

**2615 Park Avenue Associates Cooperative**  
**Amended and Restated Bylaws**

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AMENDED AND RESTATED BYLAWS  
OF  
2615 PARK AVENUE ASSOCIATES COOPERATIVE  
(dated: \_\_\_\_\_, 2019)

ARTICLE 1.

NAME AND LOCATION OF COOPERATIVE; PURPOSE

1.1 Name. The name of the Cooperative is 2615 Park Avenue Associates Cooperative (the "Cooperative"). Its principal office is located at 2615 Park Avenue, Minneapolis, Minnesota 55407.

1.2 Purpose. The purpose of this Cooperative is to provide its Shareholders with housing and common facilities in the City of Minneapolis, Hennepin County, Minnesota, on a cooperative basis, consistent with the provisions in its Articles of Incorporation.

ARTICLE 2.

DEFINITIONS

As used in these Bylaws, unless the context otherwise requires, the following terms will have the following meanings:

2.1 "Approved Upgrades": the excess cost of certain improvements for a Dwelling Unit selected by the Shareholder from the Cooperative's Approved Upgrades, as shown in the Cooperative's Handbook or in a separate listing. Appliances may be upgraded when they are being ordered or allowed by the Cooperative. The Shareholder must pay the difference between the allowance and the upgraded model. The Cooperative owns all appliances at time of sale. The Shareholder may be responsible for maintenance and repair of such appliances, as determined by the Cooperative.

2.2 "Assessment(s)" are the budgeted yearly charges payable monthly by each Shareholder to the Cooperative pursuant to the terms of the Occupancy Agreement, to cover the Cooperative's operating expenses, real estate taxes, deposits to the replacement and general operating reserves, and mortgage debt service, if any as well as any other expenses payable by the Cooperative.

2.3 "Board" or "Board of Directors": The Board of Directors of the Cooperative, whose election and functions are more particularly described in Article 6.

2.4 "Certificate" or "Membership Certificate": shall mean a Share Certificate of stock in the non-profit corporation known as the 2615 Park Avenue Associates Cooperative.

2.5 "Commercial Units" means Units Nos. B4 and B6 which are not used for residential purposes.

- 2.6 "Cooperative": 2615 Park Avenue Associates Cooperative, a Minnesota cooperative corporation.
- 2.7 "Cooperative Values": Cooperatives are based on the values of collaboration, self-help, self-responsibility, democracy, equality, equity, and solidarity. Shareholders believe in the ethical values of honesty, openness, social responsibility and caring for others.
- 2.8 "Dwelling Unit": An individual residential Dwelling Unit in the Cooperative.
- 2.9 "Late Fee": means an additional administrative charge assessed by the Cooperative when a required payment to the Cooperative is not timely made. The amount of the Late Fee may change from time to time, as determined by the Board.
- 2.10 "Lessee": A Shareholder who leases a Dwelling Unit from the Cooperative is the Lessee. "Lessor": The Cooperative, as lessor, leases a Dwelling Unit to a Shareholder.
- 2.11 "Membership": means the composite ownership of both a membership Share Certificate issued by the Cooperative and an occupancy agreement. Where more than one person is the holder of a Membership, reference herein to "Shareholder" shall be deemed to refer to all such persons collectively.
- 2.12 "Non-Shareholder Occupancy Agreement": The agreement for occupancy between a Shareholder, who will not reside in a Dwelling Unit, a Non-Shareholder who will occupy the Dwelling Unit and the Cooperative.
- 2.13 "Non-Shareholder Occupant": The Non-Shareholder Occupant who resides in a Shareholder's Dwelling Unit after Board approval and pursuant to the terms of the Non-Shareholder Occupancy Agreement.
- 2.14 "Occupancy Agreement": The instrument granting a leasehold interest in a Dwelling Unit, to which each Shareholder of the Cooperative is entitled. The form and function of the Occupancy Agreement are more particularly described in Article 4.
- 2.15 "Occupant": Any person legally entitled to occupy a Dwelling Unit, whether a Shareholder, a spouse or partner of a Shareholder, or a permitted sublessee or guest of a Shareholder.
- 2.16 "Post": means displaying a written notice on a common area bulletin board or other location for notices.
- 2.17 "Premises": The real property and improvements on the property owned by the Cooperative.
- 2.18 "Purchase Agreement": the written document between a selling Shareholder and a prospective purchaser which contains the terms of sale for the Shareholder's Share
- 2.19 "Security Interest": The lien on and security interest in a Membership and/or Occupancy Agreement, as described in Section 3.9.

2.20 "Shareholder": Any person who is approved for, accepts Membership pursuant to the Membership eligibility provisions set forth in Section 3.1, and receives a share of stock in the Cooperative.

2.21 "Share Certificate," "Share" or "Membership Certificate": A registered share of stock in the Cooperative identifying the Shareholder of such Share Certificate.

2.22 "Share Loan": A loan from the Cooperative or a third party lender to a Shareholder as borrower and secured by a pledge of the borrower's interest in the Cooperative as evidenced on the Share Certificate.

2.23 "Transfer": means any sale, gift or distribution of a Share in the Cooperative, as more fully defined in Section 3.10 below.

2.24 "Transfer Value": The price at which the Cooperative may purchase a selling Shareholder's Share under its right of first refusal, as more fully described in Section 3.10 below.

2.25 "Unit": will refer to both residential Units and the two Commercial Units, as the context indicates.

### ARTICLE 3.

#### MEMBERSHIP

3.1 Eligibility. Subject to the approval of the Board of Directors, the following persons shall be eligible for Membership in the Cooperative:

- (a) Any household composed of one or more natural persons, (i) financially able to meet the monthly Assessment charges of the Occupancy Agreement for the Dwelling Unit appurtenant to the membership, (ii) understanding and agreeing to abide by Cooperative Values; (iii) whose background check is acceptable to the Board; (iv) and who executes an Occupancy Agreement with the Cooperative, all as determined by the Board of Directors of the Cooperative in its sole discretion.
- (b) Any person who acquires a Membership by devise, inheritance or by operation of law, provided that such person shall be entitled to physical possession of a Dwelling Unit only if they also satisfies the criteria of Subparagraph (a), above. If such person is ineligible for physical possession of a Dwelling Unit, such person may, with the approval of the Board, sublease for a specified short term the Dwelling Unit in the manner more particularly described below or be entitled to the net proceeds of sale.
- (c) The Trustee of any Trust, a beneficiary of which satisfies the requirements of clause (a) of this Section 3.1 and exercises the right of occupancy appurtenant to such Membership. When a Membership Certificate is to be held in Trust for the beneficiary thereof, the Trustee of the Trust must agree, as a condition to



Membership approval by the Board of Directors, to be bound by the provisions set forth in Section 3.2(a) hereof.

Subject to the approval of the Board of Directors, the following persons shall be eligible for occupancy in the Cooperative:

- (d) a Shareholder shall have the legal right to occupy the Dwelling Unit covered by the Occupancy Agreement that is appurtenant to their Membership, the occupancy thereof to be in accordance with the terms of such Occupancy Agreement; and
- (e) any other Occupant of the Shareholder's Dwelling Unit whose occupancy would comply with the Cooperative Values and the Cooperative's governing documents and Rules, whose occupancy would not constitute a direct threat to the health or safety of other occupants or would result in substantial physical damage to the property of others, or disruption of other Shareholders' right to quiet enjoyment, such occupancy to be in accordance with the terms of the Shareholder's Occupancy Agreement.

