AFTER RECORDING, RETURN TO:
SquareOne Villages
15 N. Polk Street
Eugene, OR 97402

BYLAWS
OF
C STREET CO-OPERATIVE
An Oregon Co-operative

Article 1. Name and Purpose of the Co-Operative

1.1 **Name.** The name of the Co-operative is C Street Co-operative. The Co-operative is an Oregon co-operative.

1.2 **Location**. The Co-operative has entered into a Ground Lease with SquareOne Villages, an Oregon non-profit public benefit corporation, for the Property at C Street, a shared housing development located at 1075 and 1077 C Street, Springfield, Oregon. The Co-operative will operate the C Street Property for its Members.

1.3 **Purpose**. The Co-operative will offer Memberships to individuals who want to live at the C Street Property . The purpose of the Co-operative is to provide permanently affordable housing on a co-operative basis to those individuals who purchase Membership in the Co-operative. To carry out this purpose, all of the Units (suites) in the C Street Complex will be leased to Members, who must be low or moderate income persons as determined by Square One Villages.

1.4 **Business Address**. The business and mailing address of the Co-operative is 1075 C Street, Springfield, Oregon 97477.

1.5 **Initial Board of Directors**. The Co-operative was formed by principals at SquareOne Villages. At the organizational meeting of the Co-operative held on August 12, 2021, these Bylaws were adopted. Furthermore, at that meeting, the following three (3) individuals were appointed as the initial directors of the Co-operative: Jeff Albanese, Andrew Heben, and Raquel Diaz. After SquareOne closes the purchase of the Land and its purchase loan from Summit Bank and has received subscriptions for the six Memberships in the Co-operative, SquareOne will turn over the Co-operative to the subscribing Members who will constitute the new Board of Directors of the Co-operative.

Article 2. Definitions.

Unless a contrary meaning is clearly indicated from the context, the following definitions will apply throughout these Bylaws:

2.1 **"Articles"** means the Articles of Incorporation of the Co-operative filed with the Oregon Secretary of State on August 12, 2021, as the same may be amended.

2.2 **"Board"** means the Board of Directors of the Co-operative.

2.3 **"Bylaws"** means the Bylaws of the Co-operative as set forth herein and as may be hereafter amended.

2.4 **"Carrying Charges"** means the Monthly Assessments, Special Assessments, and Special Charges due monthly under the Proprietary Lease for a Unit.

2.5 **"Common Areas"** means all portions of the Land and Improvements thereon exclusive of the Units.

2.6 **"Co-operative"** means the C Street Co-operative.

2.7 **"Departing Member"** means a Member who is proposing to transfer his or her Membership to an Entering Member.

2.8 **"Disposition of Membership"** means any sale or transfer of a Membership in the Co-operative.

2.9 **"Disposition Period"** means the period of time not to exceed three (3) months in which a Secured Party may sell a Membership after successful foreclosure of its Purchase Lien in that Membership and during which the Co-operative will take no action to cancel the Member's Membership and terminate the Member's Lease to allow the Secured Party to enforce its rights under the Purchase Lien.

2.10 **"Encumbered Member"** means a Member who has financed the purchase of his or her Membership with a third-party Secured Party who has taken a Purchase Lien in the Membership.

2.11 **"Entering Member"** means any person who is acquiring a Membership from a Departing Member.

2.12 **"Event of Default"** means any default listed in Section 11.3 below.

2.13 **"Governing Documents"** means collectively the Articles, these Bylaws, the Ground Lease, Proprietary Lease and the Community Agreements.

2.14 **"Ground Lease"** means that certain Ground Lease between SquareOne Villages and the C Street Co-operative dated August, 2021 and any amendments thereto.

2.15 **"Improvements"** means all structure, installations, utilities, landscaping and other improvements added to the Land, including but not limited to, buildings, paving, fences, walls, plantings, storage facilities, pipes, wires and tanks.

2.16 **"Land"** means that real property in Lane County, Oregon, described in Exhibit "A" of the Ground Lease.

2.17 **"Member"** means any individual who has purchased a Membership and to whom and in whose name a Membership Certificate and Proprietary Lease have been issued.

2.18 **"Membership"** means a share of membership stock in the Co-operative connected to a Unit at the Property and all the rights and responsibilities of a Member as established in the Articles, Bylaws, Ground Lease, Proprietary Lease and Community Agreements. When used in reference to a particular Members, it means the Membership owned by that Member.

2.19 **"Premises"** means the Unit (as defined below). When used in reference to a particular Member, it means the premises leased to that Member.

2.20 **"Property"** means the Land and all Improvements thereon.

2.21 **"Preservation Period"** means that period of time not to exceed four (4) months in which a Secured Party may foreclose its Purchase Lien without action by the Co-operative to cancel the Member's Membership and terminate the Member's Lease to allow the Secured Party to enforce its rights under the Purchase Lien.

2.22 **"Purchase Lien"** means a security interest in the Membership of a Member given by the Member to a Secured Party to secure a loan used to acquire the Member's Membership.

2.23 **"Secured Party"** means any third-party lender to a Member who finances that Member's purchase of a Membership and whose debt is secured by a Purchase Lien.

2.24 **"SquareOne"** means SquareOne Villages, an Oregon non-profit public benefit corporation, which is the lessor on the Ground Lease for the Land.

2.25 **"Unit"** means a residential suite in one of the two buildings at the C Street Property. A Unit is one of the six initial suites in the buildings: 1075A, 1075B, 1075C, 1075 D, 1077A, 1077B

Article 3. Membership

Membership in the Co-operative will be upon the following terms and conditions:

3.1 **Number of Memberships**. The number of shares of Membership stock in the Co-operative will be six, one for each of the Units. There are no Memberships not connected to

a Unit. There is only one class of Membership stock in the Co-operative. There is no par value for any Membership.

3.2 **Qualifications for Membership**. Any person applying for a Membership must meet the following qualifications:

3.2.1 An applicant must be a low-income person as defined in the Ground Lease and must meet the minimum household income requirement set by the Board and not exceed the maximum household income of 80% of the Area Median Income for Lane County based on household size.

3.2.2 An applicant must have consistent, verifiable income or employment for the previous twenty-four (24) months.

3.2.3 An applicant must show a history of making rent or mortgage payments in full and on time for at least the previous twenty-four (24) months.

3.2.4 An applicant must show a history of solid financial responsibility including by making installment payments such as credit cards on a timely basis. An applicant cannot have filed bankruptcy or owned property foreclosed on within the previous three (3) years.

3.2.5 An applicant's total household debt repayments plus the total Monthly Carrying Charges cannot exceed fifty percent (50%) of the household's income unless express permission has been granted by the Board of Directors.

3.2.6 An applicant must intend to use the Premises as the applicant's full-time, permanent residence.

3.2.7 An applicant must be able to purchase the Membership for the price established by the Board and as set in the Ground Lease and pay the Carrying Charges then in effect as set forth in the Proprietary Lease.

3.3 **Reasons for Disapproval of Applicant**. The Board may disapprove an applicant for Membership for any reason within the discretion of the Board. The following is a non-exclusive list of matters which will disqualify an applicant from Membership:

3.3.1 An applicant's failure to appear at a scheduled interview.

3.3.2 An applicant's references could not be verified or references gave negative responses regarding the applicant.

3.3.3 The Board determined that the applicant was unable to participate in the governing of the Co-operative and/or management of the Property.

