After recording, return to:
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Eugene, OR 97401

Bylaws of Peace Village Housing Cooperative
an Oregon Cooperative Corporation

Amended 11/21/23

TABLE OF CONTENTS

Article 1. Name and Purpose of the Cooperative 1
Article 2. Definitions 2
Article 3. Membership 4
Article 4. Board of Directors 8
Article 5. Meetings of the Members 13
Article 6. Officers 15
Article 7. Disposition of Membership (Transfers and Sales) 16
Article 8. Proprietary Lease 19
Article 9. Finances, Budgets and Assessments 21
Article 10. Liability and Indemnification of Directors and Officers 22
Article 11. Default and Remedies 22
Article 12. Amendments 26
Article 13. Miscellaneous 26

BYLAWS

Article 1. Name and Purpose of the Cooperative

1.1. **Name**. The name of the Cooperative is Peace Village Housing Cooperative. The Cooperative is an Oregon cooperative corporation.

1.2. **Location**. The Cooperative has entered into a Ground Lease with SquareOne Villages, an Oregon non-profit public benefit corporation, for property constituting a shared housing development located at 3060 River Road, Eugene, Oregon (the "Property"). The Cooperative will operate the Property for its Members.

1.3. **Purpose**. The Cooperative will offer Memberships to individuals who want to live at the Property. The purpose of the Cooperative is to provide permanently affordable housing on a cooperative basis to

those individuals who purchase Memberships in the Cooperative. To carry out this purpose, all of the Units at the Property will be leased to Members, who must be low-income persons.

1.4. **Business Address**. The business and mailing address of the Cooperative is 3060 River Rd. Eugene, OR, 97404.

1.5. **Initial Board of Directors**. The Cooperative was formed by Jeff Albanese of SquareOne Villages. At the organizational meeting of the Cooperative held on November 20, 2023, these Bylaws were adopted. Furthermore, at that meeting, the following three (3) individuals were appointed as the directors of the Cooperative: Jeff Albanese, Tree Bressen and Andrew Heben. A director named pursuant to this Section may resign or may be removed by SquareOne and a replacement selected by SquareOne.

Article 2. Definitions

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

2.1. **"Allowed Capital Project"** means any project performed by a Departing Member approved by the Cooperative which required the Departing Member to spend more than $500 and was an upgrade or improvement to the Departing Member's Unit and/or the Leased Premises.

2.2. **"Area Median Income"** means the area median income as published by the U.S. Department ofHousing & Urban Development for the Lane County, Oregon area.

2.3. **"Articles"** means the Articles of Incorporation of the Cooperative filed with the Oregon Secretary of State on October 27, 2023, as the same may be amended.

2.4. **"Board"** means the Board of Directors of the Cooperative.

2.5. **"Bylaws"** means the Bylaws of the Cooperative as set forth herein and as may be hereafter amended.

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

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

2.8. **"Cooperative"** means the Peace Village Housing Cooperative.

2.9. **"Departing Member"** means a Member who is proposing to transfer their Membership to an Entering Member.

2.10. **"Disposition of Membership"** means any sale or transfer of a Membership in the Cooperative.

2.11. **"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 Cooperative 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.

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

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

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

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

2.16. **"Ground Lease"** means that certain Ground Lease between SquareOne Villages and the Peace Village Housing Cooperative and any amendments thereto.

2.17. **"Improvements"** means all structures, installations, utilities, landscaping and other improvements added to a Unit by a Member and approved by the Cooperative and SquareOne and which can be considered in calculating the sale price of a Membership under Sections 7.5.2 and 7.5.3 below.

2.18. **"Land"** means that real property in Lane County, Oregon, described in Exhibit "A" attached hereto.

2.19. **"Low-Income Person"** means a person or group of persons constituting a family or household whose combined income does not exceed sixty percent (60%) of the Area Median Income for Lane County, Oregon based on household size.

2.20. **"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.

2.21. **"Membership"** means the ownership share in the Cooperative 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 Village Agreements. When used in reference to a particular Member, it means the Membership owned by that Member.

2.22. **"Member's Household"** means a Member's parents, grandparents, children, grandchildren, siblings, and the domestic partner of the Member who reside with the Member and with whom they share household income and expenses. Domestic partner means an individual with whom the Member has lived for at least six (6) months and with whom they share household income and expenses.

2.23. **"Monthly Assessment"** means the monthly rent charged by the Cooperative as the basic consideration for occupancy of a Unit.

2.24. **"Permanent Mortgage"** means that mortgage encumbering the Property or Units that is for a period longer than twenty-four (24) months and is not security for a construction or temporary loan.

2.25. **"Property"** means the Land and all buildings and other improvements thereon.

2.26. **"Preservation Period"** means that period of time not to exceed four (4) months in which a Secured Party may foreclose its Purchase Lien to allow the Secured Party to enforce its rights under the Purchase Lien, before action by the Cooperative to cancel the Membership and terminate the Member's Lease.

2.27. **"Primary Residence"** means the place where the Member lives for at least nine (9) months of the year.

2.28. **"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.

2.29. **"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.

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

2.31. **"Unit"** means a residential unit at the Property. At the Property, there are seventy (70) permanently affordable housing units including fourteen (14) studio units, twenty (20) one-bedroom townhome units, four (4) one-bedroom townhome ADA-compliant units, twenty-four (24) one-bedroom flats, and eight (8) two-bedroom townhome units.

Article 3. Membership

Membership in the Cooperative will be upon the following terms and conditions:

3.1. **Number of Memberships.** The number of Memberships in the Cooperative will be 70 (seventy), one for each Unit. There are no Memberships not connected to a Unit. There is only one class of Memberships in the Cooperative. There is no par value for any Membership.

3.2. **Qualifications for Membership.** Any prospective Member must be approved by the Cooperative, which may choose to delegate this power to a Membership Committee or the Board. Any person applying for a Membership must be a Low-Income Person as defined in Section 2.19 above and must meet the minimum household income requirement set by the Board.

3.3. **Reasons for Disapproval of Applicant.** Membership applications may be disapproved for any reason within the discretion of the Cooperative. 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 was not satisfied that the applicant had demonstrated that the applicant was financially responsible.

3.3.4. The Board determined that the applicant was unable to participate in the governing of the Cooperative and/or management of the Property.

3.3.5. An applicant misrepresented themself in the interview or application.

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

3.4. **Submission of Application.** Any prospective Member must be approved by the Cooperative. To acquire and qualify for a Membership whether or not the Membership has been previously owned, an applicant must submit an application to the Cooperative on the approved form.

