

Bylaws

I.

ARTICLE

Name and Location of Cooperative

- A. Section The name of this cooperative is the [name] Cooperative (the Co-op). Its principal office is located in the City of [cityname], [county name] County, Illinois.

II.

ARTICLE

Purpose

- A. Section This corporation is organized under the Illinois General Not-For-Profit Corporation Act. The Co-op may engage in any activity within the purposes for which not-for-profit corporations may be organized under Illinois Statutes, including, but not limited to the following:
1. To provide affordable, adequate, safe and sanitary housing accommodations for persons of low and moderate income on a cooperative basis..
 2. To provide a family friendly environment for its members.
 3. To provide opportunities for members to interact with different cultures and nationalities and to develop a respect for others and promote equal housing opportunity to all persons regardless of gender, race, religion, color, national origin or ancestry, age, physical or mental disability, marital status, parental status, source of income or sexual orientation.
 5. To create a supportive community that grows together, shares resources, ideas, and talents.
 6. To improve the neighborhood and work together with community institutions to benefit the area in which the Co-op resides.
 7. To promote and to follow the Principles of Cooperation adopted by the International Cooperative Association:
 - a) Voluntary and Open Membership
 - b) Democratic Member Control (One Member = One Vote)
 - c) Member Economic Participation
 - d) Autonomy and Independence
 - e) Education, Training and Information
 - f) Cooperation among Cooperatives
 - g) Concern for Community

III.

ARTICLE

Membership

- A. Section Eligibility. Any natural person approved by the Co-op's Board of Directors shall be eligible for membership, provided that he or she executes a Purchase Agreement, an Occupancy Agreement, and other documents that may be required by the Co-op. Nothing in these bylaws shall prevent the Co-op from agreeing to limitations or priorities for applicants in accordance with any mortgages, leases, covenants and agreements affecting the Co-op's premises and requiring priority be given to persons of low or moderate income.
- B. Section Application for Membership. Application for membership shall be presented in person on a form prescribed by the Board of Directors. The Board of Directors will establish an application procedure.
- C. Section Purchase Agreement. Any applicant for membership accepted by the Board of Directors shall execute a Purchase Agreement in form and content prescribed by the Board of Directors. The Purchase Agreement shall require the payment of a Purchase fee as a prerequisite for membership in the Co-op. The Purchase fee for the initial resident members of the Co-op shall be [\$amount] payable as specified in the Purchase Agreement. The Purchase fee for all subsequent applicants shall be equal to the Transfer Value (as hereinafter defined) of the membership to be transferred to the applicant.
- D. Section Purchase Funds. All Purchase Fees required under the Purchase Agreement shall be deposited promptly, without deduction, in a special account or accounts of the Co-op as escrow or trustee for the Subscribers to membership that shall not be general corporate funds, but shall be held solely for the benefit of the Subscribers. Such special account or accounts shall be established with such bank(s) or saving and loan association (s) whose deposits are insured by an agency of the Federal Government. These shall be interest-bearing accounts.
- E. Section Members. The members will be the persons identified as the first Board of Directors in the Articles of Incorporation and their successors and the Subscribers who have been approved for membership by the Board of Directors and who have paid for their memberships and received a Certificate of Membership. The status of the first Board of Directors shall terminate at the first annual meeting of the members unless they have executed Purchase Agreements and Occupancy Agreements. The authorized membership of the Co-op shall consist of (xx) regular memberships, all of one type.
- F. Section Membership Certificates. Each Membership Certificate shall state the following facts: (1) that the Co-op is organized under the laws of the State of Illinois, (2) the name or names of the registered holder of the membership represented by the Membership Certificate, (3) the Co-op's rights relating to the membership as set forth in this Article, and (4) the preferences and restrictions applicable thereto, and shall be in such form as shall be approved by the Board of Directors. Membership Certificates shall be consecutively numbered, bound in one or more books, and shall be issued by the Board or its agents upon receipt of proof that the membership has been paid for in full. Every Membership Certificate shall be signed by the President and the Secretary.
- G. Section Lost Certificates. The Board of Directors may decide that a new certificate or certificates should be issued to replace any certificate or certificates previously issued by the Co-op and alleged to have been destroyed or lost, after receiving a written affidavit to that effect from the person claiming the membership certificate to be lost or destroyed. When authorizing issuance of a new certificate or certificates, the Board of Directors may, in its discretion, refuse to issue a new certificate or certificates until the registered owner of such lost or destroyed certificate or certificates, or the owner's legal representative, (a) has given notice in the manner determined by the Board to the public and to other members that the owner is requesting a new certificate, and (b) has given the cooperative a bond in the amount required by the Board of Directors as indemnity against any claim that may be made against the Co-op.
- H. Section Lien. The Co-op shall have a legal interest (a lien) on the outstanding regular memberships in order to secure payment of any sums which shall be due or become due from the holders thereof for any reason whatsoever, including any sums due under any Occupancy Agreement. This lien restricts a member's ability to sell the member's membership if payments owed to the Co-op have not been made.