3.3.4 An applicant misrepresented him or herself in the interview or application.

3.3.5 An applicant was passed over in favor of another qualified applicant.

3.4 **Submission of Application**. To qualify for Membership, an applicant must submit an application to the Board in the form approved by the Board for such purposes. A prospective Member must be approved by the Board.

3.5 **Purchase of Co-operative Share**. An applicant who is approved for Membership must purchase a Membership share in the Co-operative. If any part of the share purchase is financed through Square One or any other lender, then the total monthly debt-to-income ratio cannot exceed fifty percent (50%) of the household income. For purposes of this ratio, debt shall be the sum of monthly Carrying Charges, share loan payment, and all other household debt.

3.6 **Requirements to Retain Membership**. At all times during Membership, a Member must:

3.6.1 Maintain his or her Unit in good condition and repair pursuant to the standards and specifications established by the Co-operative;

3.6.2 Maintain his or her domicile and primary residence in the Unit;

3.6.3 Participate regularly in the Co-operative's management, maintenance, operations and governance including working cooperatively with other Members and participating in group decision-making;

3.6.4 Comply with all covenants of the Proprietary Lease and all rules of the Community Agreements and agree to share in roles and responsibilities with other Co-operative Members (such as rotating officer roles); and

3.6.5 Refrain from discrimination against other Members or residents on the basis of any protected category including race, sex, gender, age, marital status, religious or political affiliation, color, national origin, sexual orientation, veteran status, family composition, disability, or source of income.

3.7 **Co-Ownership of a Membership**. A Membership may be co-owned by two or more individuals as long as all of them live together in the same household. Co-ownership of a Membership may be as tenants in common or as joint tenants with right of survivorship, whether or not the joint tenants are married. Co-owners will own only one Membership but each co-owner will be treated as a Member and will have all the rights and duties of a Member as set forth herein. However, the co-owners of a Membership are entitled to only one vote for that Membership. References in these Bylaws to a Member will mean and include the co-owners of a Membership where a Membership is owned by more than one person.

3.8 **Subscription for Membership**. To purchase a Membership from the Co-operative, a prospective Member will subscribe for the same from the Co-operative. Upon payment of the subscription price and acceptance of the subscription, the subscriber will become a Member of the Co-operative and the Co-operative will issue to such person a Certificate of Membership. If a Membership is co-owned by more than one person, then the Co-operative will issue the Certificate in the names of all co-owners.

3.9 **Membership Certificates**. The Membership Certificate will be in a form approved and contain language established by the Board and consistent with applicable law. Each Membership Certificate will recite the following and each Member receiving rights under a Certificate of Membership will agree to the following:

> "The rights of any holder of this Certificate of Membership are subject to the provisions of the Articles of Incorporation and the Bylaws of the C Street Co-operative (the "Co-operative") and all the terms, covenants, conditions of a certain Ground Lease between SquareOne Villages and the Co-operative and all the terms, covenants and conditions of a certain Proprietary Lease made between the Co-operative, as Lessor, and the person or persons in whose name this Certificate is issued, as Lessee, for a unit in one of the C Street Co-operative buildings. The Membership represented by this Certificate may not be sold or transferred without the express approval of the Board of the Co-operative consistent with the Articles of Incorporation, the Bylaws of the Co-operative, the Ground Lease, and the Proprietary Lease and any other documents referenced therein."

3.10 **Co-operative's Lien**. The Co-operative will at all times have a lien upon the Membership, Membership Certificate and Proprietary Lease of each Member for payment of all assessments and other obligation owing and to be owing by such Member to the Co-operative arising under the provisions of the Proprietary Lease, the Articles, these Bylaws or any other contract between the Member and the Co-operative. The lien will be superior to all other liens except that the Board may at its discretion subordinate the Co-operative's lien position to that of a Secured Party which finances the Member's purchase of the Membership but such subordination will be contingent upon the Co-operative's continuous receipt of the monthly Carrying Charges due pursuant to the Proprietary Lease.

3.11 **Cancellation of Membership**. The Membership of any Member is subject to cancellation upon the terms and conditions set forth in Article 11 below.

3.12 **Rights and Responsibilities of Members**. Each Member will have the following rights and responsibilities, consistent with and as limited by the Ground Lease, the Articles, these Bylaws, the Proprietary Lease, and the Community Agreement and consistent with applicable law:

3.12.1 Each Member will have the right to execute a Proprietary Lease for the Premises associated with the Membership owned by that Member.

3.12.2 Each Member will have the duty to maintain the Premises associated with his or her Membership and in accordance with the Proprietary Lease and Section 8.5 below.

3.12.3 Each Member will have the right and responsibility to assist in the management of the Co-operative and the operation of the Property on a cooperative basis. Members will make themselves reasonably available to assist in running and managing the affairs of the Co-operative and the Property.

3.12.4 A Member has the right to make improvements to his or her Premises to the extent permitted under the Proprietary Lease and Ground Lease.

3.13 **Membership Financing by the Co-operative**. The Co-operative may offer financing to Members for the purchase of their Memberships. The terms for such financing will be set by the Board. Any such financing will be secured by a security interest in favor of the Co-operative in the Memberships of the Members so financed.

3.14 **Rights of Secured Party**. When the purchase of a Membership is financed by a Secured Party and the Secured Party takes a Purchase Lien in the Membership to secure repayment of its loan, the Co-operative and the Encumbered Member agree to recognize the following obligations and rights of the Secured Party:

3.14.1 An Encumbered Member or a Secured Party will notify the Co-operative of the Secured Party's Purchase Lien. This notice will state an address and an email address of the Secured Party to which the Co-operative may send notices.

3.14.2 Prior to taking action under Article 11 below to terminate the Membership of a Member who has granted a Purchase Lien to a Secured Party and the Secured Party has given notice to the Co-operative of the Purchase Lien, the Co-operative will give the Secured Party a copy of the notice sent to a Member regarding the Co-operative's intent to terminate the Membership as provided in Section 11.4.2 below.

3.14.3 Whether or not the Co-operative has sent a notice to a Secured Party under Section 3.14.2 above, a Secured Party may initiate a Preservation Period by giving written notice to the Co-operative to invoke the same and of its intent to foreclose its Purchase Lien or otherwise exercise its rights as Secured Party because of a default by the Member of obligations under the loan documents secured by the Purchase Lien.

3.14.4 A Preservation Period will terminate upon the occurrence of the earliest of the following: (a) the Preservation Period expires after four (4) months; (b) the Preservation Period is terminated under Section 3.14.6 below; (c) the Membership of the Encumbered Member has been properly transferred to a new Member; (d) the Secured Party successfully forecloses on the Purchase Lien and takes possession of the Membership; or (e) the Secured Party gives notice from its action to exercise its rights under the Purchase Lien. The Board may extend the Preservation Period upon the Secured Party's request.

3.14.5 During the Preservation Period, if the Member is not paying the monthly Carrying Charges, the Secured Party will pay the same to the Co-operative.

