

David B. Johnson
Steven M. Campora

Gary L. Quatt
Morrison C. England,

December 30, 1991

EASTERN GARDENS APARTMENTS
3045 Eastern Avenue, Office
Sacramento, CA 95831

Re: Amended Bylaws

To whom it may concern:

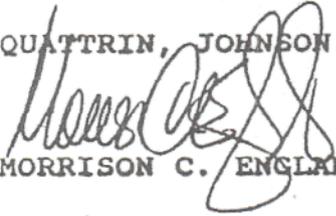
I have been contacted by Sharon Corwin of FPI Management, Inc., the authorized management agent for Eastern Gardens Cooperative. I have been requested to review certain Bylaws of the Eastern Gardens Cooperative Association as amended.

After reviewing said amended Bylaws, I am of the opinion that said Bylaws comply with the statutory requirements of the State of California Corporations Code. I am of the further opinion that once said amended Bylaws have been properly executed by the appropriate officers and/or directors of Eastern Gardens Cooperative Association that said Bylaws as amended will be legally binding instruments.

If you request any additional information regarding this opinion, please do not hesitate to contact me at the telephone number or address written hereinbelow.

Very truly yours,

QUATTRIN, JOHNSON, CAMPORA & ENGLAND


MORRISON C. ENGLAND, JR.

MCE/js

cc: Sharon Corwin



U.S. Department of Housing and Urban Development

Sacramento Office, Region IX
777 12th Street, Suite 200
Sacramento, California 95814-1997

Sharon Corwin
Property Manager
FPI Management, Inc.
25 Cadillac Drive
Sacramento, CA 95825

FEB 21 1992

Dear Ms. Corwin:

SUBJECT: Eastern Gardens Cooperative
Project No.: 136-35167
By Laws, Occupancy Agreement, Member Regulations

We have reviewed and approved the By Laws, Occupancy Agreement, and Member Regulations for the subject property. Please execute the documents and return a copy for our file.

If you have any questions, please contact Bill Coleman, of my staff, at (916) 551-1385.

Very sincerely yours,

A handwritten signature in cursive script that reads "Freddie D. Bell".

 Freddie D. Bell
Acting Chief
Multifamily Loan Management

November 1, 1991

Board of Directors and Members of
Eastern Gardens Cooperative

Re: By-Laws

Attached is a copy of the revised "By-Laws" for your review. Each page has been marked "DRAFT" to prevent any confusion with the existing By-Laws. To aid you in the review of this document, itemized below are the changes that were made.

1. Article III, Section 4: Omitted sentence beginning "The status of the incorporators as members . . ."
2. Article III, Section 8 (b): Re-wrote ". . . immediate family shall mean a member's husband, wife, mother, father, brothers, sisters, children, and grandchildren."
3. Article III, Section 8 (c): Omitted two words, "floor finishing".
4. Article III, Section 8: Omitted paragraph (e) (2) under Transfer Value.
5. Article IV, Section 4: Under Notice of Meetings, changed "place of address" to read "his or her last known address."
6. Article IV, Section 5: Under Quorum, omitted words "either" and "or by proxy" from first sentence.
7. Article IV, Sections 6 and 7: Under both Adjourned Meetings and Voting, omitted words "either in person or by proxy" from the first and third sentences, respectively. Added sentences: "Members wishing to vote with an absentee ballot must request ballot (either in person or by mail) at least 10 days prior to the regular vote date. Absentee ballots must then be enclosed within the envelope marked "BALLOT" which is then placed in addressed envelope and either mailed or delivered to the Cooperative office at 3045 Eastern Avenue, Sacramento, CA 95821, at least 24 hours prior to balloting."
8. Article IV: Omitted Section 8, Proxies.

9. Article V, Section 1: Omitted words "a majority" and amended the end of the paragraph to read: "In addition to the five Directors, two other members shall be elected to serve as alternate directors in the absence of a regular Board Member. The alternate shall attend all meetings of the Board of Directors when a regular Board member is absent and shall have full voting privileges in such instances only."
10. Article V, Section 3: Under Election and Term of Office, omitted sentences 2, 3, and 4; and added "Upon election of seven members, those five members receiving the highest number of votes shall constitute the Board of Directors, and the other two members will be alternates."
11. Article V, Section 13, Safeguarding Subscription Funds was omitted from the By-Laws.
12. In the new By-Laws, Article XI, concerning "Community Facility Provisions," commencing on page 12 and continuing on pages 13 and 14, was reinstated to the By-Laws, having been omitted in the 1985 revisions.