- I. Section Transfer of Membership. Members may transfer their membership only as provided in these bylaws. In any case, the Co-op shall not transfer any membership in its records within the ten-day period before any annual meeting of the members. In all transfers of membership, the Co-op may require payment of a fee it deems appropriate to compensate it for processing the transfer.
1. Death of a Member. If, upon death of a member, such member's membership in the Co-op passes by will or intestate distribution to a member of his or her household who resides in the Property at the time of the death, such heir may, within sixty (60) days after the member's death, become a member of the Co-op by assuming in writing the terms of the member's Purchase Agreement and Occupancy Agreement and paying all amounts due thereunder; provided, and however that if the Co-op is bound by any agreement to restrict its membership to persons of low and moderate income, the member of the immediate household must meet this restriction or the membership shall be purchased by the Co-op in the manner provided in paragraph (b). If a member dies and an obligation is not assumed as described above in this paragraph (a), then the Co-op shall have an obligation immediately to purchase the membership from the deceased member's estate in the manner provided in paragraph (b) of this Section, written notice of the death being equivalent to notice of intention to withdraw.
2. Voluntary Sale by Member/Option to Purchase by Co-op. If a member desires to leave the Co-op, such member shall notify the Co-op in writing not later than two full calendar months prior to the date stated in the notice upon which the member desires to leave the Co-op (the "Transfer Date"). The Transfer Date must be the first day of a calendar month. The Co-op shall have the option, but not the obligation, to be exercised in writing not more than sixty (60) days after the Co-op receives the notice of the member, to purchase the membership, together with all of the members rights with respect to the dwelling unit, an amount determined by the Co-op to represent the membership's Transfer Value, less the sum of (i) any amounts due to the Co-op from the member under the member's Occupancy Agreement or otherwise, and (ii) the cost or estimated cost of all deferred maintenance, including painting, redecorating, floor finishing, and such repairs and replacements as are deemed necessary by the Co-op to place the dwelling unit in suitable condition for another occupant, ordinary wear and tear excepted. The purchase by the Co-op of the membership shall be as of the Transfer Date and shall immediately terminate the member's rights under both the Membership Certificate and Occupancy Agreement. The member shall vacate the premises on or prior to the Transfer Date.
3. Voluntary Sale by Member to Third Party Purchaser. If the Co-op waives in writing its option to purchase the membership, or the Co-op fails to exercise such option within the sixty (60) day period, the member may sell his membership to any person whose application for membership in the Co-op has been duly approved by the Co-op. The proposed transferee shall execute a Purchase Agreement and an Occupancy Agreement and, upon payment by transferee of the amount payable pursuant to the Purchase Agreement, the retiring member shall be released from his or her obligations under the Occupancy Agreement and shall be paid by the Co-op the Transfer Value minus any deductions thereto itemized in subparagraphs (i) and (ii) in paragraph (b) above. However, in the event the deductions from the Transfer Value are greater than the amount of the Transfer Value, the retiring member shall pay the Co-op the difference prior to being released from the retiring member's obligations under the Occupancy Agreement.
4. Transfer Value.
 - a) In case the Co-op determines to exercise its option in accordance with Section 9 (b) of this Article, the Transfer Value shall be equal to the Purchase fee plus 3% simple interest per year as calculated by the Co-op's Treasurer plus Co-op approved improvements. The amounts due under subparagraphs (i) and (ii) of paragraph (b) above shall be paid to the Co-op from the proceeds of the sale to the extent available.
 - b) In case the Co-op waives its right to exercise its said option or fails to exercise the option in accordance with paragraph (c) above, the Transfer Value

