

**BY-LAWS OF
CONCORD VILLAGE, INC.**
(As Amended February 1, 2011)

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ARTICLE I. NAME AND LOCATION OF CORPORATION

The name of this Corporation is Concord Village, Inc. Its principal office is located at 631 East Lexington Place, Tempe, Arizona.

ARTICLE II. PURPOSE

The Corporation is formed solely to acquire, operate, construct, lease and own a multifamily housing project known as Concord Village located at 631 E. Lexington Place in Tempe, Maricopa County, Arizona 85281 (the "Project"), to provide its members with housing and community facilities, if any, on a nonprofit basis consonant with the provisions set forth in its Articles of Incorporation, and to do any and all things necessary, convenient or incidental to that purpose. This Corporation is and shall continue to be a single asset Corporation.

ARTICLE III. MEMBERSHIP

Section 1. Eligibility. Any natural person approved by the Board of Directors shall be eligible for membership, provided that he or she executes a Subscription Agreement and Occupancy Agreement in the usual form employed by the Corporation covering a specific unit in a particular mortgage area of the housing project.

Section 2. Application for Membership. Application for membership shall be presented in person on a form prescribed by the Board of Directors, and all such applications shall be acted upon promptly by the Board of Directors.

Section 3. Subscription Funds. All subscription funds (except funds required for credit reports) received from applicants prior to the endorsement of the mortgage note by the Federal Housing Administration (hereinafter sometimes referred to as the "Administration") shall be deposited promptly without deduction in a special account or accounts (savings or checking) of the Corporation as escrowee or trustee for the Subscription to Membership, which monies shall not be general corporate funds, but shall be held solely for the benefit of the Subscribers until transferred to the account of the Corporation as hereinafter provided. Such special account or accounts shall be established with such bank or banks or savings and loan association or associations (whose deposits are insured by an agency of the Federal Government) as may be approved by the Administration. Such account or accounts may be interest bearing, with the interest earned to be retained and owned by the Corporation. Such funds shall be subject to withdrawal or transfer to the account of the Corporation or disbursed in a manner directed by the Corporation only upon certification by the President and Secretary of the Corporation to the above-named institution or institutions that:

- (a) The Subscription Agreement of a named applicant has been terminated pursuant to its terms and such withdrawal is required to repay the amount paid by him/her under such agreement; or
- (b) Applicants for at least 90% of the dwelling units to be covered by the mortgage have not been procured within the effective period of the FHA Commitment, or any extension thereof, and such withdrawal is required to repay to the applicants the amount paid by them; or
- (c) Applicants for at least 90% of the dwelling units to be covered by the mortgage (or such lesser numbers may be approved by the Administration) have signed Subscription Agreements, have been approved as to their credit by the Administration, and have paid the subscription price in full. If these requirements have been met and the mortgage loan has been scheduled for closing with the approval of the Administration, the entire amount of the funds in the subscription escrow account may be transferred to the corporation, at which time the corporation shall issue and deliver membership certificates to all members.

If more than one mortgage is to be executed by the corporation, this section shall be deemed to be applicable to the specific subscription fund received from applicants with respect to the specific dwelling units to be covered by each mortgage and to require the creation of separate and specific escrow accounts with respect to each mortgage.

Section 4. Members, Authorized Memberships, and Occupancy Agreements

- (a) The members shall consist of the individuals comprising the first Board of Directors, as identified in the Articles of Incorporation, or their successors and such subscribers as have been approved for membership by the Board of Directors and who have paid for their membership and received membership certificates. The status of the Directors named in the Articles of Incorporation (or their successors elected by them) as members shall terminate at the first annual membership meeting, unless they have executed Subscription Agreements and, where required by the Administration, Occupancy Agreements.
- (b) The authorized membership of the Corporation shall consist of 384 memberships, all of one class, with a par value of \$50.00 each.
- (c) The Corporation will offer Occupancy Agreements on the dwellings in the housing project, which Occupancy Agreements shall be of one class. The down payment under an Occupancy Agreement (which down payment is hereinafter sometimes referred to as "Value of Occupancy Agreement") shall be in the sum of \$230.00.