AT THE REGULAR GENERAL MEETING ON NOVEMBER 12, 1991, AT 7 P.M. IN THE CLUB HOUSE, WE WILL DISCUSS AND VOTE ON THE ABOVE LISTED CHANGES TO THE BY-LAWS. IF THE NEW BY-LAWS ARE NOT ACCEPTED AS WRITTEN, AND ADDITIONAL CHANGES ARE REQUESTED AND AFFIRMATIVELY VOTED ON, ANOTHER MEETING WILL BE SCHEDULED FOR NOVEMBER 29, 1991, TO VOTE ON ACCEPTANCE OF BY-LAWS, PLUS NEW CHANGES, AS A WHOLE.

COMMITTEE FOR REVIEW OF DOCUMENTS

BY LAWS
OF
EASTERN GARDENS COOPERATIVE

ARTICLE I

NAME AND LOCATION OF CORPORATION

Section 1. The name of this Corporation is Eastern Gardens Cooperative. Its principal office is located at 3045 Eastern Avenue, Sacramento, California 95821.

ARTICLE II

PURPOSE

Section 1. The purpose of this Corporation is to provide its members with housing and community facilities, if any, on a nonprofit basis consonant with the provisions set forth in its Certificate 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 a Subscription Agreement and Occupancy Agreement in the usual form employed by the Corporation covering a specific unit in 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 shall be deposited promptly without deduction in a special account or accounts of the Corporation as escrowee or trustee for the Subscribers to Membership, which moneys shall not be 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 a bank whose deposits are insured by an agency of the Federal Government. 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 or her under such Agreement; or
- (b) Applicants for 112 dwelling units (or such lesser number as 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. The members shall consist of 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 authorized membership of the Corporation shall consist of 112 regular memberships.

Section 5. Membership Certificates. Each membership certificate shall state the Corporation is organized under the laws of the State of California, 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, 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 share 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 or her 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 Memberships. 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. In all transfers of membership the Corporation shall be entitled to a fee it deems appropriate to compensate it for the processing of the transfer.

- (a) Death of Member. If, upon death of a member, his or her 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 Occupancy Agreement, where required by the Administration, within sixty (60) days after 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. In addition to the above, whereby membership is automatically transferred by will or intestate succession, any membership held in joint tenancy shall pass to the survivor and all of the rights, duties, and obligations of said membership shall inure to the benefit of said survivor.
- (b) Transfer to Immediate Family Member. If a member desires to leave the cooperative, he or she may transfer his or her membership in the corporation to a member of his or her immediate family. Such transfer of membership shall be effective upon approval of the Board of Directors and upon the transferee assuming in writing the terms of the Subscription Agreement and the Occupancy Agreement. For the purpose of this section, immediate family shall mean a member's husband, wife, mother, father, sisters, brothers, children, and grandchildren.
- (c) Option of Corporation to Purchase. If the member desires to leave the project, he or she shall notify the Corporation in writing of such intention and the Corporation shall have an option for a period of thirty (30) days commencing the first day of the month following the giving of such notice, 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, 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.

- (d) Procedure Where Corporation Does Not Exercise Option. 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 or her 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 Subscription Agreement and Occupancy Agreement, the retiring member shall be released of his or her obligations under his or her Occupancy Agreement, provided he or she has paid all amounts due the Corporation to date.

- (e) Transfer Value. Whenever the Board of Directors elects to purchase a membership, the term "transfer 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.
- (2) The amount of principal amortized by the Corporation on its mortgage indebtedness and attributable to the dwelling unit involved as paid by the member involved and previous holders of the same membership. Whenever a member who has received rent supplement and/or Section 8 assistance sells his or her membership, the amount of such assistance shall be deducted from the transfer value to which such member would otherwise be entitled as follows:
 - (i) A portion of that amount of principal amortized as determined in (e) (2) above, will not be made available to the member. The amount so withheld shall be determined by multiplying the amortized principal attributable to the unit by the quotient of the total rent supplement and/or Section 8 assistance to the member divided by the total monthly carrying charges the member was obligated to pay under his or her Occupancy Agreement and would have paid if he or she had not received rent supplement and/or Section 8 assistance.
 - (ii) In the event the Corporation exercises its option to purchase the membership pursuant to paragraph (c) above, an amount computed in accordance with (i) above shall be withheld from the proceeds of such sale and retained by the Corporation.

