

## Sample BY-LAWS of (Co-op Name) COOPERATIVE CORPORATION

### Section 1. ARTICLES OF ORGANIZATION; GOVERNING LAW

1.1 Articles of Organization. The name, purposes and principal office of the corporation shall be as set forth in the Articles of Organization. These By-Laws, the powers of the corporation and of its directors and stockholders and all matters concerning the conduct and regulation of the business and affairs of the corporation shall be subject to such provisions in regard thereto, if any, as are set forth in the Articles of Organization as from time to time in effect.

1.2 Governing Law. These By-Laws shall be subject to such provisions of the statutory and common laws of the Commonwealth of Massachusetts as may be applicable to cooperative housing corporations organized under the laws of the Commonwealth of Massachusetts. Subsequent references herein to provisions of law shall be deemed to be references to the aforesaid provisions of law, as from time to time amended.

### Section 2. COOPERATIVE PLAN

2.1 Organizational Structure and Purposes. The land and buildings in which residential apartments will be located (the "Buildings") will be owned and controlled by (name of partnership), a Massachusetts limited partnership (the "Partnership"). The corporation, together with at least one other Massachusetts corporation, will be members of a Massachusetts limited liability company (the "General Partner") that will act as a general partner of the Partnership. Initially, the corporation will have the right to appoint a minority of the managers of the General Partner. In the future, pursuant to agreements to be entered into between the corporation, the other member of the General Partner and the Partnership, and subject to certain conditions, the corporation shall have the right to (i) appoint a majority of the managers of the General Partner, and (ii) acquire the Partnership's interest in the Buildings. The purpose of the corporation is, on its own and through participation in the Partnership, to furnish residential apartment units ("Units") to its stockholders (sometimes called "Members" in these By-Laws) on a not-for-profit basis. For the period of time during which the Partnership owns the Buildings occupied by the Members, any reference in these By-Laws, the Articles of Organization or other documents which address the corporation's Buildings shall be deemed to refer to the Buildings owned by the Partnership.

2.2 Classes of Stock. The corporation shall have one and only one class of stock.

2.3 Proprietary Leases. The partnership shall adopt a standard form of proprietary lease stating the terms on which a Member may occupy a Unit owned by the Partnership. (Such proprietary leases are sometimes referred to in these Bylaws as "Occupancy Agreements".)

**This section basically tracks the Massachusetts enabling statute for limited equity housing cooperatives. The corporation is organized and shall be operated according to a cooperative plan.**

2.4 Allocation of Shares. The Board of Directors shall allocate one or more shares of the corporation's stock to each Unit. Shares shall be allocated in proportion to the value of the Unit in relation to the aggregate value of all the Units. Notwithstanding the foregoing to the contrary, the Board of Directors may determine, in their sole discretion, to issue only one (1) share of stock for each Unit.

2.5 Shares Tied to Units. The shares of stock allocated to a Unit may not be issued or transferred except in a block and except in conjunction with the issue or transfer of a proprietary lease for that Unit.

2.6 Member's Rights. Each Member, as hereinafter defined, is entitled, solely by reason of stock ownership to occupy a Unit in one of the Buildings. To become a Member, a person must simultaneously enter into or assume a proprietary lease for a Unit owned by the Partnership. The provisions of this Section 2.6 shall not apply to interim Members, as described in Section 3.5 below.

2.7 Distributions. No Member is entitled (either conditionally or unconditionally) to receive any distribution not out of the earnings and profits of the corporation, except on a complete or partial liquidation of the corporation. Any distributions shall be made at the discretion of the Board of Directors and shall be in accordance with applicable law.

2.8 Reallocation of Shares. If space in the Buildings is regrouped by alteration, combination or subdivision of Units, the corporation shall reallocate shares of stock and proprietary leases to each such Unit, in accordance with this cooperative plan.

2.9 No Discrimination. The corporation will not discriminate or permit discrimination on the basis of race, color, creed, national origin, sex, sexual orientation, religion, presence of children (except as required by statute or HUD regulation, based on the size of Units), pregnancy, handicap, source of income, ancestry, marital status, age, or veteran status.