3.14.6 Upon failure of the Secured Party to timely pay the Carrying Charges if the Member is not paying them and after fifteen (15) days notice from the Co-operative to the Secured Party to cure such failure, the Co-operative may terminate the Preservation Period and proceed to cancel the Membership and terminate the Proprietary Lease for the Premises subject to the Purchase Lien.

3.14.7 A Secured Party may rely on the provisions of this Section 3.14 as a third-party beneficiary thereof.

3.14.8 Notices by the Co-operative to the Secured Party will be to the address given by the Secured Party in the notice required under 3.14.1 above. Notices by the Secured Party to the Co-operative will be sent to the following address: 1075 C Street, Springfield, OR 97477; Email address:_____. Delivery of a notice will be deemed effective either (a) on the date personally delivered to the party's address, as evidenced by written receipt thereof; (b) on the date delivered to the party's address when delivered by a nationally recognized overnight delivery service such as Federal Express Corporation; (c) on the third (3rd) business day after being sent, by certified mail, postage prepaid, return receipt requested, addressed to the intended recipient at the specified address; (d) on the first (1st) business day after being sent to a party by email.

3.14.9 During a Preservation Period, the Co-operative will abate all action to cancel the Encumbered Member's Membership or terminate the Member's Lease and the Secured Party may act to foreclose its lien, may take possession of the Membership in accordance with the Purchase Lien and the Oregon Uniform Commercial Code, and/or sell the Membership to a new Member who meets the Membership requirements set forth in Sections 3.2 and 3.3 above and is approved by the Board.

3.14.10 Upon successful foreclosure by a Secured Party of a Purchase Lien, all rights of the Encumbered Member in his or her Membership will be automatically terminated and the Member's rights under the Proprietary Lease for the Premises will be automatically terminated. Notwithstanding its successful foreclosure of a Purchase Lien, a Secured Party will have no right to possess or occupy the Premises connected with the Membership.

3.14.11 Upon successful foreclosure by a Secured Party of a Purchase Lien, the Disposition Period will begin. During the Disposition Period, the Secured Party may sell the formerly encumbered Membership to a new Member who meets the Membership requirements set forth in Sections 3.2 and 3.3 above and is approved by the Board. Upon approval of the new Member, the Board will issue a Membership Certificate to him or her. The Secured Party may not sell the Membership for a price greater than the principal amount due under the foreclosed Purchase Lien plus all interest accrued and attorney fees and other costs incurred in the foreclosure and sale of the Membership.

3.15 **Forfeiture of Membership**. Members agree that their Memberships in the Co-operative will be automatically forfeited without notice if they purchase and own land with improvements for residential use in the State of Oregon.

3.16 **Membership Price**. The initial price for a Membership is $10,000. This price may be increased by the Co-operative but only upon Square One's prior written consent.

Article 4. Board of Directors.

4.1 **Duties.** The Co-operative will be managed by its Board of Directors. Except for those powers and responsibilities granted or reserved to the Members by the Articles, these Bylaws or applicable law, all business and affairs of the Co-operative will be conducted by the Board. Among other things, the Board will:

4.1.1 Determine and pay the expenditures required for the operation of the Co-operative and the maintenance of the Property and establish financial reserves for the Co-operative;

4.1.2 Prepare and provide an annual budget for the operation of the Co-operative, provide in the budget for the collection of reserves, and present the budget to the Members at the annual meeting of the Members for their approval;

4.1.3 Maintain bank accounts and books of account according to generally accepted accounting practices reflecting all the Co-operative's receipts and disbursements with proper supporting documents;

4.1.4 Adopt and enforce such reasonable Community Agreements as it may deem necessary or desirable in respect to the use of the Units and the common areas and facilities of the Co-operative;

4.1.5 Adopt and enforce the terms of the Proprietary Leases under which each Member occupies and enjoys Unit;

4.1.6 Employ personnel, including as independent contractors, necessary for the operation of the Co-operative and the maintenance of the Property and order and supervise work deemed necessary to the operation, maintenance, repair and replacement of the Common Areas and facilities and any additions and improvements thereto;

4.1.7 Obtain and maintain the kinds and amounts of insurance for the Property;

4.1.8 Prepare or supervise the preparation of an annual financial report to the Members as of the last date of each calendar year;

4.1.9 Employ attorneys and accountants and other professional or technical consultants and advisors as may be reasonably necessary in carrying out the management and administration of the Association;

4.1.10 Borrow money to refinance any Co-operative loan, or to pay for a necessary Capital Acquisition or Capital Improvement and to execute promissory notes and security instruments and loan agreements as are reasonably necessary;

4.1.11 Establish the terms and conditions for the Co-operative to provide financing for the purchase of Memberships;

4.1.12 Negotiate the terms of compensation for any employee, independent contractor, third-party professional management company, attorney, accountant or other party employed by the Co-operative and execute contracts with such parties regarding agreed-upon compensation; and

4.1.13 Contract with or employ any independent technical assistance provider or consultant to advise the Co-operative.

4.2 **Number**. Each Membership will have a seat on the Board to be filled by a Member who is an owner of that Membership. There will be six (6) directors on the Board. However, serving on the Board will not be compulsory for Members so if a seat cannot be filled because no Member qualified to serve in that seat is willing to serve, then the Board will operate with a vacancy for that seat.

4.3 **Election and Term**. Each Membership will have the right to select a Member who is an owner of the Membership to serve as a director. Directors will serve on a continuous basis.

4.4 **Removal**. Any director may be removed from office, with or without cause, by a simple majority vote of the Members at a special meeting called for that purpose, provided hat such a majority would constitute at least fifty-one percent (51%) of the entire membership.

4.5 **Meetings**. The Board will meet as often as needed but at least once during each calendar quarter. Meetings of the Board will be called by any member of the Board at a time place that is mutually agreeable.

4.6 **Notice**. Written notices of each meeting must be delivered or mailed to each director not less than seven (7) days nor more than thirty (30) days before the date of the meeting. The notice will be emailed, mailed or delivered to the address of each director as shown in the records of the Co-operative. The notice will contain the time and location of the meeting and the purpose or purposes of the meeting. All meetings will be held at a location in Springfield, Oregon which is reasonably accessible by all the directors.

4.7 **Quorum**. The total of all directors minus one (1) will constitute a quorum at any Board meeting. Except as allowed by law or an otherwise specified as in these Bylaws, a

quorum is necessary for any Board action.

4.7 **Voting**. The Board will make decisions on the consensus-minus-one model. Matters coming before the Board for a vote at a meeting will be adopted only if approved by all directors present minus one. Members may not vote by proxy. Each membership has one vote. However, directors with outstanding debts to the Co-operative including but not limited to past-due payments of Carrying Charges will be disqualified from voting until such debts are paid in full.

4.8 **Minutes of Meetings**. The Secretary of the Co-operative will keep minutes of all meetings. If the Secretary is not present, then the President or, in his or her absence, the Vice President will appoint another Member to take minutes. The minutes of all meetings will be kept in a book available for inspection by the Members or their authorized representatives at any time. The Co-operative will retain these minutes for a period of not less than seven (7) years.