3.5. **Subscription for Membership.** Where the Membership has not been previously owned and a Subscription Agreement is required to acquire a Membership, upon payment of the subscription price and acceptance of the subscription, the subscriber will become a Member of the Cooperative.

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

3.6.1. Maintain their Unit in good condition and repair pursuant to the standards and specifications established by the Cooperative;

3.6.2. Maintain their domicile and Primary Residence in the Unit;

3.6.3. Participate regularly in the Cooperative'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 including but not limited to payment of all Carrying Charges in a timely manner;

3.6.5. Comply with all rules or Village Agreements adopted by the Cooperative to promote the safety and welfare of persons residing at the Property and maintain a high quality of life for all persons residing at the Property; and

3.6.6. 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. **Membership Certificates.** The Cooperative will issue a Membership Certificate to each new Member. The Membership Certificate will be in a form approved and contain language established by the Cooperative 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 Peace Village Housing Cooperative (the "Cooperative") and all the terms, covenants, conditions of a certain Ground Lease between SquareOne Villages and the Cooperative and all the terms, covenants and conditions of a certain Proprietary Lease made between the Cooperative, as Lessor, and the person or persons in whose name this Certificate is issued, as Lessee, for a unit in one of the Peace Village Housing Cooperative buildings. The Membership represented by this Certificate may not be sold or transferred without the express approval of the Board of the Cooperative consistent with the Articles of Incorporation, the Bylaws of the Cooperative, the Ground Lease, and the Proprietary Lease and any other documents referenced therein."

3.9. **Cooperative's Lien.** The Cooperative will at all times have a lien upon the Membership and Proprietary Lease of each Member for payment of Carrying Charges and all other assessments and

obligations owing by a Member to the Cooperative arising under the provisions of the Proprietary Lease, the Articles, these Bylaws or any other contract between the Member and the Cooperative. The lien will be superior to all other liens, except that the Board may at its discretion subordinate the Cooperative's lien position to that of a Secured Party which finances the Member's purchase of the Membership; however, such subordination will be contingent upon the Cooperative's continuous receipt of the monthly Carrying Charges due pursuant to the Proprietary Lease.

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

3.11. **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 any rules or Village Agreements adopted by the Cooperative and consistent with applicable law:

3.11.l. Each Member will have the right to execute a Proprietary Lease for the Unit associated with the Membership owned by that Member.

3.11.2. Each Member will have the responsibility and obligation to pay the monthly Carrying Charges assessed on the Member's Unit.

3.11.3. Each Member will have the duty to maintain the Unit associated with their Membership and in accordance with the Proprietary Lease.

3.11.4. Each Member will have the right and responsibility to assist in the management of the Cooperative 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 Cooperative and the Property.

3.11.5. Each Member will complete any survey requested of them by the City of Eugene or the Oregon Department of Housing & Community Services. Each Member will consent to share household demographics covering such items as race, gender and household income requested on any such survey.

3.11.6. A Member has the right to make improvements to their Premises to the extent permitted under the Proprietary Lease and Ground Lease.

3.12. **Membership Financing by the Cooperative.** The Cooperative 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 an interest in favor of the Cooperative in the Memberships of the Members so financed.

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

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

3.13.2. 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, if the Secured Party has given notice to the Cooperative of the Purchase Lien, the Cooperative will give the Secured Party a copy of the notice sent to a Member regarding the Cooperative's intent to terminate the Membership as provided in Section 11.4.3 below.

3.13.3. A Secured Party may initiate a Preservation Period by giving written notice to the Cooperative to invoke it and of their intent to foreclose their Purchase Lien or otherwise exercise their rights as Secured Party. If the Member's default is under 11.3.1 (nonpayment of Carrying Charges), the Secured Party's notice must be delivered to the Cooperative at any time prior to the end of the cure period listed in the notice of default. If the Member's default is under 11.3.2-11.3.10, the Secured Party's notice must be delivered to the Cooperative at any time prior to the meeting scheduled to consider termination of the defaulting Member's Proprietary Lease and Membership.

3.13.4. 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 3.13.6 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 to the Cooperative of its intent not to exercise its rights under the Purchase Lien. The Board may extend the Preservation Period upon the Secured Party's request.

3.13.5. During the Preservation Period, if the Member is not paying the monthly Carrying Charges, the Secured Party will pay the same to the Cooperative.

3.13.6. Upon failure of the Secured Party to pay the Carrying Charges on time if the Member is not paying them and after fifteen (15) days notice from the Cooperative to the Secured Party to cure such failure, the Cooperative may terminate the Preservation Period and proceed to cancel the Membership and terminate the Proprietary Lease for the Unit subject to the Purchase Lien.

3.13.7. A Secured Party may rely on the provisions of this Section 3.13 as a third-party beneficiary thereof.

3.13.8. Notices by the Cooperative to the Secured Party will be to the address given by the Secured Party in the notice required under 3.13.1 above. Notices by the Secured Party to the Cooperative will be sent to the following address: Peace Village Housing Cooperative, Attn: Property Manager, 3060 River Rd. Eugene, OR 97404; email address: info@squareonevillages.org. 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.

3.13.9. During a Preservation Period, the Cooperative 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 Cooperative.

3.13.10. Upon successful foreclosure by a Secured Party of a Purchase Lien, all rights of the Encumbered Member in their 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.

3.13.11. 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 Cooperative. 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.

3.14. **Forfeiture of Membership.** Members agree that their Membership in the Cooperative will be automatically forfeited without notice if they purchase and own land with improvements for residential use elsewhere.

3.15. **Membership Price.** The initial price or fee for a Membership is $5,000.00. This price may be increased or reduced by the Cooperative but only upon SquareOne's prior written consent.

Article 4. Board of Directors

4.1. **Duties.** The Cooperative will be managed by its Board of Directors. Among other duties, the Board will ensure that the following responsibilities are fulfilled, whether by the Board themselves, their agent, or committees established for this purpose:

4.1.1. Elect the officers of the Cooperative as provided in these Bylaws;

4.1.2. Adopt and enforce such reasonable rules or Village Agreements as it may deem necessary or desirable in respect to the use of the Units and the common areas and facilities of the Cooperative;

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

4.1.4. Ensure there is some appropriate means for Village members to communicate easily with each other (such as an email list, bulletin board, electronic chat, etc.).