3.2 Waiver of Eligibility Requirements in Certain Cases The eligibility requirements for Membership in the Cooperative may, in a particular instance, be modified or waived by the Board of Directors in writing in its discretion. No modification or waiver, however, will be granted that will have the effect of disqualifying the Cooperative as a housing cooperative under Section 216 of the Internal Revenue Code of 1986, as amended, and any successor section thereto and corresponding regulations. The Board of Directors shall have the discretion to limit or restrict any of the following forms of ownership:

- (a) Trusts. Subject to the prior approval of the Board of Directors, the Trustees of Trusts may hold the Membership interests of Shareholders where a Shareholder or the spouse of a Shareholder is the grantor of the Trust. In each such case, the Shareholder and the Trustee(s) shall enter into an assignment agreement in a form approved by the Board of Directors pursuant to which the Trustee(s) shall agree (i) to pay all monthly Assessments under the Occupancy Agreement coupled to the Membership to be held by the Trust; (ii) cause all of the obligations of the Shareholder to be performed in accordance with the terms of the Occupancy Agreement; (iii) to be bound by the terms of the Bylaws of the Cooperative and the rules and policies of the Cooperative; and (iv) to not permit the occupancy or use of the Dwelling Unit appurtenant to the Membership by any person other than the grantor or grantor's spouse without the prior written consent of the Board of Directors. Any costs incurred by the Board of Directors in connection with the review of documentation with respect to the transfer of a Membership interest to a Trust estate as herein provided for shall be paid by the Shareholder/grantor.
- (b) Transfer on Death Beneficiaries. Shareholders may designate one person to be registered with the Cooperative as transfer on death ("TOD") beneficiaries on the Shareholder's Membership Certificate in accordance with the Minnesota Uniform TOD Security Registration Act (Minn. Stat. Section 524.6-301, et seq). The Board of Directors shall establish the terms and conditions under which it will receive requests for registrations of TOD beneficiaries and for implementation of such

registrations. The designation of a TOD beneficiary by a Shareholder shall have no effect on ownership of the Membership interest until the Shareholder's death. The registration of a TOD beneficiary shall require the execution and delivery to the Cooperative of a transfer on death agreement in such form as shall be approved by the Board of Directors, which shall obligate the TOD beneficiary to give written notice to the Cooperative of the death of the Shareholder within sixty (60) days after the Shareholder's death. Such transfer on death agreement shall further provide that the notice of death shall constitute notice of the intention of the TOD beneficiary to withdraw from Membership in the Cooperative. If the TOD beneficiary fails to give written notice of the Shareholder's death within the sixty (60) day notice period, notice to the Cooperative of the death of the Shareholder from any other source shall constitute constructive notice by the TOD beneficiary to the Cooperative.

- (c) The TOD beneficiary, if eligible, shall have the right to apply for a Membership in the Cooperative and retain title to the Membership interest. If the TOD beneficiary is not eligible or otherwise elects not to apply for a Membership in the Cooperative, or if the TOD beneficiary applies but is not accepted for Membership by the Board of Directors, the TOD beneficiary shall undertake a good faith effort to immediately sell the Membership to the Cooperative, its Shareholders and then to any qualified person pursuant to Section 3.10 of these Bylaws. The Board of Directors shall have the right to require that any TOD beneficiary enter into a Transfer on Death Agreement with the Cooperative incorporating the provisions of this Section 3.10 and such other terms and conditions as the Board of Directors may deem appropriate under the circumstances. Any costs incurred by the Board of Directors in connection with the preparation and/or review of such documentation with respect to TOD designations, shall be payable by the Shareholder.

### 3.3 Reserved.

3.4 Application for Membership. All applications for Membership must be presented in person on a form prescribed by the Board of Directors. The Board of Directors will promptly act upon applications for Membership.

3.5 Shareholders, Authorized Memberships and Occupancy Agreements. The authorized Membership of the Cooperative will consist of Memberships of one class of Shareholders, and in a number equal to the number of Dwelling Units available for occupancy and the two Commercial Units. One Membership will be issued by the Cooperative for each Dwelling Unit or Commercial Unit on the Premises, such that the number of Memberships outstanding at all times will be equal to the number of Units in the Premises. The Shareholders of the Cooperative will consist of the parties holding Membership Shares.

3.6 Membership Certificates. A Membership Certificate will evidence the ownership interest of each Shareholder in the Cooperative. Each Membership Certificate will: (i) state that the Cooperative is organized under Chapters 308A and 515B of the Minnesota Statutes; (ii) identify the name of the registered holder(s) of the represented Membership; and (iii) shall be subject to the following:

- (a) The rights of any holder of the Membership evidenced by this Certificate are subject to the provisions of the Articles of Incorporation and Bylaws of 2615 Park Avenue Associates Cooperative, and to all the terms, covenants, conditions, policies, rules and provisions of a certain Occupancy Agreement between 2615 Park Avenue Associates Cooperative and the Shareholder, which limit and restrict the title and rights of any transferee of such Membership and this Certificate.
- (b) The Membership represented by this Certificate is, except as between spouses, transferable only as an entirety and only to an approved assignee of the previously mentioned Occupancy Agreement. Any transfer of the Membership is also subject to an option in favor of the Cooperative and Shareholders, as described in Section 3.10 below. Copies of the Articles of Incorporation, Bylaws and the Occupancy Agreements are on file and available for inspection at the office of 2615 Park Avenue Associates Cooperative.
- (c) 2615 Park Avenue Associates Cooperative has a lien on the Membership and Dwelling Unit represented by this Certificate for all sums due and to become due under the Occupancy Agreement. The Board of Directors of 2615 Park Avenue Associates Cooperative may refuse to consent to the transfer of the Membership presented by the Shareholder to the Cooperative until all outstanding sums due under the Occupancy Agreement are paid or for other reasonable causes described in the Bylaws.
- (d) Membership Certificates will be consecutively numbered and issued upon certifications of full payment. Every Membership Certificate will be signed by the President or Vice President and by the Secretary or Assistant Secretary or a managing agent authorized by the Board of Directors.

3.7 Number of Shares. The following schedule shows the number of shares of the capital stock of the Association allocable to the respective Units in the building and to the stockholder and lessee of such respective Units:

<b>Unit</b>	<b>Area in Square Feet and Number of Shares</b>	<b>Unit</b>	<b>Area in Square Feet and Number of Shares</b>	<b>Unit</b>	<b>Area in Square Feet and Number of Shares</b>
103	1,113	315	1,104	607	790
104	1,089	318	1,318	608	810
105	1,804	319	1,044	609	554
107	790	320	1,164	610	554
108	810	401	1,038	611	808
110	1,108	402	1,042	612	805
111	808	403	1,113	613	1,133
112	805	404	1,089	614	806
113	1,133	405	1,021	615	1,104

114	806	406	783	618	1,318
115	780	407	790	619	1,044
116	324	408	810	620	1,164
117	314	409	554	B-1	1,040
118	1,004	410	554	B-2	968
119	1,044	411	808	B-3	314
120	1,164	412	805	B-4	1,266
201	1,038	413	1,133	B-5	1,265
202	1,042	414	806	B-6	362
203	1,113	415	780		
204	1,089	416	324		
205	1,804	418	2,557		
207	790	420	1,164		
208	810	501	1,038		
209	554	502	1,042		
210	554	503	1,113		
211	808	504	1,089		
212	805	505	1,021		
213	1,133	506	783		
214	806	507	790		
215	1,104	508	810		
218	1,318	509	554		
219	1,044	510	554		
220	1,164	511	808		
301	1,038	512	805		
302	1,042	513	1,133		
303	1,113	514	806		
304	1,089	515	780		
305	1,021	516	324		
306	783	518	1,318		
307	790	519	1,044		
308	810	520	1,164		
309	554	601	1,038		
310	554	602	1,042		
311	808	603	1,113		
312	805	604	1,089		
313	1,133	605	1,021		
314	806	606	783		

3.8 Lost Certificates. The Board of Directors may issue a new Membership Certificate in place of any previously issued certificate or certificates alleged to have been destroyed or lost, upon the making of an affidavit of that fact by the person claiming the certificate to be lost or destroyed. The Board of Directors may, in its discretion, and as a condition precedent to issuing a new certificate, require the registered Shareholder of such lost or destroyed certificate, or a legal representative, to give the Cooperative a bond in such sum it requires as indemnity against any claim that may be made against the Cooperative.

