

ARTICLES OF INCORPORATION  
and  
BYLAWS  
of  
COMMUNITY HOUSING LAND TRUST  
OF SANTA CRUZ COUNTY, INC.  
A California Nonprofit Public Benefit Corporation

*As Amended 11-13-06 & 4-28-08 & 10-7-11*

ARTICLES OF INCORPORATION  
OF  
COMMUNITY HOUSING LAND TRUST  
OF SANTA CRUZ COUNTY, INC.

A California Nonprofit Public Benefit Corporation

ARTICLE I

The name of this corporation is Community Housing Land Trust of Santa Cruz County, Inc.

ARTICLE II

This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law of California for charitable purposes.

A. The specific charitable purposes of this corporation are:

1. Community Housing Land Trust of Santa Cruz County, Inc. is dedicated to providing a broad range of housing opportunities, with emphasis on ownership, that will remain affordable in perpetuity to very low, low and moderate-income residents of Santa Cruz County.
2. To encourage and assist the efforts of very low, low and moderate-income residents of Santa Cruz County toward economic and social self-determination.
3. To expand and maintain the housing and employment opportunities of very low, low and moderate-income residents of Santa Cruz County.
4. To promote neighborhood stability and improvements of living conditions in the very low, low and moderate-income neighborhoods of Santa Cruz County.

5. To engage and encourage community-based development activities and projects for the benefit of very low, low and moderate-income residents of Santa Cruz County including, but not limited to:

- a. Conservation and management of land, buildings and other natural resources for the development of housing, employment opportunities, parklands and/or open space;
- b. Initiation and review of neighborhood planning efforts;
- c. Creation and retention of housing and employment opportunities;
- d. Sponsorship of educational seminars on housing, employment and economic development; and
- e. Provision of community services, skills training and job placement assistance.
- f. Responsible use of sustainable and renewable energy.

6. To foster and promote community-wide interest and involvement in the provision of adequate, affordable housing, the expansion of employment opportunities for very low, low and moderate-income residents of Santa Cruz County, and the improvement of the general quality of life in Santa Cruz County for all residents.

7. To encourage and assist the development and operation of neighborhood based organizations which are or have been established for the charitable purposes described above.

B. The general purposes and powers are to have and exercise all rights and powers conferred on nonprofit public benefit corporations under the laws of California, provided, however, that this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of this corporation.

### ARTICLE III

A. The Membership of the Corporation with full voting rights, shall be as follows:

- 1. The Initial Members, who shall have full voting rights at the First Annual meeting, shall be those persons who have attended at least one "organizing

meeting" from October, 1999 to April, 2000 inclusive, as determined by the initial Board of Directors from the minutes of such meetings.

2. The Voting Members, who shall have full voting rights in accordance with the bylaws subsequent to the First Annual Meeting, shall be:

a. All "Lessees," which term shall mean all persons who lease land or housing from the Corporation or who lease or own housing located on land leased by another entity from the Corporation.

b. All other persons who qualify as Voting Members under the Bylaws.

B. The authorized number and qualifications of members of this corporation, the different classes of membership, if any, the property, voting, and other rights and privileges of members, and their liability to dues and assessments, and the method of collection of dues and assessments shall be as set forth in the Bylaws.

#### ARTICLE IV

A. This corporation is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3), of the Internal Revenue Code. Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on (i) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law), or (ii) by a corporation, contributions by which are deductible under section 170(c)(2) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law).

B. No substantial part of the activities of this corporation shall consist of the carrying on propaganda, or otherwise attempting to influence legislation, nor shall this corporation participate in or intervene in any political campaign (including publishing or distribution of statements) on behalf of (or in opposition to) any candidate for public office.

#### ARTICLE V

The property of this corporation is irrevocably dedicated to charitable purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person. Upon the dissolution or winding up of the corporation, its assets remaining after

payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for charitable purposes, as similar as possible to the charitable purposes of this corporation, and which has established its tax exempt status under Section 501(c)(3), of the Internal Revenue Code.

#### ARTICLE VI

These Articles of Incorporation shall not be amended except with the vote or written consent of two-thirds of the Voting Members of the Corporation.

An amendment of the Articles of Incorporation may be proposed by a simple majority of either the Board of Directors or Membership of the Corporation. The entire Membership of the Corporation shall be duly notified of such proposal and such notification shall include notification of the closing date of voting as determined by the proposing body to allow reasonable time for members to study the proposal before voting.

#### ARTICLE VII

The name and address in the State of California for this corporation's initial agent for service of process is:

Patrick James Grube, Sr.

P.O. Box 7248

Santa Cruz California 95061-7248

The undersigned, being the Incorporator of COMMUNITY HOUSING LAND TRUST OF SANTA CRUZ COUNTY, INC., have executed these Articles of Incorporation on June 6th, 2000.

*(Signed)*

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Patrick James Grube, Sr.

IN WITNESS WHEREOF, the undersigned, being the incorporators of  
COMMUNITY HOUSING LAND TRUST OF SANTA CRUZ COUNTY, INC., and he  
initial directors named in the Articles of Incorporation, have executed these Articles  
of Incorporation on June 6th, 2000.