Section 5. Membership Certificates. Each membership certificate shall state that the Corporation is organized under the Laws of the State of Arizona, the name of the registered holder of the membership represented thereby, the Corporation lien rights as against such membership as set forth in this Article, and the preferences and restrictions applicable thereto, and shall be in such form as shall be approved by the Board of Directors. Membership certificates shall be consecutively numbered, bound in one or more books, and shall be issued therefrom upon certification as to full payment. Every membership certificate shall be signed by the President or Vice President, and the Secretary or Assistant Secretary, and shall be sealed with the corporate seal.

Section 6. Lost Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates previously issued by the Corporation and alleged to have been destroyed or lost, upon the making of an affidavit of that fact by the person claiming the certificate to be lost or destroyed. When authorizing such issuance of a new certificate or certificates, the Board of Directors may, in its discretion, and as a condition precedent to the issuance thereof, require the registered owner of such lost or destroyed certificate, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and to give the Corporation a bond in such sum as the Board of Directors may require as indemnity against any claim that may be made against the Corporation.

Section 7. Lien. The Corporation shall have a lien on the outstanding regular memberships in order to secure payment of any sums which shall be due or become due from the holders thereof for any reason whatsoever, including any sums due under any occupancy agreements.

Section 8. Transfer of Membership. Except as provided herein, membership shall not be transferable and, in any event, no transfer of membership shall be made upon the books of the Corporation within ten (10) days next preceding the annual meeting of the members.

- (a) **Death of Member.** If, upon death of a member, his membership in the Corporation passes by will or intestate distribution to a member of his immediate family, such legatee or distributee may, by assuming in writing the terms of the Subscription Agreement and Occupancy Agreement, where required by the Administration within sixty (60) days after the member's death, and paying all amounts due thereunder, become a member of the Corporation. If member dies and an obligation is not assumed in accordance with the foregoing, then the Corporation shall have an option to purchase the membership from the deceased member's estate in the manner provided in paragraph (b) of this Section, written notice of the death being equivalent to notice of intention to withdraw. If the Corporation does not exercise such option, the provisions of paragraph (c) of this Section shall be applicable, the references to "member" therein to be construed as references to the legal representative of the deceased member.

- (b) **Option of Corporation to Purchase.** If the member desires to leave the project, he shall notify the Corporation in writing of such intention and the Corporation shall have an option for a period of thirty (30) days thereafter, but not the obligation, to purchase the membership, together with all of the member's rights with respect to the dwelling unit, at an amount to be determined by the Corporation as representing the transfer value thereof, less any amounts due by the member to the Corporation under the Occupancy Agreement, and less the cost or estimated cost of all deferred maintenance, including painting, redecorating, floor finishing, and such repairs and replacements as are deemed necessary by the Corporation to place the dwelling unit in suitable condition for another occupant. The purchase by the Corporation of the membership will immediately terminate the member's rights and the member shall forthwith vacate the premises.
- (c) **Procedure Where Corporation Does Not Exercise Options.** If the Corporation waives in writing its right to purchase the membership under the foregoing option, or if the Corporation fails to exercise such option within the thirty (30) day period, the member may sell his membership to any person who has been duly approved by the Corporation as a member and occupant. If the Corporation agrees, at the request of the member, to assist the member in finding a purchase, the Corporation shall be entitled to charge the member a fee it deems reasonable for this service. When the transferee has been approved for membership and has executed the prescribed Occupancy Agreement, the retiring member shall be released of his obligations under his Occupancy Agreement, provided he has paid all amounts due the Corporation to date.
- (d) **Transfer Value.** Whenever the Board of Directors elects to purchase a membership, the term "transfer of value" shall mean the sum of the following:
- (1) The consideration (i.e. down payment) paid for the membership by the first occupant of the unit involved as shown on the books of the Corporation; plus
 - (2) The Value of Occupancy Agreement; plus
 - (3) The value, as determined by the Directors, of any improvements installed at the expense of the member with the prior approval of the Directors, under a valuation formula which does not provide for reimbursement in an amount in excess of the cost of the improvements; plus
 - (4) The amount computed in accordance with the following table of increases applicable to the membership and to the particular class of Occupancy Agreement appurtenant to such membership. Such increase is shown for each full year commencing after the Corporation has made its first principal payment on the applicable section mortgage as follows:

Membership & Class of Occupancy Agreement	Increase Per Year from The 1st – 3rd Year	Increase Per Year from The 4th – 26th Year	Increase Per Year from The 21st – 40th Year
A – Plymouth	None	\$120	\$180
B – Jamestown	None	\$130	\$195
C – Savannah	None	\$135	\$205
D – Raleigh	None	\$145	\$220
E – Dover	None	\$155	\$235
F – Salem	None	\$110	\$165

