

**CITATION GARDENS COOPERATIVE # 6**  
**By-Laws**  
*(Restated January 23, 2006)*

**INDEX**

<b>ARTICLE I</b>	<b>Name and Location of Corporation</b>	
<b>ARTICLE II</b>	<b>Purpose</b>	
<b>ARTICLE III</b>	<b>Membership</b>	
	Section 1	Eligibility
	Section 2	Members
	Section 3	Transfer of Membership
	Section 4	Termination of Membership
<b>ARTICLE IV</b>	<b>Meeting of Members</b>	
	Section 1	Place of Meetings
	Section 2	Annual Meetings
	Section 3	Special Meetings
	Section 4	Notice of Meetings
	Section 5	Quorum
	Section 6	Adjourned Meetings
	Section 7	Voting
	Section 8	Proxies
	Section 9	Order of Business
	Section 10	Robert's Rules of Order
<b>ARTICLE V</b>	<b>Directors</b>	
	Section 1	Number and Qualifications
	Section 2	Powers and Duties
	Section 3	Election and Term of Office
	Section 4	Vacancies
	Section 5	Removal of Directors
	Section 6	Compensation
	Section 7	Organizational Meeting
	Section 8	Regular Meetings
	Section 9	Special Meetings
	Section 10	Waiver of Notice
	Section 11	Quorum
	Section 12	Fidelity Bonds
	Section 13	Voting Requirements on Certain Matters

**ARTICLE VI**

**Officers**

Section 1	Designation
Section 2	Election of Officers
Section 3	Removal of Officers
Section 4	President
Section 5	Vice President
Section 6	Secretary
Section 7	Treasurer
Section 8	Delegation

**ARTICLE VII**

**Membership Certificate**

Section 1	Authorized Certificates
Section 2	Membership Certificates
Section 3	Market Value
Section 4	Lost Certificates
Section 5	Transfer of Certificate
Section 6	Lien

**ARTICLE VIII**

**Amendments**

**ARTICLE IX**

**Corporate Seal**

**ARTICLE X**

**Fiscal Management**

Section 1	Fiscal Year
Section 2	Books and Accounts
Section 3	Auditing
Section 4	Inspection of Books
Section 5	Execution of Corporate Documents

**ARTICLE XI**

**Rules For Conduct of Affairs**

**ARTICLE XII**

**Contractual Powers**

**ARTICLE XIII**

**Private Property Exemption**

CITATION GARDENS COOPERATIVE # 6

**By-Laws**

*(Restated January 23, 2006)*

ARTICLE I

Name and Location of Corporation

Section 1 The name of this Corporation is CITATION GARDENS COOPERATIVE CORPORATION NO. 6, located at 1776 S. Palo Verde Ave."C", "D", "E" and 1705 S. Jones Blvd. "F", Tucson, Arizona, 85713.

ARTICLE II

Purpose

Section 1 The purpose of this Corporation is to provide its Members with housing on a nonprofit basis consonant with the provisions set forth in its Articles of Incorporation.

ARTICLE III

Membership

Section 1 Eligibility:

Any natural person who has provided the required financial and background check verification and is 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 housing community.

Section 2 Members:

The authorized membership of the Corporation shall consist of eighty-seven (87) holders of Membership Certificates. Members shall consist of such persons as have been approved for membership by the Board of Directors and who have fully paid for and received Membership Certificates which shall remain unencumbered, and have executed an Occupancy Agreement in the usual form employed by the Corporation covering a specific Unit in the housing community.

Section 3 Transfer of Membership:

Except as provided herein, membership shall not be transferable.

a. Death of Member

If, upon death of a Member, his certificate in the Corporation passes by will or

intestate distribution to a member of his immediate family or other heir, such legatee or distributee may, by assuming in writing the terms of the Occupancy Agreement within six (6) months after Member's death, and paying all amounts due thereunder, may become a Member of the Corporation. Such legatee/devisee shall however, be required to provide the required financial and background check verification before meeting the Board to determine eligibility to be a Member.

If a Member dies and an obligation is not assumed in accordance with the foregoing, then the Corporation shall have an option to purchase the certificate from the deceased Member's estate in the manner provided in Paragraph b. of this Section, written notice of 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 referenced to the legal representative of the deceased Member.