4.9 **Action Without a Meeting**. Any decision or action which may be taken by the Board at a meeting may be done without a meeting if consent in writing setting forth the decision or action taken is agree to in writing by all the Directors. Such consent will have the same effect as an unanimous vote on the decision or action.

4.10 **Compensation**. No compensation shall be paid to directors and officers for their services as directors or officers, except that expenses incurred while conducting business for the Co-operative may be reimbursed. No remuneration shall be paid to a director or officer for services performed by him or her for the Co-operative in any other capacity, unless a resolution authorizing such remuneration has been adopted by the Board present at a meeting before the services are undertaken.

4.11 **Contracts with Directors**. No directors of the Co-operative may have an interest, directly or indirectly, in any contract or transaction relation to the operations conducted by it, nor in any contract furnishing services or supplies to it, unless (a) such contract shall be authorized by all other of the directors and (b) the fact and nature of such interest shall have been fully disclosed or known to the members of the Board present at the meeting at which such contract is so authorized.

Article 5. Meetings of the Members.

5.1 **Annual Meeting**. Given that each Membership has a right to a seat on the Board, meetings of the Board will be in most circumstances meetings of the Members as well. However, in additional to the Board meetings called pursuant to Section 4.5 above, an annual meeting of the Members will be held in the first fifteen (15) days of each year on a date determined by the Board at a time and place as set forth in the notice of the meeting. The following matters will be discussed at the annual meeting: (a) the election of officers of the Co-operative; (b) the review of year-end financial statements; (c) the review and approval of the annual budget; (d) the review and adjustment of Monthly and Special Assessments, (e) the review of the Co-operative's insurance; and (f) and such other business as is brought before the Members at the meeting.

5.2 **Special Meetings**. Given that participation in the Board is not compulsory as set forth in Section 4.2 above, meetings of the Members may be required to consider matters requiring consideration of all the Members. In such circumstance, a special meeting of the Members shall be called by the President or upon the written request of a Member.

5.3 **Notice**. Written notices of each meeting must be delivered or mailed to each Member not less than seven (7) days nor more than thirty (30) days before the date of the meeting. The notice will be emailed, mailed or delivered to the address of each Member as shown in the records of the Co-operative. The notice will contain the time and location of the meeting and the purpose or purposes of the meeting. All meetings will be held at a location in Springfield, Oregon which is reasonably accessible by all the Members.

5.4 **Quorum**. A quorum of the Members will consist of the presence of at least five (5) Members of the Co-operative at a meeting of the Members. A meeting may proceed only if a Quorum of the Members is present. If a Quorum is not present, a majority of the Members present will have the power to adjourn to a date of their choice.

5.5 **Voting at Meetings.** The Co-operative will operate on a consensus-minus-one model. Matters coming before the Members for a vote at a meeting will be adopted only if approved by at least all members present minus one. Members may not vote by proxy. Each membership has one vote. However, Members with outstanding debts to the Co-operative including but not limited to past-due payments of Carrying Charges will be disqualified from voting until such debts are paid in full.

5.6 **Minutes of Meetings**. The Secretary of the Co-operative will keep minutes of all meetings. If the Secretary is not present, then the President or, in his or her absence, the Vice President will appoint another Member to take minutes. The minutes of all meetings will be kept in a book available for inspection by the Members or their authorized representatives at any time. The Co-operative will retain these minutes for a period of not less than seven (7) years.

5.7 **Action Without a Meeting**. Any decision or action which may be taken by the Members at a meeting may be done without a meeting if consent in writing setting forth the decision or action is agreed in writing by all the Members. Such consent will have the same effect as an unanimous vote on the decision or action taken and will be effective upon the date signed by all the Members.

5.8 **Actions Requiring Approval of Members**. The Co-operative cannot take the following actions without a vote at a meeting of the Members:

5.8.1 Purchase or pay for materials, goods, or services or contract for the construction or installation of any improvement to the Property that will cost more than Five Thousand Dollars and 00/100 ($1,500.00);

5.8.2 Borrow money in excess of One Thousand Five Hundred and 00/100 Dollars ($1,500.00);

5.8.3 Sell, transfer or encumber the Property;

5.8.4 Possess, use or assign any property or other assets of the Co-operative for other than a Co-operative purpose or commingle the funds of the Co-operative with any other funds or employ such funds in any manner except for the exclusive benefit of the Co-operative;

5.8.5 Guarantee the repayment of the debt of any party except for the Co-operative;

5.8.6 Consolidate or merge with or into any other entity or convey or transfer or lease its property and assets substantially as an entirety to any entity; and

5.8.7 Dissolve, liquidate or declare bankruptcy for the Co-operative.

Article 6. Officers.

6.1 **Officers of the Co-operative**. The offices of the Co-operative will be a President, Vice President/Secretary, and Treasurer. All officers must also be directors.

6.2 **Elections and Term**. The officers will be elected annually by the Members for a one-year term. Nevertheless, each officer will hold office at the pleasure of the Board, which may remove any officer by a majority vote with or without cause and elect his or her successor. Any officer may resign his or her post at any time by written resignation delivered to the Board.

6.3 **President**. The President is the chief executive officer of the Co-operative. If present, he or she will preside at all meetings of the Members and the Board. The President will exercise general supervision over the affairs of the Co-operative and other officers and directors. The President will sign and execute all contracts, agreements, notes and other obligations of the Co-Operative as authorized and required by the Board or the Members.

6.4. **Vice President/Secretary**. The Vice-President/Secretary will record and make available upon request in a timely manner to all directors, Members and others entitled thereto the minutes of all meetings of Members and the Board. The Vice President/Secretary will also prepare and serve all notices of meetings of the Members and the Board to Members and directors. In addition, the Vice President/Secretary will be responsible for such books, records, papers, e-files and other things as the Board may authorize or direct, including, but not limited to, the file of minutes for the Co-operative. The Vice President/Secretary will assist the President and perform the duties of the President in the absence of the President and perform such other duties as directed by the President or the Board.

6.5. **Treasurer**. The Treasurer will have responsibility for all financial records and affairs of the Co-operative and will receive and disburse the funds of the Co-operative in a timely

manner, as required in the regular course of business or as authorized by the Board. The Treasurer will keep full and accurate accounts of receipts and disbursements in the records of the Co-operative and will also keep a full and accurate account of the cost of improvements and/or alterations to Units by Members.

Article 7. Disposition of Membership.

7.1 **General**. A Disposition is not allowed except upon approval by the Board. A proposed Disposition of a Membership will be considered for approval by the Co-operative only if it involves a sale or transfer to a person qualified under Section 3.2 above to be a Member.

7.2 **Pre-requisites for Valid Sale or Transfer**. No sale or transfer of a Membership will be valid unless the parties involved in the transfer fully comply with the following:

7.2.1 The total transfer or sales price does not exceed the amount calculated under Section 7.5 below;

7.2.2 Prior to transfer of the Membership, the new Member must sign a copy of the Letter of Stipulation and Acknowledgment included as Exhibit "E" in the Ground Lease;

7.2.3 The new Member meets the Low-Income requirements for Membership as required above and in the Ground Lease;

7.2.4 The Member and/or the Co-operative gives written notice to the Lessor of the proposed transfer including the terms of sale and evidence of the transferee's income-eligibility; and

7.2.6 The Proprietary Lease appurtenant to the transferred Membership is assigned by the selling Member to the purchaser of the Membership.