3.9 Lien for Assessments. The Cooperative will have a lien and security interest (as defined in the Minnesota Uniform Commercial Code) and as provided for in Section 515B.3-116 of the Minnesota Statutes on each outstanding Membership to secure payment of any sums which will be due or become due from the holder for any reason whatsoever, including, but not limited to, assessments, special assessments, fines, attorney's fees and any sums due under the appurtenant Occupancy Agreement. Such lien and security interest shall be subordinate to the lien of any mortgage which encumbers the Premises. Said lien shall also be subordinate to any lien for real estate taxes charged against the appurtenant Dwelling Unit. The Shareholder holding a Membership shall be personally liable to the Cooperative for payment of all charges and assessments levied against such Membership. If more than one person holds an interest in a Membership, each person shall be jointly and severally liable for the payment of all such charges and assessments. Nothing herein shall prohibit the Cooperative from recovering directly from a Shareholder, or a Shareholder's successors in interest, all sums which are due to the Cooperative or which constitute a lien on the Membership. Nothing herein prohibits the Cooperative from taking a transfer to the Cooperative of a Membership interest in lieu of foreclosure. The lien and security interest of the Cooperative in any Membership may be foreclosed, in the sole discretion of the Cooperative, in the manner set forth in Section 3.11 hereof (without limiting any other right or remedy the Cooperative may have at law, in equity, or by statute), and the Cooperative shall also have the right to cancel a Membership Interest and Occupancy Agreement for cause, upon ten (10) days' written notice.

3.10 Transfer of Membership. The term "Transfer", as used herein, means any proposed disposition of a Membership including, without limitation, disposition by will, sale, exchange, distribution by personal representative or trustee, or passage or distribution under judicial order by legal process. Except with respect to a Share Lender, whose name is shown on the Membership Certificate, every Transfer of a Membership shall be subject to the provisions of this Section. Notwithstanding, a transfer shall not include succession to an interest by reason of death of a joint tenant, succession to a surviving TOD Beneficiary, or the termination of a Life Estate.

- (a) No Transfer shall be effective unless and until the written approval thereof by the Cooperative's Board of Directors has been first obtained in accordance with the following: The Shareholder desiring the Transfer ("Transferor") shall give written notice ("Transfer Notice") to the Cooperative, setting forth the identity of the proposed transferee ("Transferee") and the essential terms and conditions of the Transfer. The Transferee shall provide such information as to the eligibility of the Transferee to own a membership and occupy a Dwelling Unit as the Board of Directors may require, including, without limitation, (i) financial ability to pay monthly charges and other expenses payable pursuant to the Occupancy Agreement; (ii) agreement to live at the Cooperative under the Cooperative Values; and (iii) a background check approved by the Board.
- (b) For purposes of this section, the "essential terms and conditions" of the offer to purchase shall include (1) the name of the seller, (2) the Dwelling Unit number, (3) the Share being sold, (4) the price for the Share, (5) other financial conditions (e.g. terms and time of payment, or the proration of annual or special assessments), (6) the closing date, (7) any contingency involving the buyer's obtaining financing, (8) any contingency relating to the condition of the Selling Shareholder's Dwelling

Unit, and (9) any requirements relating to title. Notwithstanding the foregoing, the Cooperative or other Shareholder who exercises the right of first refusal may exercise based upon conditions more favorable to the Selling Shareholder (e.g. agreeing to waive a financing contingency or agreeing to waive a requirement regarding the condition of the Dwelling Unit).

- (c) The Cooperative shall post for its Shareholders of the receipt of Transfer Notice. The notice to Shareholders shall be in a form approved by the Board of Directors, and shall include (1) the Dwelling Unit number, (2) the price of the Share, (3) a statement as to whether the offer contains a financing contingency, (4) the date of closing and (5) a statement that a copy of the purchase agreement is available upon request at the Cooperative's business office. The Board of Directors shall have ten (10) business days following the receipt of the Transfer Notice and Purchase Agreement to accept the offer by giving written notice of such acceptance to the Selling Shareholder.
  - (i) If the Cooperative does not accept the offer to purchase within ten (10) business days after the receipt of the Transfer Notice and Purchase Agreement, the other Shareholders in good standing with the Cooperative shall have ten (10) business days thereafter to agree to purchase the Membership under the same terms as shown in the offer to purchase. The duty to obtain information on a possible purchase of a Selling Shareholders' Share shall fall entirely with the Shareholders interested in purchasing such Share.
  - (ii) If the Cooperative and the Shareholders do not elect to purchase the Share under the "essential terms and conditions" set forth in the offer to purchase, the Selling Shareholder shall then have the right to sell the Share to the third party buyer upon the terms and conditions set forth in the offer to purchase, or upon terms and conditions more favorable to the Selling Shareholder; provided, that if any essential terms or conditions of the offer to purchase are changed so as to be less favorable to the Selling Shareholder such changed offer shall again be subject to the right of first refusal under this Section.
  - (iii) Upon delivery of the notice to exercise a right of first refusal, the Cooperative or the other Shareholder agreeing to purchase the Selling Shareholder's Share shall, upon request of the Selling Shareholder, execute a new purchase agreement containing the terms and conditions upon which the right of first refusal has been exercised. Notwithstanding the foregoing, the terms and conditions under which the right of first refusal is exercised shall be no less favorable to the Selling Shareholder than the offer to purchase from the third-party buyer.
  - (iv) All written offers for the purchase of a Selling Shareholder's Share shall include a contingency provision which expressly conditions the sale of the Share upon the rights of first refusal set forth in this Section 3.10.

- (v) Transfers of Shares shall be subject to approval of the transferee by the Board of Directors.
- (d) Upon default by a Shareholder and termination of the Occupancy Agreement by the Cooperative, in addition to all other remedies, the Cooperative, by action of its Board of Directors, has the option of (i) purchasing the Share upon terms mutually agreed to by the Cooperative and the defaulting Shareholder, or (ii) taking possession of the Share and selling the Share and Occupancy Agreement interest to a third party (including another Shareholder) by public or private sale for a reasonable value and refunding the sale proceeds to the defaulting Shareholder, less all Costs and Expenses of Sale and Service Fees (as defined below).
- (e) A sale of a Share and Occupancy Agreement interest upon death of a Shareholder shall not be required when (i) the surviving spouse, if any, or, if no surviving spouse, a Shareholder of the immediate family then residing with the decedent, has a right to continue occupancy under the Occupancy Agreement, or (ii) the Share and Occupancy Agreement interest are devised to a party other than one listed in (i) above; provided that such other party is acceptable to the Board of Directors, and such transferee agrees to the terms of the Occupancy Agreement. Under this latter event, the estate of the Shareholder shall follow the same, procedure as if a sale had occurred under Section 3.10.
- (f) If the conditions of Section 3.10 above have been met and neither the Cooperative nor the Shareholders exercise their right of first offer pursuant to such subsection, the selling Shareholder (or estate of deceased Shareholder) shall forthwith make written application to the Board of Directors giving the name, address, occupation or financial statements of the party to whom the Shareholder proposes to assign the Share and Occupancy Agreement interest. The Board of Directors shall pass upon the application within ten (10) business days from the date of its receipt, notifying the Shareholder of its decision. The Board of Directors in its reasonable discretion may determine the necessary documents to effectuate the sale and transfer of the Share and the Occupancy Agreement interest or such other information as it may desire to evaluate concerning the applicant.
- (g) Upon surrender of the Occupancy Agreement and the shares of Share of the Cooperative in compliance with these Bylaws, the selling Shareholder shall first pay any indebtedness owed to the Cooperative and all charges due and payable and allocable to such Dwelling Unit to the date of sale, and all costs and expenses of sale and Service Fees as more fully set forth in 3.10 (h) and (i). The balance of the proceeds received upon sale of the Share and Occupancy Agreement interest shall belong to the selling Shareholder.
- (h) Notwithstanding the rights of the Cooperative, a transfer of a Membership shall be made upon the books of the Cooperative only by the holder in person, or by such person's legal representative, or by power of attorney duly executed and filed with the Secretary of the Cooperative, and upon the surrender of the Membership Certificate. Memberships held by Trusts shall be transferred by the trustee of each such Trust in which a Membership is held. A Membership may be sold by the

Cooperative to satisfy the lien and security interest of the Cooperative thereon without the surrender of the Membership Certificate. If the Shareholder is required to surrender the Membership Certificate pursuant to any of the provisions of these Bylaws, and does not do so, the Membership Certificate shall be deemed to be cancelled ten (10) days after demand therefor has been made by the Cooperative, and a new Membership Certificate may thereafter be issued by the Cooperative with respect to such Membership. No transfer of Membership shall be valid as against the Cooperative or its Shareholders for any purpose until the Board of Directors shall have approved the transfer as herein provided for, and such transfer shall have been entered in the books of the Cooperative stating from whom and to whom such Membership was transferred.

