

ARTICLE I NAME AND LOCATION OF CORPORATION

Section 1. The name of this corporation is Village Square Cooperative. Its principal office is located in the city of Utica, Macomb County, Michigan.

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 Articles of Incorporation.

ARTICLE III MEMBERSHIP

Section 1. *Eligibility:* Any natural person approved by the Board of Directors shall be eligible for membership, provided that he or she executes an Occupancy Agreement in the usual form employed by the Corporation covering a specific unit.

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 processed in accordance with the Cooperative's Membership Selection Plan.

Section 3. *Members, Authorized Memberships, and Occupancy Agreements:*

- a. The members shall consist of the individuals approved by the Board of Directors for membership who have executed an Occupancy Agreement, other required closing/sale documents, and have paid all agreed upon equity and membership funds to the Cooperative.
- b. The authorized membership of the Corporation shall consist of 342 memberships, all of one class, with a par value of \$100 each.

Section 4. *Membership Certificates:* Each membership certificate shall state that the corporation is organized under the laws of the state of Michigan, the name of the holder(s) of the certificate, the corporation lien rights against such membership, and shall be in such form as shall be approved by the Board of Directors. Membership certificates shall be issued upon certification as to full payment and execution of required cooperative documents. They shall be signed by the President or Vice President, and the Secretary or Assistant Secretary, and shall be sealed with the corporate seal.

Section 5. *Lost Certificates:* The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates previously issued by the corporation and alleged to have been destroyed or lost, upon the making of an affidavit of that fact by the person claiming the certificate to be lost or destroyed. When authorizing such

issuance of a new certificate or certificates, the Board of Directors may, in its discretion, and as a condition precedent to the issuance thereof, require the registered owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and to give the corporation a bond in such sum as the Board of Directors may require as indemnity against any claim that may be made against the corporation.

Section 6. *Lien:* The corporation shall have a lien on the outstanding regular memberships in order to secure payment of any sums which shall be due or become due from the holders thereof for any reason whatsoever, including any sums due under any occupancy agreements.

Section 7. *Transfer of Membership:* Except as provided herein, membership shall not be transferrable.

- a. *Death of a Member:* If, upon death of a member, his membership in the corporation passes by will or intestate distribution to a member of his immediate family, such legatee or distributee may, by qualifying under the terms of the Membership Selection Plan, enter into an Occupancy Agreement to occupy said dwelling unit. The legatee or distributee must complete all appropriate applications for membership within 60-days after member's death. If member dies and an obligation is not assumed in accordance with the foregoing, then the corporation shall have an option to purchase the membership from the deceased member's estate in the manner provided in paragraph (b) of this section, written notice of the death being equivalent to notice of intention to withdraw. If the corporation does not exercise such option, the provisions of paragraph (c) of this section shall be applicable, the references to "member" therein to be construed as references to the legal representative of the deceased member.
- b. *Option of Corporation to Purchase:* If the member desires to leave the project, he shall notify the corporation in writing of such intention and the corporation shall have an option for a period of thirty (30) days thereafter, but not the obligation, to purchase the membership, together with all of the member's rights with respect to the dwelling unit, at an amount to be determined by the corporation as representing the transfer value thereof, less any amounts due by the member to the corporation under the occupancy agreement, and less the cost or estimated cost of all resale condition requirements determined by the corporation as necessary to place the unit in acceptable resale condition. The purchase of the membership by the corporation 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 under the foregoing option, or if the corporation fails to exercise such option within the thirty (30) day period, the member may sell his membership to any person who has been duly approved by the

corporation as a member and occupant. If the corporation agrees, at the request of the member, to assist the member in finding a purchaser, the corporation shall be entitled to charge the member a fee it deems reasonable for this service. When the transferee has been approved for membership and has executed the prescribed occupancy agreement, the retiring member shall be released of his obligations under his occupancy agreement, provided all amounts due to the corporation are paid in full to date.

d. **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 paid for the membership by the first occupant of the unit involved as shown on the books of the corporation; plus
2. The value of the occupancy agreement; plus
3. The value, as determined by the Board of Directors, of any improvements installed at the expense of the member with the prior approval of the corporation, under a valuation formula which does not provide for reimbursement in an amount in excess of typical initial cost of the improvements; plus
4. The amount computed shall be equal to a 3% increase annually, beginning January 1, 2012. The first values will be the higher value of all prior mortgages for each unit size as of December 31, 2011.

