral;

(b) give, execute, deliver, file and/or record any financing statement, notice, instrument, document, agreement or other papers that may be necessary or desirable (in the judgment of the Lender) to create, preserve, perfect or validate the security interest granted pursuant hereto or to enable the Lender to exercise and enforce its rights hereunder with respect to such pledge and security interest; and

(c) permit representatives of the Lender, upon reasonable notice, at any time during normal business hours to inspect and make abstracts from the books and records pertaining to the Collateral, and permit representatives of the Lender to be present at Pledgor's place of business to receive copies of all communications and remittances relating to the Collateral, all in such manner as the Lender may require.

3.02 Other Financing Statements. Without the prior written consent of the Lender, Pledgor shall not file or suffer to be on file, or authorize or permit to be filed or to be on file, in any jurisdiction, any financing statement or like instrument with respect to the Collateral in which the Lender is not named as the sole secured party for the benefit of the Lender.

3.03 Preservation of Rights. The Lender shall not be required to take steps necessary to enforce or preserve any rights under any contract, instrument, or agreement included in the Collateral.

3.04 Rights Regarding Collateral. So long as no Event of Default under the Loan Agreement shall have occurred and be continuing, Pledgor shall have the right to exercise all of its voting, consensual and other powers of ownership pertaining to the Collateral for all purposes not inconsistent with the terms of this Agreement or any of the Basic Documents, and shall be entitled to receive, spend and otherwise utilize all dividends and other distributions with respect to the Collateral; provided, however, that Pledgor agrees that it will not vote the Collateral in any manner that is inconsistent with the terms of this Agreement or any of the Basic Documents. The Lender shall execute and deliver to Pledgor or cause to be executed and delivered to Pledgor all such proxies, powers of attorney, dividend checks (duly endorsed to Pledgor), and other orders, and all such instruments, without recourse, as Pledgor may reasonably request for the purpose of enabling it to exercise its rights and powers which it is entitled to exercise pursuant to this Section 3.04.

3.05 Events of Default, etc. Upon the occurrence of an Event of Default under the Loan Agreement which has continued beyond any applicable grace period, then, subject to applicable law and approvals, if necessary, of regulatory agencies:

(a) the Lender shall have all of the rights and remedies with respect to the Collateral of a secured party under the Uniform Commercial Code (and to the extent permitted by applicable law, whether or not said Code is in effect in the jurisdiction where the rights and remedies are asserted);

(b) the Lender in its discretion may, in its name or in the name of Pledgor or otherwise, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for any of the Collateral, but shall be under no obligation to do so; and

(c) the Lender may, upon fifteen (15) business days prior written notice to Pledgor of the time and place, with respect to the Collateral or any part thereof which shall then be or shall thereafter come into the possession, custody or control of the Lender or any of its agents, sell or otherwise dispose of all or any part of such Collateral, at such place or places as the Lender deems best, and for cash or on credit or for future delivery (without thereby assuming any credit risk), at public or private sale, without demand of performance or notice of intention to effect any such disposition or of time or place of sale (except such notice as is required above, or as is required by applicable statute and cannot be waived) and the Lender or anyone else may be the purchaser or recipient of any or all of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale), and thereafter hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise) of Pledgor any such demand, notice or right or equity being hereby expressly waived and released. The proceeds of each collection, sale or other disposition under this Section 3.05 shall be applied in accordance with Section 3.09.

3.06 Deficiency. If the proceeds of sale, collection or other realization of or upon the Collateral are insufficient to cover the costs and expenses of such realization and the payment in full of the Secured Obligations, Pledgor shall remain liable for any and all deficiency for which Pledgor is obligated under this Agreement.

3.07 Private Sale. In exercising its rights and remedies hereunder in the event of default hereunder, the Lender shall incur no liability as a result of the sale of the Collateral, or any part thereof, at any private sale conducted in a commercially reasonable manner in accordance with applicable law. Pledgor hereby waives any claims against the Lender arising by reason of the fact that the price at which the Collateral may have been sold at such private sale was less than the price which might have been obtained at a public sale or was less than the aggregate amount of the Secured Obligations, unless the related sale was not conducted in a commercially reasonable manner in accordance with applicable law.

3.08 Removals, Etc. Pledgor shall not maintain any of its books and records with respect to the Collateral at any office other than its office as provided on the last page of this Agreement as

of the date hereof or maintain its office or its principal place of business at any other place other than at such location without giving thirty (30) days prior written notice to the Lender.