*(Signed)*

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Patrick James Grube Sr., Chair

*(Signed)*

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Maureen Smith, Vice Chair

*(Signed)*

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Tom Shaver, Secretary

*(Signed)*

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Charlotte Spitzer, Treasurer

*(Signed)*

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Charlie Phillips, Community Liaison

COMMUNITY HOUSING LAND TRUST  
OF SANTA CRUZ COUNTY, INC.

BYLAWS

*As Amended 11-13-06 & 4-28-08 & 10-7-11*

COMMUNITY HOUSING LAND TRUST  
OF SANTA CRUZ COUNTY, INC.  
BYLAWS

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## ARTICLE I:

### NAME AND PURPOSE

1. **Name.** The name of this organization shall be Community Housing Land Trust of Santa Cruz County, Inc., hereinafter referred to as the Corporation.
2. **Purpose.** The purpose of the Corporation shall be:
  - a) To provide opportunities for very-low, low and moderate-income people to secure housing that is decent and affordable and that is controlled by the residents, in perpetuity.
  - b) To preserve the quality and affordability of housing, in perpetuity, for very-low, low and moderate-income residents of the community.
  - c) To combat community deterioration in economically disadvantaged neighborhoods by promoting the development, rehabilitation, and maintenance of decent housing in these neighborhoods; by promoting economic opportunities for low income residents of these neighborhoods; by making land available for projects and activities that improve the quality of life in these neighborhoods; and by assisting residents of these neighborhoods in improving the safety and well-being of their community.
  - d) To protect the natural environment and to promote the ecologically sound use of land and natural resources and the long-term health and safety of the community.

## ARTICLE II:

### MEMBERSHIP

1. **Voting Members.** Subsequent to the first annual meeting, the Voting Members of the Corporation, with full voting rights, shall be:
  - a) The Lessee Members, who shall be all persons who lease land or housing, from the Corporation or who lease or own housing that is, located on land leased by another entity from the Corporation.
  - b) The Active Members, who shall be all other persons eighteen years of age or older, who have complied with the following requirements.
    - (1) Qualification as an Initial Member, as defined in the Articles of Incorporation or attendance at one of the "orientation meetings" that shall be scheduled from time to time by the Board of Directors for the purpose of introducing prospective members to the purposes and methods of the Corporation.
    - (2) Submission of membership application including a signed statement of

support for the purposes of the Corporation in a form to be determined by the Board of Directors.

- (3) Payment of dues as established by the membership for the current calendar year.

2. **Requirements for continuing Voting Membership.** To maintain Voting Membership beyond a person's first year of Voting Membership a person must ~~either be a Lessee Member or:~~

- a) Have attended at least ~~one~~ two (2) of the previous four (4) publicly held Corporation meetings or unless strongly unable to attend and ~~Meeting of the Membership, an approved Committee or Board of Directors during the previous twenty four months,~~ or have shown good cause for non-attendance and continuing interest in the Corporation (i.e. verifiable illness, family crisis, absence from county, etc.); and
- b) Have paid dues established for the current calendar year.

3. **Membership Dues.**

- a) Annual membership dues shall be assessed for each calendar year by an affirmative vote of a majority of the Voting Members present and voting at the Annual Meeting proceeding that year. If no such action is taken to assess dues for a given year, the dues for that year shall be as established for the previous year.
- b) Annual dues may be paid either in cash or through a contribution of labor to the organization. The Board of Directors shall determine the hourly rate at which labor will be credited as dues, and shall have the power to designate the types of labor that may be credited.

4. **Rights of Voting Members.**

- a) Every Voting Member shall have the right to participate in meetings of the Membership, to cast one vote on all matters properly put before the Membership for consideration, to nominate and participate in the election of the Board of Directors as provided by these Bylaws, to serve on the Board of Directors or on committees if chosen, to receive notices and minutes of Membership Meetings and Annual Reports of the Corporation.
- b) The assent of the Voting Members, in accordance with the Bylaws, shall be required before action may be taken on the assessment of membership dues. The sale of land, the establishment or alteration of the "resale formula," the amendment of the Articles of Incorporation or these Bylaws, and the dissolution of the Corporation.

5. **Supporting Membership.**

- a) Any person who has paid the annual dues established for the current calendar year but who does not wish to become a Voting Member or has not met all of the requirements of Voting Members shall be designated a Supporting Member of the Corporation.
- b) Supporting Members shall have all of the rights of Voting Members except the right to nominate and participate in the election of the Board of Directors and the right to vote on matters put before the Voting Members.

**6. Membership Meetings.**

- a) *Notice of Meetings.* Written notice of every Membership Meeting shall be given to all Regular and Supporting Members and shall include an agenda for the meeting. Except as otherwise provided in Article VIII of these Bylaws, notice shall be mailed at least seven days prior to a meeting.
- b) *Annual Meetings.* Subsequent to the First Annual Meeting, the Annual Meeting of the Membership, for reports to the Membership by the Board of Directors and Officers, the election of Directors, the assessment of dues, and the transaction of other business, shall be held in the fourth quarter of each year. The location and specific time of the Annual Meeting shall be determined by the Board of Directors. Notice of the Annual Meeting shall include a list of those persons nominated for the Board of Directors as provided in Article III of these Bylaws.
- c) *Regular Meetings.* Regular Meetings may be scheduled by the Voting Members at such times and places as they shall establish at the Annual Meeting.
- d) *Special Meetings.* Special Membership Meetings may be called by the Board of Directors or by a written petition, addressed to the Chair of the Corporation, signed by at least one tenth (10%) of the Voting Members. At a Special Meeting, only those matters stated on the agenda, as included in the notice of the meeting, may be acted upon by the Membership.
- e) *Open meetings.* All Membership Meetings shall be open to any person.
- f) *Minutes.* Minutes of all Membership Meetings shall be recorded by the Secretary of the Corporation or by another person designated by the Board of Directors. Minutes for every meeting shall be approved by the Voting Members at the next Membership Meeting.
- g) *Quorum.* A quorum shall consist of one third of the total Voting Members, as determined by the Secretary of the Corporation.
- h) *Decision-Making.* Whenever possible, decisions shall be made at Membership Meetings by the unanimous consent of the Voting Members present, a quorum being assembled. In the event that unanimity is not attained, a decision shall be made by an affirmative vote of a majority of the Voting Members present and voting, a quorum being assembled except as otherwise provided in these