- (iii) In the event the member sells his membership pursuant to paragraph (d) above, the selling member and the purchaser who purchases from such member shall jointly certify to the Corporation as to the sales price of the membership in such manner and in such form as may be required by the Corporation. An amount equal to the amount computed in accordance with (i) above shall be paid to the Corporation prior to the Corporation's release of such member's obligation under his or her Occupancy Agreement and the transfer of his or her membership to the new owner; provided, however, that in the event the sales price does not exceed the total paragraphs (e)(1) above, then the selling member shall be entitled to receive the full amount of the sales price.
- (iv) All funds received by the Corporation representing withheld amortized principal attributable to rent supplement and/or Section 8 payments shall be deposited in a special account by the Corporation and disbursed as directed by the Federal Housing Administration.

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 or her membership certificate and his or her 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 hereinabove defined) or the amount the retiring member originally paid for the acquisition of his or her membership certificate, whichever is the lesser, or (2) proceed with reasonable diligence to effect a sale of the membership to a purchaser and at a sales 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, 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) 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 or her endorsed membership certificate, said membership certificate shall forthwith be deemed to be canceled and may be reissued by the Corporation to a new purchaser.

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 was held on December 5, 1971. Thereafter, the annual meetings of the Corporation shall be held on the second Tuesday of December each succeeding year. At such meeting there shall be elected by 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, in his or her absence, to any other available Board member, or at the request of the Federal Housing Commissioner or his or her 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.

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 it is to be held, to each member of record, at his or her address as it appears on the membership book of the Corporation, or if no such address appears, at his or her last known address, at least 10 but no more than 60 days prior to such meeting (the number of days notice to comply with state statute). Service may also be accomplished by the delivery of any such notice to the member at his or her 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 in person of at least 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 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 15 percent.

Section 7. Voting. At every meeting of the regular members, each member present, either in person or by absentee ballot, shall have the right to cast one vote on each question and never more than one vote. Members wishing to vote with an absentee ballot must request ballot (either in person or by mail) at least 10 days prior to the regular vote date. Absentee ballots must then be enclosed within the envelope marked "BALLOT" which is then placed in addressed envelope and either mailed or delivered to the Cooperative office at 3045 Eastern Avenue, Sacramento, CA 95821, at least 24 hours prior to balloting. Where husband and wife are joint members, each shall be entitled to cast a one-half vote. The vote of the majority of those present shall decide any questions brought before such meeting, unless the question is one upon which, by express provision of statute or of the Certificate 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 to be elected to the Board of Directors who is shown on the books or management account of the Corporation to be more than 30 days delinquent in payments due the Corporation under his or her Occupancy Agreement.

Section 8. 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) Report of committees.
- (f) Election of inspectors of election.
- (g) Election of directors.
- (h) Unfinished business.
- (i) 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 Qualification. The affairs of the Corporation shall be governed by a Board of Directors composed of five persons, all of whom shall be members of the Corporation. In addition to the five Directors, two other members shall be elected to serve as alternate directors in the absence of a regular Board Member. The alternate shall attend all meetings of the Board of Directors when a regular Board member is absent and shall have full voting privileges in such instances only.

Section 2. Powers and Duties. The Board of Directors 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 to the following:

- (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 HUD 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 HUD Administration and with a majority vote of the membership 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 and the Certificate of Incorporation and the Regulatory Agreement.

Section 3. Election and Term of Office. The term of the Directors shall expire when their successors have been elected at the annual meeting or any special meeting called for that purpose. The Directors shall hold office until their successors have been elected and hold their first meeting: At the discretion of the Board, two (2) Directors shall continue in office for a period not to exceed one additional year. Upon election of seven members, those five members receiving the highest number of votes shall constitute the Board of Directors, and the other two members will be alternates.

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 a 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.

