

BY-LAWS
of
GLEN OAKS CONSUMER HOUSING COOPERATIVE

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ARTICLE I. NAME AND LOCATION OF CORPORATION

The name of this Corporation is Glen Oaks Consumer Housing Cooperative, Inc. Its principal office is in Superior Township, County of Washtenaw, State of Michigan.

ARTICLE II. PURPOSE

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

ARTICLE III. MEMBERSHIP

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

Section 2. Application for Membership. Application for membership shall be presented on a form prescribed by the Board of Directors, and all such applications shall be acted upon promptly by the Board of Directors and/or their appointed agent.

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

- (a) The members shall consist of the individuals as have been approved for membership and have paid for their membership and been issued membership certificates.
- (b) The authorized membership of the Corporation shall consist of one membership for each specific dwelling unit of the cooperative, all of one class, each with a par value of \$100.
- (c) The Corporation will offer Occupancy Agreements on the dwellings located on the property of the Corporation. The Occupancy Agreements shall all be of one class, each member of the Cooperative signing an Occupancy Agreement as a condition of membership.

Section 4. Membership Certificates. Each membership certificate shall state that the Corporation is organized under the laws of the State of Michigan, the name of the registered holder of the membership represented thereby, the Corporation lien rights as against such membership as set forth in this Article, and the preferences and restrictions applicable thereto, and shall be in such form as shall be approved by the Board of Directors. Membership certificates shall be consecutively numbered and shall be issued therefore upon certification as to full payment. Each membership certificate shall be signed by the President or Vice President, and the Secretary or Assistant Secretary, and shall be sealed or embossed by the Corporation. The membership certificate of the holder is automatically retired upon the sale of the membership to another person for whom a new certificate has been issued.

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 or her legal representative, to advertise the same in such manner as the Board of Directors shall require and to give the Corporation a bond in such sum as the Board of Directors may require as indemnity against any claim that may be made against the Corporation.

Section 6. Lien. The Corporation shall have a lien on each outstanding regular membership in order to secure payment of any sums which shall be due or become due from the holder or holders thereof for any reason whatsoever, including any sums that come due under any Occupancy Agreement or termination thereof, or other liability, accrued or otherwise, of the member to the Corporation.

Section 7. Transfer of Membership. Except as provided herein, membership shall not be transferable and, in any event, no transfer of membership shall be made upon the books of the Corporation within ten (10) days prior to the annual meeting of the members. In all transfers of membership, the Corporation shall be entitled to a fee it deems appropriate to compensate it for the processing of the transfer.

(a) Death of a Member. If, upon the death of a member, the membership in the Corporation passes by will, intestate distribution or Trust to a member of his or her immediate family, distributee or beneficiary, such legatee, if qualified, may become a member of the Corporation by making application and obtaining approval for membership and assuming in writing the terms of the Occupancy Agreement within sixty (60) days after member's death, while also paying any and all amounts due thereunder. 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 membership from the deceased member's estate as provided for 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 withdraw, move-from and retire from membership in the Corporation, he shall notify the Corporation in writing of such intention and the Corporation shall have an option, but not the obligation, for a period of thirty (30) days commencing the first day of the month following its receipt of such notice to purchase the membership, together with all of the member's rights with respect to the dwelling unit, at a price mutually agreed upon between the Corporation and the member.

(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 meets the Corporation's published eligibility criteria and 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 the obligations under the Occupancy

Agreement, provided that the departing or former member has paid all amounts due the Corporation as of the effective date of the transfer or resale of the membership.

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 or her membership certificate and his or her Occupancy Agreement, both endorsed in such manner as may be required by the Corporation. The Corporation shall thereupon at its election either (1) repurchase said membership at the amount the retiring member originally paid for the acquisition of the membership, or (2) proceed with reasonable diligence to affect a sale of the membership to a purchaser at a price determined by and acceptable to the Corporation and not the member. The retiring member shall be entitled to the net proceeds of the sale. The Corporation shall retain:

- (a) Any amounts due to the Corporation from the member under the Occupancy Agreement; and
- (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 condition acceptable to another occupant; and
- (c) Actual legal and other expenses incurred by the Corporation in connection with the default or termination and the resale of the membership.
- (d) In the event the retiring member for any reason should fail for a period of ten (10) days after demand to deliver to the Corporation his or her endorsed membership certificate, said membership certificate shall forthwith be deemed to be canceled and may be reissued by the Corporation to a new purchaser.