3.09 Application of Proceeds. Except as otherwise herein expressly provided, the proceeds of any collection, sale or other realization of all or any part of the Collateral, and any other cash at the time held by the Lender under this Section 3, shall be applied by the Lender:

First, to the payment of the costs and expenses of such collection, sale or other realization, including reasonable compensation to the Lender and its agents and counsel, and all expenses, and advances made or incurred by the Lender in connection therewith;

Second, to the payment in full of the Secured Obligations described in Section 1 hereof; and

Finally, to the payment to Pledgor, or its successors or assigns, or as a court of competent jurisdiction may direct, of any surplus then remaining.

As used in this Section 3, "proceeds" of Collateral shall mean cash, securities and other property realized with respect to, and distributions in kind of, Collateral, including any thereof received under any reorganization, liquidation or adjustment of debt of Pledgor or any issuer of or obligor on any of the Collateral.

3.10 Attorney-in-Fact. Subject to the Lender having first obtained any required approval from regulatory agencies, without limiting any rights or powers granted by this Agreement to the Lender, upon the occurrence and during the continuance of an Event of Default under the Loan Agreement, the Lender is hereby appointed the attorney-in-fact of Pledgor for the purpose of carrying out the provisions of this Section 3 and taking any action and executing any instruments which the Lender may deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest, provided that the Lender shall not take any action pursuant to the authority granted to it in this Section 3.10 without first notifying Pledgor in writing thereof. Without limiting the generality of the foregoing, so long as the Lender shall be entitled under this Section 3 to make collections in respect of the Collateral, the Lender shall have the right and power to receive, endorse and collect all checks made payable to the order of Pledgor representing any dividend, payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same.

SECTION 4. Miscellaneous.

4.01 Initial Financing Statements. Prior to or concurrently with the execution and delivery of this Agreement, Pledgor shall file such financing statements and other documents in such offices as the Lender may request to perfect the pledge and security interest granted by this Agreement.

4.02 Further Assurances. Pledgor agrees that, from time to time upon the written request of the Lender, Pledgor will execute and deliver such further documents and do such other acts and things as the Lender may reasonably request in order fully to effect the purposes of this Agreement.

RTFC SECINS
WY802-A-9001 (YERGINJ)
30068-1

4.03 No Waiver. No failure on the part of the Lender or any of its agents to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by the Lender or any of its agents of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein are cumulative and are not exclusive of any remedies provided by law.

4.04 Expenses. Pledgor agrees to pay to the Lender all out-of-pocket expenses (including reasonable expenses for legal services of every kind) of, or incident to, the enforcement of any of the provisions of this Agreement, or performance by the Lender of any obligations of Pledgor with respect to the Collateral which Pledgor has failed or refused to perform, or any actual or attempted sale, or any exchange, enforcement, collection, compromise or settlement with respect to any of the Collateral, and for the care of the Collateral and defending or asserting rights and claims of the Lender in respect thereof, by litigation or otherwise and all such expenses shall be Secured Obligations to the Lender secured under Section 2 hereof.

4.05 Taxes. Pledgor agrees to pay before delinquency any tax or other governmental charge which is or can become through assessment, distraint or otherwise a lien on the Collateral and to pay any tax or other governmental charge which may be levied on the transactions hereunder, provided that nothing herein shall require Pledgor to pay any such tax or other governmental charge with respect to which Pledgor is prosecuting in good faith or appeal or other proceedings shall have been fully bonded or otherwise effectively stayed.

4.06 Termination. When all Secured Obligations have been paid in full and the Loan Agreement shall have terminated, this Agreement shall terminate, and the Lender shall forthwith cause to be assigned, transferred and delivered, against receipt but without any recourse, warranty or representation whatsoever, any remaining Collateral and money received in respect thereof, to or on the order of Pledgor.

4.07 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF VIRGINIA, PROVIDED THAT AS TO COLLATERAL LOCATED IN ANY JURISDICTION OTHER THAN THE COMMONWEALTH OF VIRGINIA, THE LENDER SHALL HAVE ALL THE RIGHTS TO WHICH A SECURED PARTY UNDER THE LAWS OF SUCH JURISDICTION IS ENTITLED.

4.08 Notices. All notices, requests and other communications provided for herein including, without limitation, any modifications of, or waivers, requests or consents under, this Agreement shall be given or made in writing (including, without limitation, by telecopy) and delivered to the intended recipient at the "Address for Notices" specified below; or, as to any party, at such other address as shall be designated by such party in a notice to each other party. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given when personally delivered or, in the case of a telecopied or mailed notice, upon receipt, in each case given or addressed as provided for herein. The Address for Notices of the respective parties are on the last page of this Agreement.

4.09 Waivers, etc. The terms of this Agreement may be waived, altered or amended only by an instrument in writing duly executed by Pledgor and the Lender.

