

**BY-LAWS
OF
WILLIAMSBURG TOWNE HOUSES COOPERATIVE, INC.**

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ARTICLE I - NAME AND LOCATION OF CORPORATION

The name of this corporation is Williamsburg Towne Houses Cooperative, Inc. Its principal office is located in St. Clair Shores, Michigan.

ARTICLE II - PURPOSE

The purpose of this corporation is to provide its members with housing and community facilities, on a nonprofit basis consistent with the provisions set forth in its Articles of Incorporation.

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 an Occupancy Agreement in the usual form employed by the Corporation covering a specific unit in the Cooperative's premises.

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. Members, Authorized Memberships, and Occupancy Agreement

- (a) The members shall consist of the individuals as have been approved for membership by the Board of Directors and who have paid for their membership and received membership certificates.
- (a) The authorized membership of the Corporation shall consist of 206 memberships, all of one class, with a par value of \$100.00 each.
- (a) The Corporation will offer Occupancy Agreements on the dwellings in the Cooperative's premises, which Occupancy Agreements shall all be of one class.

Section 4. Membership Certificates. Each membership certificate shall state that the Corporation is organized under the laws of the State of Michigan, 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 preference 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 5. 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 certificates, 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 6. 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 Agreement.

Section 7. 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 a Member. If, upon the death of a member, his membership in the Corporation passes by will, intestate distribution or Trust to a member of his immediate family, such legatee, distributee or beneficiary may, if qualified, assume in writing the terms of the Occupancy Agreement, within sixty (60) days after a member's death, and paying all amounts due thereunder, become a member of the Corporation. If a member dies and an obligation is not assumed in accordance with the foregoing, the provisions of paragraph (b) of this Section shall be applicable, and the references to "member" therein to be construed as references to the legal representative of the deceased member.
- (a) Sale of Membership. A 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 purchaser, 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.
- (a) Payable upon Death for Estate Planning Purposes. If a member desires to leave upon his death his equity, but not possession of a unit, to a person or persons, including a trust, or estate the member may make his financial interest in the Corporation payable on death to a trust, or estate, or such person or persons, by executing the appropriate forms made available at the Corporation's principal office. Execution of the documents referred to in this section will permit the beneficiary, estate or trustee to sell the membership interest 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 Estate, Trustee or beneficiary, to assist in the finding of a purchaser, the Corporation shall be entitled to charge a fee it deems reasonable for this service. Until the purchaser has been approved for

membership and has executed the prescribed occupancy agreement, the trust, estate or beneficiary shall remain liable for all carrying charges and costs associated with the membership.

Section 8. Termination of Membership for Cause. In the event the Corporation has terminated the rights of a member under said 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 proceed with reasonable diligence to effect a sale of the member's rights under such membership to a purchaser, and at a sales price acceptable to the Corporation. The retiring member shall be entitled to receive the sales price 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 unit in suitable condition for another occupant; and
- (c) Actual legal and other expenses incurred by the Corporation in connection with the default of such member and the resale of his 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 canceled and may be reissued by the Corporation to a new purchaser.

Section 9. Non-Speculation on Sales of Memberships.

- (a) The Corporation shall observe the basic cooperative principle that purchase and sales of memberships and Occupancy Agreements are not for speculative purposes and that investments in the corporation by members are for the purpose of securing a home for their use and benefit. To this end, the policies established by the Corporation shall be designed to discourage and avoid speculation both in the sale and resale of the memberships and Occupancy Agreements by members or by the Corporation.
- (a) The Corporation may establish from time to time the amount which it deems necessary as a service fee for resale of memberships and Occupancy Agreements in dwelling units. Such service fee shall be uniform in its application to all withdrawing members except that it may take into account varying prices and types of dwelling units; provided that such service fee shall be computed on a basis which is calculated to reimburse the Corporation for its costs in handling resales generally without realizing profits from its operations. The determination by the Corporation shall be conclusive as to service fees charges.