Section 8. *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/her membership certificate. The corporation shall thereupon at its election either (1) repurchase said membership at its transfer value or the amount the retiring member originally paid for the acquisition of his/her membership certificate, whichever is the lesser, or (2) cause member to forfeit his/her equity and gain ownership possession for the purpose of re-sale.

Section 9. *Sales Price:* Memberships may be sold by the corporation or the member only to a person approved by the board of directors in accordance with the cooperative eligibility criteria, and the sales price shall not exceed the transfer value as provided in this article. Where the sale is accomplished by a member, a certificate in form approved by the corporation as to the price paid shall be executed by the seller and purchaser and delivered to the corporation.

ARTICLE IV MEETINGS OF MEMBERS

- Section 1. *Place of Meetings:* Meetings of the membership at the principle office or place of business of the corporation, or at such other suitable place convenient to the membership as may be designated by the board of directors.
- Section 2. *Annual Meetings:* The annual meeting of the corporation shall be held the third Thursday of June of each 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, 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 20% 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. Special meetings may not be called by the members until a time subsequent to the date of the first annual meeting except as directed by resolution of the board of directors.
- Section 4. *Notice of Meetings:* It shall be the duty of the secretary to mail a notice of each annual meeting, stating the purpose thereof as well as the time and place where it is to be held, to each member of record, at his address as it appears on the membership book of the corporation.
- Section 5. *Quorum:* The presence, either in person or by proxy, of at least 15% of the membership 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 meeting drops below the quorum and the question of a lack of quorum is raised, no business may thereafter be transacted.
- Section 6. *Adjourned Meetings:* If any meeting of members cannot be organized because a quorum has not attended, or a meeting has been ended because the number of members at said meeting has dropped below the quorum, the members who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than 48 business hours from the time the original meeting was called, at which subsequent meeting the quorum requirement shall be 10%.
- Section 7. *Voting:* At every meeting of the regular members, each member present, either in person or by proxy, shall have the right to cast one vote per household on each voting item and never more than one vote. No member shall be eligible to vote or to be elected to the board of directors who is subject to current legal action by the corporation for non-payment and/or non-compliance. It is understood that any

member who is delinquent in any monies due to the corporation, whether or not in current legal action, is ineligible to vote.

Section 8. *Proxies:* A member may appoint as his proxy only another member of the corporation who is eligible as defined in Section 7 above. In no case shall a member cast more than one vote by proxy in addition to his own vote. Any proxy must be filed with the secretary before the appointed time of each meeting.

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

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

In the case of special meetings, items (a) through (d) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of the 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 (5) persons, all of whom shall be members of the corporation.

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

- (a) To accept or reject all applications for membership and admission to occupancy of a dwelling unit in the cooperative housing community, either directly or through an authorized agent;
- (b) To establish monthly carrying charges as provided for in the occupancy agreement, based on an operating budget formally approved by such Board;
- (c) To engage an agent or employees for the management of the corporation under such terms as the Board may determine;

- (d) To terminate membership and occupancy rights for cause;
- (e) 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 Articles of Incorporation; and
- (f) Delete this sub-section (surcharge)

Section 3. *Election and Term of Office:* Directors shall hold office for three (3) year terms. No member shall be eligible for election to the Board of Directors if:

- (a) They are delinquent any monies due to the corporation
- (b) They are currently in any type of legal action /litigation with the corporation
- (c) They have not completed a minimum of two (2) years of continuing membership with the corporation
- (d) They have not confirmed/announced their candidacy on or before the designated meet the candidates night. Nominations will not be accepted after this date, including those made from the floor at the annual meeting.