Bylaws. Before a vote is held on any motion, the exact language of the motion shall be recorded by the Secretary and read to the membership, and all Members present shall have a reasonable opportunity to express their opinions on the proposition.

### ARTICLE III:

#### BOARD OF DIRECTORS

1. **Number of Directors.** Except for the initial Board named in the Articles of Incorporation the Board of Directors shall consist of no less than three (3) and no more than twelve (12) Directors.
2. **Composition of the Board.** There shall be three categories of Directors, each consisting of no less than one and no more than four Directors, ~~each, of one-third of the total Board~~ each category being approximately one-third of the composition of the Board. The three categories shall be Lessee Representatives. Representing Lessee Members, Active Representatives representing Active Members, and "Public Representatives" representing the interests of the general public.
3. **Nomination of Directors.** For all regular elections subsequent to the first Annual Meeting of the Membership, Directors shall be nominated as follows:
  - a) *Lessee Representatives.*
    - (1) Lessee Members may nominate Lessee Representatives to the Board from among themselves. These nominations must either be submitted in writing to the Secretary of the Corporation at least ten days prior to the Annual Meeting of the Membership or be made from the floor at the Annual Meeting.
    - (2) In the event there are no Lessee Members, Active Members may submit nominations for Lessee Representatives from among themselves in either of the ways described above for Lessee Members.
    - (3) If, at the Annual Meeting, after the chair has called for nominations for Lessee Representatives by Lessee Members, there are an insufficient number of nominees for the Lessee Representative positions to be filled, then Active Members may nominate candidates from among themselves or from among the Lessee Members to fill such position. Except as provided in this paragraph and in paragraph (2) above, Active Members may not nominate candidates for Lessee Representatives.
  - b) *Active Representatives.*
    - (1) Active Members may nominate Active Representatives to the Board, from among themselves. These nominations must either be submitted in

writing to the Secretary of the Corporation at least ten days prior to the Annual Meeting or be made from the floor at the Annual Meeting.

(2) If, at the Annual Meeting, after the chair has called for nominations for Active Representatives by Active Members, there are an insufficient number of nominees for the Active Representative positions to be filled, then Lessee Members may nominate candidates from among themselves or from among the Active Members to fill such position. Except as provided in this paragraph, Lessee Members may not nominate candidates for Active Representatives.

c) *Public Representatives.* At least ten days prior to the Annual Meeting, the board of Directors shall make nomination for Public Representatives to the Board or nominations may be made from the floor at the Annual Meeting.

d) *Notice of Nominations.* A list of all persons nominated in each of the three categories shall be included with the notice of the Annual Meeting.

4. **Election of Directors.** Directors shall be elected by a majority of the Voting Members present and voting at the Annual Meeting, a quorum being assembled, in accordance with the following procedures.

a) A separate vote shall be taken for each of the three categories of Board representatives: (1) Lessee Representatives. (2) Active Representatives, and (3) Public Representatives. If a person has been nominated in more than one category and is then elected in one category, his or her name shall be removed from the list of nominees in the remaining categories

b) Each Voting Member may vote for one nominee for each vacant position in each of the three categories of Board Representatives.

c) Positions shall be filled by those candidates receiving the largest numbers of votes, though such numbers may constitute less than a majority of the total votes cast.

5. **Vacancies.**

a) *Election to Fill Vacancies.* If any Director vacates his or her term or is removed from the Board, the remaining Directors (though they may constitute less than a quorum) may elect a person to fill the vacancy, or may, by unanimous agreement, decide to leave the position vacant until the next Annual Meeting of the Membership, provided the Board still includes at least three Representatives in each category. Elections to fill vacancies shall be by a Majority of the remaining Directors.

b) *Qualifications of Replacements.* Any person elected to fill a vacancy on The Board of Directors must be one who can be reasonably expected to represent the interests of the constituents in the category (Lessee, Active, or Public) in which a vacancy occurs.

- c) *Term of Replacements.* Replacement Directors elected by the Board shall serve until the next Annual Meeting of the Membership at which time the position shall be filled by a person elected, according to the procedures described in Sections 3 and 4 of this Article, to serve out the remaining term of the person who has vacated the position, or, in the event such term has expired, to serve a full term.