Section 9. Insurance Requirement. All members of the Corporation shall procure and maintain during their term of membership a Homeowners (insurance) Policy with requirements and minimum coverage's as set forth by the Board of Directors or such other type of insurance as shall be approved as an equivalent by the Board of Directors or its designee.

ARTICLE IV. MEETINGS OF MEMBERS

Section 1. Place of Meetings. Meetings of the membership shall be held at the principal office or place of business of the Corporation or at such other suitable place convenient to the membership as may be designated by the Board of Directors.

Section 2. Annual Meetings of Members. The annual meeting of the Corporation shall be held on the third Saturday in June of each year, or at such alternative, yet annual, date and time and place as may be established by the Board of Directors. At such meeting there shall be elected by the 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 of Members. 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 forty (40) percent of the members having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meetings. To each member of record, it shall be the duty of the Secretary to deliver 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 at least ten (10) but not more than sixty (60) days prior to such meeting. Service may be accomplished by mail or the delivery of any such notice to the member at his or her dwelling unit. Notice by either method shall be considered notice served. The notice of all meetings shall describe the starting and ending time of the voting period.

Section 5. Quorum. The presence, either in person or by proxy, of at least fifteen (15) percent of the members of record of the Corporation shall be requisite for, and shall constitute a quorum for the transaction of business at all meetings of members. If the number of members at a meeting drops below the quorum and the question of a lack of quorum is raised, no business may thereafter be transacted.

Section 6. Adjourned Meetings. If any meeting of members cannot be organized because a quorum has not attended, 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 two (2) nor more than ten (10) days from the time the original meeting was called, at which subsequent meeting the quorum requirement shall be ten (10) percent.

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 on each question per membership certificate and never more than one vote. The vote of the majority of those present, in person or by proxy, 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 delinquent in payments due the Corporation under his Occupancy Agreement unless current under a written payment plan approved by the Corporation. The voting period for the election of directors, removal of directors, amendment of the bylaws shall remain open for not less than 24 hours, which time period shall be stated in the notice of meeting. For all other issues, the voting period shall consist of the time of duration of the meeting.

Section 8. Proxies. A member may appoint any other member as his or her proxy. In no case may a person cast more than one vote by proxy in addition to his or her own vote. Any proxy must be filed with the Secretary before the appointed time of voting.

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

- (a) Proof of Quorum.
- (b) Approval of minutes of preceding meeting.
- (c) Reports of officers.
- (d) Reports of committees.
- (e) Report of manager or managing agent.
- (f) Election of inspectors of election.
- (g) Election of directors.
- (h) Unfinished business and new business.

ARTICLE V. DIRECTORS

Section 1. Number and Qualification. The affairs of the Corporation shall be governed by a Board of Directors composed of a minimum of three (3) and a maximum of five (5) persons; a majority of whom shall be members of the Corporation.

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

- (a) To accept or reject all applications for membership and admission to occupancy of a dwelling unit in the Corporation, either directly or through an authorized representative;
- (b) To establish operating budgets and monthly carrying charges as pertain to and provided for in each Occupancy Agreement;
- (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 enter into agreements to buy, sell or mortgage the property of the Corporation provided that it has obtained the consent of a majority of members in attendance at a properly called annual or special meeting of the members;
- (f) To promulgate such rules and regulations pertaining to the occupancy and use of the premises as may be deemed proper and consistent with these By-Laws and the Articles of Incorporation, while also providing for the enforcement of said rules and regulations by all legal means and methods, including the imposition of fees and/or legal proceedings;
- (g) To ensure that the Corporation has a clear mission, strategy and goals;
- (h) To ensure that the Corporation has policy guidelines that ensure fair and equitable administration of the affairs of the cooperative;
- (i) To ensure that the Corporation has a management system in place that provides for the efficient use of the cooperative's resources and effective operation of its business;
- (j) To ensure that the Corporation has a system of financial management that protects the assets and resource of the cooperative;
- (k) To ensure that replacement and general operating reserves are funded as deemed necessary and appropriate for the on-going needs of the cooperative; and
- (l) To ensure that the Corporation has an accurate and reliable system of reports and accounting from its manager(s).