**b. Option of Corporation to Purchase**

If the Member desires to leave the community, 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 Member's certificate and right of occupancy purchase, at an amount to be determined by the Corporation as representing the market value, less any amounts due by the Member to the Corporation. The purchase by the Corporation of the Member's certificate will immediately terminate the Member's rights and the Member shall forthwith vacate the premises.

**c. Procedure Where Corporation Does Not Exercise Option**

If the Corporation waives in writing its right to purchase the Membership Certificate under the foregoing option, or if the Corporation fails to exercise such option within a thirty (30) day period, the Member may sell his Membership Certificate to any person who has been duly approved by the Corporation as a Member and executes an Occupancy Agreement.

If the Corporation agrees, at the request of the Member, to assist the Member in finding a purchaser at a price designated in writing by the Member, 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 to the Corporation to date.

**Section 4**

**Termination of Membership:**

In the event the Corporation has, pursuant to the provisions of the Occupancy Agreement, terminated the rights of a Member under said Occupancy Agreement and repossessed the dwelling Unit, 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 certificate at its market value as determined by the Corporation as representing market value or (2) proceed with reasonable diligence to effect a sale of the Member's rights under such certificate to a purchaser and at a sale price acceptable to the Corporation. The retiring Member shall be entitled to receive the market value [if the Corporation has exercised election (1) above] or the sale price [if the Corporation has exercised (2) above] but in either case 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. legal and other expenses incurred by the Corporation with the default of such Member and the resale of his/her certificate.

## ARTICLE IV

### Meetings of Members

#### Section 1 Place of Meetings:

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

#### Section 2 Annual Meetings:

The annual meeting of the Members shall be held the third Thursday in March of a calendar year (or alternate date as determined by the Board of Directors). 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 percent (20%) (18) 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.

**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, who is in residence at his or her address as it appears on the Corporation records or, if no such address appears, at his or her last known place of address, at least ten (10), but not more than forty (40) days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served. In the case of an election of members of the Board Directors, or other matters requiring a vote of the Members, a ballot will be included with the notice.

**Section 5**      **Quorum:**

The presence, either in person, by proxy, or by official absentee ballot, of at least twenty-five percent (25 %) (22) of the Members of record of the Corporation shall be requisite for, and shall constitute a quorum for the transaction of business of all meetings of Members.

**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 (48) hours from the time the original meeting was called; and those who attend such an adjourned meeting, although less than a majority of the membership, shall nevertheless constitute a quorum for the purpose or purposes of said meeting, provided at least twenty percent (20 %) (18) of the membership is present either in person or by proxy.

**Section 7**      **Voting:**

At every meeting of the Members, each Member, either present in person, by proxy, or by official absentee ballot, shall have the right to cast one vote on each question, and never more than one vote, without regard to the amount of shares standing in the name of the Member on the books of the Corporation. The vote of the majority of those either present in person, by proxy, or by official absentee ballot 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 to be elected to the Board of Directors who is shown on the books or management accounts of the Corporation to be more than thirty (30) days in arrears in payments due to the Corporation under his or her Occupancy Agreement.

**Section 8**      **Proxies:**

A Member may appoint a Member of his or her immediate family (as defined by the Board of Directors) or any other Member of the Corporation as a proxy. But in no case may a Member cast more than one vote by proxy in addition to his or her vote. The proxy must be in a form issued by the Corporation. All proxies must be filed in writing with the Secretary prior to the President calling the meeting to order.

## Section 9

### Order of Business:

The order of business at meetings of the Members may be as follows:

- a. Roll Call
- b. Proof of notice of meeting or waiver of notice
- c. Reading of minutes of preceding meeting
- d. Report of Officers
- e. Report of Management Company
- f. Report of Committees
- g. Appointment of inspectors of election
- h. Election of Directors or other matters
- i. Unfinished business
- j. New business

## Section 10 Robert's Rules of Order:

At any meeting of Members, Robert's Rules of Order shall be used as a reference when a situation arises that is not covered by these By-Laws.