shall be the amount agreed upon between the Member and purchaser, but at no time more than amount equal to the Purchase fee plus 5% simple interest per year as calculated by the Co-op's Treasurer plus Co-op approved improvements. The amounts due under subparagraphs (i) and (ii) of paragraph (b) above shall be paid to the Co-op from the proceeds of the sale to the extent available and by the Member to the extent not available.

- J. Termination of Membership for Cause. In the event the Co-op has terminated the rights of a Member under the member's Occupancy Agreement, the member shall be required to deliver promptly to the Co-op his or her membership certificate and his or her Occupancy Agreement, both endorsed as required by the Co-op. The Co-op shall thereupon at its election either (i) repurchase said membership at its transfer value, or (ii) proceed with reasonable diligence to effect a sale of the membership to a purchaser at the Transfer Value (as determined in accordance with Section 9(d) (2) above). The retiring member shall receive the amount so determined, less the following amounts (the determination of such amounts by the Co-op to be conclusive):
1. any amounts due to the Co-op from the member under the member's Occupancy Agreement, and otherwise;
 2. the cost or estimated cost of all deferred maintenance, including painting, redecoration, floor refinishing, and such repairs and replacements as are deemed necessary by the Co-op to place the dwelling unit in suitable condition for another occupant, ordinary wear and tear excepted;
 3. legal and other expenses incurred by the cop in connection with the default of the member and the resale of his or her membership. In the event the terminated member for any reason should fail for a period of ten days after demand to deliver to the Co-op his or her endorsed membership certificate, said membership certificate shall be deemed canceled and may be reissued by the Co-op to a new purchaser. To the extent the Transfer, as herein determined is not sufficient to pay the Co-op the amounts due as described above, the member will remain liable to the Co-op for the amounts due.

IV. ARTICLE
Meetings of Members

- A. Section Place of Meetings. Meetings of the membership shall be held in [location] located [where?], or at such other suitable place convenient to the members.
- B. Section Annual Meetings. The first annual meeting of the Co-op shall be held within ninety (90) days after applicants for eighty percent (80%) of all units have signed Purchase Agreements and paid the Purchase Fee in full, as determined by the Board of Directors. Thereafter, annual meetings of the Co-op shall be held during the second week of the same month of each succeeding year that corresponds to the day of the first annual meeting. At such meeting, there shall be elected by ballot of the members all directors in accordance with requirements of Article V, Section 4 of these bylaws. The members may also transact such other business of the Co-op as may properly come before them.
- C. Section Special Meetings. It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board of Directors or upon a petition signed by thirty percent (30%) of the members having been presented to the Secretary. The notice of any special meeting shall state the time, place and purpose of such meeting. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths of the members present, either in person or by proxy.
- D. Section Notice of Meetings. It shall be the duty of the Secretary to mail or deliver a notice of each annual or special meeting, stating the purpose for, time of, and place where the meeting is to be held, to each member of record, at his or her address as it appears on the membership book of the Co-op, or if no such address appears, at his or her last

known place of address, at least seven (7) days but not more than thirty (30) days prior to such meeting. Notices of all meetings shall be posted in each common area.