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 annual meeting of the Corporation shall be held on the 2nd Wednesday of August of each year. At such meeting there shall be elected the members of the Board of Directors. The members may transact such other business of the Corporation as may properly come before them. Any member seeking to bring forward a motion before the membership shall present it in writing to the Secretary at least fifteen (15) days before the date of the membership meeting.

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-five (25) percent of the members having been presented to the Secretary. 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.

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, 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.

Section 5. Quorum. The presence, either in person or by proxy, of at least twenty-five (25%) 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, 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 hours from the time the original meeting was called.

Section 7. Voting. At every meeting of the members, each member present, either in person, by proxy, or who has submitted a duly authorized absentee ballot 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, by proxy or duly authorized absentee ballot shall decide any question brought before such meeting, unless the question is one upon which, by express provision of statute; of

the Articles of Incorporation; or 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 to 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 Occupancy Agreement.

Section 8. Proxies. A member may appoint any other member as his proxy. In no case may a member cast more than one vote by proxy in addition to his 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 annual meetings of the members shall be as follows: (a) roll call; (b) proof of notice of meeting or waiver of notice; (c) election of directors; (d) reading of minutes of preceding meeting; (e) reports of officers; (f) reports of committees; (g) report of financial accountant; (h) presentation of certificate of election results; (i) unfinished business; (j) new business presented by members in accordance with Section 2 of this Article; and (k) other business upon which no action may be taken by the members. In the case of special meetings, items (a) through (b) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of hearing.

Section 10. Manner of Conducting Voting by Members. Voting of members may be conducted by the use of absentee ballots in a manner established by the Board and promulgated in writing, and provided to the members in the mailing of the notice of the meeting under Section 4 of this Article.

ARTICLE V - DIRECTORS

Section 1. Number and Qualification. The affairs of the Corporation shall be governed by a Board of Directors composed of no more than nine (9), all 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, either directly or through an authorized representative;
- (b) To establish monthly carrying charges as provided for in the Occupancy Agreement, based on an operating budget formally adopted by such Board;
- (c) To engage an agent or employee for the management of the project under such terms as the Board may determine;
- (d) To authorize in their discretion patronage refund from residual receipts when and

as reflected in the annual report;

(e) To terminate membership and occupancy rights for cause; and

(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 and the Articles of Incorporation.

Section 3. Election and Term of Office. The term of the Directors shall be for three (3) years, and staggered so that no more than three (3) terms expire in any year. 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 to serve out the unexpired portion of the term until a successor is elected by the members at the next annual meeting.

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 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 or compensation shall in any case be paid to a Director. 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 (4) 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 such meeting.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the President on three days notice to each director, given personally or by mail, telephone or electronic mail, which notice shall state the time, place (as herein above 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. Where all of the Directors unanimously approve and sign a corporate resolution or authorization (which is to be included in the minute book), this shall be recognized as proper corporate action taken at a duly authorized meeting, without proceedings under the provisions hereof that would otherwise be applicable for calling and holding Directors meetings.

Section 11. Quorum. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for 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.

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 Directors 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 shall preside at all meetings of the members and of the Board of Directors. He 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 may in his 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 to perform his 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 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 shall have the custody of the seal of the Corporation; he 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 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 - AMENDMENTS

These By-Laws may be amended by the two-thirds (2/3) vote of the majority of the entire regular membership of record at any regular or special meeting. 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 VIII - 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 may be kept and used by the Treasurer or any assistant secretary or assistant treasurer.

ARTICLE IX - FISCAL MANAGEMENT

Section 1. Fiscal Year. The fiscal year of the Corporation shall begin on the 1st day of June of each year. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should corporate practice subsequently dictate.

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 generally accepted accounting principles. That amount of 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. 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. The annual financial statements and monthly financial statements 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, 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.

ARTICLE X. MISCELLANEOUS

Section 1. Gender. As used in these by-laws, any reference to the masculine form shall apply equally to the female gender.