7.3 **Application for Disposition**. The Board will prepare and issue an appropriate form upon which application may be made for the Disposition of a Membership. The form will include questions to determine whether the proposed transaction will comply with these Bylaws and whether the proposed Entering Member will be an appropriate Member of the Co-operative and resident of the C Street Complex.

7.4 **Determination by Board**. The Board will, within ten (10) days after receipt by the Co-operative of a completed application, hold a meeting to consider the proposed Disposition. The proposed Entering Member must attend this meeting to answer questions germane to the proposed Entering Member's fitness to be a member of the Co-operative and a resident at the C Street Complex. The Board, after considering input from the Members, may approve the Disposition of Membership to a proposed Entering Member. The application may be rejected if the Board determines that the proposed Entering Member does not qualify to be a member under Section 3.2 above, or that specific factors or characteristics, including but not limited to those listed in Section 3.3 above, exist which would make the proposed Entering Member unsuitable as

a member of the Co-operative or resident at the C Street Complex. The decision of the Board regarding a proposed Disposition is final and conclusive. However, in the event of a disapproval of an application, the Departing or the proposed Entering Member may submit an appeal to the Members within seven (7) days after the written disapproval by the Board. A special meeting of the Members will then be held within fifteen (15) days. After review of the application, the Members may affirm or reverse the decision of the Board. Such a decision by the Members will be final and conclusive. Upon final approval of an application, the Board will issue a Certificate of Membership to the Entering Member and the Entering Member will execute and deliver to the Co-operative a Proprietary Lease for the Entering Member's Unit.

7.5 **Maximum Sale and Transfer Price**. The maximum amount which a Member may charge and receive for the transfer or sale of his or her Membership will be the sum of the numbers computed under 10.3.1 and 10.3.2.

7.5.1 For the initial Member, $10,000, and for subsequent Members, the purchase price actually paid by the subsequent Member increased by three percent (3%) per annum (simple and not compound) commencing when the Member acquired his or her Membership and ending on the date or transfer of that Member's Membership.

7.5.2 Any funds paid by the Member for materials and costs (including an imputed labor cost for labor performed by said Member), including any funds paid by the Member by way of Special Assessment or otherwise for an allowed capital project consistent with the following provisions:

7.5.2.1 The expenditure is either for a permanent landscape improvement or for a capital improvement to the Improvements occupied by the Member which results in an upgrade to said Improvements or which extends the usefulness or the useful life of the Improvements, but not including any maintenance or routine repair of the Improvement; any painting, decorating, or similar cosmetic work on or to the Improvement; any costs which were associated with the willful or negligent conduct of the Member or Member's family or sublessee; or any costs for which reimbursement was our could have been obtained from any insurer or other persons or entity.

7.5.2.2 The Member may not obtain any credit for an allowed capital project if that Member transfers his or her Membership during the first forty-eight (48) months of this Lease. In addition, a Member may not obtain credit for an allowed capital project, which exceeds three thousand dollars ($3,000.00) during any subsequent sixty (60) month period during the term of this Lease including any extensions hereof.

7.5.2.3 The Co-operative and the Member (as the case may be) must keep receipts and actual accurate time records to document the cost, which the Member wishes to claim as an allowed capital project. For labor performed by the Member on an allowed capital project, SquareOne will determine the value thereof at the time such labor is performed based on the determination by Lessor of how much a homeowner would pay for such work in Lane County, Oregon; provided, however, that at the Member's discretion, in lieu of obtaining a determination

of the value of such labor by Lessor, the Member is entitled to claim, as an allowable labor cost, one hundred fifty percent (150%) of the fair market value of the materials consumed and/or used in such labor.

7.5.2.4 Before a Member accomplishes work which the Member wishes to claim as an allowed capital project, the Member must provide notice to the Co-operative and SquareOne and request a determination from Lessor and Lessee regarding whether such work is an allowed capital project. The Co-operative and SquareOne will make such determination in writing in its reasonable discretion. The Co-operative and Square One will also determine in writing, once said work has been completed and after presentation to the Co-operative and Square One of such receipts and other documentation as the Co-operative and Square One may require the value of the allowed capital project to be used herein.

7.5.2.5 The value of each allowed capital project as determined herein will be increased from the date of completion of said project through the date of sale of the Member's Membership, based on the percentage increase rate established in Section 7.5.1 above.

7.6 **Deceased Member**. The provisions of Section 7.1 through 7.3 above do not apply to the transfer of a deceased Member's Membership. If a Member dies and his or her Membership passes to a child or children, domestic partner or other family member, either by will, trust or intestate succession, said person or persons may acquire the deceased Member's Membership regardless of the income of such person or persons and may reside at the Unit connected with the Membership. Notwithstanding the above, all the income requirements for ownership of a Membership and residence at a Unit remain applicable and the Membership received through inheritance can only be sold or transferred to a person who meets the income requirements set forth herein and in the Ground Lease.

7.7 **Payment Prerequisites**. Before the Co-operative can approve a Disposition and issue a new Membership Certificate and/or Proprietary Lease, all unpaid sums, including all Carrying Charges owed to the Co-operative or charges owed to Square One, relating to the Unit to be transferred, must be paid in full or satisfactory arrangements for the payment must be made. Unless otherwise stated in writing by the Co-operative, the issuance and delivery of a new Membership Certificate and/or Proprietary Lease is conclusive evidence that there are no outstanding sums owed to the Co-operative with respect to that Membership or the Unit associated with that Membership.

7.8 **Transfer of Rights and Responsibilities**. Upon the issuance and delivery of a new Membership Certificate and Proprietary Lease, all rights, title and interest associated with or pertaining to that Membership will pass to the new Member. All rights, title and interest of the former Member and persons claiming through or under the former Member with respect to that Membership and the Premises associated with that Membership will cease. Furthermore, upon issuance and delivery of a Membership and Proprietary Lease to a new Member, all responsibilities associated with or pertaining to that Membership and the Premises associated therewith will pass to the new Member.

Article 8. Proprietary Lease

8.1 **Right to Proprietary Lease**. Each Member is entitled to a Proprietary Lease for the Premises associated with the Member's Membership. The Proprietary Lease will be issued to the Member and to no other person. Each Member must comply with the Proprietary Lease in all particulars.

8.2 **Occupancy of Premises**. Except as otherwise allowed in these Bylaws or the Proprietary Lease, no person other than the Member and the Member's family, as that term is defined in the Ground Lease, may reside on the Premises associated with that Member's Membership. Membership in the Co-operative will be granted only for a Member whose household will be adequately housed in the Unit to be leased.

8,3 **Subordination**. The Proprietary Lease and the rights of the Members under the Proprietary Leases are subordinate to mortgages, deeds of trust and similar encumbrances on the Property whether such encumbrance is established before or after the execution of a Proprietary Lease.

8.4 **Subleases**. Subleasing of a Unit by a Member will be on the following terms and conditions:

8.4.1 A prospective sublessee must be a low-income person as defined herein whose household income cannot exceed 80% of the Area Median Income for Lane County based on household size.

