

AMENDED COOPERATIVE PLAN
AND
BY-LAWS
OF
MORLEY MANOR COOPERATIVE, INC.

SECTION I.

PURPOSES; COOPERATIVE PLAN; OCCUPANCY AGREEMENTS

1.1 Purpose. The purpose of the Corporation is to own, maintain and operate a cooperative apartment building at 21800 Morley, Dearborn, Michigan 48124 for the use of its owner-members, hereinafter referred to as "Members", without profit or gain to the corporation which is chartered as "a nonstock, nonprofit domestic corporation."

1.2 Cooperative Plan. The entire building shall be owned by the Corporation, which consists of members who hold membership certificates and occupancy agreements, upon a cooperative basis without profit to the Corporation and without rent except for the maintenance charges provided for in Section 1.4, carport expense provided for in Section 1.14, or assessments adopted by the membership pursuant to Section 1.4(d). The building and properties of the corporation shall be devoted to the purpose of providing senior citizen housing accommodations for the benefit of the members. Occupancy Agreements shall not be altered or amended in any way unless they uniformly apply to all apartments in the building and are approved by a two-thirds (2/3) vote of the memberships of record. The dimensions and area of the separate apartments in the building shall neither be enlarged nor diminished from the dimensions shown on the original plan of the architect for the construction of the building without a two-thirds (2/3) vote of the membership.

1.3 Occupancy Agreements. Each member of the Corporation as herein defined shall be entitled, subject only to the provisions hereof, to receive a written occupancy agreement for the apartment indicated on his membership certificate to the exclusion of any other person. The member's right to occupy, assign, transfer, or surrender his apartment shall be irrevocably coupled with his membership rights and shall not be restricted in any way except as specifically set forth in these By-laws.

1.4 Maintenance Charges.

(a) Maintenance charges for each apartment shall be based

upon an annual amount estimated by the board of directors from time to time, but at least annually, as requisite and necessary to meet and defray:

- (i) General real estate and personal property taxes, special assessment and special improvement taxes, and area assessments;
- (ii) Insurance premiums for fire and extended coverage insurance upon the buildings and all personal property owned by the Corporation; public liability and property damage insurance; workmen's compensation insurance;
- (iii) Management fees; salaries, wages and other compensation, including contributions, taxes, insurance and other expenses directly attributable thereto, for all general employees of the Corporation; and professional services rendered to the Corporation;
- (iv) Maintenance and repairs of the building, appurtenant structures, and grounds;
- (v) Fuel for heating, cooling, ventilating, and supplying hot water;
- (vi) Gas, electricity, water or other utilities not separately metered or billed to an apartment separately;
- (vii) Legal and accounting expense;
- (viii) Snow removal expense;
- (ix) Acquisition and replacement of machinery and equipment for the general use of the buildings and grounds;
- (x) Principal and interest on any indebtedness of the Corporation;
- (xi) The amount of any other expenses and the cost of any other additions, improvements or betterments reasonably required to maintain and operate a first-class apartment building;

plus a cash reserve as may be determined by the directors. The foregoing estimate shall not include any expense directly attributable to carports which expense shall be proportionately paid by the members who have an ownership right to occupy a carport as set forth in Section 1.14.

(b) The board of directors, at a regular meeting in June of each year shall fix the amount estimated to be necessary to defray the expenses of the Corporation specified in subsection (a) hereof for the next ensuing fiscal year, which shall be apportioned to each member in the proportion that the square footage of the apartment standing in his name bears to the total square footage of all apartments in the building. One-twelfth (1/12) of the amount so estimated and apportioned to each apartment shall be payable on the first day of each and every month during the ensuing fiscal year. The board of directors may, during such fiscal year, revise the maintenance charges for any subsequent month or months to reflect variations or changes in any expense experienced during such fiscal year or reasonably anticipated before expiration of the fiscal year.

(c) In the event of any failure on the part of the board of directors of the Corporation to fix the maintenance charges for any fiscal year hereunder, the maintenance charges prevailing for the preceding fiscal year shall continue until the board of directors shall have determined the maintenance charges hereunder in accordance with the terms hereof. Upon adoption of maintenance charges for any fiscal year at a date subsequent to the date specified in paragraph 1.4(b) supra, the board may provide that the schedule of maintenance charges so adopted shall be retroactive to the first month of such fiscal year.