## ARTICLE V

### Directors

#### Section 1 Number and Qualification:

The affairs of the Corporation shall be governed by a Board of Directors composed of five (5) persons who are Member Occupants of Citation Gardens Cooperative Corporation No. 6. Two or more individuals from any single dwelling Unit may not serve on the same Board of Directors. Any Director not in good standing, or more than thirty (30) days in arrears in payment of Carrying Charges or other fees as shown on the Corporation's records, shall be automatically removed from the Board and the vacancy filled per Section 4.

#### Section 2 Powers and Duties:

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. In no case shall a majority vote of the Members be overruled by the Board of Directors. The powers and duties of the Board of Directors shall include but not be limited to:

- a. accepting or rejecting all applications for membership and admission to occupancy of a dwelling Unit in the cooperative housing community, either directly or through an authorized representative;

- b. establishing monthly Carrying Charges prescribed in the Occupancy Agreement, based on an annual operating budget formally adopted by such Board;
- c. establishing a general operating reserve that is maintained by allocation and payment thereto monthly of an amount equivalent to not less than three percent (3%) of the monthly amount otherwise chargeable to the Members pursuant to their Occupancy Agreements. This reserve shall remain in a special account and may be in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal and interest by the United States of America, and shall at all times be under the control of the Corporation. The Reserve Account shall contain a minimum of \$1,000.00 per Unit at all times. This cumulative reserve is intended to provide a measure of financial stability during periods of special stress and may be used to meet deficiencies from time to time as a result of delinquent payment by individual Members, to provide funds for the repurchase of the certificates of withdrawing Members and other contingencies.
- d. establishing a contingency reserve that is maintained by allocations and payments thereto monthly of amounts determined from time to time for the purpose of replacement of structural elements and mechanical equipment of the Corporation and for such other purposes as may be required;
- e. prohibiting the subleasing or renting of a dwelling Unit;
- f. managing parking spaces;
- g. adopting and publishing 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;
- h. retaining and paying for legal and accounting services necessary or proper in the operation of the Corporation's common elements' property and facilities, enforcement of these By-Laws and the Occupancy Agreement, or in any other duties or rights of the Corporation;
- i. procuring and maintaining adequate hazard, liability, and extended coverage insurance on all Corporation property and other insurance as required for Directors and Officers and/or employees, etc.;
- j. employing a Manager or Managing Agent, independent contractors, or other employees as they deem necessary and to prescribe the duties of such persons.

**Section 3 Election and Term of Office:**

At the first annual meeting of the Members, the terms of office of two (2) Directors were fixed at three (3) years, the terms of office of two (2) Directors were fixed at two (2) years, and the term of office of one (1) Director was fixed at one (1) year. At the expiration of the initial term of office of each respective Director, his/her 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. Each respective Director will not be eligible for re-



election by the Members after serving two consecutive terms of office.

**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 Members 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.

**Section 5**      **Removal of Directors:**

Any one or more of the Directors elected by the Members may be removed with or without cause, unless removal has been by express provision of ARTICLE V, Section 1 of these By-Laws at any time by a vote of the majority of the entire membership of the Corporation at any regular or special meeting duly called; 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 the opportunity to be heard at the meeting.

Any individual who by definition has ceased to be a Member of the Corporation may be removed from the Board of Directors with or without cause by a majority vote of the members of the Board of Directors at any regular or special meeting duly called, and a successor may be immediately appointed by a vote of the remaining Directors to fill the created vacancy at the same meeting or any succeeding meeting, and each person so elected shall be a Director until a successor is elected by the Members at the next annual meeting.

**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. A Director may not be an employee of the Corporation.

**Section 7**      **Organizational 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 the 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 electronic conveyance, 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 electronic conveyance, 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 (3) 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 or her at 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, unless the question is one upon which by express provision of Section 13 a. of these By-Laws a different vote is required, in which case such express provision shall govern and control. 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 to another 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 Corporation shall secure adequate fidelity bonds on all officers and employees of the Corporation handling or responsible for Corporate funds. The premiums of such bonds shall be paid by the Corporation.

**Section 13**    **Voting Requirements on Certain Matters:**

- a.    A vote of four (4) out of the five (5) members of the Board of Directors must approve the following acts:
- (1) Hire/Fire of Property Manager;
  - (2) Determine regular and special Carrying Charges due from the Members;
  - (3) Adopt the annual operating and reserve budget;
  - (4) Approve disbursements totaling in excess of twenty percent (20%) of total balance in the general operating reserve as of the close of the preceding annual period; and
  - (5) Bring before the Members for vote of approval any proposed expenditure of more than \$10,000.00 on a capital improvement for a common element amenity.