8.4.2 Before submitting an application for a subtenancy to the Board, a Member will make reasonable investigation to determine that the proposed subtenant will be an appropriate resident of the Unit and will not interfere with the rights of other residents of the Property.

8.4.3 The Co-operative may approve a proposed sublease of a Unit and all requests for subleasing will be submitted to the Co-operative on the form designated by the Board. (See Exhibit "B" to the Proprietary Lease.) The process for approving a sublease will the same as that set forth in Section 7.3 above. The Co-operative will only consider approving a proposed sublease under the following circumstances: (a) if the Member desires to reside outside the Co-operative for a limited period time subject to the approval of the Co-operative but intends to return to the Premises as his or her primary residence; or (b) if the Member is attempting to sell his or her Membership but has not found a suitable person to purchase it yet. In either event, the subtenant must be an income-eligible person as defined in the Ground Lease and approved by SquareOne Villages and who will reside on the Premises along with his or her family (as that term is defined in the Ground Lease) as his or her primary residence. The sublease may be for a maximum of one year unless the Member applies for and is granted a one time extension for a maximum of one year.

8.4.5 The Member may not charge any rent, fee, or compensation for the

Sublease which exceeds the amount paid that Member to Lessee for rent, assessments, and any other sum attributable to or related to that Unit during all applicable periods.

8.4.6 The Subtenant must throughout the period of the subtenancy use the subleased Unit as his or her permanent residence.

8.4.7 The Member subleasing his or her Premises will be responsible in all respects for the subtenant and the actions of the subtenant including the subtenant's compliance the Articles, these Bylaws, the Proprietary Lease and the Community Agreements issued by the Board.

8.5 **Maintenance of the Premises**. The Member, at his or her own expense, will maintain his or her Unit in good repair and in a condition which is in keeping with the character of the other Units at the Property including all plumbing, heating and electrical fixtures, stove, refrigerators, and other appliances. The Member will keep garbage and recycling containers and use them to dispose of waste on a weekly basis. The Member will not allow trash to accumulate on the Premises and will maintain the yard and landscaping at the Property in good condition. If the Co-operative incurs any damage or costs including costs to remedy any default by the Member to maintain his Unit or the yard at the Property, the costs thereof will be charged to the Member. Each Member will be liable for any damage, other than normal wear and tear, done to or committed upon any part of the Property by the Member or by any visitor or worker present on the Premises as an invitee of the Member.

8.6 **Leaks**. Any damage to a dwelling unit because of leaks in the roof or pipes within the walls of the dwelling unit or otherwise caused by defective plumbing will be borne by the Co-operative. However, if a Member was aware of or, using reasonable diligence, should have been aware of leaks in pipes or plumbing and fails to report the same, then that Member will be responsible to the Co-operative for any resulting damage or destruction including, but not limited to, the cost of repair or replacement.

8.7 **Encumbrance or Sale of Premises**. A Unit may not be encumbered except for a Purchase Lien. A Unit may not be sold or transferred except as set forth herein.

Article 9. Finances, Budgets and Assessments.

9.1 **Preparation of Budget**. The Board will, prior to the annual meeting of the Members, prepare a budget covering the estimated cost of operating the Co-operative and the Property, including but not limited to Ground Lease payments, mortgage and similar payments, taxes, insurance, utilities and maintenance of the Common Area, reserves, anticipated repairs, administrative and legal costs, and accounting expenses. In addition, the Board will propose the amount for monthly assessment to be charged under the Proprietary Leases in the next year necessary to fund the proposed budget.

9.2 **Adoption of Budget**. At the annual meeting, the Members will review, adjust and approve the budget for that year as well as the monthly assessment to be charged each Member.

9.3 **Percentages of Assessments**. After occupancy, each Member will pay a regular monthly assessment, which equals one-sixth (1/6th) of his or her share of the annual budget of the Co-operative. The annual share will be borne equally among the Memberships unless otherwise determined by a vote of the Members and approved by Square One Villages.

9.4 **Special Assessments**. In the event of an emergency, as determined by the Board in its sole discretion, the Board my levy a special assessment of up to ten percent (10%) of the annual assessment owed by each Member.

9.5 **Late Fees**. Unless otherwise decided by the Board, all assessments due and payable by the Members under the Proprietary Leases will be due and payable without notice on the first day of each month at the Treasurer's Premises or such other location as designated by the Board. If paid after the fifth (5^{th}) day of the month, reasonable late fees will be charged in an amount established by the Board.

9.6 **Fiscal Year**. The fiscal year of the Co-operative will begin on the first day of January of each year and end on the thirty-first day of December of each year.

9.7 **Financial Books and Records**. The Co-operative's financial books and records will be maintained in accordance with generally accepted accounting practices. The accounting records of the Co-operative will be open to inspection by Members or their authorized representatives at reasonable times. Upon request of a Member, the Co-operative will photocopy financial records for a Member, subject to a reasonable charge for the cost of photocopying the records. No Member will have the right to remove any financial records into his or her private possession. The Co-operative will retain the records for a period of not less than seven (7) years.

ARTICLE 10. LIABILITY AND INDEMNIFICATION OF DIRECTORS AND OFFICERS

10.1 **Liability.** An officer or director of the Co-operative will have no liability to the Co-operative or its Members for monetary damages for conduct as an officer or director, except for acts or omissions that involved intentional misconduct or a knowing violation of law or for any transaction from which the director will personally receive a benefit in money, property or services to which the director is not legally entitled. If the Oregon Nonprofit Corporation Act is hereafter amended to authorize corporate action eliminating or limiting the personal liability of directors of officers, then the liability of an officer or director shall be eliminated or limited to the full extent permitted by the law as amended. Any repeal or modification of this limitation shall not be effective with respect to any act or activities occurring prior to the repeal or modification.

10.2 **Bonds or Insurance.** The Co-operative may purchase fidelity bonds for directors, officers and employees of the Co-operative or purchase errors and omissions insurance or directors and officers insurance for them and the premiums for such bonds or insurance will constitute a Common Expense of the Co-operative.

10.3 **Indemnification.** Every director or officer of the Co-operative will be indemnified by the Co-operative against all expenses and liabilities, including attorney fees reasonably incurred by or imposed upon him in connection with any proceeding or settlement thereof in which the director or officer may become involved, by reason of his being or having been a director or officer of the Co-operative. This indemnification will apply whether or not the individual is a director or officer at the time such liabilities or expenses are incurred, except in cases wherein the director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties. In the event of a settlement, the indemnification established herein shall apply only when the Board of Directors approves such settlement or reimbursement. The foregoing right of indemnification shall be in addition to and not exclusive of any and all other rights of indemnification to which such director or officer may be entitled.

10.4 **Subordination of Indemnities**. All indemnification obligations of the Co-operative set forth herein are fully subordinated to any Mortgage Loans and such indemnification obligations will in no event constitute a claim against the Association if the Co-operative's cash flow is insufficient to pay the monthly payments due on the Mortgage Loans.