4.10 Headings. The headings and sub-headings contained in this Agreement are intended to be used for convenience only and do not constitute part of this Agreement.

4.11 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of Pledgor, the Lender and each subsequent holder of the Secured Obligations (provided, however, that Pledgor shall not assign or transfer its rights hereunder without the prior written consent of the Lender).

4.12 Counterparts. This Agreement may be executed in one or more counterparts and all of such counterparts taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Pledge and Security Agreement to be duly executed as of the day and year first above written.

THE HOOPES TELEPHONE MANAGEMENT LIMITED PARTNERSHIP

(SEAL)

Attest: *N/A*
Secretary

By: *Melvin R. Hoopes*
as Operating Manager of A&M Management,
Title: L.C. General Partner of The Hoopes
Telephone Management Limited Partnership

Address: 104101 Highway 89
P.O. Box 226
Freedom, WY 83120
Attention: General Manager

Telecopy: 307/883-2575

RURAL TELEPHONE FINANCE COOPERATIVE

(SEAL)

Attest: *Blupendu Sabgal*
Assistant Secretary-Treasurer

By: *[Signature]*
Assistant Secretary-Treasurer

Address: Woodland Park
2201 Cooperative Way
Herndon, VA 20171-3025

Telecopy: 703-709-6776

SCHEDULE A TO PLEDGE AND SECURITY AGREEMENT

1. "Collateral", as defined and described in Section 2 of the Pledge and Security Agreement, shall be:

(a)

(i) 2,500 voting Shares of Common Stock of Silver Star Telephone Company, Inc., a Wyoming corporation. As of the date hereof, Silver Star Telephone Company, Inc. has issued and outstanding 10,000 Shares of Common Stock and No Shares of Preferred Stock;

(ii) 7,500 non-voting Shares of Common Stock of Silver Star Telephone Company, Inc., a Wyoming corporation. As of the date hereof, Silver Star Telephone Company, Inc. has issued and outstanding 10,000 Shares of Common Stock and Zero Shares of Preferred Stock;

(iii) 250 voting Shares of Common Stock of Teton Communications, Inc., a Wyoming corporation. As of the date hereof, Teton Communications, Inc. has issued and outstanding 1,000 Shares of Common Stock and Zero Shares of Preferred Stock;

(iv) 750 non-voting Shares of Common Stock of Teton Communications, Inc., a Wyoming corporation. As of the date hereof, Teton Communications, Inc. has issued and outstanding 1,000 Shares of Common Stock and Zero Shares of Preferred Stock; and

(v) 100% of the membership interests in Mountain Land Communications, LLC, an Idaho limited liability company

(b) without affecting any provision prohibiting such action hereunder or under the Basic Documents, in the event of any consolidation or merger in which the pledged company identified in 1(a)(i - v) above is not the surviving company, all shares of each class of the capital stock of the successor corporation formed by or resulting from such consolidation or merger distributed in respect of the pledged stock described above;

(c) all proceeds of and to any of the property described in clauses (a) and (b) above and, to the extent related to any property described in said clauses or above in this clause (c), all books, correspondence, credit files, records, invoices and other papers; and

(d) all dividends on the stock and membership interests described in clauses (a) and (b) above, and any other distributions to their stockholders or members relating to said stock or membership interests; provided, however, that prior to the occurrence of an Event of Default under the Loan Agreement and so

long as such Event of Default is not continuing, the Pledgor shall be entitled to receive, spend and otherwise utilize free of the security interest granted hereby any and all cash dividends and other distributions with respect to the pledged stock and membership interests to the extent permitted by the terms and conditions set forth herein and in the Loan Agreement.

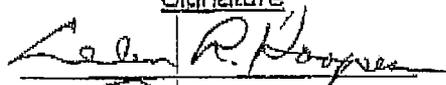
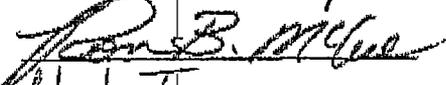
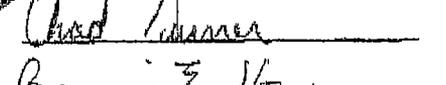
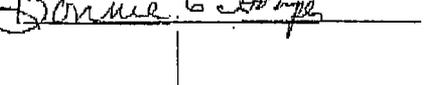
The Pledgor represents and warrants that the Collateral is owned by the Pledgor free and clear of any lien or encumbrance and that such Collateral is not subject to any restrictions as to transfer, except those specifically disclosed in writing to Lender or such as may be imposed by applicable law affecting transfers generally.

2. Pledgor's office, as referred to in Section 3.08 of the Pledge and Security Agreement, is located at 104101 Highway 89/P.O. Box 226, Freedom, WY 83120.