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

Section 5. *Removal of Directors:* At any regular or special meeting duly called, any Director elected by the members may be removed with or without cause by the affirmative vote of the majority of the entire regular membership of record and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting. The term of any Director who owes any monies to the corporation or is no longer a member of the corporation shall be automatically terminated and the remaining Directors shall appoint his successor as provided in section 4 above.

Section 6. *Compensation:* No compensation shall be paid to Directors for their service as Directors. No remuneration shall be paid to a Director for services performed by him for the corporation in any other capacity, unless a resolution authorizing such remuneration shall be unanimously adopted by the Board of Directors before the services are undertaken. A Director may not be an employee of the corporation.

Section 7. *Organization Meeting:* The first meeting of the newly elected Board of Directors shall be held within ten (10) days of the election at such place as shall be fixed by the Board of Directors at the meeting at which the 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 Board of 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 e-mail, at least three (3) days prior to the day named for such meeting.

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

Section 10. *Waiver of Notice:* Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting. Where all of the Directors unanimously approve and sign a corporate resolution or authorization (which is to be included in the minute book), this shall be recognized as proper corporate action taken at a duly authorized meeting, without proceeding under the provisions hereof that would otherwise be applicable for calling and holding Directors meetings.

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

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

ARTICLE VI. OFFICERS

- Section 1. *Designation:* The principal officers of the corporation shall be a President, one or more Vice- Presidents, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Directors may appoint assistant treasurers, and assistant secretaries, and such other officers as in their judgment may be necessary.
- Section 2. *Election of Officers:* The officers of the corporation shall be elected annually by the Board of Directors at the organization meeting of each new board and shall hold office at the pleasure of the Board.
- Section 3. *Removal of Officers:* Upon an affirmative vote of the majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.
- Section 4. *President:* The President shall take be the chief executive officer of the corporation. He shall preside at all meetings of the members and of the Board of Directors. He shall have all the general powers and duties which are usually vested in the office of president of a corporation, including but not limited to the power to appoint committees from among the membership from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the corporation.
- Section 5. *Vice President:* The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to 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 by the Board of Directors.
- Section 6. *Secretary:* The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the corporation; he shall have charge of the membership transfer books and of such other books and papers as the Board of Directors may direct; and shall, in general, perform all the duties incident to the office of the secretary.
- Section 7. *Treasurer:* The Treasurer shall have responsibility for corporate funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the corporation. He shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the corporation in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE VII AMENDMENTS

These By-Laws may be amended by the affirmative vote of the majority of the entire regular membership of record at any regular or special meeting. Amendments may be proposed by the Board of Directors or by petition signed by at least twenty (20) percent of the members.

ARTICLE VIII FISCAL MANAGEMENT

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

2. Books and Accounts. Books and accounts of the Corporation shall be kept under the direction of the Treasurer and in accordance with the Generally Accepted Accounting Principles.

3. Auditing. At the close of each fiscal year, the books and accounts of the Corporation shall be audited by a Certified Public Accountant. Based on such reports, the Corporation will furnish its members with an annual financial statement including the income and disbursements of the Corporation. The Corporation will also supply the members, as soon as practicable after the end of each calendar year, with a statement showing each member's pro rata share of the real estate taxes and mortgage interest paid by the Corporation during the preceding calendar year.

4. Inspection of Books. The annual financial statements and monthly financial statements of the Corporation shall be available at the principal office of the Corporation for inspection at reasonable times by any member.

5. Execution of Corporate Documents. With the prior authorization of the Board of directors, all notes and contracts, including Occupancy Agreements, shall be executed on behalf of the Corporation by any officer of the Corporation, and all checks shall be executed on behalf of the Corporation by any two (2) officers of the Corporation.

ARTICLE IX COOPERATIVE CONVERSION

The Cooperative shall remain a limited equity Cooperative unless two-thirds (2/3) of the regular membership, at an annual or special meeting vote in the affirmative to convert the Cooperative to a different type of housing entity.

ARTICLE X MISCELLANEOUS

1. Gender. As used in these By-Laws any reference to the masculine form shall apply equally to the female gender.

2. Effective Date. These amended By-Laws are effective December 3, 2011.