4.1.5. Contract with, employ, and negotiate terms of compensation for any independent technical assistance provider or consultant to advise the Cooperative, such as 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;

4.1.6. Employ personnel, including as independent contractors, and hire and oversee a property manager necessary for the operation of the Cooperative 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 and an annual budget for the operation of the Cooperative, set the Monthly Assessments to be charged for the year, and provide in the budget for the collection of reserves;

4.1.9. Determine and pay the expenditures required for the operation of the Cooperative and the maintenance of the Property including establishing financial reserves;

4.1.10. Maintain bank accounts and financial records according to generally accepted accounting practices reflecting all the Cooperative's receipts and disbursements with proper supporting documents;

4.1.11. Establish the terms and conditions for the Cooperative to provide financing for the purchase of Memberships;

4.1.12. Subject to the limitations set forth in Section 5.14 below, borrow money to refinance any Cooperative 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;

4.1.13. Obtain a Permanent Mortgage to refinance all construction, development, and other short-term mortgages and trust deeds obtained by SquareOne to purchase the Land and construct the Units. This provision will lapse after the first Permanent Mortgage has been finalized and recorded. This Permanent Mortgage may be secured by a mortgage or trust deed on all the Units and other improvements owned by the Cooperative and be further secured by an assignment in the Cooperative's leasehold interest in the Ground Lease.

4.1.14. Make changes to these Bylaws and the Proprietary Lease and make changes with SquareOne to the Ground Lease as may be required by the lender to obtain a Permanent Mortgage.

4.2. **Election and Term.** The directors will be elected by the Members at the Annual Meeting of the Members. The term for each director will be for two (2) years, except during the initial period of establishing staggered terms.

4.3. **Number.** The number of the directors will be as follows:

4.3.1. Initially there will be three (3) directors as set forth in Section 1.5 above.

4.3.2. Turnover Meeting: After fifty-five (55) memberships have been sold, the corresponding Proprietary Leases have been executed, and the units occupied, the Board will call a meeting of the Members for the purpose of electing seven (7) Members to serve as directors. At such time,

the initial board will step down and all directors will be Members. Thereafter, there will be seven directors unless the Members vote to have only five directors.

4.3.3. At the meeting of the Members called under Section 4.3.2 above (or at the initial organizational meeting of the Board after 7 Members are elected), it will be determined which directors' terms expire in one year vs. two years, allocating four positions for one year and three positions for two years. Thereafter, the terms for director positions will be for two years.

4.3.4. The number of directors may be changed to five without amending these Bylaws if the following conditions are met:

4.3.4.1. There are not seven Members willing to serve as directors.

4.3.4.1. SquareOne consents to the change in writing.

4.3.4.2. The Members approve of the change at a meeting of the Members. The change must be approved by at least two-thirds of those present at the meeting.

4.3.4.3. Positions and terms of service will be structured such that each director continues to serve a two-year term and a few (two or three) of the positions expire and are reelected each year.

4.3.5. If the number of directors has been changed to five, the Members may change it again to seven directors upon meeting the requirements of Sections 4.3.5.1 and 4.3.5.2 above.

4.4. **Removal of Directors.** Removal of directors will be subject to the following:

4.4.1. Any director may be removed from office with or without cause by the affirmative vote of a two-thirds vote of the Members then entitled to vote (including proxies), at a meeting of the Members which includes notice of that potential action. In addition, any director may be removed from office for cause by a majority vote of the Board at any regular or special meeting of the Board. Cause includes the absence of the director from three (3) consecutive meetings of the Board after notice from the Board is given to said director (after the second meeting) of its intent to remove them from the Board if they fail to attend the third meeting of the Board.

4.4.2. Any director may resign at any time by written notice delivered, mailed or emailed to the Chairperson or Secretary. Such resignation will take effect at the time specified therein, and unless specifically requested, acceptance of such resignation will not be necessary to make it effective. A director who ceases to be a Member of the Cooperative will be considered to have resigned from the Board.

4.4.3. Vacancies on the Board may be filled temporarily by a Nominating Committee designated for that purpose, until the Members are able to hold a special meeting or annual meeting to elect a successor.

4.5. **Organizational Meeting**. An organizational meeting of the Board for the purpose of electing officers of the Cooperative for the following year will be held each year within fifteen (15) days following the Annual Meeting of the Members.

4.6. **Regular Meetings.** Regular meetings of the Board shall be determined, from time to time, by a majority of the Directors, and shall be held no less often than quarterly. Notice of regular meetings will be provided to all Members at least seven (7) days prior to the date of the meeting, given personally or by mail, telephone, email, or similarly reliable method.

4.7. **Special Meetings.** Special meetings of the Board of Directors will be called by the Chairperson or Vice Chair upon the written request of the majority of the directors or upon the written request of at least ten (10) Members. Notice of a special meeting will state the date, time, place and purpose of the meeting, and, except in the case of an emergency, will be delivered to each director at least three (3) days prior to the meeting. An emergency exists when there is an immediate or imminent threat of harm, danger or injury to people or property in the Cooperative.

4.8. **Waiver of Notice.** A director may, in writing, waive notice of any meeting of the Board. Attendance by a director at a meeting will constitute a waiver of notice of such meeting unless the director states that their attendance is for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or because of a lack of adequate notice.

4.9. **Place of Meetings.** All meetings of the directors will be held in the community rooms in the auxiliary building adjacent to the Property. In the alternative, a meeting of the Board may be held in the church worship building adjacent to the Property, outdoors on site, or anywhere else on the property specified in the notice that allow access by members.

4.10. **Quorum.** A quorum at a meeting of the Board will consist of five (5) of the directors. If the number of directors has been changed to five (5) members under Section 4.3.5 above, then a quorum will consist of four (4) directors.

4.11. **Adjourned Meetings.** If at any meeting of the Board there is less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting, any business that might have been transacted at the
meeting as originally called may be transacted. Notice of any adjourned meeting will be made in accordance with the notice requirements of regular meetings.

4.12. **Open Meetings.** Regular and Special meetings of the Board will be open to all Members. There will be no taping, recording or videotaping of a meeting except with the consent of all the directors present at the meeting. The right of Members to attend such meetings includes the right to speak at such meetings with regard to all designated agenda items. The directors may adopt reasonable rules governing the frequency, duration and manner of Members' statements. The directors shall have the authority to exclude any Member who disrupts the proceedings at a meeting of the Board.