- b.    In the event the Board of Directors votes to terminate the Property Manager's contract and to hire another Property Manager, it shall obtain competitive bids from

other Property Managers, shall interview candidates and, upon the vote of four (4) out of the five (5) members of the Board of Directors, approve the contract for the replacement Property Manager. All contracts for a Property Manager shall be in writing and shall provide for termination provisions agreeable to both parties.

- c. All other actions undertaken by the Directors shall be approved by the majority of the Board of Directors present at a meeting at which a quorum is present.

## 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 judgment may be necessary. One person may hold the office of Secretary and Treasurer.

#### Section 2 Election of Officers:

The officers of the Corporation shall be elected annually by the Board of Directors at the organizational 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 of Directors 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 Members 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 another member of the Board to do so on an interim basis. The Vice President shall also perform such 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; he or she shall have charge of the certificate 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 Corporation 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.

**Section 8**     **Delegation:**

The Board may delegate the duties listed in Sections 6 and 7 above or other duties to a Manager or Managing Agent, or other; however, such delegation shall not relieve any member of the Board of his or her responsibility for such duties.

**ARTICLE VII**

**Membership Certificates**

**Section 1**     **Authorized Certificates:**

- a.     The Corporation shall issue a total of eighty-seven (87) Membership Certificates in accordance with the procedures set forth in these By-Laws.

**Section 2**     **Membership Certificates:**

Each certificate shall state that the Corporation is organized under the laws of the State of Arizona, and the name(s) of the registered holder(s) of the certificate represented thereby. The certificates may be consecutively numbered, bound in one or more books, or other, and shall be issued therefrom upon certification that they are fully paid and unencumbered. Every certificate shall be signed by the President or Vice President, and the Secretary, and shall be sealed with the corporate seal. Only one (1) shall be issued for each Unit regardless of the number of Members registered.

**Section 3**     **Market Value:**

Whenever the Corporation elects to purchase the certificate of a Member as set forth in Article III, Sections 3 and 4 of these By-Laws, market value shall be determined from comparable sales at the time of the proposed purchase of the certificate by the Corporation.

**Section 4**     **Lost Certificates:**

The Board of Directors may direct a new certificate to be issued in place of any certificate

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(s) claiming the certificate to be lost or destroyed. When authorizing such issuance of a new certificate, the Board of Directors may, in its discretion, and as a condition precedent to the issuance thereof, require the registered owner(s) of such lost or destroyed certificate, or his (their) legal representatives, 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 5**      **Transfer of Certificates:**

No transfer of Membership Certificates shall be made upon the books of the Corporation within ten (10) days next preceding the annual meeting of the Members.

**Section 6**      **Lien:**

The Corporation shall have a lien on the Membership Certificates 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.

**ARTICLE VIII**

**Amendment**

**Section 1**

These By-Laws may be amended by two-thirds (2/3) vote of the Members present, either in person, by proxy, or by official absentee ballot and voting at any regular or special meeting, provided that a quorum as prescribed in Article IV, Section 5 herein, is present at any such meeting. Amendments may be proposed by the Board of Directors or by petition signed by at least twenty percent (20%) (18) of the Members. A statement of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment shall 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 the Secretary's charge. If so directed by the Board of Directors, the seal may be kept and used by the Treasurer or an Assistant Secretary or Assistant Treasurer or Property Manager.

**ARTICLE X**

**Fiscal Management**

**Section 1**      **Fiscal Year:**

The fiscal year of the Corporation shall begin on the 1st day of January every year, except that the first fiscal year of the Corporation began at the date of incorporation.

**Section 2 Books and Accounts:**

Books and accounts of the Corporation shall be kept under the direction of the Treasurer.

**Section 3 Auditing:**

At the discretion of the Board of Directors, or upon the vote or written request of twenty-five percent (25%) (22) of the Members, the Board shall contract with a private accounting firm to audit the books of the Corporation.