- (i) Death of Shareholder. If, upon death of a Shareholder, the Membership has not transferred to a joint tenant or spouse of a Shareholder, then the Cooperative and then the Shareholders will have an option to purchase the Membership from the deceased Shareholder's estate in the manner provided for in paragraph 3.10. Written notice of the death from the decedent's legal representative or from a surviving TOD Beneficiary will be equivalent to notice of intention to withdraw. If the Cooperative does not exercise such option, the remaining provisions of Section 3.10 will be applicable.
  - (ii) Shareholder Unable to Live Without Assistance. If a Shareholder becomes unable to live in the Cooperative without assistance from family members, social service workers, or paid service providers, by reason of physical or mental disability, in the opinion of the Board of Directors or in accordance with the safety and well-being policy of the Cooperative then in effect, if any, and does not seek and obtain such assistance, the Board of Directors shall have the power and authority, by written resolution, to terminate the Membership of such Shareholder and their appurtenant right of occupancy, in which event the provisions of Section 3.10 of these Bylaws shall apply.
- (i) Costs and Expenses of Transfer. Upon any sale or transfer of a Share in the Cooperative, including the sale to the Cooperative or another Shareholder, or the termination of a Shareholder's Share for cause, as defined below, or through a lien foreclosure, the Selling party shall be responsible for payment of the following:
- (i) Such expenses and costs incurred by the Cooperative in processing the transfer, as such costs and expenses are provided for in the then applicable policies of the Cooperative.
  - (ii) Any liens or encumbrances on the Membership and Dwelling Unit which are not satisfied by the departing Shareholder prior to closing the transfer.
  - (iii) Legal fees and other expenses incurred by the Cooperative in connection with the default of such Shareholder and the resale of their Membership.



- (iv) Any other sums due to the Cooperative.
- (j) Service Fees. When a Shareholder sells their Shares in the Association, voluntarily or as a result of a default under these Bylaws or the Occupancy Agreement, the Association may charge a service fee for its participation, as may be determined from time to time by the Board depending upon the Cooperative's involvement in such action. Service fees shall be set pursuant to a written policy which shall be available for review by the Shareholders or Selling Parties.
- (k) The election by the Cooperative not to purchase the Membership of a departing Shareholder shall not constitute a waiver of the Cooperative's or Shareholders' rights to exercise such option under these Bylaws with respect to the Membership acquired by the new Shareholder purchaser, in which event the provisions of Section 3.10 shall apply.
- (l) Special Rule in Case of Death of Shareholder. If, upon the death of a Shareholder, a membership in the Cooperative passes by will or interstate distribution to a non-shareholder, who was at the time of the Shareholder's death, a Board approved occupant of the same Dwelling Unit as the deceased Shareholder, non-shareholder, subject to the eligibility requirements for membership may, by executing an Occupancy Agreement, within sixty (60) days after the Shareholder's death, and by paying all amounts due thereunder, become a Shareholder of the Cooperative. If such occupant does not elect to execute an Occupancy Agreement, the Cooperative shall have the Option described in 3.10 (c), written or actual notice of death of the Shareholder being in all instances the equivalent of a Transfer Notice. If the Cooperative does not exercise such Option, the provisions of Section 3.10(c)(i) shall be applicable, references to "Shareholder" therein to be construed as references to the legal representative of the deceased Shareholder.
- (m) Procedure Where Board of Directors Approves Transfer. If the Board of Directors approves the Transfer, the Transferor may complete the Transfer of the membership in accordance with the terms of the Board of Director's approval. Upon the execution by the Transferee of the Occupancy Agreement and the payment of all amounts due to the Cooperative to date, in accordance with the foregoing, the Transferor shall be released from their obligations under the Occupancy Agreement.
- (n) Wait List. The Cooperative may maintain a wait list of persons interested in becoming Shareholders of the Cooperative for the purpose of facilitating purchases of Memberships pursuant to the provisions of this Section 3.10. The Cooperative may charge such fees or require such deposits as it deems necessary and appropriate to maintain persons on the wait list. Notwithstanding the use by the Cooperative of a wait list, if a family member of a departing Shareholder is desirous of becoming a Shareholder of the Cooperative and of residing in the departing Shareholder's Dwelling Unit following the departing Shareholder's vacating same, and such person

(i) satisfies the eligibility requirements for Membership in the Cooperative and (ii) is approved for Membership by the Board of Directors, such person shall be exempt from and not be subject to the priority of persons, if any, on the wait list with respect to acquisition of the departing Shareholder's Membership interest and the right of possession of the Dwelling Unit appurtenant thereto.

### 3.11 Termination of Membership for Cause

(a) The Cooperative shall have the right to terminate a Shareholder's Membership in the Cooperative (and the Occupancy Agreement appurtenant thereto) for "cause" (as defined in Section 3.11(b)). In the event the Cooperative terminates the rights of a Shareholder for cause, the Cooperative shall promptly deliver to the Shareholder a written notice of termination setting forth the cause for termination. The Cooperative shall thereupon, at its election, proceed as follows:

(i) The Cooperative may exercise its rights, pursuant to Article 13 of the terminated Shareholder's Occupancy Agreement, including the right to foreclose the Cooperative's statutory lien rights under and pursuant to Minnesota Statutes, Section 515B.3-116; or

(ii) Upon ten (10) days' notice, the Cooperative may terminate the Shareholder's Share and Occupancy Agreement; or

The Cooperative may purchase the Membership for its Transfer Value pursuant to Section 3.10 of these Bylaws; or if the Cooperative elects not to purchase the Membership pursuant to Section 3.10 of these Bylaws, the Cooperative may proceed with reasonable diligence through its marketing agent to effect a private sale of the Membership to a person who satisfies the eligibility requirements for Membership in the Cooperative for a purchase price to be negotiated by and between the Cooperative and the purchasing Shareholder.

(b) The following shall constitute cause for termination of a Shareholder's Membership in the Cooperative (or of any other Occupant's right of occupancy in the Cooperative):

(i) The Shareholder or other Occupant of the Shareholder's Dwelling Unit is convicted of, or pleads guilty to, any felony;

(ii) The Shareholder or other Occupant of the Shareholder's Dwelling Unit shall be convicted of, or pleads guilty to, any crime involving bodily injury or harm, or any crime involving damage to, or destruction of, or theft of, property;

(iii) The Shareholder or other Occupant of the Shareholder's Dwelling Unit shall engage in any illegal or dangerous activities in or upon the Premises of the Cooperative;

- (iv) The Shareholder or other Occupant shall be found to have lied or misrepresented any facts on the application presented to the Cooperative for membership or occupancy;
- (v) The Shareholder or other Occupant of the Shareholder's Dwelling Unit shall engage in conduct constituting sexual harassment, physical harassment, verbal harassment, the making of threats or of knowingly false accusations of misconduct, assaults or other similar inappropriate acts toward another Shareholder of the Cooperative or its employees, staff, representatives, or invitees;
- (vi) The Shareholder or other Occupant of the Shareholder's Dwelling Unit shall engage in conduct or otherwise cause an incident or series of incidents to occur that would cause a reasonable occupant of the Cooperative to fear for their safety, constitute a direct threat to the health or safety of other Shareholders or Occupants or would result in substantial physical damage to the property of others, including the Shareholder's Dwelling Unit or the Cooperative's building or its common areas;
- (vii) An uncured event of default under the Occupancy Agreement, including but not limited to being delinquent in the payment of Assessments;
- (viii) The Shareholder or other Occupant of the Shareholder's Dwelling Unit engages in continuing conduct or activities on the Premises of the Cooperative which violate the governing documents, rules or policies of the Cooperative, or which are disruptive of or otherwise interfere with the right of other Shareholders or Occupants to the peaceful enjoyment of their Dwelling Unit and common areas of the Cooperative's property, after being specifically admonished by a Resolution of the Board of Directors to cease and desist from engaging in such conduct or activities.
- (ix) Any other repetitive occurrences or events which the Board of Directors deems to be adverse to the best interests of the Cooperative with respect to the safety, well-being and quiet enjoyment of its Shareholders and Occupants.

If the terminated Shareholder, for any reason, fails for a period of ten (10) days after demand to deliver their endorsed Membership Certificate to the Cooperative, such Membership Certificate shall forthwith be deemed cancelled and may be reissued by the Cooperative to the person purchasing the Membership previously owned by the terminated Shareholder.