### Section 3. MEMBERS

3.1 Enumeration. The Members of the corporation shall consist of persons who are (i) stockholders of the corporation and (ii) named as tenants under Occupancy Agreements and occupying Units located in the Buildings owned by the Partnership, who meet the income and other eligibility criteria established from time to time by the Board of Directors, except that the Interim Members, as hereinafter defined, shall not be required to meet such criteria in order to be Members of the corporation.

3.2 Eligibility for Membership. Any natural person at least 18 years of age who meets minimum suitability standards is eligible for membership in the corporation, except that the corporation may from time to time limit occupancy of certain Units to persons

**The strong link between owning a share and living in a unit is core of cooperative living. The Interim Members, like the Declarant in a condominium, represent the Developer and simply hold the place and operate the organization until the residents move in and select Directors.**

of low- or moderate-income, using applicable federal and state guidelines to make such determinations.

3.3 Application for Membership. Application for membership shall be submitted on such form as the Board of Directors from time to time prescribes, and all such applications shall be acted upon promptly by the Board of Directors or its designated agent.

3.4 Authorized Memberships. The number of memberships authorized shall correspond to the number of Units available for occupancy in the Buildings.

3.5 Interim Members. Notwithstanding anything in this Section 3, the Interim Members shall be the original directors of the Corporation as included in the corporation's original Articles of Organization. Interim Memberships shall terminate as of the Initial Occupancy Meeting, as hereinafter defined.

#### Section 4. MEETINGS OF MEMBERS

4.1 Place of Meeting. Meetings of the Members shall be held in the community building of the development, or at such other suitable place convenient to the Members as may be designated from time to time by the Board of Directors.

4.2 Annual Meetings. The Annual Meeting shall be held on the first Tuesday in February of each year (or the next business day if such day shall be a legal holiday). At each Annual Meeting the Members shall elect directors of the corporation, as provided in these By-Laws, and shall conduct such other business as may properly be brought before the meeting. If the Annual Meeting is not held on the date provided above, a Special Meeting in lieu of an Annual Meeting may be held at an alternate date with all the force and effect of an Annual Meeting.

4.3 Special Meetings. Special Meetings of the Members may be called by the President or by the Board of Directors. A Special Meeting shall be called by the President or the Clerk upon the written petition of twenty-five percent (25%) of the Members and non-member heads of household who are not disqualified through Section 4.8. The notice of any Special Meeting shall state the time, place, and purpose of the meeting, and no other business shall be transacted at the Special Meeting.

**The 25% figure can change with the size of the development. The bigger the development, the smaller the percentage.**

4.4 Initial Occupancy Meeting. Within thirty (30) days of the date when fifty percent (50%) of the Units are occupied, the Board of Directors shall call a Special Meeting of Members known as the Initial Occupancy Meeting for the purpose of electing two (2) directors (the "Transitional Directors") who shall serve until the first Annual Meeting of Members following the Full Occupancy Meeting described in Section 4.5 below and until their successors are duly elected and qualified.

**This is one of the unique elements of this cooperative. In many developments, the units do not all come on line at the same time. Residents can start participating in the governance of the development from the onset. This is very important, as residents need to get**

4.5 Full Occupancy Meeting. Within thirty (30) days of the date when ninety- four (94%) of the Units are occupied, the Board of Directors shall call a Special Meeting of Members known as the Full Occupancy Meeting for the purpose of holding elections. At this meeting, the three original Interim Directors, as described in Section 5.2 below, shall resign and the Members shall elect three (3) directors from among the Members to fill the vacancies created by the resignations of the Interim Directors. Such substitute directors shall serve until the first Annual Meeting of Members following the Full Occupancy Meeting.

4.6 Notice of Meetings. The Clerk shall send a notice of each Annual or Special Meeting, stating the purpose of the meeting as well as the time and place where it is to be held, to each Member of record at least five (5) but not more than thirty (30) days prior to the Meeting. Notice shall be delivered by hand to each Unit or sent by first class mail to the Member's address as it appears in the records of the corporation. The right to receive notice may be waived by any Member in writing before, during or after the meeting. Attendance by a Member at any meeting shall be deemed waiver of notice as to the time and place of the meeting.

4.7 Quorum. The presence, in person or by general proxy, of at least fifty-one percent (51%) of the Members of record of the corporation 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 further business may be transacted.