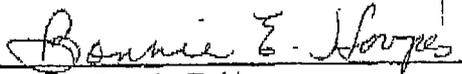
**Certificate as to Resolutions of
Board of
Directors and Incumbency**

The undersigned, the Secretary of SILVER STAR TELEPHONE COMPANY, INC. (the "Company"), a Wyoming corporation, hereby certifies to RURAL TELEPHONE FINANCE COOPERATIVE, a South Dakota cooperative association, that I am authorized to execute this Certificate on behalf of the Company and further certifies that:

- (a) The Company is duly organized, validly existing and in good standing under the laws of the state of its organization and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Company;
- (b) Attached hereto as Attachment 1 is a true, complete and correct copy of the resolutions of the Board of Directors of the Company adopted on June 30, 2003;
- (c) Such action for the Company was duly, regularly and legally taken in accordance with law and the by-laws of the Company; and said resolutions have not been modified, altered or rescinded and the same are still in full force and effect;
- (d) The following persons are duly qualified and acting officers or authorized representatives of the Company, duly elected or appointed to the offices or authorized to represent the Company in the capacities set forth opposite their respective names, and the signature appearing opposite the name of each person is the genuine signature:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Allen R. Hoopes	President	
Ron B. McCue	Vice President	
Chad Turner	Vice President	
Bonnie E. Hoopes	Secretary	

IN WITNESS WHEREOF, I have executed this Certificate on behalf of the Company this 30th day of June, 2003.


Name: Bonnie E. Hoopes
Title: Secretary

Attachment 1

**RESOLUTIONS AUTHORIZING PLEDGE OF SILVER STAR TELEPHONE COMPANY
SHARES**

"RESOLVED, that Silver Star Telephone Company, Inc. (the "Company") pledge and grant a security interest in 1,483 shares of capital stock of Columbine Telephone Company, Inc. ("Columbine") now owned by the Company to Rural Telephone Finance Cooperative ("RTFC") as collateral for a loan to Columbine and other Company Affiliates (the "Pledge"), in amounts which shall not at any one time exceed \$8,333,333.00 in the aggregate;

RESOLVED, that Allen R. Hoopes, the President, is hereby authorized on behalf of the Company to execute and deliver under its corporate seal, which the Secretary or Assistant Secretary is directed to affix and attest) as many counterparts as shall be deemed advisable of a Pledge and Security Agreement with RTFC as "pledgee" and related Stock Powers, in substantially the forms as presented to the Board of Directors; and

RESOLVED, that said officer be, and hereby is, authorized and directed to execute and deliver in the name of and on behalf of the Company such other documents and to take such other actions as such person, in his sole discretion, shall deem necessary or advisable to carry out the intent and purpose of the foregoing resolutions or the transactions contemplated thereby."

**CONSENT RESOLUTION
OF THE BOARD OF DIRECTORS
SILVER STAR TELEPHONE COMPANY, INC.**

The undersigned being all of the directors of SILVER STAR TELEPHONE COMPANY, INC., a Wyoming corporation (the "Company") do hereby take the following corporate actions without a meeting in accordance with the general corporation laws of the State of Wyoming and the constituent documents of the Corporation:

WHEREAS, the Company has been asked by RTFC to pledge and grant a security interest in 1,483 shares of capital stock of Columbine Telephone Company, Inc. ("Columbine") now owned by the Company to Rural Telephone Finance Cooperative ("RTFC") as collateral for a loan to Columbine and other Company Affiliates (the "Pledge"), in amounts which shall not at any one time exceed \$8,333,333.00 in the aggregate;

WHEREAS, the directors believe such Pledge is in the best interest of the Company.

NOW, THEREFORE BE IT RESOLVED, that the Company pledge and grant a security interest in 1,483 shares of capital stock of Columbine now owned by the Company to RTFC as collateral for a loan to Columbine and other Company Affiliates (the "Pledge"), in amounts which shall not at any one time exceed \$8,333,333.00 in the aggregate;

RESOLVED, that Allen R. Hoopes, the President, is hereby authorized on behalf of the Company to execute and deliver under its corporate seal, which the Secretary or Assistant Secretary is directed to affix and attest, as many counterparts as shall be deemed advisable of a Pledge and Security Agreement with RTFC as "pledgee" and related Stock Powers, in substantially the forms as presented to the Board of Directors;

RESOLVED, that said officer be, and hereby is, authorized and directed to execute and deliver in the name of and on behalf of the Company such other documents and to take such other actions as such person, in his sole discretion, shall deem necessary or advisable to carry out the intent and purpose of the foregoing resolutions or the transactions contemplated thereby; and

RESOLVED, that all actions heretofore taken by the authorized agents of the Company, in connection with and in furtherance of providing the Pledge are hereby ratified and confirmed in all respects as acts of the Company.