4.13. **Closed Meetings.** The Board may (but is not required to) hold closed meetings or work sessions not open to Members to consider confidential information or sensitive issues, such as the following:

(a) Consultation with legal counsel concerning rights and duties of the Cooperative regarding existing or potential litigation or criminal matters;
(b) Personnel matters, including salary negotiations and employee discipline;
(c) Negotiations of contracts with third parties;
(d) Collection of assessments;

(e) Termination of Membership if the Member whose Membership is under consideration requests for the meeting to be closed.

However, official business of the Cooperative requiring approval of the Board must be voted upon by the Board at an open meeting thereof, including a final vote regarding termination of a Membership.

Except in the case of an emergency, the Board shall vote in an open meeting whether to meet in executive session. If the Board votes to meet in executive session, the presiding officer shall state the general nature of the business to be considered. The decision to meet in executive session must be included in the minutes of the meeting.

4.14. **Urgent Agenda Items.** Any item not included on the notice of a meeting may be taken up on an emergency basis upon agreement by at least a majority of directors. In the event that an emergency action is taken as set forth in this Section, notice of such action will be included in the agenda of the next regular meeting of the Board and will be ratified by all directors authorized to be at such meeting.

4.15. **Presiding Officer.** If not established in advance, then upon gathering the directors present shall select who presides at and conducts the meeting.

4.16. **Majority Vote.** At meetings of the Board, all matters not otherwise conditioned by law or these Bylaws will be determined by a simple majority vote of the directors present at the meeting.

4.17. **Minutes of Meetings.** The Secretary of the Cooperative will ensure minutes are kept of all meetings of the Board. If the Secretary is not present, then the Chairperson, or in their absence then the Vice Chair, will appoint another person to ensure minutes are taken. The minutes of all meetings will be kept in a book available for inspection by the Members or their authorized representatives at any reasonable time. The Cooperative will retain these minutes for a period of not less than seven (7) years.

4.17. **Electronic Communication.** The Board may permit any or all directors to participate in or conduct the meeting through the use of any means of electronic communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present at the meeting.

4.18. **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 setting forth the decision or action taken is agreed to in writing (including via email, text message, or online voting systems) by all the Directors. Such consent will have the same effect as a unanimous vote on the decision or action.

4.19. **Compensation.** No director will receive compensation for their services as a director. However, upon submission of receipts, a director may receive reimbursement of their reasonable expenses incurred in connection with the performance of their duties. A director is not precluded by their membership on the Board from serving in any other capacity in connection with the Cooperative and receiving compensation for such service.

4.20. **Contracts with Directors.** No directors of the Cooperative may have an interest, directly or indirectly, in any contract or transaction relating 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.

4.21. **Committees.** Committees may be formed by the Board or by the Membership. They will have such powers as are delegated to them by mandate of the Board or the Membership respectively, depending which body formed the committee. Committees will provide notice to all Members of their meetings, and keep minutes recording who was present and any decisions made or actions taken. Each committee will have one or two designated chairperson(s), who are responsible for ensuring communication with the rest of the Cooperative.

Article 5. Meetings of the Members

5.1. **Annual Meetings.** The first annual meeting of the Members will be held after fifty-five (55) subscriptions for Membership have been received and at least that number of units occupied. The purpose of such meeting will be to elect directors as set forth in Section 4.3.2 above. Thereafter an annual meeting of the Members will be held at a time decided by the Members. At the annual meeting, the Members will elect directors, consider reports of the affairs of the Cooperative, and transact such other business as may be properly brought before the Membership.

5.2. **Regular Meetings**. Each year the Board (or any committee whose mandate includes this responsibility) may publish a schedule of regular meetings of the Members to be held at intervals during the year. The calendar of meetings will be distributed to every Member within seven (7) days after it is first established. At such regular meetings any business may be transacted which may be properly brought before the Membership.

5.3. **Special Meetings.** A special meeting of the Members for any purpose or purposes specified in the notice of the special meeting may be called at any time by the Chairperson or, in their absence, by the Vice Chair if either is so directed by the Board. A special meeting will also be called upon petition, signed and presented to the Chairperson or in their absence the Vice Chair, by at least ten (10) Members.

5.4. **Members' Right to Overrule the Board of Directors.** A decision of the Board can be overruled by the Membership through a vote of 75% or more at a regular or special Membership meeting where this proposed action has been included on the notice and at least 50% of the Membership participate.

5.5. **Notices.** Notice of all meetings of the Members will be given by the Secretary to all Members as shown on the Cooperative's records at least five (5) days before the meeting. Notice may be given by any reliable means, such as: (a) depositing such notice in the U.S. Postal System; (b) delivering the notice in person to the home of the Member; (c) publishing notice of the meeting in a newsletter published by the Cooperative and delivered to the residence of each Member; or (d) sending an email to the Member at an email address listed in the Cooperative's records. Notices for special meetings will be given in the same manner as for annual and regular meetings except in the event of an emergency.

In the event of an emergency, notices of the meeting will be posted at least two (2) public locations at the Property and in the common areas of the auxiliary building adjacent to the Property, and notices must be delivered to Members' homes, if feasible, at least twenty-four (24) hours before the time set for the meeting. An emergency will exist when there is immediate or imminent threat of harm, danger, or injury to people or property. All notices will outline the business to be reviewed or discussed at the meeting.

5.6. **Place of Meetings.** All meetings of the Members will be held at a location at the Property specified on the notice of the meeting.

5.7. **Quorum and Adjournment.** A quorum of the Members for the transaction of business will consist when Members representing thirty-five percent (35%) or more of the Memberships entitled to vote, present in person or represented by proxy, are present. If, however, a quorum is not present at any meeting of the Members, the Members entitled to vote at the meeting will have the power to adjourn the meeting from time to time, until the requisite amount of voting Members are present or represented. At such adjourned meetings at which the requisite amount of voting Members will be represented, any business may be transacted which might have been transacted at the meeting as originally notified.

5.8. **Proxy Voting.** Every Membership entitled to vote may do so either in person or by an agent authorized to act as proxy. No agent may vote as proxy for a Member unless the Member files with the Secretary a certificate of proxy prior to or at the time at the convening of any meeting, and each proxy will terminate at the conclusion of the meeting. Only one proxy can be issued by a Member at any one time. Only one proxy can be held by any one agent.

5.9. **Voting at Meetings.** Matters coming before the Members for a vote at a meeting will be adopted only if approved by a majority of the members present. Each Membership has one vote.