- E. Section Quorum. The presence, either in person or by proxy, of fifty percent (50%) of the members of record of the Co-op shall be requisite for, and shall constitute a quorum for the transaction of business at all meetings of members. If the number of members at a meeting drops below the quorum and the question of a lack of quorum is raised, no business may thereafter be transacted.
- F. Section Adjourned Meetings. If any meetings of the members cannot be organized because a quorum is not attended, the members who are present may adjourn the meeting from time to time without further notice.
- G. Section Voting. At every meeting of the regular members, each member present, either in person or by proxy, shall have the right to cast one vote on each question and never more than one vote. The vote of the majority of those present, in person or by proxy, shall decide any question brought before such meeting, unless the question is one upon which, by express provision of statute or of the Articles of Incorporation, or of these bylaws, a different vote is required, in which case such provision shall govern and control. No member shall be eligible to vote or to be a member of the Board of Directors who is shown on the books or management accounts of the Co-op to be more than thirty (30) days delinquent in payments due to the Co-op under his or her Occupancy Agreement.

All of the members of one household who have executed Purchase Agreements and Occupancy Agreements and who live in a single housing unit of the Co-op shall be considered one member for the purpose of these bylaws, and shall name one of their number to represent the household as a member. In case of any dispute among the members of such a household living in a single unit, each member present may cast a partial vote based upon the number of members in the household voting, but such partial votes in the aggregate may never exceed one whole vote.

- H. Section Proxies. A member may appoint as a proxy only a member of the Co-op or the member's immediate household (as defined by the Board of Directors) who resides in their respective unit. In no case may a member cast more than two votes by proxy in addition to member's own vote. Any proxy must be filed with the Secretary before the appointed time of each meeting.
- I. Section Order of Business. The order of business at all regularly scheduled meetings of the members shall be as follows:
 - 1. Role call and determination of quorum.
 - 2. Proof of notice of meeting or waiver of notice
 - 3. Reading of minutes of preceding meeting.
 - 4. Reports of Officers
 - 5. Reports of Committees
 - 6. Report of Management Agent (if any)
 - 7. Election of Officers
 - 8. Unfinished business.
 - 9. New business.

In the case of special meetings, items (a) through (d) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of meeting.

- A. Section Number and Qualifications. The affairs of the Co-op shall be governed by a Board of Directors composed of (xx) persons, each of whom must be a member of the Co-op, except for the Board of Directors named in the Articles, whom shall serve only until the first annual meeting.
- B. Section Powers and Duties. The Board of Directors shall have all the powers and duties necessary for the administration of the Co-op. The powers of the Board of Directors shall include but not be limited the following:
1. To accept or reject all applications for membership and admission to occupancy of a dwelling unit in the Co-op, either directly or through an authorized representative;
 2. To establish monthly housing charges as provided for in the Occupancy Agreements, based on an operating budget formally adopted by such Board;
 3. To hire an agent or employees for the management of the Co-op under such terms as the Board may determine;
 4. To terminate membership and occupancy rights for cause;
 5. To formulate such rules and regulations pertaining to use and occupancy of the premises.

All actions of the Board shall be consistent with these bylaws, the Articles of Incorporation, and the other covenants, agreements, leases and contracts the Co-op is obligated to comply with.

- C. Section Specific Duties of Directors. Each director is charged and expected to do all things necessary to carry out the purposes of the Co-op in a responsible manner, including but not limited to the following:
1. To attend Board meetings regularly;
 2. To receive and review regular financial statements, and to assure that all funds are being managed properly and responsibly;
 3. To become educated in the affairs of the Co-op so as to understand its operations, and to take actions that will advance the purposes of the Co-op; and
 4. To regularly evaluate the operations of the Co-op.
- D. Section Appointment and Term of Office. The term of the Directors named in the Articles of Incorporation shall expire when their successors have been determined at the first annual meeting. Members of the Board of Directors shall serve a one-year term upon election at the annual meeting, and shall continue to serve until their successors elected at the following annual meeting have assumed their positions.
- E. Section Vacancies. Vacancies in the Director's position(s) caused by any reason other than the removal of a Director by a vote of the membership shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum and each person so elected shall be a Director until a successor is elected by the members at the next annual meeting.
- F. Section Removal of Directors. At any regular or special meeting duly called, an Director elected by the members may be removed with or without cause by the affirmative vote of the majority of the entire membership of record and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting. The term of any Director who becomes more than thirty (30) days delinquent in any payment due the Co-op or who has missed three meetings consecutively shall automatically be terminated and the remaining Directors shall appoint his or her successor as provided in Section 5 above. Any Director shall be notified of his/her removal by letter from the President of the Co-op, and such letter shall be filed with the records of the Co-op.
- G. Section Compensation. No compensation shall be paid to Directors for their services, nor shall any compensation be paid to a Director for services performed by such Director for the Co-op in any other capacity, unless a resolution authorizing such compensation