Section 5. Removal of Directors. At any regular or special meeting duly called, any Director(s) may be removed with or without cause by the affirmative vote of the majority of the entire regular membership of record and a successor(s) may then and there be elected to fill the vacancy(ies) thus created. Any Director(s) 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 or her carrying charges shall be automatically terminated and the remaining Directors shall appoint his or her 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 have been 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 Meetings. 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 such meeting.

Section 9. Special Meeting. 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 telegraph, which notice shall state the time, place (as herein above provided) and the 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/her 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 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, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Directors may appoint an assistant treasurer, and an assistant secretary, and such other officers as in their judgement may be necessary. (In the case of a corporation of one hundred members or less the offices of Treasurer and Secretary may be filled by the same person.)

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 or her 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 or 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 do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him or 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; the Secretary shall have the custody of the seal of the Corporation; and shall have charge of the stock transfer books and of such other books and papers as the Board of Directors may direct; and he or she 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

RIGHTS OF FEDERAL HOUSING ADMINISTRATION

Section 1. 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.

ARTICLE VIII

AMENDMENTS

Section 1. 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 (HUD). 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

Section 1. 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 X

FISCAL MANAGEMENT

Section 1. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January 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 (HUD).

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 members.

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 either the President or the Vice President, and all checks shall be executed on behalf of the Corporation by (1) either the President or the Vice President, and countersigned (2) by either the Secretary or the Treasurer.

ARTICLE XI

COMMUNITY FACILITY PROVISIONS

Section 1. Notwithstanding any provisions herein to the contrary, upon the payment in full of each FHA-insured mortgage executed by the Corporation and the release of the dwelling units included therein to the respective members, the following provisions of these By-Laws

shall apply to such members, and to all members upon payment in full of all FHA-insured mortgages executed by the Corporation.

Section 2. Membership.

- (a) Members. Members shall consist of the owners of the dwelling units who have been approved for membership by the Board of Directors, and who have paid for their membership and received membership certificates, and such other persons to whom memberships have been transferred as provided herein.
- (b) Transfer of Membership. Except as herein provided, memberships are not transferable or assignable:
 - 1. The Board of Directors shall determine the membership value (hereinafter called the "Membership Fee") at which same may be transferred.
 - 2. Subject to the prior approval of the Board of Directors, memberships may be permanently transferred by members to any of the following, in the order listed:
 - a. To the purchaser or lessee of the member's dwelling unit.
 - b. To the applicant for membership at the top of a waiting list maintained by the Board of Directors.
- (c) Temporary Transfers. Subject to the prior approval of the Board of Directors, a member may temporarily assign his or her membership to his or her lessee for a designated period of time provided, however, that the member making the temporary assignment remains obligated to the Corporation for the payment of all assessments and other charges approved by the membership, and for the payment of the lessee's dues. Any delinquency in payment of dues, assessment and such other charges shall be subject to the provisions of paragraph (d) hereof.
- (d) Termination of Membership. Any member failing to pay annual dues, assessments or other charges duly approved by the Board of Directors within thirty (30) days after notification of delinquency has been mailed to him/her at the address appearing on the records of the Corporation shall be suspended by the Board of Directors. Any person thus suspended shall be notified promptly in writing by the Secretary of his or her suspension, and if the amounts due and payable are not paid within fifteen (15) days after the sending of such notice he or she shall cease to be a member of the Corporation and shall not be entitled to the privileges accorded to members. The Corporation shall be obligated, after reassignment and sale of said membership to return the Membership Fee less amounts due. (The Board of Directors, in its discretion, may reinstate any member upon request and payment of all amounts in arrearage.) The Board of Directors, at its discretion, may cancel the membership of

any member upon the return of the Membership Fee provided, however, that the member may be reinstated upon appeal and approval of reinstatement by the majority of the members present at a regular or special meeting. The Corporation shall not be obligated to refund any membership fee to any member except as provided herein.

Section 3. Directors. The Board of Directors shall have 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 promulgate such rules and regulations pertaining to the use and operation of the community facilities which are consistent with these By-Laws and the Certificate of Incorporation.
- (b) To establish the annual dues, assessments and charges for the operation and maintenance of the community facilities and any other property, real or personal, owned by the Corporation.

Approved by H.U.D. February 21, 1992