4.8 Adjournment of Meetings. If any meeting of Members cannot be held or completed because a quorum is not present, the Members who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a subsequent date which shall not be more than five (5) business days from when the original meeting was called or last adjourned, at which subsequent meeting the quorum requirement shall be the same as for the original meeting.

4.9 Voting. At every meeting of the Members, voting shall be on the basis of one vote per Unit, regardless of the number of shares allocated to that Unit. In the case of jointly held stock, any joint Member may cast the entire vote; if any joint holders of stock cannot agree as to how the vote should be cast, such vote shall be disqualified. The vote of the majority of those present in person or by proxy shall decide any question brought before the meeting, unless the question is one upon which, by express provision of statute, the Articles of Organization, or these By-Laws, a different vote is required, in which case such express provision shall control.

4.10 Disqualification of Delinquent Members. No Member shall be eligible to vote, to sign a petition as described in Section 11 or Section 4.3, 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 sixty (60) days delinquent in payments due the corporation or the Partnership under his or her Occupancy

**This is important, but it should be clearer on what happens when a Board member becomes delinquent. Do they resign from the Board? Or just step down temporarily until they become current?**

Agreement, unless the Member has agreed to a payment plan with the Management Company and is observing that payment plan.

4.11 Proxies. A Member may appoint as proxy only an adult member of his or her household or another Member of the corporation. In no case may a Member cast more than one vote by proxy in addition to his or her own vote. A proxy may be general or special, and must be in writing and filed with the Clerk before the appointed time of the meeting. As used in these By-Laws, any reference to voting shall refer to votes cast in person or by proxy.

4.12 Order of Business. The order of business at Annual Meetings of Members shall be as follows:

- (a) Proof of Quorum and Notice of Meeting or Waiver of Notice;
- (b) Approval of minutes of preceding meeting;
- (c) Reports of Officers;
- (d) Reports of Committees;
- (e) Election of Directors;
- (f) Unfinished Business; and
- (g) New Business.

In the case of Special Meetings, items (a) through (b) shall be applicable, and thereafter the agenda shall consist of the items specified in the notice of meeting.

## Section 5. DIRECTORS

5.1 Powers. The business of the corporation shall be managed by the Board of Directors who may exercise all the powers of the corporation, except such as by law, by the Articles of Organization or by these By-Laws are conferred upon or reserved to the Members.

5.2 Number: Staggered Terms and Election. The affairs of the corporation shall be governed by a Board of Directors composed of three (3) to seven (7) persons. At any Annual Meeting or Special Meeting of the Members called for that purpose, the Members may increase or decrease the size of the Board of Directors.

(a) Initially, from the date of incorporation through the first Annual Meeting of Members following the Full Occupancy Meeting, those persons named in the Articles of Organization (the "Interim Directors"), the Transitional Directors, as described in Section 4.4 above, and those persons who are elected to replace the Interim Directors at the Full Occupancy Meeting, as set forth in Section 4.5 above, shall serve on the Board of Directors.

**It generally makes sense to have a variable number of directors, as there will be a different number of people who are prepared to serve as directors at different times.**

(b) At the first Annual Meeting of Members following the Full Occupancy Meeting, the full slate of the Board of Directors shall be elected with one-half

( ½) of such persons designated to serve a one (1) year term until the next Annual Meeting of Members and the other half shall be designated to serve a two (2) year term until the next succeeding Annual Meeting of Members, and until their respective successors are duly elected and qualified.

(c) At all Annual Meetings of Members subsequent to the first Annual Meeting of Members, directors shall be elected to serve two (2) year terms.

(d) Any election of a director to fill a vacancy shall be for the remainder of the term the vacating director was to serve.

(e) If at anytime the size of the Board of Directors is increased, the terms of the new directors shall initially be divided as equally as possible between one (1) and two (2) year terms, to accomplish the goal of the corporation that, to the greatest extent possible, one-half (½) of the members of the Board of Directors are elected at each Annual Meeting of the Members.

5.3 Committees. The Board of Directors may establish, delegate authority to, and dissolve committees, which may be permanent or temporary. Such committees shall act for and have the powers of the Board of Directors as delegated to them, provided, however, that the Board of Directors may not delegate any of the following authority:

- (a) authority to elect directors, officers or temporary officers.
- (b) authority to approve expenditures in excess of \$2,500.
- (c) authority to amend the corporation's annual budget.
- (d) authority to amend the subscription agreement used by the corporation, or the corporation's rules and regulations.
- (e) authority to terminate a membership.