5.10. **Presiding Officer.** If not established in advance, then upon gathering the members present shall select who presides at and conducts the meeting.

5.11. **Minutes of Meetings.** The Secretary of the Cooperative shall ensure minutes are kept of all meetings. If the Secretary is not present, then the Chairperson or, in their absence, the Vice Chair will ensure minutes are kept. 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 Cooperative will retain these minutes for a period of not less than seven (7) years.

5.12. **Electronic Communication.** Members may participate in a meeting through the use of any means of electronic communication by which all participants may simultaneously hear each other during the meeting. A member participating in a meeting by this means is deemed to be present at the meeting.

5.13. **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 setting forth the decision or action is agreed to in writing by 90% of the Members entitled to vote, including via email or online voting systems. Such consent will have the same effect as a vote on the decision or action taken and will be effective upon the date voting concludes.

5.14. **Actions Requiring Approval of Members.** The Cooperative cannot take the following actions without a vote at a meeting of the Members approving the action:

> 5.14.1. 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 $100,000;
>
> 5.14.2. Subject to the exception set forth in Section 4.1.12 above, borrow money in excess of $25,000;
>
> 5.14.3. Sell, transfer or encumber the Property;

5.14.4. Cause the Cooperative to conduct any business other than the operation of the Property as a residential cooperative;

5.14.5. Possess, use or assign any property or other assets of the Cooperative for other than a Cooperative purpose or commingle the funds of the Cooperative with any other funds or employ such funds in any manner except for the exclusive benefit of the Cooperative;

5.14.6. Guarantee the repayment of the debt of any party except for the Cooperative ;

5.14.7. 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;

5.14.8. Terminate all Proprietary Leases;

5.14.9. Dissolve the Cooperative or liquidate the Property of the Cooperative; or

5.14.10. Institute proceedings to be adjudicated bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against it, or file a petition seeking or consenting to reorganization or relief under any applicable federal or state law to bankruptcy or consent to the appointment of a receiver, liquidator, assignee, trustee of the Cooperative or a substantial part of property of the Cooperative or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due or take corporate action in furtherance of any such action.

Article 6. Officers

6.1. **Officers of the Cooperative.** The officers of the Cooperative will be a Chairperson, Vice Chair, Secretary and Treasurer. All officers must also be directors.

6.2. **Initial Officers.** At the organizational meeting of the Cooperative held on November 20, 2023, interim officers were elected by the Board of Directors. These officers will serve until after fifty-five (55) subscriptions for Memberships have been received and those units occupied, and directors have been elected by Members pursuant to Section 4.3.2 above. At the first meeting of the Board of Directors after the election under Section 4.3.2, the directors will elect new officers. Thereafter, officers will be elected annually by the Board of Directors at the first meeting of the Board of Directors held after the annual meeting of the Members as set forth in Section 4.5 above. While the initial three directors occupied four officer roles due to their limited numbers, thereafter the officer roles will be held by four different directors.

6.3. **Term.** The officers will serve for a one-year term. Nevertheless, each officer will hold office at the pleasure of the Board, which may remove any officer by majority vote. An officer may be removed with or without cause. If removed, the Board will elect their successor. An officer may also be removed by two-thirds vote of the Members at a meeting of the Members. Any officer may resign their post at any time by written resignation delivered to the Board.

6.4. **Chairperson.** The Chairperson is the chief executive officer of the Cooperative. The Chairperson will exercise general supervision over the affairs of the Cooperative and other officers and directors. The Chairperson will sign and execute all contracts, agreements, notes and other obligations of the

Cooperative as authorized and required by the Board or the Members. The Chairperson will perform such other duties as assigned from time to time by the Board or Membership.

6.5. **Vice Chair.** The Vice Chair will take the place of the Chairperson and perform their duties whenever the Chairperson is absent or unable to act. The Vice Chair will perform such other duties as assigned from time to time by the Board, Chairperson, or Membership. If neither of the Chairperson or Vice Chair is able to act, the Board will appoint some other director to act in their place on an interim basis.

6.6. **Secretary**. The 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 the Members and the Board; prepare and serve all notices of meetings of the Members and the Board to Members and directors; and 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 filing of minutes for the Cooperative. The Secretary will perform such other duties as assigned from time to time by the Board or Membership.

6.7. **Treasurer**. The Treasurer will be responsible for all money, funds and securities of the Cooperative; will maintain true and accurate financial records of the Cooperative; will report on the financial condition of the Cooperative at every meeting of the Members and every regular meeting of the Board; and will will submit financial records to the Board of Directors for inspection when requested. The Treasurer will perform such other duties as assigned from time to time by the Board or Membership.

Article 7. Disposition of Membership (Transfers and Sales)

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

7.2. **Prerequisites for Valid Sale or Transfer.** No sale or transfer of a Membership and the Unit connected to that Membership will be valid unless the parties involved in the transfer fully comply with the following:

7.2.1. The Departing Member gives the Cooperative notice of the potential Entering Member's offer for the Departing Member's Membership;

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

7.2.3. Prior to transfer of the Membership, the Entering Member must sign a Letter of Stipulation and Acknowledgement in the form approved by the Cooperative.

7.2.4. The Entering Member meets the Low-Income requirements for Membership as required above and in the Ground Lease;

7.2.5. The Departing Member and/or the Cooperative gives written notice to SquareOne 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 Departing Member to the Entering Member, as signed by both parties on the appropriate form.

7.3. **Approval of Proposed Disposition.** The process for considering a proposed disposition will be as follows:

7.3.1. **Applicant Interview.** The proposed Entering Member must attend a meeting to answer questions about their fitness to be a member of the Cooperative and a resident at the Property.

7.3.2. No proposed Disposition is valid unless approved by the Cooperative, who will determine which entity holds this responsibility (e.g. Membership Committee). That entity will, within fourteen (14) days after receipt by the Cooperative of a completed application, hold a meeting to consider the proposed Disposition. The Cooperative may hear from Members regarding the applicant at this meeting. An application may be rejected if the Cooperative 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 Cooperative or resident at the Property.

7.3.3. In the event of a disapproval of an application, the Departing Member may submit an appeal to the Board within seven (7) days after the written disapproval. A special meeting will then be held within fifteen (15) days. After review of the application, the Board may affirm or reverse the decision.

7.3.4. SquareOne reserves the right to review the membership application process to ensure it conforms to the requirements of subsidies accepted from public funds toward the purpose of creating Peace Village Housing Cooperative.