(d) Except as otherwise provided in the occupancy agreements, or by amendment to the By-laws, no sums shall be levied, assessed or charged to members in the form of rental or otherwise for maintenance and operating expenses other than those herein specified. No other assessment of the members shall be made unless:

(i) A special assessment of the membership is made or ratified by a majority vote of all of the members present in person or by proxy and voting at a meeting of the Corporation, to defray the cost, expense, closing expense, construction expense, and attorney fees to secure full legal title to the land and buildings, title insurance, and to obtain a certificate of occupancy for the building; or

(ii) A fire or other casualty loss occurs and the proceeds of insurance are insufficient to repair or restore the buildings of the cooperative or the damaged portion thereof to a habitable condition, and a majority of all of the members present in person or by proxy and voting at a meeting of the Corporation adopt a resolution to impose a special assessment for the purpose of repairing or restoring the building or the damaged portion thereof to a habitable condition; or

(iii) A special assessment for capital improvements is approved by at least two-thirds (2/3) of all of the memberships of record, either in writing or at a meeting of the Corporation.

1.5 Co-Ownership and Joint Ownership of Memberships and Occupancy Agreements. Memberships in the Corporation and the occupancy agreements of members of the Corporation may be held individually, by co-owners, or by joint tenants with right of survivorship. Provided, however, that memberships and occupancy agreements may only be held in co-ownership or joint tenancy if the co-owners or joint tenants for any one apartment do not exceed two in number, and the membership and occupancy agreements are both held by the same and identical persons in the same form. Provided, further however, the board of directors may adopt a written resolution by majority vote authorizing co-ownership or joint tenancy as to any one apartment of more than two persons upon written application to the board. Notwithstanding the ownership of a membership and occupancy agreement by more than one person pursuant to the foregoing provisions, (a) maintenance charges or any other charge or assessment permitted by these By-laws, shall be assessed against all of the co-owners or joint tenants of an apartment severally, jointly and jointly and severally, (b) there shall not be any more voting rights permitted on any issue for any apartment other than the voting rights prescribed by these By-laws, (c) all co-owners and joint tenants of an apartment shall be considered to be one member to determine the existence of a quorum, (d) no surrender, assignment, transfer, or cancellation of a membership or occupancy agreement shall be made unless binding on all co-owners or joint tenants of the apartment, and (e) any notice required to be given to any member shall be sufficient as to all co-owners or joint tenants of any one apartment if served on any one of the co-owners or joint tenants of that apartment.

1.6 Sale of Apartments. Any member desiring to sell his membership and occupancy agreement must first notify the board of directors in writing of intent to sell. An appropriate notice of the sale of a membership and occupancy agreement shall be posted on the Morley Manor Bulletin Board for a period of 7 days. Morley Manor members interested in purchasing the membership and occupancy agreement must contact the seller directly within the 7-day time period to negotiate the purchase. After the 7-day period the seller can list the membership and occupancy agreement with a Realtor. Closing of sale shall be handled by the managing agent of the Cooperative who will be entitled to a reasonable closing fee as agreed upon by the board of directors and managing agent. The Cooperative also will be entitled to a reasonable transfer fee as determined by the board of directors (except in case of transfer to family member).

1.7 Assignment of Occupancy Agreements. Except as otherwise provided in these By-laws, occupancy agreements held by members may be assigned, with the written consent of the board of directors, only to a person simultaneously acquiring the membership owned by the assignor and upon assignment of the occupancy agreement to the new member. The old occupancy agreement of the withdrawing member shall be

surrendered for cancellation before any new occupancy agreement issued to the new member shall take effect. The membership and occupancy agreement approved for the assignee shall be upon the same terms and provisions, and on the same forms, as then apply to all other memberships and occupancy agreements as provided for by these By-laws, or any amendment hereto. Upon any sale, assignment, transfer, or surrender of an apartment, the transferor shall pay to the Corporation all maintenance charges, assessments, carport expenses, managing agent's fee, or other obligations then due to the corporation together with a transfer fee to cover the Corporation's expenses incurred in connection with the closing of such assignment or transfer in such amount as the board of directors shall determine by written resolution.

1.8 House Rules. Each occupant shall respect the peace and comfort of every other occupant of the building and prevent unnecessary noise which might interfere with other occupants of the building. Musical instruments, phonographs, radios, television sets and similar devices shall not be played in a manner which will disturb other occupants of the building. The board of directors may adopt reasonable rules and regulations to carry out the provisions of this paragraph which each occupant shall obey. In the event of a repeated failure by any occupant to conform to or abide by house rules and regulations so adopted, the members of the Corporation may terminate the membership of the non-conforming member under Section 2.4 of these By-laws.