G - Roanoke	None	\$125	\$205
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Section 9. Termination of Membership for Cause. In the event the Corporation has terminated the rights of a member under the Occupancy Agreement, the member shall be required to deliver promptly to the Corporation his membership certificate and his Occupancy Agreement, both endorsed in such manner as may be required by the Corporation. The Corporation shall thereupon at its election either (1) repurchase said membership at its transfer value (as hereinafter defined) or the amount the retiring member originally paid for the acquisition of his membership certificate, whichever is the lesser; or (2) proceed with reasonable diligence to effect a transfer of the membership to a purchaser, and at a transfer price acceptable to the Corporation. The retiring member shall be entitled to receive the amount so determined, less the following amounts (the determination of such amounts by the Corporation to be conclusive):

- (a) any amounts due to the Corporation from the member under the Occupancy Agreement;
- (b) the cost or estimated cost of all deferred maintenance, including painting, redecorating, floor finishing, and such repairs and replacements as are deemed necessary by the Corporation to place the dwelling unity in suitable condition for another occupant; and
- (c) legal and other expenses incurred by the Corporation in connection with the default of such member and the re-transfer of his/her membership. In the event the retiring member for any reason should fail for a period of 10 days after demand to deliver to the Corporation his endorsed membership certificate, said membership certificate shall forthwith be deemed to be cancelled and may be reissued by the Corporation to a new purchaser.

Section 10. Transfer Price. Memberships may be sold by the Corporation or the member only to a person approved by the Board of Directors in accordance with the requirements of the Regulatory Agreement, and the transfer price shall not exceed the transfer value as provided in this Article, except that in transfers effected by the Corporation a service charge not in excess of \$100 may be charged by the Corporation. Where the transfer is accomplished by a member, a certificate in form approved by the FHA as to the price paid shall be executed by the seller and purchaser and delivered to the Corporation.

ARTICLE IV. MEETINGS OF MEMBERS

Section 1. Place of Meetings. Meetings of the membership shall be held at the principal office or place of business of the Corporation or at such other suitable place convenient to the membership as may be designated by the Board of Directors.

Section 2. Annual Meetings. The first annual meeting of the Corporation shall be held 60 days after the final FHA endorsement of the mortgage note of the Corporation pertaining to the last of the six mortgage areas; provided that in any event such meeting shall be held on or before January 15, 1966, or such later date as may be established by motion of the Board of Directors of the Corporation with the approval of the Federal Housing Administration. Thereafter the annual meeting of the Corporation shall be held on the third Saturday of January of each succeeding year. At such meeting there shall be elected by the ballot of the members a Board of Directors in accordance with the requirements of Section 3 of Article V of these By-laws. The members may also transact such other business of the Corporation as may properly come before them.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board of Directors or upon a petition signed by twenty (20) percent of the members having been presented to the Secretary, or at the request of the Federal Housing Commissioner or his duly authorized representative. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths of the members present, either in person or by proxy. Special meetings may not be called by the members until a time subsequent to the date of the first annual meeting except as provided in Section 3 of Article V of these By-Laws.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each member of record, at his address as it appears on the membership book of the Corporation, or if no such address appears, at his last known place of address, or at least ten (10) but not more than sixty (60) days prior to such meeting. Service may also be accomplished by the delivery of any such notice to the member at his dwelling unit or last known address. Notice by either such method shall be considered as notice served. Notices of all meetings shall be mailed to the Director of the local insuring office of the Federal Housing Administration.

Section 5. Quorum. The presence, either in person or by proxy, of at least fifteen (15) percent of the members of record of the Corporation shall be requisite for, and shall constitute a quorum for the transaction of business at all meetings of members. If the number of members at a meeting drops below the quorum and the question of a lack of quorum is raised, no business may thereafter be transacted.

Section 6. Adjourned Meetings. If any meeting of members cannot be organized because a quorum has not attended, or a meeting has been ended because the number of members at said meeting has dropped below the quorum, the members who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called, at which subsequent meeting the quorum requirement shall be ten (10) percent.