### 3.12 Non-Speculation on Sales of Memberships

- (a) The Cooperative will observe the basic cooperative principle that purchases and sales of Memberships and rights under Occupancy Agreements are not for speculative purposes and that investments in the Cooperative by Shareholders are for the purpose of securing homes for their use and benefit. To this end, the policies established by the Cooperative will be designed to discourage and avoid

speculation either in the sale and resale of Memberships and rights under Occupancy Agreements by Shareholders or by the Cooperative.

- (b) The Cooperative may establish from time to time the amount which it deems necessary as a service fee for resale of Memberships and transfer of Occupancy Agreements in Dwelling Units. Such service fee will be uniformly applied to all withdrawing Shareholders, except that varying price and types of Dwelling Units may be considered. Such service fee will be computed on a basis calculated to reimburse the Cooperative for its costs in handling resale generally, without realizing profits from its operations. The Cooperative's determination of the service fee shall be final and binding upon all Shareholders.

3.13 Share Loans to Cover Membership Down Payments. The Board of Directors are expressly authorized to enter into agreements, commonly referred to as "recognition agreements" with one or more share loan lenders with respect to any one or more Shareholders of the Cooperative seeking to obtain a loan to finance the purchase price of a Membership in the Cooperative. Under such recognition agreement, the Cooperative will

- (a) recognize and agree that such loan to a Shareholder (the "share loan") shall be secured by a security interest in the borrowing Shareholder's ownership interest and occupancy rights in the Cooperative;

- (b) agree as to the respective rights of the share loan tender and the Cooperative in the event of an uncured default by the Shareholder under the pertinent share loan documents; and

- (c) agree upon such other terms and conditions as the Board of Directors deems appropriate under the circumstances.

3.14 Exemption of Share Lender from Approval by Option of Cooperative under Article 3. A Share Lender shall, with respect to the making of any Share Loan and with respect to the foreclosure of or other realization by the Share Lender upon the Membership or the Occupancy Agreement, pursuant to the Share Loan Documents, be exempt from any requirement under these Bylaws of approval of such transaction by the Board and from any option of the Cooperative to purchase the interest of the Share Lender, including, without limitation, the approval procedures and the Cooperative's Option, set forth in Article 3 hereof. Any Share Lender which shall acquire title to a Membership shall, upon such acquisition, be a Shareholder of the Cooperative. Any disposition of the Membership, subsequent to acquisition of title thereto by a Share Lender, shall be subject to the right of the Cooperative to review the creditworthiness of the prospective purchaser from the Share Lender, and the age and independent living ability of such purchaser. Subject to the foregoing, the approval of the Cooperative of such purchaser from the Share Lender shall not be unreasonably withheld nor shall the Cooperative otherwise restrict the sale, conveyance or transfer of a Membership owned by a Share Lender, or its successors or assigns.

3.15 Recognition Agreement. Upon request of a Share Lender, the Cooperative, acting by its Board, shall enter into a Recognition Agreement, or similar agreement whereby the Cooperative contractually obligates itself to an individual Share Lender to do and perform the matters set forth in Section 3.14 hereof, and to make such warranties or assume such further obligations with respect to the Share Lender as the Share Lender may reasonably require.

3.16 Subordination of Lien and Security Interest of Cooperative. The lien and security interest of the Cooperative and all other sums due under the Occupancy Agreement, with the exception of the Shareholder's pro rata share of interest on the Blanket Loan and current real estate taxes and special assessments, shall and all times be subordinate to the lien and security interest of the Share Lender under the Share Loan Documents.

## ARTICLE 4.

### OCCUPANCY AGREEMENTS

4.1 Form of Occupancy Agreement. The Board of Directors will adopt the Occupancy Agreement form the Cooperative will use for the occupancy of all Dwelling Units by Shareholders. The Board may adopt a separate Occupancy Agreement for the Commercial Units. The Occupancy Agreement will be for such term, with or without provisions for renewals, and will contain such restrictions, limitations and provisions with respect to the assignment and leasing of the Dwelling Unit, and such other terms, provisions, conditions and covenants, as the Board of Directors may from time to time determine. Subsequent Occupancy Agreements may be executed and delivered in substantially the same form, except with respect to the date the term commences and the monthly charges payable. Notwithstanding, the Board of Directors shall be entitled to modify or amend the terms of the Occupancy Agreements used, from time to time, on a uniform basis without the additional signature from the Shareholder or Non-Shareholder Occupant. Notice of the modification or amendment of the Occupancy Agreement then in use shall be considered acceptance by all Shareholders. Each Occupancy Agreement shall entitle the holder to exclusive possession of a specific Dwelling Unit. Garage spaces are Common Areas, licensed by the Cooperative to Shareholders only, unless otherwise approved by the Board. The Board of Directors shall have complete authority to determine and administer a policy concerning parking and licensing of parking spaces in the garage.

4.2 Assignment of Occupancy Agreement. Occupancy Agreements may be assigned or transferred only in compliance with terms, conditions and provisions of these Bylaws and such Occupancy Agreements. Without limiting the foregoing, no Occupancy Agreement will be assigned except in conjunction with the sale or transfer of a Membership in the Cooperative or the express written approval of the Board of Directors. No assignment will be effective unless and until: (i) the assignee has assumed and agreed to perform and comply with all the covenants and conditions of the Occupancy Agreement; (ii) the Membership to which the Occupancy Agreement is appurtenant has been transferred to the assignee; (iii) the assignor has paid all required sums to the Cooperative to the date of transfer and release; and (iv) all necessary consents have been obtained.

4.3 Lost Occupancy Agreements. If any Occupancy Agreement is lost, stolen, destroyed or mutilated, the Board of Directors may authorize the execution of a new Occupancy Agreement in substantially the same form and upon substantially the same terms and provisions. The Board of Directors, in its discretion, and as a condition precedent to executing a new Occupancy Agreement, may require the Shareholder thereof, or the legal representative of the Shareholder, to make an affidavit or an affirmation, as it deems necessary stating the facts as to the loss, destruction or mutilation, and to give the Cooperative a bond in such sum it requires as

indemnity against any claim that may be made against the Cooperative arising from or as a result of such loss, destruction or mutilation.

4.4 Non-Shareholder Occupancy. Notwithstanding any provision, covenant or condition of the Occupancy Agreement, provided that a Shareholder has occupied their Dwelling Unit as a primary residence for no less than thirty-six (36) consecutive months, a Shareholder may, in the discretion of the Board, be permitted to sub-lease a Dwelling Unit to a Non-Shareholder Occupant(s) who meets the criteria for occupancy, as set forth above. In no event shall short-term leasing, such as those promoted by sites such as Airbnb or VBRO be allowed. In no event shall any lease of a Unit for less than six months be permitted, or shall a Unit be used for hotel type accommodations. The Board shall give special consideration to the following circumstances: (i) a Shareholder becomes financially distressed to the extent of being unable to afford the monthly charges of the Cooperative; (ii) a Shareholder is unable to further live independently in the Cooperative; or (iii) a Shareholder desires to no longer live in the Cooperative and who shall be the surviving spouse or surviving joint Shareholder of a Membership where the deceased spouse or deceased joint Shareholder resided with the Shareholder in the Cooperative immediately prior to death. The Board, in addition to any other conditions it may establish, shall, if it permits such Non-Shareholder Occupancy Agreement, be deemed to have imposed the following conditions:

- (a) The form of the Non-Shareholder Occupancy Agreement shall be prescribed by the Board, and the Non-Shareholder Occupancy Agreement shall be subordinate to the terms of the Occupancy Agreement, the provisions of which shall be incorporated therein by reference and shall be subordinate to the terms of any outstanding Share Loan;
- (b) The Non-Shareholder Occupancy Agreement shall be for a term of not less than six (6) months and not longer than two (2) years. A Non-Shareholder Occupant may reapply for occupancy sixty (60) days prior to the end of their term. If the Shareholder desires to renew such Non-Shareholder Occupancy Agreement, the Shareholder shall make application to the Board thirty (30) days prior to the expiration of such Non-Shareholder Occupancy Agreement. The Board shall again review and approve such Non-Shareholder Occupancy Agreement in the manner set forth above;
- (c) The Non-Shareholder Occupant shall have no vote in the affairs of the Cooperative (such right to remain in and be exercisable only by the Shareholder) and no parking shall be available for a Non-Shareholder Occupant; and
- (d) The Non-Shareholder Occupant shall observe and perform all of the terms and conditions of the Occupancy Agreement, these Bylaws, all policies and rules and regulations of the Cooperative. No Non-Shareholder Occupancy Agreement shall relieve the Shareholder from any liability under the Occupancy Agreement.