7.4. **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 their Membership passes to a child or children, domestic partner or other household 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.

7.5. **Maximum Sale and Transfer Price.** The maximum amount which a Departing Member may charge and receive for the transfer or sale of their Membership and the Unit appurtenant to the Membership will be the sum of the numbers computed under 7.5.1 and 7.5.2.

7.5.1. The purchase price actually paid by the Departing Member increased by three percent (3%) per annum (simple and not compound) commencing when the Departing Member acquired their Membership and ending on the date or transfer of the Departing Member's Membership.

7.5.2. Any funds paid by the Departing Member for an Allowed Capital Project including an imputed labor cost for labor performed by said Member on said project.

7.5.3. The amount a Departing Member can recover for the Allowed Capital Project will be calculated as follows:

7.5.3.1. The expenditure must result in an upgrade to the Departing Member's Unit or which extends the usefulness or the useful life of their Unit, but not including any maintenance or routine repair of the Unit; any painting, decorating, or similar cosmetic work on or to the Unit; any costs which were associated with the willful or negligent conduct of the Departing Member or Member's family or sublessee; or any costs for which reimbursement was or could have been obtained from any insurer or other persons or entity.

7.5.3.2. The Member must keep receipts and actual accurate time records to document the cost which the Member wishes to recover as an allowed Improvement. The value of the labor performed by the Member will be the same as how much a homeowner would pay to a third party for such labor in Lane County, Oregon; provided, however, that at the Member's discretion, the Member may have the value of their labor calculated as one hundred fifty percent (150%) of the fair market value of the materials consumed and/or used in such labor.

7.5.3.3. Before a Member undertakes work which the Member desires to claim as an Improvement, the Member must provide notice to the Cooperative and SquareOne and request a determination from them regarding whether such work is an allowed Improvement. The Cooperative will make such determination in writing at their reasonable discretion. The Cooperative will also determine in writing, once said work has been completed and after presentation to the Cooperative of such receipts and other documentation as the Cooperative may require, the value of the allowed Improvement to be used herein. SquareOne will serve in an advisory role to the Cooperative regarding decisions on Improvements.

7.5.3.4. No member can obtain credit for an Allowed Capital Project in the first two years of the Cooperative's existence. The Member may not obtain any credit for an Allowed Capital Project if that Member transfers their Membership during the first year of their Lease. In addition, for one year after completing an Allowed Capital Project, a Member may not obtain credit for more than $3,000 for the Project, but after said period of time may receive credit for the full cost of the Allowed Capital Project.

7.5.3.5. The value of each allowed Improvement 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. **Payment Prerequisites.** Before the Cooperative can approve a Disposition and issue a new Membership Certificate and/or Proprietary Lease, all unpaid sums, including all Carrying Charges owed to the Cooperative or charges owed to SquareOne, 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 Cooperative, 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 Cooperative with respect to that Membership or the Unit associated with that Membership.

7.7. **Issuance of new Proprietary Lease.** Upon delivery to the Cooperative of the Assignment of Proprietary Lease by the Departing Member to the Entering Member as provided in Section 7.2.6 above, the Cooperative will issue a new Proprietary Lease to the Entering Member. Upon execution of this new Proprietary Lease by the Entering Member, the new Proprietary Lease will replace the Assignment of Proprietary Lease.

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 Unit associated therewith will pass to the new Member.

7.9. **Purchase of Unit by the Cooperative.** If a Member seeks to sell the Member's Membership and the Unit connected to the Membership and receives an offer for the Membership, the Cooperative will have a right of first refusal to purchase the Membership at the same price offered. The Cooperative will have fifteen (15) days from receipt of notice to it under Section 7.2.1 above of the offer to purchase the Membership and the Unit connected to the Membership by paying the purchase price to the Departing Member.

Article 8. Proprietary Lease

8.1. **Right to Proprietary Lease.** Each Member is entitled to a Proprietary Lease for the Unit associated with the Member's Membership. The Proprietary Lease will be issued to the Member and to no other person. The Proprietary Lease will provide for the Member to pay the monthly Carrying Charges and the Member will be obligated under the Proprietary Lease to pay those charges in a timely manner. Each Member must comply with the Proprietary Lease in all particulars.

8.2. **Occupancy of Unit.** Except as otherwise allowed in these Bylaws or the Proprietary Lease, no person other than the Member and the following may reside in the Unit associated with that Member's Membership: (a) the Member's Household, as defined above and/or (b) a roommate approved by the Cooperative; and/or (c) a sublessee as described below. Membership in the Cooperative will be granted only for a Member whose household will be adequately housed in the Unit to be leased. Except in certain cases of inheritance as described in Section 7.4, the combined income of all occupants of a Unit cannot exceed sixty percent (60%) of the Area Median Income for Lane County, Oregon based on household size.

8.3. **Roommates.** A Member may not submit a roommate for consideration until the Member has lived at least twelve (12) months at the Cooperative. A roommate will be considered a member of the Member's household and not a tenant of the Member. There will be no landlord-tenant relationship between the Member and the roommate. Any roommate will execute an acknowledgment on the form provided and approved by the Cooperative that no landlord-tenant relationship exists between the Member and the roommate, that the roommate will be considered a member of the Member's household, and that no rights will accrue to the roommate under Oregon landlord-tenant statutes. All roommates must be approved through the Cooperative's membership process.

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

8.4.1. Before submitting an application for a subtenancy, 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.

8.4.2. All requests for subleasing will be submitted to the Cooperative and all subleases must be approved by the Cooperative. The process for approving a sublease will be the same as that set forth for other membership applications. The Cooperative will only consider approving a proposed sublease under the following circumstances: (a) if the Member desires to reside outside the Property for a limited period time but intends to return to the Unit as their Primary Residence; or (b) if the Member is attempting to sell their Membership but has not yet found a suitable person to purchase it. In either event, the subtenant must be an income-eligible person as defined in the Ground Lease who will reside at the Unit at least seventy-five (75%) of the time they occupy the Unit. 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.

8.4.3. The Member may not charge any rent, fee, or compensation for the Sublease which exceeds the amount paid by that Member to the Cooperative for Carrying Charges, rent, assessments, and any other sum related to that Unit during all applicable periods.

8.4.4. The Member subleasing their Unit will be responsible in all respects for the subtenant and the actions of the subtenant including the subtenant's compliance with the Articles, these Bylaws, the Proprietary Lease, and the Village Agreements.