Section 7. Voting. At every meeting of the regular members, each member present, either in person or by proxy, shall have the right to cast one vote on each question and never more than one vote. The vote of the majority of those present, in person or by proxy, shall decide any question brought before such meeting, unless the question is one upon which, by express provision of statute or of the Articles of Incorporation or of these By-laws, a different vote is required, in which case such express provision shall govern and control. No member shall be eligible to vote or be elected to the Board of Directors who is shown on the books or management accounts of the Corporation to be more than 30 days delinquent in payments due the Corporation under his/her Occupancy Agreement.

Section 8. Proxies. A member may appoint as his/her proxy only a member of his/her immediate family (as defined by the Board of Directors) except that an unmarried member may appoint any other member as his/her proxy. In no case may a member cast more than one vote by proxy in addition to his/her own vote. Any proxy must be filed with the Secretary before the appointed time of each meeting.

Section 9. Order of Business. The order of business at all regularly scheduled meetings of the regular members shall be as follows:

- (a) Roll Call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Report of manager or managing agent.
- (g) Election of inspectors of election.
- (h) Election of directors.
- (i) Unfinished business.
- (j) New business.

In the case of special meetings, items (a) through (d) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of meeting.

If present, a representative of the Administration will be given an opportunity to address any regular or special meeting.

ARTICLE V. DIRECTORS

Section 1. Number and qualifications. The affairs of the Corporation shall be governed by a Board of Directors composed of five (5) persons, a majority of whom shall be members of the Corporation.

Section 2. Powers and Duties. The Board of Directors shall have all the powers and duties necessary for the administration of the affairs of the Corporation and may do all such acts and things as are not by law or by these By-laws directed to be exercised and done by the members. The powers of the Board of Directors shall include but not be limited:

- (a) To accept or reject all applications for membership and admission to occupancy of a dwelling unit in the cooperative housing project, either directly or through an authorized representative;
- (b) Subject to the approval of the Administration, to establish monthly carrying charges as provided for in the Occupancy Agreement, based on an operating budget formally adopted by such Board;
- (c) Subject to the approval of the Administration, to engage an agent or employees for the management of the project under such terms as the Board may determine;
- (d) To authorize in their discretion patronage refunds from residual receipts when and as reflected in the annual report;
- (e) To terminate membership and occupancy rights for cause;
- (f) To promulgate such rules and regulations pertaining to use and occupancy of the premises as may be deemed proper and which are consistent with these By-laws, the Articles of Incorporation, and the Regulatory Agreement; and
- (g) Pursuant to a plan approved by the Administration, to prescribe additional monthly carrying charges to be paid by eligible individual members and families whose incomes exceed the limitations for continuing occupancy established from time to time by the Administration; or, at the Board's option, to terminate the membership and occupancy of such individual members or families.
- (h) To make such changes and/or amendments to the Corporation's Articles of Incorporation as may be reasonably required to conform such Articles to any amendments to these By-laws adopted by the members, and/or to comply with Federal Housing Administration requirements relating to the operation or management of the corporation, and/or to enable the corporation to obtain mortgage insurance from the U.S. Department of Housing and Urban Development ("HUD").

Section 3. Election and Term of Office. The term of the Directors named in the Articles of Incorporation shall expire when their successors have been elected at the first annual meeting or any special meeting called for that purpose. Provided, that any such special meetings to be held prior to the first annual meeting shall be called only as directed by resolution of the Board of Directors or by the Federal Housing Commissioner or his duly authorized representative. At the first annual meeting of the members their term of office of two Directors shall be fixed for three (3) years. The term of office of two Directors shall be fixed at two (2) years, and the term of office of one Director shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three (3) years. The Directors shall hold office until their successors have been elected and hold their first meeting.

Section 4. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the membership shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum, and each person so elected shall be a Director until a successor is elected by the members at the next annual meeting to serve out the unexpected portion of the term.

Section 5. Removal of Directors. At any regular or special meeting duly called, any Director elected by the members may be removed with or without cause by the affirmative vote of the majority of the entire regular membership of record and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting. The

term of any Director who becomes more than 30 days delinquent in payment of his carrying charges shall be automatically terminated and the remaining Directors shall appoint his successor as provided in Section 4, above.