Any Non-Shareholder Occupant, sub-tenant or other persons with access to the building and a Unit shall register with the Cooperative before accessing the building and Unit with a key/fob. The Cooperative shall have the right to lease, sublet or otherwise dispose of any Dwelling Units appurtenant to Memberships owned or acquired by it on such terms and conditions as the Board may, in its sole discretion, prescribe. The provisions in this Article 4 restricting Non-Shareholder Occupants shall not

apply to the specific Shareholders who are certified as currently having permission to sub-lease their Units. However, even for such Shareholders, if title to their Membership Share is transferred, the Dwelling Unit appurtenant to such Share shall no longer be exempt from the sub-leasing restrictions in this Article.

4.5 Commercial Shareholder. Notwithstanding any term herein to the contrary, the Cooperative may prepare and require the shareholder occupants of the two Commercial Units to execute a separate Commercial Occupancy Agreement setting forth the terms of their occupancy of non-residential Units in the Cooperative. All of the terms within the Commercial Occupancy Agreement shall be set by the Board of Directors.

## ARTICLE 5.

### MEETINGS OF MEMBERS

5.1 Place of Meetings. Meetings of the Shareholders will be held at the principal office or place of business of the Cooperative or at such other suitable place convenient to the Shareholders designated by the Board of Directors from time to time.

5.2 Annual Meetings. The annual meeting of the Cooperative will be held on a date, and at reasonable time, designated by the Board of Directors. The Cooperative will prepare an annual report and will provide a copy of the report to each Shareholder at or before the annual meeting. The annual report will contain the items specified in Minn. Stat. Section 515B.3-106(c). At such meeting there will be: (i) an election by ballot of the Shareholders of a Board of Directors in accordance with the requirements of these Bylaws; (ii) a report of activities and financial condition of the Cooperative; and (iii) consideration of and action on any other matters included in the notice of meeting. The Shareholders may also transact any other Cooperative business properly before them. The annual report to be provided to each Shareholder at or before the annual meeting shall contain at a minimum:

- (a) A statement of any capital expenditures in excess of two percent (2%) of the current budget or Five Thousand Dollars (\$5,000.00), whichever is greater, approved by the Cooperative for the current fiscal year or succeeding two (2) fiscal years;
- (b) A statement of the balance of any reserve or replacement fund or any portion of the fund designated for any specific project by the Board of Directors;
- (c) A copy of the statement of revenues and expenses for the Cooperative's last fiscal year, and a balance sheet as of the end of said fiscal year;
- (d) A statement of the status of any pending litigation or judgments to which the Cooperative is a party;
- (e) A detailed description of the insurance coverage provided by the Cooperative; and
- (f) A statement of the total past due Assessments on all Dwelling Units, current as of not more than sixty (60) days prior to the date of the annual meeting.

5.3 Special Meetings. The President will call a special meeting of the Shareholders as directed by resolution of the Board of Directors, upon presentation to the Secretary of a petition signed by twenty percent (20%) of the Shareholders, or as provided by applicable state law. No business except that stated in the notice will be transacted at a special meeting. Shareholders cannot call special meetings until after the date of the first annual meeting except as directed by resolution of the Board of Directors.

5.4 Notice of Meetings. The President, Secretary or managing agent will send each Shareholder written notice of each annual or special meeting. The notice will state the purpose, date, time, and place of each meeting. Notices will be sent or delivered not less than 21 or more than 30 days in advance of each annual meeting, and not less than 7 or more than 30 days in advance of any special meeting. Notices may be delivered to the Shareholder, placed in the Shareholders' notice slot or mailed postage prepaid by U.S. Mail at the address as it appears on the Membership book of the Cooperative, or if no such address appears, at the last known address. For purposes of these Bylaws and the Cooperative's Occupancy Agreements, whenever something may be done by U.S. Mail, it may also be done by email or other electronic communications, provided it is authorized by the Board of Directors.

5.5 Quorum. At any annual or special meeting of the Shareholders, a quorum necessary for the transaction of business shall be at least twenty-five percent (25%) of the Memberships outstanding. In determining a quorum at any meeting, on a question submitted to a vote by mail, Memberships represented by Shareholders present in person and Memberships represented by mail or by ballots otherwise delivered to the Cooperative on the issue submitted shall be counted. The attendance of a sufficient number of Memberships to constitute a quorum shall be accomplished by a registration of the Shareholders present in person or by mail, or by delivery of ballots to the Cooperative prior to the meeting. The registration shall be verified by the President and Secretary of the Cooperative and shall be reported in the minutes of the meeting. Subsequent departure of Shareholders from the meeting at which a quorum has been initially established shall not destroy such quorum.

5.6 Adjourned Meeting. If any meeting of Shareholders cannot be held because a quorum has not attended, the meeting may be postponed at the meeting and no new notice shall be required. The quorum requirement for the subsequent meeting will be reduced to fifteen percent (15%) of the Shareholders of record of the Cooperative. If the number of Shareholders at a meeting has dropped below quorum, the Shareholders present continue with the meeting as if quorum had not changed.

5.7 Voting. At every meeting of the Shareholders, each Shareholder present, whether in person or, to the extent permitted by Section 5.9 of these Bylaws, by mailed ballot, or by other delivery of the ballot as determined by the Board (including but not limited to email) will have the right to cast one vote on each question and never more than one vote, regardless of Memberships owned. In the event more than one person has an interest in a Membership, such vote will be cast as determined by all such persons, between themselves, but in no event will more than one vote be cast per Membership. If the person(s) having an interest in a Membership fail to agree as to who will cast the vote, the vote will not be cast. The spouse of a Shareholder may vote on behalf of the Shareholder, as authorized under Minn. Stat. Sec. 308.635, Subd. 2, unless the



Shareholder has indicated otherwise in writing to the Secretary of the Cooperative before the meeting.

5.8 Majority. The vote of the majority of those present, either in person or by mailed ballot, or as a ballot may otherwise be delivered as aforesaid, will decide any question brought before such meeting, unless a different vote is required by express provision of a statute, the Articles of Incorporation or these Bylaws, in which case such express provision will control. To the extent reasonably possible, all votes, other than votes on approval of minutes, election of election judges and parliamentary procedure, shall be conducted by secret ballot. The Board of Directors will set a voting period within which the ballots must be returned, which period will be not less than 10 days nor more than 30 days after the date of mailing or delivery of the ballots to the Shareholders. The Board of Directors will provide written notice of the results of the vote to the Shareholders within 30 days after the expiration of the voting period. Any Shareholder shown on the books or management accounts of the Cooperative to be more than sixty (60) days delinquent in payments due the Cooperative under an Occupancy Agreement will not be eligible to be elected to the Board of Directors.

5.9 Action without a meeting. Any action required or allowed to be taken at a meeting of the Membership may be taken without a meeting by mailed ballot (or by email if permitted by the Board) provided that the total votes cast are at least equal to the above stated quorum requirements. The Board shall set a voting period within which the ballots must be received by the Cooperative which period shall be not less than fifteen (15) nor more than forty-five (45) days after delivery of the notice of the vote and voting procedure to the Shareholders. The Board shall provide notice of the voting results to the Shareholders within thirty (30) days after expiration of the voting period.

5.10 Proxies. A Shareholder may not vote at any meeting by proxy, except for the right of the spouse of a Shareholder to vote on behalf of the Shareholder pursuant to Minn. Stat. Section 308A635, Subd. 2, but the conservator or attorney-in-fact, or such other person in charge of the Shareholder's business affairs, may vote on behalf of the Shareholder.

5.11 Order of Business. The order of business at regularly scheduled meetings of the Shareholders will be as determined in advance by the Board of Directors. In the case of special meetings, the agenda will be set out in the notice of special meetings.