When the President or Vice-President has recognized the need for an emergency decision of the Board of Directors, the officers shall constitute an Executive Committee which may make decisions for the Board of Directors. All decisions of the Executive Committee must be reconsidered by the full Board of Directors at its next meeting. The Executive Committee shall not make any decision that results in an expenditure exceeding a budget line item by more than ten percent (10%).

5.4 Qualification. Except for the Interim Directors, individuals must meet the following qualifications to be elected to the Board of Directors:

- (a) Directors must be at least 18 years old.
- (b) Directors must be Members of the corporation.
- (c) Directors must not be more than 60 days delinquent in payments to the corporation or the Partnership.
- (d) Directors must have agreed to serve on the Board.

5.5 Vacancies. Any vacancies may be filled by vote of the Board of Directors when a quorum is present. If for any reason a quorum cannot be obtained, the vacancy must be filled by an election at an Annual or Special Meeting. At any Annual or Special Meeting of Members, any director may be removed with cause by the affirmative vote of the

majority of attending Members. Any director whose removal has been proposed must be given at least seven (7) day's notice of this proposal prior to the vote for removal, and shall be given an opportunity to be heard at the meeting. A director may also be removed for cause by two thirds (2~3) of the disinterested directors then in office, provided that the Board of Directors and the director to be removed are given at least 7 days' notice of the meeting at which removal is to be considered, and that the director to be removed is given an opportunity to be heard at the meeting. For purposes of this Section 5.5, "cause" shall include but not be limited to (i) the commission of fraud or acting in bad faith, (ii) the absence from at least three consecutive Board of Directors meetings or (iii) being delinquent for more than sixty (60) days in payments due the corporation or the Partnership.

5.6 Compensation. No compensation shall be paid to directors for their services as directors. No remuneration shall be paid to a director for services performed in any other capacity, unless a resolution authorizing such remuneration shall have been adopted by two thirds of the disinterested directors before the services are undertaken. A director may not be an employee of the corporation. Nothing in this section shall prevent reimbursement to directors of out-of-pocket expenses incurred on behalf of the corporation.

5.7 Board Training. Within sixty (60) days following each Annual Meeting of Members, those persons elected who have previously not served on the Board of Directors shall take a board training course of at least three hours' duration on their roles and responsibilities.

5.8 Regular Meetings. Regular meetings of the Board of Directors may be held at times and places chosen, from time to time, by the Board of Directors. At least one meeting shall be held every month, except that the President may cancel up to two meetings per year. There shall be an organizational meeting of the Board of Directors within not more than fourteen (14) days following the election of directors at the Annual Meeting of Members. Meetings of the Board shall be open to all Members and non-member heads of household, except on matters which, by their nature, require confidentiality and which the Board affirmatively votes to consider in executive session.

5.9 Special Meetings. Special Meetings of the Board of Directors may be called at any time or any place by the President or by at least two directors.

5.10 Notice of Meetings. Notice of all Regular Meetings of the Board of Directors shall be given to all directors and all Members in writing at least five (5) days in advance of the scheduled meeting, and by posting notice of such meeting in conspicuous places in or about the Buildings. Notice of Special Meetings shall be given to the directors in person or by telephone at least twenty-four (24) hours in advance of the meeting or in writing at least three (3) days in advance of such scheduled meeting. Written notices may be sent by regular mail or by hand delivery to the Units of the directors and Members.

5.11 Waiver of Notice. Before, or at, or after any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed

equivalent to the giving of notice. Attendance by a director at any meeting of the Board of Directors shall be a waiver of notice.

5.12 Quorum. At meetings of the Board of Directors, a majority of the currently serving directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present, except when these Bylaws or the Corporation's Articles of Organization stipulate otherwise, shall constitute the acts of the Board of Directors. If, at any meeting of the Board of Directors, there is 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, provided a quorum is present.

5.13 Proxies. Proxies shall not be allowed at Board meetings for purposes of quorum or voting.

5.14 Action by Consent. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if a written consent thereto is signed by all the directors. The Clerk shall file such written consent with the records of the meetings of the Board of Directors. Such consent shall be treated as a vote of the Board of Directors for all purposes.