Section 6. Compensation. No compensation shall be paid to Directors for their services as Directors. No remuneration shall be paid to a Director for services performed by him or her for the Corporation in any other capacity, unless a resolution authorizing such remuneration shall be unanimously adopted by the Board of Directors before the services are undertaken. No remuneration or compensation shall in any case be paid to a Director without the approval of the Administration. A Director may not be an employee of the Corporation.

Section 7. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 8. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least four such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for each meeting.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three Directors.

Section 10. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 11. Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum of the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 12. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Corporation handling or responsible for corporate or trust funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Corporation.

Section 13. Safeguarding Subscription Funds. It shall be the duty of the Board of Directors to see to it that all sums received in connection with membership subscriptions prior to the closing of the mortgage transaction covering the housing project of the Corporation, are deposited and withdrawn only in the manner provided for in Article III, Section 3 of these By-laws.

ARTICLE VI. OFFICERS

Section 1. Designation. The principal officers of the Corporation shall be a President, one or more Vice Presidents, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Director may appoint assistant treasurers and assistant secretaries, and such other officers as in their judgment may be necessary.

Section 2. Election of Officers. The officers of the Corporation shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Corporation. He or she shall preside at all meetings of the members and of the Board of Directors. He or she shall have all of the general powers and duties which are usually vested in the office of president of a corporation, including but not limited to the power to appoint committees from among the membership from time to time as he or she may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Corporation.

Section 5. Vice President. The Vice President shall take the place of the President and perform his/her duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to so do on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him/her by the Board of Directors.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Corporation; he or she shall have the custody of the seal of the Corporation; he or she shall have charge of the membership transfer books and of such other books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of secretary.

Section 7. Treasurer. The Treasurer shall have responsibility for corporate funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Corporation. He or she shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Corporation in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE VII. REGULATORY AGREEMENT OF FHA

Section 1. Rights of Federal Housing Administration. The management, operation and control of the affairs of the Corporation shall be subject to the rights, powers, and privileges of the Federal Housing Administration pursuant to a Regulatory Agreement between the Corporation and the Federal Housing Administration. The Corporation is bound by the provisions of the Regulatory Agreement which is a condition precedent to the insurance of a mortgage of the Corporation on the project. If any of the provisions of these By-laws or any other Organizational Documents of the Corporation conflict with the terms of the note, mortgage, deed of trust, security agreement or the HUD Regulatory Agreement (“HUD Loan Documents”), the provisions of the HUD Loan Documents will control.

Section 2. HUD Approval of Amendments. No provision required by HUD to be inserted into the Organizational Documents may be amended without prior HUD approval, so long as HUD is the insurer or holder of the note. No provision in the Organizational Documents that results in any of the following will have any force or effect without the prior written consent of HUD:

- (a) Any amendment that modifies the term of the Corporation;
- (b) Any amendment that activates the requirement that a HUD previous participation certification be obtained from any additional shareholder;
- (c) Any amendment that in any way affects the note, mortgage, deed of trust or security deed, and security agreement on the Project or the Regulatory Agreement between HUD and the Corporation;
- (d) Any amendment that would authorize any officer or representative other than the pre-approved officer or representative to bind the Corporation for all matters concerning the project which require HUD's consent or approval;

- (e) A change in the pre-approved officer or representative of the Corporation; or
- (f) Any change in a guarantor of any obligation to the Secretary.

Section 3. Execution of HUD Loan Documents. The Corporation is authorized to execute a note, mortgage, deed of trust or security deed and security agreement in order to secure a loan to be insured by the Secretary and to execute the Regulatory Agreement and other documents required by the Secretary in connection with the HUD-insured loan.

Section 4. Members Bound by Agreements. Any incoming member must as a condition of receiving an interest in the Company agree to be bound by the note, mortgage, deed of trust or security deed, security agreement, the Regulatory Agreement and any other documents required in connection with the HUD-insured loan to the same extent and on the same terms as the other members.

Section 5. Restriction on Transfers. Notwithstanding any other provisions, upon any dissolution, no title or right to possession and control of the Project, and no right to collect the rents from the Project, shall pass to any person who is not bound by the Regulatory Agreement in a manner satisfactory to the Secretary.

Section 6. Liability of Members, Officers and Directors. The Members, officers and directors and any assignee are liable in their individual capacity to HUD for:

- (a) Funds or property of the Project coming into its possession, which by the provisions of the Regulatory Agreement, the person or entity is not entitled to retain;
- (b) Its own acts and deeds, or acts and deeds of others which it has authorized, in violation of the provisions of the Regulatory Agreement
- (c) The acts and deeds of affiliates, as defined in the Regulatory Agreement, which the person or entity has authorized in violation of the provisions of the Regulatory Agreement; and
- (d) As otherwise provided by law.