**Section 4 Inspection of Books:**

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

**ARTICLE XI**

**Rules For Conduct of Affairs**

The following provisions are hereby adopted for the conduct of affairs of the Corporation and in regulation of the powers of the Corporation, the Directors and Members:

- a. The Corporation shall not, without prior approval of not less than eighty percent (80%) of the entire Membership, given in writing: (1) sell, assign, transfer, dispose of or encumber with a mortgage any real or personal property; (2) remodel, reconstruct, demolish or subtract from the premises constituting the community; (3) permit the occupancy of any of the dwelling accommodations of the Corporation except at the charges fixed by the current operating budget and Occupancy Agreement; (4) permit occupancy of any of the dwelling accommodations of the Corporation except by a member of the Corporation; (5) consolidate or merge the Corporation into or with any other Corporation; go into voluntary liquidation; carry into effect any plan of reorganization of the Corporation; or effect any changes whatsoever in its capital structure; (6) fail to establish and maintain the general operating reserve and contingency reserve as set forth herein; (7) incur liabilities (direct or contingent) which will at any time exceed in the aggregate \$100,000.00; (8) fail to provide for the management of its housing community; or (9) invest any funds of the Corporation in any property, real, personal or mixed, except obligations of, or fully guaranteed as to principal and interest by, the United States of America.

- b. Monthly Carrying Charges charged to Members during the occupancy period shall be made by the Corporation in accordance with the Board approved operating budget established annually. Such charges shall be in an amount sufficient to meet the Board of Directors' estimate of cooperative management expense, operating expense and maintenance expense, debt service, taxes, special assessments and ground rents, if any, reserves and all other expenses of the Corporation. The operating budget shall set forth the anticipated income of the Corporation and a sufficiently detailed estimate of expenses which will include separate estimates for administration expense, operating expense, maintenance expense, utilities, hazard insurance, taxes and assessments, interest and amortization, ground rent, operating reserve and contingency reserve. The Corporation shall not permit occupancy of its accommodations except in accordance with a schedule of charges approved by the Board of Directors; nor shall occupancy be permitted by the Corporation except upon the execution of an Occupancy Agreement. The property of the Corporation shall not be rented as an entirety. Commercial accommodations and non-dwelling facilities, if any, shall be rented only according to a schedule of charges fixed by the Board of Directors.
- c. No compensation or fee shall be paid by the Corporation except for necessary services and except at such rate as is fair and reasonable in the locality for similar services, nor shall any compensation be paid by the Corporation to its Officers, Directors, or Members, except with such prior written approval of the Board of Directors. No Officer, Director, Member, agent or employee of the Corporation shall in any manner become indebted to the Corporation, except on account of approved occupancy charges.
- d. The Corporation shall maintain its property, the grounds, buildings, and equipment appurtenant thereto, in good repair and in such condition as will preserve the health and safety of its resident Members.
- e. The Corporation shall not execute or file for record any instrument which imposes a restriction upon the sale of a Membership Certificate or occupancy of a dwelling Unit on the basis of race, color, religion, sex, handicap, familial status, or national origin.

## ARTICLE XII

### Contractual Powers

No contract or other transaction between this Corporation and any other corporation and no act of this Corporation shall in any way be affected or invalidated by the fact that any of the Directors or officers of this Corporation are pecuniarily or otherwise interested in, or are directors or officers of such other corporation; any Directors individually, or any firm of which any Director may be a member, may be a party to, or may be pecuniarily or otherwise interested in, any contract or transaction of this Corporation, provided the fact that he or she or such firm is so interested shall be disclosed in the minutes of this Corporation and any Director of this Corporation, who is also a director or officer of such other corporation or who is so interested may be counted in determining the existence of a quorum at any meeting of the Board of Directors of this Corporation, which shall authorize any such contract or transaction, provided, however, such Director may not vote thereat to authorize any such

contract or transaction.

### ARTICLE XIII

#### Private Property Exemption

The private property of each and every Member, Director, or officer, real or personal, tangible and intangible, now owned or hereafter acquired by such Members, Directors, and officers is and shall be forever exempt from all debts of this Corporation, and no property of any kind whatsoever of any Member, Director or officer of this Corporation shall be subject at any time to any Corporation debt whatsoever.