Section 3. Election and Term of Office. Each respective Director or his or her successor shall be elected to serve a term of three (3) years, and staggered so that no more than two (2) terms expire in any year. The directors shall hold office until their successors have been elected and hold their first meeting.

Section 4. Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the membership shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director 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 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 becomes more than thirty (30) days delinquent in payment of his or her carrying charges shall be automatically terminated and the remaining Directors shall appoint his or her successor as provided in Section 4 above.

Section 6. Compensation. No compensation shall be paid to Directors for their services as Directors. No remunerations 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 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 of the Board. The first meeting of a newly elected Board of Directors shall be held within thirty (30) 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 to constitute, legally, such meeting provided that a majority of the whole Board is 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. 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, electronic mail or other form of notice which is unanimously agreed to by the Board, at least two (2) days prior to the day named for such meeting. Notice made during the previous meeting may constitute notice of the next meeting.

Section 9. Special Meetings of the Board. Special meetings of the Board of Directors may be called by the President on two (2) days notice to each Director, given personally or by mail, e-mail, telephone or other form of notice which is unanimously agreed to by the Board, which notice shall state the time, place (as hereinabove 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 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 receipt of the required notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him or her of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting. 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, agents and employees of the Corporation handling or responsible for corporate or trust funds be furnished adequate fidelity bonds. The Corporation shall pay the premiums on such bonds.

ARTICLE VI. OFFICERS

Section 1. Designation. The principal officers of the Corporation shall be a President, one (1) or more Vice Presidents, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Directors may appoint assistant treasurers and assistant secretaries, and such other officers as in their judgment may be necessary.

Section 2. Election of Officers. The officers of the Corporation shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his or her successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Corporation. He or she shall preside at all meetings of the members and of the Board of Directors. He or she shall have all of the general powers and duties which are usually vested in the office of president of a corporation, including, but not limited to, the power to appoint committees from among the membership from time to time as he or she may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Corporation.

Section 5. Vice President. The Vice President shall take the place of the President and perform his or her duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to so do on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him or her by the Board of Directors.

Section 6. Secretary. The Secretary shall assure that minutes of all meetings of the Corporation shall be taken and properly preserved; he or she shall have charge 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 assure that corporate funds and securities are protected and accounted for. He/she shall assure that the books and accounts of the Corporation are preserved as directed by a majority of the Board of Directors and that the annual financial statements and tax returns are prepared and filed on a timely basis.

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 called for that purpose. Amendments may be proposed by the Board of Directors or by petition signed by at least forty (40) percent of the members. A description of any proposed amendment shall accompany the notice of any regular or special meeting at which an amendment is to be voted upon.

ARTICLE VIII. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Liability and Indemnification of Directors. No member of the Board of Directors of the Corporation who is a volunteer Director, as that term is defined in the Michigan Nonprofit Corporation Act (the "Act"), and no volunteer Officer shall be personally liable to this Corporation or its members for monetary damages for a breach of the Director's or Officer's fiduciary duty; provided, however, that this provision shall not eliminate or limit the liability of a Director or Officer for any of the following:

- (a) A breach of the Director's or Officer's duty of loyalty to the Corporation or its members;
- (b) Acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- (c) A violation of Section 551(1) of the Act;
- (d) A transaction from which the Director or Officer derived an improper personal benefit; or
- (e) An act or omission that is grossly negligent.

The Corporation assumes all liability to any person, other than the Corporation or its members, for all acts or omissions of a Director who is a volunteer Director, as defined in the Act, incurred in the good faith performance of the Director's duties. If the Act is amended after the filing of these By-Laws to authorize the further elimination or limitation of the liability of Directors or Officers of nonprofit corporations, then the liability of members of the Board of Directors or Officers, in addition to that described in this Article, shall be assumed by the Corporation or eliminated or limited to the fullest extent permitted by the Act as so amended. No amendment or repeal of this Article shall apply to have any effect on the liability or alleged liability of any member of the Board of Directors of this Corporation or volunteer Officer for or with respect to any acts or omissions occurring before the effective date of any such amendment or repeal.