## ARTICLE 6.

### DIRECTORS

6.1 Number and Qualification. The Cooperative acts through the Board of Directors. The affairs of the Cooperative shall be governed by a Board of Directors composed of five (5) persons, if seven persons will not serve, or seven (7) persons, all of whom will be Shareholders of the Cooperative, but no two occupants of the same Dwelling Unit may serve together.

6.2 Powers and Duties. The Board of Directors shall have all the powers and duties necessary for the administration of the affairs of the Cooperative and may do all such acts and things as are provided by law, and not reserved by law or by these Bylaws to the authority of the shareholders. The powers of the Board of Directors will include, but not be limited to:

- (a) Accepting or rejecting all applications for Memberships and admission to occupancy of a Dwelling Unit in the Cooperative, either directly or through an authorized agent or representative;
- (b) Establishing monthly Assessments as provided for in the Occupancy Agreement, based on the operating budget formally adopted by such a Board and the square footage of each Unit as shown in Section 3.7;
- (c) Engaging an agent or employees for the management of the Cooperative under such terms as the Board may determine;
- (d) Terminating a Membership and occupancy rights for cause; and
- (e) Promulgating rules, policies and regulations pertaining to the use and occupancy of the Cooperative that are appropriate, and which are consistent with these Bylaws and the Articles of Incorporation.
- (f) All other decision-making powers not expressly given to the Shareholders in these Bylaws, including but not limited to the powers of Directors set forth in Minn. Stat. Section 515B.3-102.

6.3 Election and Term of Office. At the expiration of the term of office of each Director, the successor shall be elected to serve a term of three (3) years. A Director shall not serve for more than two (2) consecutive terms (plus any partial term during which such Director was elected or appointed), and after serving for this maximum allowable period of time, a Director may not be reappointed or elected to the Board for at least three (3) years. The Directors will hold office until their successors have been duly elected or until the earlier of their death, resignation or removal from office.

6.4 Vacancies. Vacancies in the Board of Directors caused by any reason, other than the expiration of a term or the removal of a Director by a vote of the Shareholders, will be filled by vote of the majority of the remaining Directors even though they may constitute less than a quorum. Each person so elected will be a Director until the Shareholders elect a successor at the next annual or special meeting to serve out the unexpired portion of the term.

6.5 Removal of Directors. At any duly called annual meeting, or at any special meeting called for the purpose of removing or electing Directors, any Director elected by the Shareholders may be removed with or without cause by the affirmative vote of a quorum present in person for voting purposes. Any Director whose removal has been proposed by the Shareholders will be given an opportunity to be heard at the meeting. The term of any Director who becomes more than sixty (60) days delinquent in payment of any amount due under an Occupancy Agreement will be automatically terminated and the remaining Directors will appoint a successor as provided in Section 6.4 above.

6.6 Compensation. No compensation will be paid to Directors or officers for their services as Directors or officers. Reimbursement of expenses incurred on behalf of the Cooperative will not be paid to a Director or officer unless a resolution authorizing such reimbursement is

unanimously adopted by the Board of Directors. A Director or officer cannot be an employee of the Cooperative.

6.7 Organization Meeting. The first meeting of a newly elected Board of Directors will be held within ten (10) days of election at such place fixed by the Directors at the meeting at which such Directors were elected. No notice of such meetings will be necessary to the newly elected Directors, if a majority of the whole Board is present. This meeting shall be open to the Shareholders.

6.8 Regular Meetings. Regular meetings of the Board of Directors shall be held at such time and place as shall be determined, from time to time, by a majority of the Directors. At least one meeting each month shall be held. A meeting may be called by the President on three days' notice to each Director, given personally, by mail, telephone or email. The notice will state the time, place and purpose of the meeting. To the extent practical, the Board of Directors will give reasonable notice to the Shareholders of the date, time and place of a Board meeting.

6.9 Special Meetings. The President or Secretary will call special meetings of the Board of Directors in like manner and on like notice, or on the written request of at least three (3) Directors. Meetings of the Board of Directors must be open to Shareholders except as permitted in Minn. Stat. Section 515B.3-103(g). To the extent practical, the Board of Directors will give reasonable notice to the Shareholders of the date, time and place of a Board Special meeting.

6.10 Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting, and such waiver will be equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board will be a waiver of notice of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice will be required, and any business may be transacted at such meeting.

6.11 Quorum. At all meetings of the Board of Directors, a majority of the Directors will constitute a quorum for transacting business. If there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business that may have been transacted at the meeting as originally called may be transacted without further notice.

6.12 Voting. The vote of the majority of the Directors present at a meeting at which a quorum is present will decide any question brought before such meeting, unless the question requires a different vote by statute, the Article of Incorporation or these Bylaws. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting by written action signed by all Shareholders of the Board of Directors and will be effective when signed, unless a different date is stated in the written action.

6.13 Fidelity Bonds. The Board of Directors will require all officers and employees of the Cooperative handling or responsible for corporate or trust funds to furnish adequate fidelity bonds, or similar coverage through insurance. The Cooperative will pay the premiums on such bonds or insurance policies.

6.14 Closed Meetings. The Board may, in its discretion, close all or part of any regular or special meeting, to the extent provided in Minn. Stat. Section 515B.3-103(g).

## ARTICLE 7.

### OFFICERS

7.1 Designation. The principal officers of the Cooperative will be a President, one or more Vice Presidents, a Secretary, and a Treasurer, all of whom will be (i) Shareholders of the Cooperative, and (ii) elected by the Board of Directors. The Board of Directors may appoint assistant treasurers, assistant secretaries, and such other officers as may be necessary, in its judgment.

7.2 Election of Officers. Officers of the Cooperative will be elected annually by the Board of Directors at the annual meeting of each new Board and will hold office at the pleasure of the Board.

7.3 Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed with or without cause, and their successor selected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

7.4 President. The President will be the chief executive officer of the Cooperative. The President will preside at all meetings of the Shareholders and of the Board of Directors. The President will have all the general powers and duties which are usually vested in the office of President of a Cooperative, including, but not limited to, the power to appoint committees from among the Membership from time to time as they may decide is appropriate to assist in the conduct of the affairs of the Cooperative. Board members may serve on committees as liaisons to the Board of Directors; however, Board members shall not be entitled to vote on the committees.

7.5 Vice President. The Vice President will take the place of the President and perform their duties whenever the President is absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors will appoint some other Shareholder of the Board to do so on an interim basis. The Vice President will also perform such other duties imposed from time to time by the Board of Directors.

7.6 Secretary. The Secretary will keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Shareholders of the Cooperative. The Secretary will have charge of the Membership transfer books and of such other books and papers as the Board of Directors may direct and they will, in general, perform all the duties incident to the office of Secretary.

7.7 Treasurer. The Treasurer will have responsibility for monitoring corporate funds and securities and will be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Cooperative. The Treasurer will be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Cooperative in such depositories as may from time to time be designated by the Board of Directors.

## ARTICLE 8.

### NONSMOKING FACILITY

Beginning on May 1, 2022, the Cooperative shall be a nonsmoking facility. Accordingly, smoking, including any form of tobacco, marijuana, cigarettes, cigars and pipes, will not be allowed in either the Dwelling Units, decks/patios, or in or upon the building common areas and grounds of the Cooperative. The Board of Directors shall have the authority to allow or restrict the practice of vaping or other delivery methods of tobacco and other substances, in its sole discretion. The Board may, but is not required to, designate an exterior smoking area.

## ARTICLE 9.

### AMENDMENTS

These Bylaws and the Articles of Incorporation of the Cooperative may only be amended by the affirmative vote of sixty-seven percent of all Shareholders. Amendments may be proposed by the Board of Directors or by petition signed by at least twenty percent (20%) of the Shareholders. A description of any proposed amendment will accompany the notice of any annual or special meeting at which such proposed amendment is to be voted upon.

## ARTICLE 10.

### FISCAL MANAGEMENT

10.1 Fiscal Year. The fiscal year of the Cooperative will begin on the first day of January of each year. The commencement date of the fiscal year will be subject to change by the Board of Directors should corporate practice subsequently dictate.