[end of text]

Dated effective the 30th day of June, 2003.



Melvin R. Hoopes, Director

Stephen R. Hoopes, Director

Bradford E. Hoopes, Director

Rod B. Jensen, Director

Vince Zimmer, Director

Tom Davis, Director

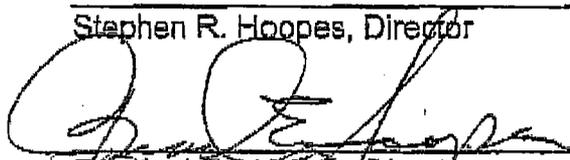
Bonnie E. Hoopes, Director

Allen R. Hoopes, Director

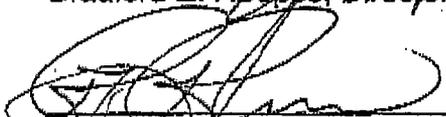
Dated effective the 30th day of June, 2003.

Melvin R. Hoopes, Director

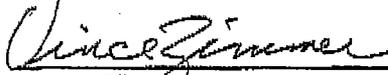
Stephen R. Hoopes, Director



Bradford E. Hoopes, Director



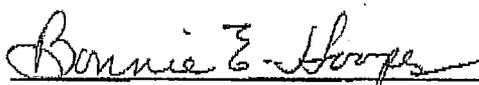
Rod B. Jensen, Director



Vince Zimmer, Director



Tom Davis, Director



Bonnie E. Hoopes, Director

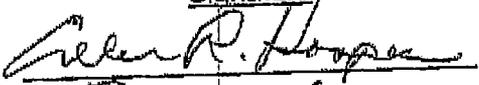
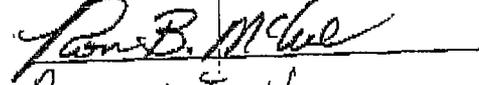
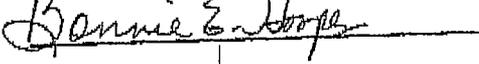


Allen R. Hoopes, Director

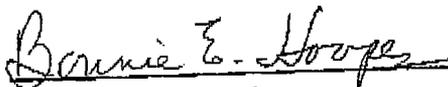
**Certificate as to Resolutions of
Board of
Directors and Incumbency**

The undersigned, the Secretary of TETON COMMUNICATIONS, INC. (the "Company"), a Wyoming corporation, hereby certifies to RURAL TELEPHONE FINANCE COOPERATIVE, a South Dakota cooperative association, that I am authorized to execute this Certificate on behalf of the Company and further certifies that:

- (a) The Company is duly organized, validly existing and in good standing under the laws of the state of its organization and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Company;
- (b) Attached hereto as Attachment 1 is a true, complete and correct copy of the resolutions of the Board of Directors of the Company adopted on June 30, 2003;
- (c) Such action for the Company was duly, regularly and legally taken in accordance with law and the by-laws of the Company; and said resolutions have not been modified, altered or rescinded and the same are still in full force and effect;
- (d) The following persons are duly qualified and acting officers or authorized representatives of the Company, duly elected or appointed to the offices or authorized to represent the Company in the capacities set forth opposite their respective names, and the signature appearing opposite the name of each person is the genuine signature;

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Allen R. Hoopes	President	
Ron B. McCue	Vice President	
Bonnie E. Hoopes	Secretary	

IN WITNESS WHEREOF, I have executed this Certificate on behalf of the Company this 30th day of June, 2003.



Name: Bonnie H. Hoopes

Title: Secretary

Attachment 1

RESOLUTIONS AUTHORIZING BORROWING

"RESOLVED, that Teton Communications, Inc. (the "Company") borrow from Rural Telephone Finance Cooperative ("RTFC"), and that the Board of Directors hereby authorize borrowings from RTFC, from time to time in amounts which shall not at any one time exceed \$8,333,333.00 in the aggregate, ten percent (10%) of which amount shall be used for the purchase of Subordinated Capital Certificates if the Company does not pay for such purchase out of its general funds;

RESOLVED, that the proceeds of such borrowings shall be used by the Company solely as specified in the Loan Agreement (as defined below);

RESOLVED, that the Company pledge and grant a security interest to RTFC as collateral for the Loan the Company's interest in and to 10,000 shares of capital stock of Columbine Telephone Company, Inc. ("Columbine");

RESOLVED, that Allen R. Hoopes is hereby authorized on behalf of the Company to execute and deliver under its corporate seal, which the Secretary or Assistant Secretary is directed to affix and attest:

- (a) as many counterparts as shall be deemed advisable of a Loan Agreement with RTFC (the "Loan Agreement"), substantially in the form presented to the Board of Directors;
- (b) a Secured Promissory Note payable to the order of RTFC in the aggregate principal amount of \$8,333,333.00, bearing such interest as provided for therein and providing for the payment of the indebtedness evidenced thereby within fifteen (15) years after the date thereof (the "Note"), substantially in the form presented to the Board of Directors;
- (c) as many counterparts as shall be deemed advisable of a Pledge and Security Agreement with RTFC as pledgee, and related Stock Powers, substantially in the forms presented to the Board of Directors;

RESOLVED, that said officer be, and hereby is, authorized and directed to execute and deliver in the name of and on behalf of the Company such other documents and to take such other actions as such person, in his/her sole discretion, shall deem necessary or advisable to carry out the intent and purpose of the foregoing resolutions or the transactions contemplated thereby; and

RESOLVED, that Allen R. Hoopes is authorized on behalf of the Company to request and receive funds on account of the Note from time to time, to repay such funds in accordance with the Loan Agreement and the Note, and is directed to deposit such funds in a special bank account used to receive advances from the Lender."

**CONSENT RESOLUTION
OF THE BOARD OF DIRECTORS
TETON COMMUNICATIONS, INC.**

The undersigned being all of the directors of the board of directors of Teton Communications, Inc., a Wyoming corporation (the "Company") do hereby take the following corporate actions without a meeting in accordance with the general corporation laws of the State of Wyoming and the constituent documents of the Company:

WHEREAS, the directors, at a duly called meeting of the directors, have given their approval to pursue a loan commitment to provide funding for the restructuring of the ownership interests of the Company and its affiliates; and

WHEREAS, the directors of the Company have obtained a loan commitment from Rural Telephone Finance Cooperative ("RTFC") in the amount of Eight Million Three Hundred Thirty Three Thousand Three Hundred Thirty Three Dollars and no/100 (\$8,333,333.00) (the "Loan");

WHEREAS, the Company has been asked to pledge and grant a security interest to RTFC (the "Pledge") as collateral for the Loan the Company's interest in and to 10,000 shares of capital stock of Columbine Telephone Company, Inc. ("Columbine");

WHEREAS, the directors believe such Loan and the Pledge is in the best interest of the Company; and

WHEREAS, the directors now desires to approve the Loan and the Pledge.

NOW, THEREFORE BE IT RESOLVED, that the Company borrow from RTFC, and that the directors hereby authorize borrowings from RTFC, from time to time in amounts which shall not at any one time exceed \$8,333,333.00 in the aggregate, ten percent (10%) of which amount shall be used for the purchase of Subordinated Capital Certificates if the Company does not pay for such purchase out of its general funds;

RESOLVED, that the proceeds of such borrowings shall be used by the Company solely as specified in the Loan Agreement (as defined below);

RESOLVED, that the Company pledge and grant a security interest in 10,000 shares of capital stock of Columbine, all currently owned by the Company to RTFC as collateral for the Loan;

RESOLVED, that Allen R. Hoopes, the President of the Company is hereby authorized on behalf of the Company to execute and deliver the following:

- (a) as many counterparts as shall be deemed advisable of a Loan Agreement with

RTFC (the "Loan Agreement"), substantially in the form presented to the directors;

- (b) a Secured Promissory Note payable to the order of RTFC in the aggregate principal amount of \$8,333,333.00, bearing such interest as provided for therein and providing for the payment of the indebtedness evidenced thereby within fifteen (15) years after the date thereof (the "Note"), substantially in the form presented to the directors;
- (c) as many counterparts as shall be deemed advisable of a Pledge and Security Agreement with RTFC as pledgee and related Stock Powers, substantially in the forms presented to the directors;

RESOLVED, that Allen R. Hoopes, the President of the Company be, and hereby is, authorized and directed to execute and deliver in the name of and on behalf of the Company such other documents and to take such other actions as such person, in his sole discretion, shall deem necessary or advisable to carry out the intent and purpose of the foregoing resolutions or the transactions contemplated thereby; and

RESOLVED, that all actions heretofore taken by the authorized agents of the Company, in connection with and in furtherance of the Loan and the Pledge are hereby ratified and confirmed in all respects as acts of the Company.

[end of text]

Dated effective the 30th day of June, 2003.



Melvin R. Hoopes, Director

Allen R. Hoopes, Director

Stephen Hoopes, Director

Bradford E. Hoopes, Director

Bonnie E. Hoopes, Director

Dated effective the 30th day of June, 2003.