The Corporation assumes the liability for all acts or omissions of a non-director volunteer if all of the following are met:

- (a) The volunteer was acting or reasonably believed he or she was acting within the scope of his or her authority;
- (b) The volunteer was acting in good faith;
- (c) The volunteer's conduct did not amount to gross negligence or willful and wanton misconduct;
- (d) The volunteer's conduct was not an intentional tort; or
- (e) The volunteer's conduct was not a tort arising out of the ownership, maintenance, or use of a motor vehicle for which tort liability may be imposed provided in Section 3135 of the Insurance Code of 1956, Act No.

218 of the Public Acts of 1956, being Section 500.3135 of the Michigan
Compiled Laws.

A claim for monetary damages for a non-director volunteer's acts or omissions shall not be brought or maintained against a non-director volunteer. The claim shall be brought and maintained against the Corporation.

If the Act is amended after the filing of these By-Laws to authorize the further elimination or limitation of the liability of volunteers of nonprofit corporations, then the liability of volunteers, in addition to that described in this Article, shall be assumed by the Corporation or eliminated or limited to the fullest extent permitted by the Act as so amended. No amendment or repeal of this Article shall apply or have any effect on the liability or alleged liability of any volunteer of this Corporation for or with respect to any acts or omissions occurring before the effective date of any such amendment or repeal.

Section 2. Indemnification. The Corporation shall indemnify a person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, other than an action by or in the right of the Corporation, by reason of the fact that the person is or was a Director, Officer, employee, non-director volunteer, or agent of the Corporation, or is or was serving the request of the Corporation as a Director, Officer, partner, trustee, employee, non-director volunteer, or agent of another corporation or business partnership, joint venture, trust, or other enterprise, whether for profit or not for profit, against expenses including attorney fees, judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by the person in connection with the action, suit, or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interest of the Corporation or its members, and with respect to any criminal action or proceeding, if the person had no reasonable cause to believe that his conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere, or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interest of the Corporation or its Members and, with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct was unlawful.

Section 3. Determination. The foregoing indemnification shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the Director, Officer, employee, non-director volunteer, or agent is proper in the circumstances because the person met the applicable standard of conduct set forth above. This determination shall be made in any of the following ways: (a) by a majority vote of a quorum of the Board consisting of Directors who were not parties to the action, suit or proceeding; (b) if the quorum described in subparagraph (a) is not obtainable, then by a majority vote of a committee of Directors who were not parties of the action, suit or proceeding; or (c) by independent legal counsel in a written opinion.

Section 4. Inurement. The indemnification provided for in this section continues as to a person who ceases to be a Director, Officer, employee, non-director volunteer, or agent and shall inure to the benefit of the heirs, executors, and administrators of the person to be indemnified.

ARTICLE IX. FISCAL MANAGEMENT

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

Section 2. **Books and Accounts.** Books and accounts of the Corporation shall be kept under the direction of the Treasurer and as directed by the Board of Directors.

Section 3. **Audits, Reviews and Reporting.** At the close of each fiscal year, the books and records of the Corporation shall be either reviewed or audited by a Certified Public Accountant, whose report shall be prepared in accordance with nationally accepted standards. Based on such reports, the Corporation will furnish its members with an annual financial statement including the income and disbursements of the Corporation. The Corporation will also supply the members, as soon as practicable after the end of each calendar year, with a statement showing each member's pro-rata share of the real estate taxes and mortgage interest paid by the Corporation during the preceding calendar year.

Section 4. **Inspection of Books.** Financial reports consisting of monthly or quarterly income and expense statements, balance sheets and the membership records of the Corporation shall be available at the principal office of the Corporation for inspection at reasonable times by any member.

Section 5. **Execution of Corporate Documents.** With the prior authorization of the Board of Directors, all notes and contracts, including Occupancy Agreements, shall be executed on behalf of the Corporation by any person duly authorized to do so by a majority of the Board of Directors.

Section 6. **Association with Other Cooperatives.** The Corporation may become a member of an association of cooperatives or other community associations who join together for purposes of mutual aid and for advancing the cooperative movement as a means of providing housing for consumers.