5.15 Meeting by Telephone. A person may participate in a meeting by means of a conference telephone or similar communications equipment that permits all persons participating in the meeting to hear each other at the same time; participation by such means shall constitute presence in person at the meeting.

## Section 6. OFFICERS

6.1 Number and Qualification: Election. There shall be four officers of the corporation: a President, a Vice-President, a Treasurer and a Clerk. In addition, the Board may designate an Assistant Treasurer and/or an Assistant Clerk. Each officer shall be a director of the corporation and shall be elected by the Board of Directors.

6.2 Tenure. The President, Vice President, Treasurer and Clerk shall each hold office until the first meeting of the Board of Directors following the next Annual Meeting of Members and until his or her successor is chosen and qualified, and each other officer shall hold office until the first meeting of the Board of Directors following the next Annual Meeting of Members unless a shorter period shall have been specified by the terms of his or her election or appointment, or in each case until he or she sooner dies, resigns, is removed or becomes disqualified. Each such officer shall retain his or her authority and position at the pleasure of the Board of Directors.

6.3 President. The President shall be the officer primarily responsible to execute the directives of the Board of Directors, shall be subject to the supervision of the Board of Directors, and shall preside, or designate another Director to preside at, all meetings of the Members and of the Board of Directors. The President shall have all of the general

powers and duties, which are usually vested in that office. including but not limited to the power to appoint committees from among the Members as he or she finds appropriate to assist in the conduct of the affairs of the corporation.

6.4 Vice President. The Vice President shall take the place of the President and perform the President's duties whenever the President is 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 Director to act on an interim basis.

6.5 Treasurer. The Treasurer shall oversee and direct all receipts and disbursements of the corporation and shall oversee the keeping of all books and financial records of the corporation, and shall oversee the punctual presentation of a budget to the Board of Directors. The Treasurer shall present regular financial reports at every meeting of the Board of Directors and of the Members. The Treasurer shall make financial records available for inspection to any Director upon request. The Treasurer may delegate any or all of these duties to an Assistant Treasurer.

6.6 Clerk. The Clerk shall record the minutes of all meetings of the Board of Directors and of the Members. The Clerk shall be the custodian of all the official documents of the corporation, and shall give notice of meetings to the Members and to the Board of Directors. The Clerk shall make available for inspection to any Member or Director upon request the records of the Corporation and the minutes of Members meetings. The Clerk may delegate any or all of these duties to an Assistant Clerk.

## Section 7. CAPITAL STOCK

7.1 Stock Certificates. Each stock certificate shall state that the corporation is organized under the laws of the Commonwealth of Massachusetts, the name of the registered holder of the stock, the corporation's lien rights as against such stock and the preferences and restrictions applicable thereto, and shall be in the form prescribed by the Board of Directors. Stock certificates shall be consecutively numbered, bound in one or more books, and shall be issued only upon full payment. Every stock certificate shall be signed by the President or Vice President, and by the Treasurer or Assistant Treasurer, and shall bear the corporate seal.

7.2 Lost Certificates. The Board of Directors may direct a new certificate to be issued in place of any certificate previously issued by the corporation and alleged to have been destroyed or lost, upon the making of an affidavit of that fact by the person requesting a new certificate. when authorizing the issuance of a new certificate, the Board of Directors may, in its discretion, require the registered owner of such lost or destroyed certificate 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 by reason of the issuance of the new certificate.

7.3 Corporation's Lien. The corporation shall have a lien on outstanding stock of the corporation to secure payment of any sums which shall be due or become due to the

corporation or the Partnership from the holders thereof for any reason whatsoever, including any sums due under any proprietary lease entered into with respect to a Unit. The corporation's lien shall be superior to all other liens, encumbrances or attachments. Unless and until such Member defaults in the payment of any rent or other indebtedness or in the performance of any obligations under a proprietary lease, said shares shall continue to stand in the name of the Member upon the books of the corporation and the Member shall be entitled to exercise the right to vote thereon. Upon the enforcement by the corporation against a Member of such lien, the corporation shall have the right to issue to a purchaser of such share, or to the nominee of such purchaser, a certificate for the shares of capital stock so purchased in substantially the form of the certificate previously issued to such Member, and thereupon the certificate for such capital stock previously issued to such Member shall become void whether or not such Member shall surrender the same to the corporation upon demand.