8.4.5. The Member and the Sublessee execute a written Sublease, on the form approved by the Cooperative. The written Sublease sets forth the requirements of Section 8.4.1 above and includes an acknowledgment by both parties that the Sublease will be subject to Oregon Revised Statutes Chapter 90.

8.5. **Compliance with ORS Chapter 90.** Any Sublease permitted herein will be subject to the requirements and regulations of Oregon Revised Statutes Chapter 90, which is hereby acknowledged by a Member entering into such a Sublease. The Member who enters into a Sublease for the Member's Unit will comply in all particulars with Chapter 90 and will indemnify the Cooperative from any action or damages resulting from Member's noncompliance. The Member who enters into a Sublease will also protect and indemnify the Cooperative from any and all actions taken by a sublessee or from damages claimed by sublessee under Chapter 90 or any other law.

8.6. **Increase in Real Property Tax.** If there is an increase in the real property tax assessed for a Unit because the income of the household of the Member or other person occupying the Unit is greater than sixty percent (60%) of the Area Median Income for Lane County, then the Member and other person occupying the Unit will pay to the Cooperative the additional amount of tax assessed.

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

8.8. **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.

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 Cooperative and the Property, including but not limited to Ground Lease payments, mortgage and similar payments, taxes, insurance, utilities and maintenance of the Common Areas, reserves, anticipated repairs, administrative and legal costs. 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 if needed and approve the budget for that year as well as the monthly assessment to be charged to each Member.

9.3. **Monthly Assessments.** After occupancy, each Member will pay in a timely manner the Monthly Assessment assessed on the Member's Unit. The amount of the Monthly Assessment will be set each year as part of the annual budget. The Monthly Assessment need not be the same for each Unit but may be different for different Units depending on size or other relevant factors. The Monthly Assessment does not include Special Assessments and Special Charges assessed to a Member. The Monthly Assessment plus the Special Assessments and Special Charges constitute the monthly Carrying Charges to be paid each month by a Member for their Unit.

9.4. **Special Assessments.** In the event of an emergency, as determined by the Board in its sole discretion, the Board may 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, 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 main office or such other location as designated by the Cooperative. If paid after the fifth (5th) day of the month, reasonable late fees may be charged in an amount established by the Cooperative.

9.6. **Fiscal Year.** The fiscal year of the Cooperative will begin on the first day of January of each year and end on the thirty-first day of December of each year, unless otherwise decided.

9.7. **Financial Books and Records.** The Cooperative's financial books and records will be maintained in accordance with generally accepted accounting practices. The accounting records of the Cooperative will be open to inspection by Members or their authorized representatives at reasonable times. Upon request of a Member, the Cooperative 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 their private possession. The Cooperative 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 Cooperative will have no liability to the Cooperative 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.

10.2. **Bonds or Insurance.** The Cooperative may purchase fidelity bonds for directors, officers and employees of the Cooperative or purchase errors and omissions insurance for directors and officers insurance for them and the premiums for such bonds or insurance will constitute a common expense of the Cooperative.

10.3. **Indemnification.** Every director or officer of the Cooperative will be indemnified by the Cooperative against all expenses, fines, liabilities, judgments, amounts paid in settlement, and attorney fees reasonably incurred by or imposed upon them in connection with any proceeding, threat of proceeding, or settlement thereof in which the director or officer may become involved, by reason of their being or having been a director or officer of the Cooperative. This indemnification will apply whether or not the individual is a director or officer at the time such liabilities or expenses are incurred. This indemnification will be provided only if the person conducted themself in good faith, reasonably believed that their conduct was in the best interests of the Cooperative, and with respect to any criminal proceeding, had no reasonable cause to believe that their conduct was unlawful. This indemnification will not apply in cases wherein the director or officer is adjudged guilty of willful misfeasance including malfeasance in the performance of their duties. In the event of a settlement, the indemnification established herein shall apply only when the Board 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 Cooperative set forth herein are fully subordinated to any Mortgage Loans and such indemnification obligations will in no event constitute a claim against the Cooperative if the Cooperative's cash flow is insufficient to pay the monthly payments due on the Mortgage Loans.

Article 11. Default and Remedies

11.1. **Cooperative Not Subject to Landlord-Tenant Statute.** Because all Members have an ownership in the Cooperative 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 Cooperative the right to terminate such Member's Membership in the Cooperative.

11.2. **General Notice Requirements.** Any notice given by the Cooperative 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. Postal System. Before taking action to forfeit a Member's Membership, the Cooperative 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 fails to pay to the Cooperative within thirty (30) days when due any of the Carrying Charges. Before taking action to forfeit the Member's Membership, the Cooperative will give a Member who has defaulted in this manner a written notice of their default and a demand to cure in full within fifteen (15) days. Termination for nonpayment of fees is considered "Automatic," in that no Special Meeting is required to be held in order to execute the termination in this case.

11.3.2. 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 Cooperative as a transferee of such Membership.

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

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 rules and Village Agreements adopted by the Cooperative for the Property, and such default continues for thirty (30) days after written notice and demand to cure from the Cooperative. 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 complied with the Cooperative'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. The Member has received from the Cooperative within a three-year period three (3) notices to cure for three (3) different events of default which were subsequently cured by the Member and now is in default for a fourth time within said three-year period. In this event, the Cooperative is not required to send any further notice to cure but may proceed to issue a notice under Section 11.4.2 below and to terminate the Member's Membership.

11.3.6. During the term of the Proprietary Lease, the Member files a voluntary petition in bankruptcy or is adjudicated as 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.

11.3.7. The Member is convicted under federal law, state law or local ordinance of a crime based on an act which the Board of Directors (or such other entity as the Cooperative designates for this

duty) determines by a majority vote threatens the health, safety or welfare of the other Members and residents at the Property.

11.3.8. The Board of Directors (or such other entity as the Cooperative designates for this duty), 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, including but not limited to acts of violence or harassment toward another member. Prior to calling a meeting for this purpose, the Member will be given a written demand to immediately cease and desist such objectionable conduct.

11.3.9. The Member is in default under any Purchase Lien.

11.3.10. The Member has moved most or all their furnishings and other personal property out of their Unit and left it without notifying the Cooperative of the location to where they have moved.