ARTICLE 11. DEFAULT AND REMEDIES

11.1 **Co-operative Not Subject to Landlord-Tenant Statute.** Because all Members have an equity ownership in the Co-operative which holds the Property pursuant to the long-term Ground Lease, the tenancy under the Proprietary Lease is not subject to the provisions of the Oregon Landlord-Tenant Statute. Failure of a Member to fulfill the duties of a Member as set forth in the Articles or these Bylaws or the failure of a Member to comply with the obligations set forth in the Proprietary Lease gives the Co-operative the right to terminate such Member's Membership in the Association.

11.2 **General Notice Requirements.** Any notice given by the Co-operative to a Member under this Article 11 must be delivered to the Member's residence at the Property or mailed by registered or certified mail, return receipt requested, to the Member's residence at the Property. A notice delivered to the residence will be effective as of the date of the delivery. A notice sent by registered or certified mail will be effective two days after deposit of the same in the U.S. Mail. Before taking action to forfeit a Member's Membership, the Co-operative is not required to give a Member in default a notice of default and demand to cure unless specifically stated in Section 11.3 below.

11.3 **Events of Default.** A Member will be in default under the Member's Proprietary Lease for any of the following:

11.3.1 The Member ceases to own the Membership to which the Proprietary Lease is connected or if the Proprietary Lease passes or is assigned to anyone who is not approved by the Co-operative as a transferee of such Membership.

11.3.2 The Premises covered by the Proprietary Lease is subleased or otherwise occupied in violation of the requirements of the Proprietary Lease or these Bylaws.

11.3.3 The Member fails to pay to the Co-operative within thirty (30) days when due any of the Carrying Charges. Before taking action to forfeit the Member's Membership, the Co-operative will give a Member who has defaulted in this manner a written notice of his or her default and a demand to cure in full within fifteen (15) days.

11.3.4 The Member fails to perform any covenant or provision of the Proprietary Lease or these Bylaws, other than payment of any Carrying Charges due, including but not limited to failure to comply with the Community Agreements adopted by the Co-operative for the Property, and such default continues for thirty (30) days after written notice and demand to cure from the Co-operative. Nevertheless, if the default is of such a nature that it cannot be completely remedied within said thirty-day period, the Member will be deemed to have timely complied with the Co-operative's demand to cure if the Member has begun correction of the default within the thirty (30)-day period and thereafter proceeds with reasonable diligence and in good faith to affect the remedy as soon as practicable.

11.3.5 During the term of the Proprietary Lease, the Member files a voluntary petition in bankruptcy or is adjudicated a bankrupt under the laws of the United States; a receiver is appointed for the properties of the Member; an involuntary petition of bankruptcy is filed regarding the Member and the Member fails to secure a dismissal of that petition within sixty (60) days after filing; the Member makes a general assignment for the benefit of creditors; the Membership of the Member is attached or levied or the leasehold interest of the Member in the Proprietary Lease is attached or levied and the Member fails to secure discharge of such attachment or release of such levy of execution within thirty (30) days.

11.3.6 The Member is convicted under a federal law, state law or local ordinance of a crime based on an act which the Board of Directors determines by a majority vote threatens the health, safety or welfare of the other Members and residents at the Property.

11.3.7 The Board of Directors, at a meeting called for that purpose, finds that the Member has engaged in egregious and objectionable conduct, whether or not in violation of these Bylaws or the Community Agreement, which jeopardizes orderly living at the Property, the Property's reputation, or the peaceful living of other Members and residents at the Property. Prior to calling a meeting for this purpose, the Board will give the Member at a written demand to immediately cease and desist such objectionable conduct.

11.3.8 The Member is in default under any Purchase Lien.

11.3.9 The Member has moved most or all his or her furnishings and other personal property out of his or her Premises and left it without notifying the Co-operative of the location to where he or she has moved.

11.4 **Co-operative's Right to Terminate Membership and Lease.** Upon occurrence of an Event of Default, the Co-operative may proceed as follows to terminate the Membership and Proprietary Lease of the Member in default:

11.4.1 The Co-operative must give the Member in default a written notice which must contain the following: (a) A statement, in reasonable detail, of the factual nature of the Event of Default; (b) The intent of the Co-operative to terminate the Member's Proprietary Lease and forfeit the Member's Membership in the Co-operative; and (c) The time, date and place of a Special Meeting of the Board of Directors to be held to consider the proposed termination of the Member's Proprietary Lease and forfeiture of the Member's Membership along with an invitation to the Member to attend the meeting. This Special Meeting of the Board of Directors will be held no earlier than ten (10) days nor no later than twenty-one (21) days after the delivery of the notice.

11.4.2 If the Membership and/or the Proprietary Lease is subject to a Purchase Lien, the Co-operative will give the Secured Party a notice of the notice sent to the defaulting Member. The Secured Party will have the right to invoke a Preservation Period at any time prior to the Special Meeting scheduled to consider the termination of the Membership. If a Preservation Period is invoked, the Secured Party must cure, to the best of its ability, the Event of Default precipitating the action to terminate the Membership. In the case of an Event of Default under Section 11.3.7, if the Secured Party is unable to stop the egregious and objectionable conduct within seven (7) days of invoking the Preservation Period, then the Preservation Period can be terminated by the Board and the Board may proceed with the Special Meeting to consider termination of the Membership. During any Preservation Period invoked, the Secured Party must assure that the monthly Carrying Charges are paid to the Co-operative. If the Secured Party does not finalize a foreclosure of the Membership within the time period allowed in Section 3.14.4 above, then the Preservation Period will terminate and the Board may proceed to hold a Special Meeting to consider termination of the Membership.

11.4.3 Any director who feels that it would impossible for him or her to be fair, objective and unbiased should disqualify himself or herself at the beginning of the meeting. At the meeting, the Association will first present evidence of the facts constituting an Event of Default and the Member will then be given all reasonable opportunity to show the Board of Directors why the Proprietary Lease should not be terminated and the Membership not forfeited. Both the Co-operative and the Member may present testimony from witnesses who attend in person or by affidavit or declarations made under oath. If needed in the interests of justice, the Board may continue the meeting for a reasonable period not to exceed fifteen (15) days.

11.4.4 The Board may issue its decision at the close of the Special Meeting or may adjourn and render its decision at a later date, not to exceed seven (7) days following the date of the meeting. A decision to terminate will cancel the Membership and terminate the Proprietary Lease. The Board may announce its decision orally but must deliver a written notice of the decision to the Member within seven (7) days of the meeting. The notice of decision need not contain findings of fact or conclusions of law. The notice of decision will be filed in the Co-operative's record book. If the Board determines to terminate the Lease and forfeit the Membership, such termination and forfeiture will be effective seven (7) days after delivery of the notice of decision to the Member.

11.4.5 In lieu of terminating the Membership and Lease, the Board may set Terms of probation for the Member and require that the Member comply with such terms as are

reasonable under the circumstances. In this event, the Member will execute an Assurance of Voluntary Compliance prepared by the Board of Directors setting forth the terms of such probation.