Section 7. Corporate Existence. The Corporation shall not voluntarily be dissolved or converted to another form of entity without the prior written approval of HUD. The term of this Corporation shall be no less than ten (10) years beyond the maturity of the HUD insured loan.

Section 8. Corporate Representative. The Corporation has designated Nancy Bates, the duly-elected President of the Corporation, as its official representative for all matters concerning the Project which require HUD consent or approval. The signature of this representative will bind the Corporation in all such matters. The Corporation may, from time to time, appoint a new representative to perform this function, but within three (3) business days of doing so, will provide HUD with written notification of the name, address, and telephone number of its new representative. When a representative other than the representative identified above has full or partial authority of management of the Project, the Corporation will promptly provide HUD with the name of that entity and the nature of that representative's management authority.

ARTICLE VIII. AMENDMENTS

These By-laws may be amended by the affirmative vote of the majority of the entire regular membership of record at any regular or special meeting, provided that no amendment shall become effective unless and until it has received the written approval of the Administration. Amendments may be proposed by the Board of Directors or by petition signed by at least twenty (20) percent of the members. A description of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment is to be voted upon.

ARTICLE IX. CORPORATE SEAL

The Board of Directors shall provide a suitable corporate seal containing the name of the Corporation, which seal shall be in charge of the Secretary. If so directed by the Board of Directors, a duplicate of the seal shall be kept and used by the Treasurer or any assistant secretary or assistant treasurer.

ARTICLE X. FISCAL MANAGEMENT

Section 1. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of November every year, except that the first fiscal year of the Corporation shall begin at the date of incorporation. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should corporate practice subsequently dictate, but not without the prior written approval of the Administration.

Section 2. Books and Accounts. Books and accounts of the Corporation shall be kept under the direction of the Treasurer and in accordance with the Uniform System of Accounts prescribed by the FHA Commissioner. That amount of the carrying charges required for payment on the principal of the mortgage of the Corporation or any other capital expenditures shall be credited upon the books of the Corporation to the "Paid In Surplus" account as a capital contribution by the members.

Section 3. Auditing. At the closing of each fiscal year, the books and records of the Corporation shall be audited by a Certified Public Accountant or other person acceptable to the Administration, whose report will be prepared and certified in accordance with the requirements of the Administration. Based on such reports, the Corporation will furnish its members with an annual financial statement including the income and disbursements of the Corporation. The Corporation will also supply the members, as soon as practicable after the end of each calendar year, with a statement showing each member's pro rata share of the real estate taxes and mortgage interest paid by the Corporation during the preceding calendar year.

Section 4. Inspection of Books. Financial reports such as are required to be furnished to the Administration and the membership records of the Corporation shall be available at the principal office of the Corporation for inspection at reasonable times by any member.

Section 5. Execution of Corporate Documents. With the prior authorization of the Board of Directors and subject to the provisions of Article VII, Section 8 of these By-laws, all notes and contracts, including Occupancy Agreements, shall be executed on behalf of the Corporation by any officer of the Corporation, and all checks shall be executed on behalf of the Corporation by any two officers of the Corporation.

Section 6. Association with Other Cooperatives. The Corporation may become a member of an association of cooperatives who join together for purposes of mutual aid and of advancing the cooperative movement as a means of providing housing for consumers.

Section 7. Indemnification. Any indemnification by the Corporation of any member, officer or director is limited to "surplus cash" as defined in the HUD Regulatory Agreement.

Section 8. Distributions. Notwithstanding any provision to the contrary in the Organizational Documents of this Corporation, so long as the Note is insured or held by HUD, any distribution shall only be made out of available surplus cash pursuant to Section 6(e)(1)-(4) of the Regulatory Agreement.

Section 9. Regulatory Agreement Controls. The terms of the Regulatory Agreement take precedence in the event of any conflict with the terms of this Corporation's Organizational Documents. This Corporation has authority to enter into this transaction for a loan to be insured by HUD under the provisions of Section 241(a) pursuant to Section 223(a)(7) of the National Housing Act and to comply with the requirements of the HUD Insurance program.