7.4 Transfer of Stock. The transfer of shares of the capital stock of the corporation shall be subject to the restrictions contained in the Articles of Organization.

#### Section 8. CORPORATE SEAL

The Board of Directors shall provide a suitable corporate seal containing the name of the corporation, which seal shall be in the charge of the Clerk. If so directed by the Board of Directors, a duplicate of the seal may be kept and used by the Treasurer, Assistant Clerk or Assistant Treasurer.

#### Section 9. OPERATIONS

9.1 Fiscal Year. The initial fiscal year of the corporation shall be the calendar year. The fiscal year may be changed by the Board of Directors.

9.2 Books and Accounts. Books and accounts of the corporation shall be kept under the direction of the Treasurer.

9.3 Auditing. At the close of each fiscal year, the books and records of the corporation must be examined by a certified public accountant, if such an examination is required based on current law. Based on such reports, if any, the corporation shall furnish its Members with an annual financial statement including the income and disbursements of the corporation.

9.4 Inspection of Books. Financial reports, financial books and records, 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.

9.5 Execution of Corporate Documents. With the prior authorization of the Board of Directors, all notes and contracts, including proprietary leases, mortgages and loan agreements shall be executed on behalf of the corporation by either the president or the vice president. Checks shall be executed on behalf of the corporation by persons designated from time to time by the Board of Directors.

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

9.7 Rights of Share Lenders The corporation may enter into recognition agreements with institutional lenders regarding the respective rights and remedies of the corporation (and/or the Partnership) and the share lender in connection with share loans made to finance the purchase of shares and secured by pledges of stock and proprietary leases of the corporation. No pledge of shares by a stockholder shall be permitted other than in connection with the circumstances provided for above and only if a recognition agreement in form satisfactory to the corporation is entered into by the stockholder and the share lender.

## Section 10. INDEMNIFICATION

Any director, officer, former director or former officer, elected by the stockholders (including person elected by the Board of Directors to fill vacancies in the Board of Directors or in such offices) shall be indemnified by the corporation against expenses necessarily paid or incurred by him or her in connection with or arising out of any claim made, or any civil or criminal action, suit or proceeding of whatever nature brought against him or her, or in which he or she is made a party, or in which he or she is otherwise involved, by reasons of being or having been a director or officer of the corporation. The Board of Directors may, from time to time, provide for the indemnification of any officer elected by the Board of Directors or any employee or other agent of the corporation (including persons who serve at its request as directors or officers of another organization in which it owns shares or of which it is a creditor), upon such terms as it deems in the best interests of the corporation.

No indemnification shall be provided for any person with respect to any matter as to which he shall have been adjudged in any proceeding not to have acted in good faith in the reasonable belief that his or her action was in the best interests of the corporation. If he or she has not been so adjudged he or she shall be entitled to indemnification unless the Board of Directors decides that he did not act in good faith in the reasonable belief that his action was in the best interests of the corporation. Expenses incurred of the character described in the preceding paragraph may, with the approval of the Board of Directors, be advanced by the corporation prior to the final disposition of the proceeding involved, upon receipt of an undertaking by the recipient to repay all such advanced if he or she is adjudged not to have acted in good faith in the reasonable belief that his action was in the best interests of the corporation or if the Board of Directors decides that he is not entitled to indemnification.

Any rights of indemnification hereunder shall not be exclusive, shall be in addition to any other right which a director, officer or employee may have or obtain and shall accrue to his or her estate.

## Section 11. AMENDMENT

These By-Laws may be amended by the affirmative vote of two thirds of those Members entitled to vote at any Annual Meeting or any special meeting called for that purpose. Amendments may be proposed by the Board of Directors or by petition signed by at least ten percent (10%) of the total of Members and non-member heads of household who are not disqualified through Section 4.10. A description of any proposed amendment shall accompany notice of the meeting at which the proposed amendment is to be considered.

**Amendments are frequently disallowed, or a higher standard (like 80%) is set, for sections that affect "one household one vote" and affordability. In addition, sources of finance frequently require the power to veto bylaw amendments.**