**6. Terms of Directors.**

- a) *Terms of first elected Directors.* After the election of Directors at the first Annual Meeting, each Director shall be assigned, by mutual agreement or by lot, to a one year or two-year term. In each of the three categories of Representatives, two Directors shall be assigned a one-year term and two shall be assigned a two-year term.
- b) *Terms of Successor Directors.* Except as otherwise provided in these Bylaws, each Director shall serve a full term of two years.
- c) *Commencement of Terms.* The term of office of a regularly elected Director shall commence at the adjournment of the Annual Membership Meeting in which he or she is elected. The term of office of a Director elected by the Board to fill a vacancy shall begin at the time of his or her acceptance of the position.
- d) *Re-election.* No restriction on ~~person shall serve as a Director for more than three~~ consecutive elected terms.

**7. Resignation.**

- a) Any Director may resign at any time by giving written notice to the Chair. Unless otherwise specified, such resignation shall be effective upon the receipt of notice by the Chair.
- b) A Director shall be considered to have given notice of resignation and his or her position shall be declared vacant by the Board of Directors if he or she fails to attend three consecutive meetings of the Board with the exception of emergency meetings, unless good cause for absence and continuing interest in participation on the Board are recognized by the Board. When a Director has failed to attend three consecutive meetings, the Chair shall notify him or her in writing that, at the next regular Board meeting, his or her position will be declared vacant unless the Board determines that there has been good cause for the Director's absences and that the Director continues to be interested in participating on the Board of Directors. The notification by the Chair shall be mailed no later than seven days prior to the Board meeting at which the position may be declared vacant. At this meeting, the Director in question shall be given the opportunity to show good cause for absence from meetings and continuing interest in participating on the Board. The resignation of a Director who has missed three consecutive meetings shall not become effective



until the Board has declared the position vacant as provided herein.

8. **Removal of Directors.** A Director of the Corporation may be removed for good cause by the Voting Members of the Corporation when such Director is judged to have acted in a manner seriously detrimental to the Corporation. However, before such removal can occur, the following procedure must be followed.
- a) Written charges specifying the conduct considered to be detrimental must be signed by at least three members of the Corporation and submitted to the Chair (or, if the Chair is the Director charged, to the Vice Chair). Any Voting Members of the Corporation may submit such charges.
  - b) The Chair (or Vice Chair) shall deliver or mail a copy of the charges to the Director charged.
  - c) A Special Committee consisting of three Voting Members of the Corporation shall be created to consider the charges. One member of the Committee shall be selected by the Board of Directors, but without the participation of the Director charged, within ten days following the delivery or mailing of the charges to the Director charged. In making its selection, the Board shall endeavor to select a person who will consider the charges without bias. No later than ten days following the Board's selection of the first member of the Committee, a second member may be selected by the Director charged. In the event that the Director charged fails to select a second member of the Committee within ten days, the Board may select a second member who, in the judgement of the Board, will consider the charges without bias. Within ten days following the selection of the second member of the Committee, the first and second members shall select a third member of the Committee. If the first and second members cannot agree upon a third member within this ten-day period, the Board shall select a third member.
  - d) The Special Committee shall hold a hearing, at which both the Director charged and the members who have filed charges may present evidence in the presence of the other. Following the hearing, the Committee shall prepare a written report of its findings and its recommendation for or against removal. The recommendation shall be based on a majority vote if consensus cannot be reached. The report shall contain a statement of how each member of the Committee has voted. The report shall be completed and submitted to the Chair of the Corporation no later than one month following the selection of the third member of the Committee.
  - e) If the Committee recommends removal of the Director, the recommendation shall be presented to the Voting Members, which shall then have sole authority to decide the question of removal. A Membership meeting for this purpose shall be called by the Chair for a time no later than one-month

following the Chair's receipt of the Committee's recommendation for removal. Notice of this meeting shall include a complete copy of the Committee's report.

**9. Meetings of the Board of Directors.**

- a) *Notice of Meetings.* Except as provided below for emergency meetings, written notice of a Board meeting shall be mailed to all Directors at least seven days prior to the meeting or shall be delivered in person at least five days prior to the meeting. Notice of every meeting shall include an agenda for the meeting.
- b) *Waiver of Notice.* Any Director may waive any notice required by these Bylaws. Any Director who has not received notice of a Board meeting but has attended that meeting shall be considered to have waived notice of that meeting, unless he or she requests that his or her protest be recorded in the minutes of the meeting.
- c) *Annual Meeting.* The Annual Meeting of the Board of Directors may be held immediately following the Annual Membership Meetings and must be held no later than one month following the Annual Membership Meeting.
- d) *Regular Meetings.* The Board of Directors shall meet no less often than once every two months, at such times and places as the Board may establish.
- e) *Special Meetings and Emergency Meetings.* Special Meetings may be called by the Chair, by any three Directors, or by 10% of the Voting Members of the Corporation. Notice must be given as provided above, unless any three Directors determine that the matter at hand constitutes an emergency. When so determined, an Emergency Meeting may be called on one-day notice. Notice of Emergency Meetings, including an announcement of the agenda, shall be given by telephone or in person to all Directors. At any Special or Emergency Meeting of the Board, only those matters included in the announced agenda may be acted upon unless all of the Directors are present at the meeting and unanimously agree to take action on other matters.