shall have been adopted by the members before the services are undertaken. A Director may not be an employee of the Co-op.

- H. Section Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole board shall be present.
- I. Section Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least six (6) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally, or by mail, telephone, or telegraph (fax), at least three (3) days prior to the day named for such meeting.
- J. Section Special Meetings. Special meetings of the Board of Directors may be called by the President or Secretary on three (3) days' notice to each Director, given personally or by mail or telephone, stating the time, place and purpose of the meeting. Special meetings of the Directors can also be called in the same manner on the written request of at least three (3) Directors.
- K. Section Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him or her of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at the meeting. Where all of the Directors unanimously approve and sign a corporate resolution or authorization (which is to be included in the Minutes book), this shall be recognized as proper corporate action taken at a duly authorized meeting, without proceeding under the provisions hereof that would otherwise be applicable for calling and holding meetings of the Board.
- L. Section Quorum. At all meetings of the Board of Directors, one-third of the Directors then holding office shall constitute a quorum and that quorum may conduct the Co-op's business. If less than a quorum of the Directors holding office appear at any meeting, the Directors who do appear may schedule a replacement meeting at a later date, and if a quorum of the Directors holding office appear at the replacement meeting, they may transact any business which might have been transacted at the meeting as originally called without giving further notice to any other Director.
- M. Section Election of Directors. The initial Board of Directors shall establish procedures for the election of subsequent Directors.
- N. Section Meeting Procedures. All meetings of the Board of Directors and all meetings of the members shall be conducted according to the Co-op's Simple Rules of Order as revised from time to time unless otherwise decided by the Board of Directors. In the event of a conflict between the Simple Rules of Order and these bylaws, these bylaws shall prevail.

VI. ARTICLE
Officers

- A. Section Designation. The principal officers of the Co-op shall be a President, Vice-President, a Secretary and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Directors may elect an assistant treasurer, and an assistant secretary, and such other officers as in their judgment may be necessary. The offices of Treasurer and Secretary may be filled by the same person.
- B. Section Election of Officers. Officers shall be elected at the first meeting of the Board of Directors following the election of the Board of Directors at the annual meeting. The

officers shall serve for a one-year term until the election of their successors at the first annual meeting of the Board of Directors after the succeeding annual meeting.

- C. Section Removal of Officers. Upon an affirmative vote of a majority of the Board of Directors, any officer may be removed, either with or without cause, and his or her successor elected at any regular meeting of the board of Directors, or at any special meeting of the Board called for such purpose. The successor shall serve the remaining term of the officer removed.
- D. Section President. The President shall be the chief executive officer of the Co-op. The President shall preside at all meetings of the members and Board of Directors. He or she shall have all of the general powers and duties which are usually vested in the office of president of a corporation, including but not limited to the power to appoint committees from among the membership from time to time as the President may in his or her discretion decide is appropriate, establish an agenda for Board meetings, insure implementation of Board decisions, and execute documents on behalf of the Co-op.
- E. Section Vice-President. The Vice-President shall take the place of the President and perform the President's duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board of Directors shall appoint some other member of the Board of Directors on an interim basis to act as President. The Vice-President shall also perform other duties imposed upon him or her by the Board of Directors.
- F. Section Secretary. The Secretary shall cause to be kept the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Co-op. The Secretary shall be in charge of the membership transfer records and of all other books and papers as the Board of Directors may direct; shall forward all notices to members and Directors required by the bylaws or by direction of the Board, and the Secretary shall, in general, perform all the duties of the office of Secretary.
- G. Section Treasurer. The Treasurer shall have responsibility for Co-op funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Co-op. The Treasurer shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Co-op in such depositories as may be designated by the Board of Directors. The responsibilities and duties of the Treasurer may be delegated to the management agent of this Co-op as directed by the Board of Directors.