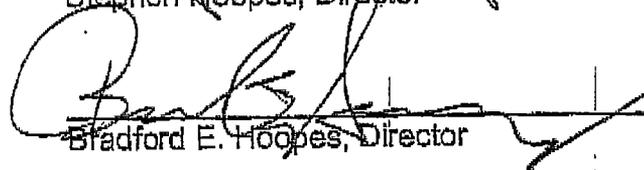
Melvin R. Hoopes, Director



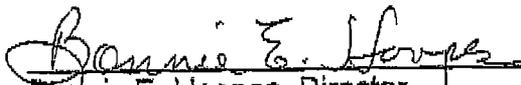
Allen R. Hoopes, Director



Stephen Hoopes, Director



Bradford E. Hoopes, Director



Bonnie E. Hoopes, Director

**Certificate as to Resolutions of
General Partner and Incumbency**

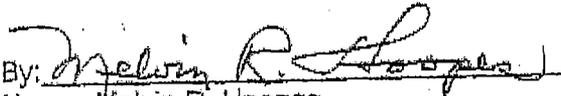
The undersigned, the Operating Manager of A&M Management L.C., the sole General Partner of THE HOOPES TELEPHONE MANAGEMENT LIMITED PARTNERSHIP, an Idaho limited partnership, (the "Partnership"), hereby certifies to RURAL TELEPHONE FINANCE COOPERATIVE, a South Dakota cooperative association, that I am authorized to execute this Certificate on behalf of the Partnership and further certifies that:

- (a) The Partnership is duly organized, validly existing and in good standing under the laws of the state of its organization and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Partnership;
- (b) Attached hereto as Attachment 1 is a true, complete and correct copy of the resolutions of the General Partner of the Partnership adopted on June 30, 2003;
- (c) Such action for the Partnership was duly, regularly and legally taken in accordance with law and the Amended Certificate of Limited Partnership of the Partnership dated January 1, 1998; and said resolutions have not been modified, altered or rescinded and the same are still in full force and effect;
- (d) The following persons are duly qualified and acting officers or authorized representatives of the Partnership, duly elected or appointed to the offices or authorized to represent the Partnership in the capacities set forth opposite their respective names, and the signature appearing opposite the name of each person is the genuine signature:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Melvin R. Hoopes	Operating Manager, A&M Management L.C., General Partner	

IN WITNESS WHEREOF, I have executed this Certificate on behalf of the Partnership this 30th day of June, 2003.

A&M MANAGEMENT L.C., a Wyoming limited liability company, General Partner of The Hoopes Telephone Management Limited Partnership, an Idaho limited partnership

By: 
Name: Melvin R. Hoopes
Title: Operating Manager

Attachment 1

RESOLUTIONS AUTHORIZING BORROWING

"RESOLVED, that The Hoopes Telephone Management Limited Partnership, an Idaho limited partnership (the "Partnership") borrow from Rural Telephone Finance Cooperative ("RTFC"), from time to time in amounts which shall not at any one time exceed \$8,333,333.00 in the aggregate (the "Loan"), ten percent (10%) of which amount shall be used for the purchase of Subordinated Capital Certificates if the Partnership does not pay for such purchase out of its general funds;

RESOLVED, that the proceeds of such borrowings shall be used by the Partnership solely as specified in the Loan Agreement (as defined below);

RESOLVED, that the Partnership pledge and grant a security interest to RTFC as collateral for the Loan the Partnership's interest in and to (i) 10,000 shares of capital stock of Silver Star Telephone Company, Inc. ("Silver Star"); (ii) 1,000 shares of capital stock of Teton Communications, Inc. ("Teton"); and (iii) 100% of the membership interests in and to Mountain Land Communications, LLC ("MLC");

RESOLVED, that the Operating Manager of A&M Management, L.C., being the General Partner of the Partnership is hereby authorized on behalf of the Partnership to execute and deliver:

- (a) as many counterparts as shall be deemed advisable of a Loan Agreement with RTFC (the "Loan Agreement"), substantially in the form presented to the partners;
- (b) a Secured Promissory Note payable to the order of RTFC in the aggregate principal amount of \$8,333,333.00, bearing such interest as provided for therein and providing for the payment of the indebtedness evidenced thereby within fifteen (15) years after the date thereof (the "Note"), substantially in the form presented to the partners;
- (c) as many counterparts as shall be deemed advisable of a Pledge and Security Agreement with RTFC as pledgee and related Stock and Membership Interest Powers, substantially in the forms presented to the partners;

RESOLVED, that Melvin R. Hoopes, operating manager of the general partner be, and hereby is, authorized and directed to execute and deliver in the name of and on behalf of the Partnership such other documents and to take such other actions as such person, in his sole discretion, shall deem necessary or advisable to carry out the intent and purpose of the foregoing resolutions or the transactions contemplated thereby; and

RESOLVED, that Melvin R. Hoopes or Allen R. Hoopes, jointly and/or severally, are authorized on behalf of the Partnership to request and receive funds on account of the Note from time to time, to repay such funds in accordance with the Loan Agreement and the Note, and is directed to deposit such funds in a special bank account used to receive advances from the Lender.