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

11.4.1. In the case of an Event of Default under 11.3.1 of these Bylaws (failure to pay Carrying Charges), the Cooperative must give the Member in default a written notice that contains the following: (a) a statement of the past due Carrying Charges owed by the Member to the Cooperative; (b) a demand to cure in full within fifteen (15) days after delivery of the notice; and (c) a statement that the Member's Proprietary Lease and Membership will automatically terminate thirty (30) days after delivery of the notice if the full balance of past due Carrying Charges is not received by the end of the fifteen (15) day cure period. The Member's Proprietary Lease and Membership will automatically terminate thirty (30) days after delivery of the notice if payment in full of past due Carrying Charges is not received within the fifteen (15) day cure period.

11.4.2 In the case of an Event of Default under 11.3.2-11.3.10 of these Bylaws, the Cooperative must give the Member in default a written notice which must contain the following: (a) statement in reasonable detail of the factual nature of the Event of Default; (b) intent of the Cooperative to terminate the Member's Proprietary Lease and forfeit the Member's Membership in the Cooperative; and (c) the time, date and place of a Special Meeting of the Board 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 will be held no earlier than seven (7) days and no later than twenty-eight (28) days after the delivery of the notice.

11.4.3. If the Membership and/or the Proprietary Lease is subject to a Purchase Lien, the Cooperative will send to the Secured Party a copy of the notice sent to the defaulting Member. In the case of an Event of Default under 11.3.1 of these Bylaws (failure to pay Carrying Charges), the Secured Party will have the right to invoke a Preservation Period at any time prior to the end of the fifteen (15) day cure period during which the default can be cured by payment in full of the Member's past due Carrying Charges. In the case of an Event of Default under 11.3.2-11.3.10 of these Bylaws, 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 11.3.8, if the Secured Party is unable to stop the objectionable conduct within seven (7) days of invoking the Preservation Period, then the Preservation Period can be terminated and the Cooperative 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 Cooperative. If the Secured Party does not finalize a foreclosure of the Membership within the time period allowed in Section 3.13.4 above, then the Preservation Period will terminate and the Cooperative may proceed to hold a Special Meeting to consider termination of the Membership.

11.4.4. Anyone who has a conflict of interest should disclose the conflict at the beginning of the meeting, and recuse themselves if appropriate. At the meeting, the Cooperative will first present evidence of the facts constituting an Event of Default and the Member will then be given all reasonable opportunity to show why the Proprietary Lease should not be terminated and the Membership not forfeited. Both the Cooperative and the Member may present testimony from witnesses who attend in person or by affidavit. The Board may ask the Member whose Membership is in question to leave the meeting after that person's testimony has been presented and/or during deliberations. If needed in the interest of justice, the meeting may be adjourned and continue within a reasonable period, not to exceed fifteen (15) days.

11.4.5. The Special Meeting may issue its decision at the close of the session 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 decision may be announced orally but must be delivered as a written notice 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 Cooperative's record book. If the group 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.

11.4.6. In lieu of terminating the Membership and Lease, the Cooperative 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 setting forth the terms of such probation.

11.5. **Other Remedies.** In addition to and without limiting any other rights of the Cooperative, the Cooperative 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 Village Agreements. Notwithstanding any other provision in these Bylaws, if the Cooperative takes possession of a Unit, the Cooperative may lease that Unit to a non-Member (who is a low-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 Cooperative 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 Cooperative for Carrying Charges, then to any sums

presently due and payable to the Cooperative 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 Membership Certificate is canceled and will thereafter be null and void.

11.8. **Subscription for Membership Connected to Former Lot of Terminated Member.** Upon cancellation of a Membership, the Cooperative 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 Cooperative will apply the proceeds of such subscription as follows:

(1) First, toward the terminated Member's indebtedness to the Cooperative for any unpaid Carrying Charges plus the Cooperative'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;
(2) Second, toward any outstanding balance and expenses owing to a Secured Party; and
(3) Third, the surplus to be paid to the terminated Member. The Cooperative will not be obligated to mitigate a terminated Member's losses resulting from the termination of the Proprietary Lease or forfeiture of the Membership.

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

Article 12. Amendments

12.1. **How Amended.** These Bylaws may be amended, repealed or replaced at any meeting of the Members so long as any such amendment, repeal, or replacement is consistent with the terms of the Ground Lease and approved by SquareOne. Any amendment must be approved by sixty percent (60%) of all eligible voting Memberships. Upon amending or replacing these Bylaws, the Proprietary Leases will be modified to conform to the amended or new Bylaws.

12.2. **Record of Amendments.** A copy of each amendment duly adopted will be placed in the Cooperative's minutes.

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 Cooperative affairs. However, if there is a conflict among the

provisions of these Bylaws, the Articles, and the provisions of the Oregon Cooperative 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. **Limitation of Liability.** Notwithstanding the duty of the Cooperative to maintain and repair the Common Areas, the Cooperative 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.

13.3. **Liability for Conduct Causing Common Expense.** Each Member will be liable for the cost of all maintenance, repair or replacement rendered necessary by their act, neglect or carelessness, or the act, neglect or carelessness of any member of their family or their employees, agents, tenants or invitees, but only to the extent that such cost is not covered by the proceeds of insurance carried by the Cooperative. 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 Cooperative or other Members to eliminate or mitigate the disturbance or nuisance.

13.4. **No Waiver of Rights.** The failure of the Cooperative, 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 Cooperative, the Board or the Member to enforce such right, provision, covenant or condition in the future.

13.5. **Rules and Village Agreements.** Rules and Village Agreements for the Cooperative may be adopted and amended from time to time and will be deemed in effect until amended and will apply to and be binding upon all Members. The Members will, at all times, obey said Village Agreements and will use their best efforts to see that they are faithfully observed by their families, guests, invitees, contractors, and any persons over whom they exercise control or supervision.

13.6. **Construction and Severability.** These Bylaws will be governed by the laws of the state of Oregon. As used in these Bylaws, the neuter gender will be deemed to include others (feminine or masculine) whenever the context so indicates, and singular and plural number will be deemed to include each other. 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.

13.7. **Arbitration.** In the event the Cooperative 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 Cooperative 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 rules, including discovery rules, of the Arbitration Service of Portland, Inc. will apply. 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.

13.8. **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.

13.9. **Approval and Ratification.** The Cooperative, 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 Unit they will occupy, hereby approve and ratify all of the terms and conditions, duties and obligations of these Bylaws.

Execution by initial directors:

IN WITNESS WHEREOF, the undersigned, being the original directors of the Cooperative, as set forth in Section 1.5 above, adopt and execute these Bylaws for the Cooperative on this 21st day of November, 2023.

_____ _____

_____ _____

Print Name Print Name

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Print Name