VII.

ARTICLE

Amendments

- A. Section Proposed and Vote Required. These bylaws may be amended by the affirmative vote of the majority of the entire membership of record or special meeting. Amendments submitted to vote of the membership may be proposed by the Board of Directors or by petition of at least thirty percent (30%) of the members. A description of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment is to be voted upon.
- B. Section Transfer Value. The Co-op shall not amend Article III, Section 9 (d) of these bylaws without the approval of two thirds of the entire membership of record.

VIII.

ARTICLE

Corporate Seal

- A. Section Seal. The Co-op shall have no seal.

IX.

ARTICLE

Fiscal Management

- A. Section Fiscal Year. The fiscal year of the Co-op shall begin on the first day of January every year, except that the first fiscal year of the Co-op shall begin at the date of incorporation. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors.
- B. Section Books and Accounts. Books and accounts of the Co-op shall be kept under the direction of the Treasurer. The Treasurer shall report monthly on the status of expenditures and disbursements of the Co-op.
- C. Section Auditing. At the closing of each fiscal year, the books and records of the Co-op shall be audited by a Certified Public Accountant or other person whose report will be prepared and certified in accordance with the requirements of the Co-op. Based on such reports, the Co-op will furnish its members with an annual financial statement, including the income and disbursements of the Co-op. The Co-op will also supply the members, as soon as practicable after the end of each calendar year, with a statement showing each member's pro rata share of the real estate taxes and mortgage interest paid by the Co-op during the preceding calendar year.
- D. Section Inspection of Books. Financial reports and the membership records of the Co-op shall be available at the principal office of the Co-op for inspection at reasonable times by any member.
- E. Section Execution of Corporate Documents. With the prior authorization of the Board of Directors, all notes, leases, mortgages, covenants, contracts, or other agreements, including Occupancy Agreements, shall be executed on behalf of the Co-op by either the President or the Vice-President, and all checks shall be executed on behalf of the Co-op by any two of the officers of the Co-op.

X.

ARTICLE

Sale, Conveyance, Transfer or Encumbrance of Co-op Property

- A. Section Real Property. Total sale, conveyance and/or transfer of all the real property owned by the Co-op shall take place upon a affirmative vote of two-thirds of the entire membership of record at a meeting duly called and noticed for that purpose.
- B. Section Distribution of Assets. Upon total sale, conveyance, and/or transfer of all the real property of the Co-op, proceeds shall be distributed in the following order:
1. To satisfy any outstanding financial obligations of the Co-op as determined by the Board of Directors;
 2. To indemnify all members of record in the amount of their Transfer Value as defined herein, if sufficient funds exist; otherwise a prorated share;
 3. If there exists additional funds after providing for (A) and (B) above, said balance of funds shall be donated to a non-profit organization for the purpose of providing low income housing alternatives.
- C. Section Encumbrances. The power and authority to encumber and/or assign the real property of the Co-op for the purposes of financing, refinancing, and/or supplying funds necessary for the needs of the Co-op shall be vested in the membership pursuant to these bylaws.
- D. Section Personalty. Purchase, sale, conveyance and/or encumbrances of Co-op personal property shall be vested in the Board pursuant to these bylaws.

XI.

ARTICLE

Miscellaneous

- A. Section Association with Other Organizations. The Co-op may become a member of any association of cooperatives who join together for purposes of mutual aid and of advancing the cooperative movement as a means of providing affordable housing for consumers and of other organizations dedicated to improvement of the quality of housing.