11.5 **Other Remedies**. In addition to and without limiting any other rights of the Co-operative, the Co-operative may bring any appropriate action in court to seek possession of the Unit and/or other appropriate relief in the event of any failure to comply with or breach of the Articles, these Bylaws, the Proprietary Lease or the Community Agreements. Notwithstanding any other provision in these Bylaws, if the Co-operative takes possession of a Unit, the Co-operative may lease that Premises to a non-Member who is a low or moderate income person as defined in the Ground Lease until the Membership associated with the Unit is sold to an Entering Member. During any such period, the rent from the Unit will first be applied to reimburse the Co-operative for its costs incurred in taking possession of and/or renting the Unit, then to all past due sums owed under the Proprietary Lease to the Co-operative for Carrying Charges , then to any sums presently due and payable to the Co-operative for Carrying Charges, and the balance, if any, to the defaulting Member whose Membership is associated with the Unit.

11.6 **Automatic Termination.** Notwithstanding any of the above, if a Secured Party takes action to foreclose or take possession of a Membership pursuant to its Purchase Lien, then upon completion of such action, the Member's interest in the Membership and the Proprietary Lease will terminate.

11.7 **Cancellation of Membership Certificate.** Upon termination of the Proprietary Lease and forfeiture of the Membership, the terminated Member will surrender to the Association his or her Membership Certificate. Whether or not said Membership Certificate is surrendered, the Membership of that Member will be canceled and the Certificate for such Membership will thereafter be null and void.

11.8 **Subscription for Membership Connected to Former Lot of Terminated Member.** Upon cancellation of a Membership, the Co-operative may issue to a new Member a new Membership, Membership Certificate and Proprietary Lease for the Unit formerly occupied by a terminated Member. The Membership, Membership Certificate and Proprietary Lease will be issued upon subscription for the same and payment of a price for the Membership as determined by the Board of Directors. The new Member must sign a copy of the Letter of Stipulation and Acknowledgment included as Exhibit "E" in the Ground Lease. The Co-operative will apply the proceeds of such subscription as follows: First, toward the terminated Member's indebtedness to the Co-operative for any unpaid Carrying Charges plus the Co-operative's expenses including but not limited to attorney fees incurred because of the terminated Member's default under the Lease plus interest accrued at the rate of eight percent (8%) from the date any such obligation was incurred; Second, toward any outstanding balance and expenses owing to a Secured Party; and Third, the surplus to be paid to the terminated Member. The Co-operative will not be obligated to mitigate a terminated Member's losses resulting from the termination of the Proprietary Lease or forfeiture of the Membership.

Article 12. Amendments.

14.1 **How Amended**. These Bylaws may be amended, repealed or replaced at any meeting of the Members through the consensus decision-making process outlined in Section 4.5 and consistent with the terms of the Ground Lease. Upon amending or replacing these Bylaws, the Proprietary Leases will be modified to conform to the amended or new Bylaws.

14.2 **Record of Amendments**. A copy of each amendment will be attached to a certificate certifying that the amendment was duly adopted as an amendment of the Bylaws which certificate will be executed by the President and attested to by the Secretary and placed in the Co-operative's minute book.

Article 13. Miscellaneous.

13.1 **Conflict**. The provisions of these Bylaws will govern the issuance and termination of Memberships and the management and administration of Co-operative affairs. However, if there is a conflict among the provisions of these Bylaws, the Articles and the provisions of the Oregon Non-profit Corporation Act, the provisions of the statute will be controlling over the provisions of the Articles and these Bylaws, and the provisions of the Articles will be controlling over the provisions of these Bylaws.

13.2 **Liability Survives Termination of Membership.** The sale or termination of the Membership in the Co-operative will not relieve or release any former Member from any liability or obligation incurred or in any way connected with the Co-operative during the period of Membership or impair any rights or remedies which the Co-operative may have against such former Member arising out of or which is in any way connected with such Membership.

13.3 **Limitation of Liability.** Notwithstanding the duty of the Co-operative to maintain and repair the Common Areas, the Co-operative will not be liable for injury or damage caused by a latent condition at the Property, nor for injury or damage caused by the elements, Members or other persons.

13.4 **Liability for Conduct Causing Common Expense.** Each Member will be liable for the cost of all maintenance, repair or replacement rendered necessary by his or her act, neglect or carelessness, or the act, neglect or carelessness of any member of his or her family or his or her employees, agents, tenants or invitees, but only to the extent that such cost is not covered by the proceeds of insurance carried by the Co-operative. Such liability will include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of any Premises. Furthermore, a Member who causes a disturbance at the Property affecting the quiet enjoyment of other residents at the Property or in any way causes a nuisance at the Property will be liable for any costs incurred by the Co-operative or other Members to eliminate or mitigate the disturbance or nuisance.

13.5 **No Waiver of Rights.** The failure of the Co-operative, the Board or a Member to enforce any right, provision, covenant or condition in the Articles or these Bylaws will not

constitute a waiver of the rights of the Co-operative, the Board or the Member to enforce such right, provision, covenant or condition in the future.

13.6 **Community Agreements.** Community Agreements for the Co-operative may be adopted and amended from time to time and will be deemed in effect until amended by the Board of Directors and will apply to and be binding upon all Members. The Members will, at all times, obey said Community Agreements and will use their best efforts to see that they are faithfully observed by their families, guests, invitees, servants, and persons over whom they exercise control or supervision.

13.7 **Construction.** These Bylaws will be governed by the laws of the state of Oregon. As used in these Bylaws, the masculine, feminine and neuter gender and the singular and plural number will each be deemed to include the others whenever the context so indicates. Should any of the covenants herein imposed, be void or become unenforceable at law or in equity, the remaining provisions of this instrument will, nevertheless, be and remain in full force and effect.

13.8 **Arbitration.** In the event the Co-operative or a Member takes legal action to enforce any term or right under any of the Governing Documents or because of a dispute of any kind between the Co-operative and a Member, including but not limited to any tort claim or dispute related to any provision in any of the Governing Documents, the exclusive forum for such action will be binding arbitration with a single arbitrator under the auspices of the Arbitration Service of Portland, Inc. The decisions of the arbitrator will be conclusive. All such claims, disputes or controversies will be decided in this manner in lieu of any action at law or equity; provided however that nothing herein will be construed as precluding the bringing of an action for injunctive relief or other equitable relief. The arbitrator will not have the right to award punitive or speculative damages to either party and will not have the power to amend any of the Governing Documents. The arbitrator will be required to follow all applicable law.

13.9 **Costs and Attorney Fees**. In the event either party takes action to enforce the terms of any of the Governing Documents or takes action against the other in tort or on any other basis, whether in court, arbitration or bankruptcy, then the prevailing party will be entitled to an award for all reasonable attorney fees and costs incurred in the matter.

15.8 **Approval and Ratification.** The Co-operative, by its execution of these Bylaws, approves and ratifies all of the covenants, terms, and conditions, duties and obligations of these Bylaws. The Members, by virtue of their acceptance of Proprietary Leases and Membership Certificates for the Memberships appurtenant to the Premises they will occupy, hereby approve and ratify all of the terms and conditions, duties and obligations of these Bylaws.

IN WITNESS WHEREOF, the undersigned, being the original directors of the Co-operative, as set forth in Section 1.5 above, adopted and executed these Bylaws for the Co-operative on this 12th day of August, 2021.

_____ _____

Jeff Albanese Andrew Heben

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Raquel Diaz