**10. Procedures for Meetings of the Board of Directors.**

- a) *Open Meetings.* All meetings of the Board of Directors shall be open to any person except when the Board has voted, during an open meeting, to go into executive session.
- b) *Executive Session.* A motion to go into executive session shall state the nature of the business of the executive session, and no other matter may be considered in the executive session. No binding action may be taken in executive session except actions regarding the securing of real estate purchase options or contracts in accordance with paragraph (2) below. Attendance in executive session shall be limited to the Directors and any persons whose presence is requested by the Board of Directors. Minutes of an

executive session need not be taken; however, if they are taken, they shall be recorded as a part of the minutes of the meeting in which the Board has voted to go into executive session. The Board shall not hold an executive session except to consider one or more of the following matters.

- (1) Contracts, labor relations agreements with employees, arbitration, grievances, or litigation involving the Corporation when premature public knowledge would place the Corporation or person involved at a substantial disadvantage.
  - (2) Real estate purchase offers and the negotiating or securing of real estate purchase options or contracts.
  - (3) The appointment or evaluation of an employee, and any disciplinary or dismissal action against an employee (however, nothing in this section shall be construed to impair the right of the employee to a public hearing if action is taken to discipline or dismiss).
  - (4) The consideration of applications from persons seeking to lease land and/or housing, purchase housing, or arrange financing from the Corporation.
  - (5) Relationships between the Corporation and any party who might be harmed by public discussion of matters relating to the relationship.
- c) *Quorum.* At any meeting of the Board, a quorum shall consist of a majority of the Board of Directors, provided that at least one representative from each of the three categories of representatives is present.
- d) *Decision-Making.* The board shall attempt to reach unanimous agreement on all decisions. In the event that unanimous agreement cannot be achieved, a decision may be made by a majority of the Directors present and voting, except as otherwise provided in these Bylaws.
- e) *Minutes.* Minutes of all Board meetings shall be recorded by the Secretary or by such other person as the Board may designate, and shall be approved by the Board at the next Board meeting. All minutes of Board meetings shall be kept on permanent record by the Corporation and shall be open for inspection by any Member of the Corporation.

11. **Duties of the Board of Directors.** The Board of Directors shall carry out the purposes of the Corporation, implement the decisions of the Voting Members, and be responsible for the general management of the affairs of the Corporation in accordance with these Bylaws. Specifically, the Board shall:

- a) Approve a written Annual Report to The Membership, and make this report available to all members. This report shall include a summary of the Corporation's activities during the previous year, the Corporation's most recent financial reports, and a list of all real estate held by the Corporation.

- b) Adopt an annual budget prior to the beginning of each fiscal year, and approve any expenditure not included in the budget.
- c) Select all officers of the Corporation.
- d) Supervise the activities of all officers, agents, and committees of the Corporation in the performance of their assigned duties and investigate any possible conflicts of interest within the Corporation.
- e) Adopt and implement personnel policies providing for the hiring, supervision, and evaluation of employees.
- f) Provide for the deposit of funds in accordance with Article IX of these Bylaws.
- g) Determine by whom and in what manner deeds, leases, contracts, checks, drafts endorsements, notes and other instruments shall be signed on behalf of the Corporation.
- h) Acquire such parcels of land, with or without buildings and other improvements, through donation, purchase, or otherwise, as the Board shall determine that it is useful and prudent to acquire in furtherance of the purposes of the Corporation.
- i) Convey the right to use land, through leases or other limited conveyances, in accordance with the provisions of Articles V and VI of these Bylaws.
- j) Convey ownership of housing and other improvements on the Corporation's land to qualified lessees, as possible, in accordance with the provisions of Articles V and VI of these Bylaws.
- k) Provide for the purchase of housing and other improvements on the Corporation's land from lessees who wish to sell or whose leases are terminated, at prices based on the "resale formula," in accordance with Article VI of these Bylaws.
- l) Develop the resources necessary for the operation of the Corporation and to the acquisition and development of land and housing.
- m) Assure the sound management of the Corporation's finances.

12. **Powers of the Board of Directors.** In addition to the power to carry out the duties enumerated above, the Board of Directors shall have the power to:

- a) Appoint and discharge advisors and consultants.
- b) Create such committees as are necessary or desirable to further the purposes of the Corporation. (Any member of the Corporation may be appointed to any committee. No committee may take action on behalf of the Corporation except as authorized by the Board of Directors.)
- c) Call special meetings of the membership.
- d) Approve the borrowing and lending of money as necessary to further the purposes of the Corporation and in accordance with paragraph IX,4 of these Bylaws.

e) Exercise all other powers necessary to conduct the affairs and further the purposes of the Corporation in accordance with the Articles of Incorporation and these Bylaws.

13. **Limitation on the Powers of the Board of Directors.** Action taken by the Board of Directors on any motion for the assessment of membership dues, the removal of Directors, the sale of land, the establishment or alteration of the "resale formula," the amendment of the Articles of Incorporation or these Bylaws, or dissolution of the Corporation shall not become effective unless and until such action is approved by the Voting Members in accordance with these Bylaws.

14. **Conflict of Interest.** No member of the Board of Directors shall vote on any matter in which such Director or any parent, spouse, child, partner, employer or similar related business entity has a substantial interest in any property or business that would be substantially affected by such action.

#### ARTICLE IV:

#### OFFICERS

1. **Designation.** The officers of the Corporation shall be Chair, Vice Chair, Secretary, and Treasurer.

2. **Election.** The officers of the Corporation shall be elected by a majority vote of the Board of Directors, from among themselves, at the Annual Meeting of the Board. Any vacancies occurring in any of these offices shall be filled by the Board for the unexpired term.