10.2 Books and Accounts. Books and accounts of the Cooperative will be kept under the direction of the Treasurer.

10.3 Auditing. At the closing of each fiscal year, the books and records of the Cooperative will be audited by a licensed independent certified public accountant as defined in Minn. Stat. Section 515B.3-121, whose report will be prepared and certified in accordance with generally accepted accounting principles. Based on such reports, the Cooperative will furnish its Shareholders with an annual financial statement including the income and disbursements of the Cooperative. The Cooperative will also make available to the Shareholders: (i) as soon as practicable after the end of each calendar year, a statement showing each Shareholders pro rata share of the real estate taxes and mortgage interest paid by the Cooperative during the preceding calendar year; (ii) within 120 days after the end of the fiscal year with a copy of the audited financial statements.

10.4 Inspection of Books. Financial reports required by these Bylaws and the Membership records of the Cooperative will be available at the principal office of the Cooperative for inspection at reasonable times by any Shareholder.

10.5 Execution of Cooperative Documents. With the prior authorization of the Board of Directors, all notes and contracts, including Occupancy Agreements, will be executed on behalf

of the Cooperative by any officer of the Cooperative, or after authorization from the Board by a managing agent, and all checks will be executed by any two officers of the Cooperative or by such managing agent as may be directed by the Board of Directors.

10.6 Reserves. The annual budget of the Cooperative will provide from year to year, on a cumulative basis, for adequate reserve funds to cover the replacement of the parts of the Premises which the Cooperative is obligated to maintain, repair or replace.

## ARTICLE 11.

### INDEMNIFICATION

11.1 Indemnification. To the maximum extent allowed by law, this Cooperative shall indemnify any Director, officer, or former Director or officer of the Cooperative or any person who may have served at its request as a Director or officer against expenses actually and reasonably incurred in connection with the defense of any action, suit, or proceeding, civil or criminal, in which they are made a party by reason of being or having been a Director or officer, except in relation to such matters as to which they are adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty to the Cooperative; and to make any other indemnification that is authorized by the Articles of Incorporation or by resolution adopted by the Shareholders at any special or general meeting thereof. In addition, the Shareholders who occupy the Commercial Units shall hold the Cooperative, its Shareholders, Directors, Officers and Agents harmless from and indemnify them from any suit, claim, cause of action, damages and injuries to persons or property.

## ARTICLE 12

### COMMON EXPENSES

12.1. Budget. The expense of the operation of the Cooperative and of the ownership and operation of the Cooperative ("Common Expense") shall be borne by Shareholders through payments of monthly charges under their Occupancy Agreements. The Board shall, not less often than annually, adopt an operating budget for the Cooperative and shall apportion items of Common Expense, including contributions to reserves.

12.2. Allocation of Expense Items. The Cooperative may allocate expenses for maintenance, repair and replacement of Dwelling Units, as well as common areas or elements of the Cooperative, (including contributions to reserves) and payments for principal, interest, or other expenses of any blanket mortgage at any time encumbering the Cooperative on the basis of the relative square footages or relative sizes of Dwelling Units, as determined from time to time by the Cooperative, or on such other basis as shall, in the discretion of the Board, equitably apportion such expenses. The Cooperative may allocate a particular item of expense on the basis of the actual cost incurred for such item with respect to a particular Dwelling Unit. The Cooperative may also allocate some categories or types of expenses in a different manner from others, in any given year in accordance with the foregoing. The method of allocation of an expense item may be altered from one budget year to the next; however, each shall be uniformly applied to all affected Dwelling Units in that particular year. In addition, and without limiting any provisions herein or in the Occupancy Agreement:

- (a) Any expenses associated with maintenance, repair or replacement of fewer than all Dwelling Units may be allocated exclusively against the Dwelling Units affected on the basis as between such Dwelling Units of relative square footage or any other equitable method as authorized above;
- (b) Costs of insurance may be assessed in proportion to value, risk or coverage, and the cost of utilities not metered to individual Dwelling Units may be assessed in proportion to usage;
- (c) Reasonable attorney's fees and other costs incurred by the Cooperative in connection with collection of amounts under the Occupancy Agreement or other enforcement of the Occupancy Agreement or these Bylaws or the rules and regulations may be assessed against the affected Shareholder and shall be deemed payable under the Occupancy Agreement; and
- (d) Fees, charges, late charges and interest may be calculated and assessed as provided in Section 515.B-116(a) of Minnesota Statutes.

## ARTICLE 13

### INSURANCE

13.1. Insurance. The Cooperative shall maintain, to the extent reasonably available and in addition to any other or further coverage which the Board may elect, or which may be required by a Blanket Lender or Share Lender or by law as detailed in the Occupancy Agreement. Notwithstanding, the following coverages shall be placed:

- (a) Fidelity bond or similar coverage for all employees and/or agents of the Cooperative handling monies of the Cooperative, in such amounts as the Board, in its judgment, determines will reasonably protect the Cooperative against loss;
- (b) Property insurance on insurable elements of the Cooperative, exclusive of land, excavation, foundations, and other items normally excluded from property policies, insuring against all risks of direct physical loss. The total, amount of insurance after application of any deductible shall not be less than the full insurable replacement cost of the insured property; and
- (c) Comprehensive public liability insurance in an amount determined by the Board covering against death, bodily injury, and property damage arising out of or in connection with the use, ownership, and maintenance of all parts of the Cooperative.

13.2 Shareholders' Insurance. Each Shareholder shall purchase for their occupants, insurance covering all personal property contained within their Unit and loss assessment coverage in the amount of the deductible on the Cooperative's master policy of insurance.

Each policy carried by the Cooperative shall provide that:

- (a) each Shareholder and Share Lender is an insured person under the policy with respect to liability arising out of the Shareholders' interest in the Cooperative;
- (b) the insurer waives its right to subrogate under the policy against any Shareholder or Occupant and against the Cooperative, Directors and officers;
- (c) no act or omission by any Shareholder or Share Lender shall void the policy or be a condition to recovery under the policy;
- (d) if at the time of a loss under the policy there is other insurance in the name of a Shareholder or Share Lender covering the same property covered by the policy, the Cooperative's policy is primary insurance.

13.3 Commercial Units' Insurance. Notwithstanding any other provision herein to the contrary, the Shareholders occupying the Commercial Units shall purchase casualty, injury and commercial insurance which shall name the Cooperative and its Shareholders, Directors, Officers and Agents as additional insureds. All insurance purchased shall be in amounts and with companies acceptable to the Cooperative.

13.4. Damage or Destruction. Any portion of the Cooperative damaged or destroyed shall be promptly repaired or replaced by the Cooperative unless (i) the Cooperative is dissolved and the Cooperative votes not to repair or replace all or part thereof; (ii) repair or replacement would be illegal under any State or local health or safety statute or ordinance or (iii) seventy-five percent (75%) of the Shareholders, including seventy-five percent (75%) of Shareholders whose Dwelling Units will not be rebuilt (and seventy-five percent (75%) of the Share Lenders, counting one Share Lender per Membership/Dwelling Unit financed) vote not to rebuild. The cost of repair or replacement to the Cooperative in excess of insurance proceeds may be assessed against Shareholders in the manner of a special assessment under the Occupancy Agreement.

If any Dwelling Unit is not to be repaired or replaced (and if the Cooperative does not dissolve, as herein provided), the insurance proceeds attributable to such Dwelling Units shall be paid and apportioned in the manner determined by the Board of Directors.



ARTICLE 14

DIRECTOR LIABILITY

14.1 Liability. A Director's personal liability to the Cooperative or its Shareholders for monetary damages for breach of fiduciary duty shall be eliminated or limited to the extent provided by Minnesota Statutes Section 308A.325, as it now exists or may hereafter be amended.

ARTICLE 15

RESERVES

15.1 Capital Reserve. The Board of Directors in its discretion may allocate a portion of net income to create a capital reserve.

15.2 Promotional Reserve. The Board of Directors in its discretion may create a reserve for the purposes of promoting and encouraging cooperative organization, provided that allocations to this promotional reserve may not exceed five percent (5%) of the Association's annual net income.

15.3 Additional Reserves. The Board of Directors in its discretion may create and accumulate additional reserves for new buildings, depreciation, losses, or other proper purposes.

15.4 Limitation on Indebtedness. The highest amount of indebtedness to which the Association may at any time be subject, shall be fifty percent (50%) of the fair market value of the Association's building and property.

Approved by Membership: 12/06, 2019

2615 Park Avenue Associates Cooperative

By:   
Its: President