**CONSENT RESOLUTION
OF THE GENERAL PARTNER
THE HOOPES TELEPHONE MANAGEMENT LIMITED PARTNERSHIP,
AN IDAHO LIMITED PARTNERSHIP**

The undersigned being the operating manager of the sole general partner of THE HOOPES TELEPHONE MANAGEMENT LIMITED PARTNERSHIP, an Idaho limited partnership (the "Partnership") do hereby take the following actions without a meeting in accordance with the general partnership laws of the State of Idaho and the constituent documents of the Partnership:

WHEREAS, the general partner has given its approval for the Partnership to pursue a loan commitment to provide funding for the restructuring of the ownership interests of the Partnership and its affiliates; and

WHEREAS, the Partnership has obtained a loan commitment from Rural Telephone Finance Cooperative ("RTFC") in the amount of Eight Million Three Hundred Thirty Three Thousand Three Hundred Thirty Three Dollars and no/100 (\$8,333,333.00) (the "Loan"); and

WHEREAS, the general partner believes the Loan to be in the best interests of the Partnership;

WHEREAS, the general partner now desires to approve the Loan;

WHEREAS, the Partnership has been asked to pledge and grant a security interest to RTFC (the "Pledge") as collateral for the Loan the Partnership's interest in and to (i) 10,000 shares of capital stock of Silver Star Telephone Company, Inc. ("Silver Star"); (ii) 1,000 shares of capital stock of Teton Communications, Inc. ("Teton"); and (iii) 100% of the membership interests in and to Mountain Land Communications, LLC ("MLC");

WHEREAS, the general partner believes such Pledge is in the best interest of the Partnership; and

WHEREAS, the general partner now desires to approve the Pledge.

NOW, THEREFORE BE IT RESOLVED, that the Partnership borrow from RTFC, and that the general partner hereby authorize borrowings from RTFC, from time to time in amounts which shall not at any one time exceed \$8,333,333.00 in the aggregate, ten percent (10%) of which amount shall be used for the purchase of Subordinated Capital Certificates if the Partnership does not pay for such purchase out of its general funds;

RESOLVED, that the proceeds of such borrowings shall be used by the Partnership

solely as specified in the Loan Agreement (as defined below);

RESOLVED, that the Partnership pledge and grant a security interest in 10,000 shares of capital stock of Silver Star; (ii) 1,000 shares of capital stock of Teton; and (iii) 100% of the membership interests in and to MLC, all currently owned by the Partnership to RTFC as collateral for the Loan;

RESOLVED, that the Operating Manager of A&M Management, L.C., being the general partner of the Partnership is hereby authorized on behalf of the Partnership to execute and deliver the following:

- (a) as many counterparts as shall be deemed advisable of a Loan Agreement with RTFC (the "Loan Agreement"), substantially in the form presented to the partners;
- (b) a Secured Promissory Note payable to the order of RTFC in the aggregate principal amount of \$8,333,333.00, bearing such interest as provided for therein and providing for the payment of the indebtedness evidenced thereby within fifteen (15) years after the date thereof (the "Note"), substantially in the form presented to the partners;
- (c) as many counterparts as shall be deemed advisable of a Pledge and Security Agreement with RTFC as pledgee and related Stock and Membership Interest Powers, substantially in the forms presented to the partners;

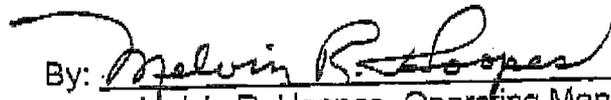
RESOLVED, that Melvin R. Hoopes, operating manager of the general partner be, and hereby is, authorized and directed to execute and deliver in the name of and on behalf of the Partnership such other documents and to take such other actions as such person, in his sole discretion, shall deem necessary or advisable to carry out the intent and purpose of the foregoing resolutions or the transactions contemplated thereby; and

RESOLVED, that all actions heretofore taken by the authorized agents of the Partnership, in connection with and in furtherance of the Loan and the Pledge are hereby ratified and confirmed in all respects as acts of the Partnership.

[end of text]

Dated effective the 30th day of June, 2003.

A & M Management, L.C., General Partner

By: 
Melvin R. Hoopes, Operating Manager