3. **Tenure.** The officers shall hold office until the next Annual Meeting of the Board after their election, unless, before such time, they resign or are removed from their offices or unless they resign or are removed from the Board of Directors Any officer who ceases to be a member of the Board of Directors shall thereby cease to be an officer.

4. **Removal from Office.** The officers shall serve at the pleasure of the Board of Directors and may be removed from office at any time by an affirmative vote of two thirds of the entire Board of Directors.

5. **Duties of the Chair.** The Chair shall:

a) Preside at all meetings of the Board of Directors and the Membership when

able to do so.

- b) Consult with the other officers and the committees of the Corporation regarding the fulfillment of their duties.
- c) Assure that an agenda is prepared for every meeting of the Membership and the Board of Directors.
- d) Give notice to any Director who has been absent from three consecutive regular meetings, as required by these Bylaws.
- e) Call special meetings of the Membership or Board of Directors when petitioned to do so in accordance with these Bylaws.
- f) Carry out the duties assigned to the Chair regarding the removal of a Director.
- g) Perform such other duties as the Board of Directors may assign.

6. **Duties of the Vice-Chair.** The Vice Chair shall:

- a) Perform all duties of the Chair in the event that the Chair is absent or unable to perform these duties.
- b) Perform those duties assigned to the Chair regarding the resignation or removal of a Director when the Chair is disqualified from performing these duties.
- c) Perform such other duties as the Board of Directors may assign.

7. **Duties of the Secretary.** The Secretary shall:

- a) Assure that a list of all Members and their mailing addresses is maintained by the Corporation.
- b) Assure that proper notice of all meetings of the Membership and the Board of Directors is given.
- c) Assure that motions and votes in meetings of the Membership and Board are accurately represented to those present and are accurately recorded in the minutes.
- d) Assure that minutes of all meetings of the Membership and the Board of Directors are recorded and kept on permanent record.
- e) Perform such other duties as the Board of Directors may assign.

8. **Duties of the Treasurer.** The Treasurer shall oversee the finances of the Corporation. Specifically, the Treasurer shall:

- a) Assure that the financial records of the Corporation are maintained in accordance with sound accounting practices.
- b) Assure that funds of the Corporation are deposited in the name of the Corporation in accordance with these Bylaws.
- c) Assure that all deeds, title papers, leases, and other documents establishing the Corporation's interest in property and rights in particular manners are maintained in such manner as the Board directs.

- d) Assure that all money owed to the Corporation is duly collected and that all gifts of money or property to the Corporation are duly received.
- e) Assure the proper disbursement of such funds as the Board of Directors may order or authorize to be disbursed.
- f) Assure that accurate financial reports (including balance sheets and revenue and expense statements) are prepared and presented to the Board at the close of each quarter of each fiscal year.
- g) Assure that such reports and returns as may be required by various government agencies are prepared and filed in a timely manner.
- h) Assure that an annual budget is prepared and presented to the Board for its approval prior to the beginning of each fiscal year.

## ARTICLE V:

### STEWARDSHIP OF LAND

1. **Principles of Land Use.** The Board of Directors shall oversee the use of land owned by the Corporation and shall convey the right to use such land so as to facilitate access to land and affordable housing by very-low, low and moderate-income people. In so doing, the Board shall be guided by the following principles:
  - a) The Board shall consider the needs of potential lessees and shall attempt to effect a just distribution of land use rights.
  - b) The Board shall convey land use rights on terms that will preserve affordable access to land and housing, in perpetuity, for very-low, low and moderate-income residents of the community.
  - c) The Board shall convey land use rights in a manner that will promote the long-term well being of the community and the long-term health of the environment.
3. **Encumbrance of Land.** The decision to mortgage or otherwise encumber land owned by the Corporation shall require the approval of the Board of Directors and the consent of any parties to whom such land is leased.
4. **Sale of Land.** The sale of land does not conform with the philosophy and purposes of the Corporation. Accordingly, land shall not be sold except in extraordinary circumstances when the sale is considered a necessary means of achieving the purposes of the Corporation. In such extraordinary circumstances, land may be sold only with:
  - a) An affirmative vote by at least two thirds of the entire Board of Directors at a

regular or special Board meeting: provided that written notice of such meeting has described the proposed sale and the reasons for the proposal;

- b) The written consent of any persons to whom the land in question is leased; and
- c) The approval of two thirds of the Voting Members present at a regular or special Membership Meeting, a quorum being assembled, provided that written notice of such meeting has described the proposed sale and the reasons for the proposal.

## ARTICLE VI:

### OWNERSHIP OF HOUSING AND OTHER IMPROVEMENTS LOCATED ON THE CORPORATION'S LAND, AND LIMITATIONS ON RESALE

1. **Ownership of Housing and Improvements on the Corporation's Land.** In accordance with the purposes of the Corporation, the Board of Directors shall take appropriate measures to promote and facilitate the ownership of housing and other improvements on the Corporation's land by very-low, low and moderate-income people. These measures may include, but are not limited to, provisions for the sale of housing to such people; provisions for financing the acquisition of housing by such people, including direct loans by the Corporation; and provision for grants or other subsidies that will lower the cost of housing for such people.

2. **Purchase by the Corporation of Property Located on the Corporation's Land.** It is a purpose of the Corporation to preserve the affordability of housing and other improvements for very-low, low and moderate-income people, in perpetuity. Accordingly, when land-use rights are leased, the Board of Directors shall assure that, as a condition of the lease, the Corporation is granted the right to purchase any lessee-owned housing or other improvements on the land, for a price determined by the "resale formula," at such time as the lessees wish to sell or the lease is terminated.

3. **The Resale Formula.** For the purpose of preserving affordability, the Corporation shall restrict the price that lessees may receive when they sell housing and other improvements located on the land leased to them by the Corporation. A policy establishing such restrictions in the form of a "resale formula" shall be adopted by the Board of Directors and the Voting Members of the Corporation, in accordance with the following principles:

- a) To the extent possible, the formula shall allow the seller to receive a price based on the value that the seller has actually invested in the property being sold.
- b) To the extent possible the formula shall limit the price of the property to an



amount that will be affordable for other very-low, low and moderate-income people at the time of the transfer of ownership.

4. **Procedures for Adoption of the Resale Formula.** The adoption of the resale formula shall require:

- a) An affirmative vote by at least two thirds of the entire Board of Directors at any regular or Special Board meeting, provided that written notice of such meeting has set forth the proposed formula with an explanation thereof; and
- b) An affirmative vote by at least two thirds of the Voting Members present at any regular or special Membership meeting, a quorum being assembled, provided that written notice of such meeting has set forth the proposed formula with an explanation thereof.

5. **Procedures for Altering the Resale Formula.** The consistent long-term application of a resale formula is essential to the purposes of the Corporation. Accordingly, the resale formula shall not be altered unless the Board of Directors and Voting Members of the Corporation determine that the current formula presents an obstacle to the achievement of the purposes of the Corporation. In such an event, the resale formula may be altered only by a two-thirds vote of the entire Board of Directors and a two-thirds vote of the Voting Members present at a Membership meeting, as described above for the adoption of the formula.

## ARTICLE VII:

### AMENDMENT OF BYLAWS

These Bylaws shall not be amended except with the vote or written consent of fifty-one percent of the Voting Members of the Corporation (accept where two third is required.)

An amendment of the Bylaws may be proposed by a simple majority of either the Board of Directors or Membership of the Corporation. The entire Membership of the Corporation shall be duly notified of such proposal and such notification shall include notification of the closing date of voting as determined by the proposing body to allow reasonable time for members to study the proposal before voting.

## ARTICLE VIII:

### DISSOLUTION

A decision to dissolve the Corporation and to distribute the Corporation's assets in a particular manner in accordance with the Articles of Incorporation shall require:

1. An affirmative vote by two thirds of the entire Board of Directors at any regular or special Board meeting, provided that written notice of such meeting has included a full description of the plan of dissolution; and
2. An affirmative vote by two thirds of the Voting Members present at a regular or special Membership meeting, a quorum being assembled, provided that written notice of such meeting, including a full description of the proposed plan of dissolution, has been given to all Members of the Corporation no later than three weeks prior to the meeting.

## ARTICLE IX:

### MISCELLANEOUS PROVISIONS

1. **Fiscal Year.** The fiscal year of the Corporation shall begin on January 1 o.f each year, and shall end on December 31st of each year.
2. **Deposit of Funds.** All funds of the Corporation not otherwise employed shall be deposited in such banks, trust companies, or other reliable depositories as the Board of Directors from time to time may determine.
3. **Checks, etc.** All checks, drafts, endorsements, notes and evidences of indebtedness of the Corporation shall be signed by such officers or agents of the Corporation and in such manner as the Board of Directors from time to time may determine. Endorsements for deposits to the credit of the Corporation shall be made in such manner as the Board of Directors from time to time may determine.
4. **Loans.** No loans or advances shall be contracted on behalf of the Corporation. And no note or other evidence of indebtedness shall be issued in its name, except as authorized by the Board of Directors. Any such authorization shall relate to specific transactions.
5. **Contracts.** Any officer or agent of the Corporation specifically authorized by the Board of Directors may, on behalf of the Corporation, enter into those contracts or execute and deliver those instruments that are specifically authorized by the Board of Directors. Without the express and specific authorization of the Board of Directors, no officer or other agent of the Corporation may enter into any contract or execute and deliver any instrument in the name of the Corporation.
6. **Indemnification.** Any person (and the heirs, executors and administrators of such person) made or threatened to be made a party to any action, suit or proceeding by reason of the fact that he or she is or was a Director or Officer of the Corporation

shall be indemnified by the Corporation against any and all liability and the reasonable expenses, including attorneys fees and disbursements, incurred by, him or her (or his or her heirs, executors or administrators) in connection with the defense or settlement of such action, suit, or proceeding, or in connection with any appearance therein, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Director or Officer is liable for negligence or misconduct in the performance of his or her duties.

**7. Definitions.**

Mail – Is interpreted as US Post to last known address or approved Email address.

ARTICLE X:

INITIAL MEMBERSHIP AND BOARD, ADOPTION OF BYLAWS,  
FIRST ANNUAL MEETING

1. **Initial Members.** The Initial Members, wh6 shall have full voting rights at the First Annual meeting, shall be those persons who have attended at least one "organizing meeting" from October, 1999 to April, 2000 inclusive, as determined by the initial Board of Directors from the minutes of such meetings.
2. **Initial Board of Directors.** The Initial Board of Directors shall be as stated in the Articles of Incorporation. The Initial Board after approving these Bylaws, shall call the first Annual Meeting of the Membership, and shall serve until the first elected Board of Directors has been seated upon the completion of the First Annual Meeting.
3. **Adoption of Bylaws.** Adoption of these Bylaws as the Bylaws of the Corporation shall require:
  - a) Approval by a majority of the Initial Members prior to the First Annual Meeting; and
  - b) Ratification by two thirds of the Initial Members present and voting at the First Annual Meeting.
4. **Nomination of Directors to Be Elected at First Annual Meeting.** In consultation with the Initial Members, the Initial Board of Directors shall nominate a slate of twelve candidates, and shall designate four of these candidates as candidates for "Lessee Representatives," four as candidates for "Active Representatives," and four as candidates for "Public Representatives." Additional

nominations for any of the three categories of representatives may be made by any Initial Member from the floor at the First Annual Meeting.

5. **First Annual Meeting.** The First Annual Meeting of the Membership, for the ratification of these Bylaws, the election of Directors, the assessment of membership dues, and the transaction of other business, shall be held in the second half of 2000. The location and specific time of the First Annual Meeting shall be determined by the Initial Board of Directors. Notice of the First Annual meeting shall be mailed to all Initial Members at least seven days prior to the Meeting and shall include a list of those persons nominated for the Board of Directors in accordance with Paragraph 3 above. Except as otherwise provided in this Article, the election of Directors and other business of the First Annual Meeting shall be conducted in accordance with Articles II and III of these Bylaws.

## ARTICLE XI:

### GRANTS TOWARD FULFILLING OUR PURPOSE

1. **Pre-Approved Grant Relationships.**
  - a) The nonprofit organization, sole proprietor, partnership or business corporation presents a **written grant request** to the Corporation, describing the specific program to be conducted (Program).
  - b) The Corporation shall **evaluate the grant proposal** to confirm the Project is charitable and carries out the Corporation's tax-exempt purposes.
  - c) The Corporation's board of directors shall review and approve the Project as furthering the Corporation's exempt purposes in a **board resolution**, stating its conclusions and approving a grant to the Project, to be funded to a certain amount, or to the extent that the Corporation receives outside funds for the Project.
  - d) The Corporation and the Project sign a written **Pre-Approved Grant Agreement** setting forth all the terms and conditions that apply to the Project's use of the grant and relations with funding sources, including the specific work to be performed by the Project and reference to the written Project proposal and budget.
  - e) **Before funds are solicited** from any donors, foundations, or government agencies, the Corporation and the Project must have created a formal pre-approved grantor-grantee relationship and executed a written Pre-Approved Grant Agreement.
  - f) **Fundraising materials** must be reviewed in advance by the Corporation, money raised must be treated as the Corporation's own revenues.

- g) Any solicitations toward pre-approved grants shall be made only on the condition that the **Corporation retains complete control and discretion over the use of all contributions** received for the Project and said discretion and control over funds shall be made known, in writing, to the funding sources. Donors relinquish all control over the funds once they are given to the Corporation. The Corporation is not legally obligated to fund the Project, and the Corporation has the right to withdraw financial support from the Project and redirect the funds to another purpose. The donor relinquishes any legal recourse against the Corporation.
- h) As the Corporation receives donations and grants for the specific Project, the money is **taken into income by the Corporation and disbursed as grant payments** to the entity conducting the Project, subject to the terms of the Pre-Approved Grant Agreement and any other donor, foundations, or government agencies grant agreements.
- i) **The Project shall have its own legal, tax and accounting identity** and is not allowed to use the Corporation's federal employer identification number (FEIN).
- j) **The Project shall have its own bank account** to handle disbursements of grant funds received from the Corporation.
- k) The Project shall make **periodic written reports** to the Corporation, in accordance with the Pre-Approved Grant Agreement, and any periodic grant reports of donors, private foundations, or government agencies that originally provided the funds, according to their reporting schedules, showing the Projects actual expenditures of grant funds and its progress toward accomplishing the purposes of the grant.
- l) Any periodic reports to donors, private foundations, or government agencies that originally provided the funds shall first be review by the Corporation and submitted with **a cover letter from the Corporation**.
- m) The grantee is **not an agent of the Corporation**.
- n) Any obligations incurred, damages or injuries caused, or misconduct committed by the grantee **are not the responsibility of the Corporation**.
- o) The obligations of the Corporation are under tax law to **maintain discretion and control over the use of the grant funds**, and from the terms of any grant agreement between the Corporation and donors, private foundations, or government agencies that originally provided the funds. The Corporation is responsible only for properly selecting and paying the grantee, and for reasonably **monitoring the grant** to make sure the funds are spent in accordance with the grant agreements and to a **degree of supervision and assistance** necessary to help grantees succeed with the Project.

- p) If anything of **tangible or intangible value is created** with the aid of the grant, it is the property of the grantee.
- q) Any **repayment of the grant** is capped at the amount of the grant. It is a matter of negotiation between the Corporation and the Project as to whether or not the Corporation is to be repaid or reimbursed.
- r) The grantee is required to file all appropriate **Federal and State tax documents** in a timely manner.
- s) The Corporation may retain a **portion of donor funds for administration** of the funds. There is no normal or customary amount.
- t) The Corporation must be CC'd by the Project with any **Project relevant correspondence** of, or with, the donors.