1.9 Rentals. Members may not rent or lease their apartments.

1.10 Member's Liability. Every member shall be and remain primarily liable to the Corporation for his share of the maintenance charges and assessments specified in these By-laws including the payment of monthly maintenance charges computed under Section 1.4, carport expense computed under section 1.14, and special assessments adopted under Section 1.4(d) with respect to the apartment standing in his name, the number of which appears on his membership certificate, whether or not an occupancy agreement therefor exists.

1.11 Surrender and Release of Liability. If any member shall at any time surrender his membership in the Corporation to the Corporation he shall simultaneously surrender to the Corporation any occupancy agreement for any apartment in the building owned by the Corporation standing in his name, together with occupancy and possession of the apartment standing in his name (including all property owned by the Corporation to which he may then have any possessory or occupancy right). Upon a surrender of an apartment and membership to the Corporation by a member under this Section, the Corporation shall have the right to sell a new membership for said apartment and to assign the apartment upon a new occupancy agreement to such new member, at such price (not less than fair market value) and upon such terms and conditions as shall be approved by the board of directors. The proceeds of sale shall be applied first to the payment of all charges, expenses, attorney fees and costs which are chargeable to the member pursuant to these bylaws or the occupancy agreement, and

transfer fees incurred by the Corporation in preparing the apartment for sale and in effecting such sale; next to the discharge of any indebtedness owed to the Corporation by the member for maintenance charges, assessments, carport expenses, repairs, or otherwise; and the balance of the proceeds of sale shall be distributed to the withdrawing member. From and after such surrender and the closing of a sale to a new member, the withdrawing member shall have no further liability to the Corporation under his occupancy agreement except those obligations due, arising or incurred prior to the date of closing the sale to the new member which are not discharged out of the proceeds of sale.

1.12 Fair Market Value. In any case where the board of directors is authorized to sell a membership, occupancy agreement, and apartment at its fair market value, and the Corporation and member do not or are unable to agree on the fair market value, the fair market value of the apartment shall be equal to the average square foot value of the last three apartments sold by members in the two year period prior to the date such computation is required times the number of square feet in the apartment the fair market value of which is being considered. If three sales did not occur in the two-year period fair market value shall be determined by Independent appraisal. Provided, however, that the fair market value of an apartment shall not be lower than the highest purchase price for the apartment contained in a written binding offer to purchase the apartment made by a person qualified to be a member of the Corporation which by its term may be accepted on the date the determination is made.

1.13 Common Elements. The common elements of the Cooperative and its included lands shall consist of the driveways, sidewalks, parking lots, and exterior grounds (excluding carport areas designated for individual members), entrance ways, foyers, laundry rooms, hallways, the ground floor lounge, library, business center, fitness center, the dining room, kitchen, ground floor meeting rooms, ground floor lavatories, the pool room, the sauna, the workshop, the chapel, elevators, stairways, and all other areas of the grounds and building which are not confined within the floors, ceilings, exterior walls or balconies of single apartment units. Provided, however, that access to and use of the mechanical equipment areas, mail room, the building office, the building superintendent's office, and the roof of the building shall be under control of the board of directors and persons it has designated. The board of directors may by resolution adopt reasonable rules and regulations for the common use and enjoyment of the common elements.

1.14 Carports. The parking spaces in carports acquired through the individual contributions of certain members, and maintained on the grounds of the cooperative, shall be assigned and allocated by the board of directors for the exclusive use of those members who made separate contributions for carports, or have acquired the right to use a carport by purchase or assignment. There shall be a carport rider attached to the occupancy agreement of those members entitled to occupy a carport which shall designate the carport assigned to that member. The right to use a carport

may be assigned from one member to another member only with the approval of the board of directors pursuant to rules and regulations adopted by the board, but no purchase or assignment shall be recognized unless recorded on the books of the corporation. Members who wish to sell their rights to a carport as part of a purchase, assignment or transfer of their apartment, shall first offer to sell their carport to a current member of the Corporation, according to rules approved by the board. If after 7-days notice of intent to sell the member's carport, delivered to the property manager and posted in the mail room on the ground floor, no current member has offered to purchase the member's carport rights, then the member's carport rights must be sold to an approved assignee or transferee of the member's apartment. All expenses of maintaining the carports shall be allocated to and separately paid by those members who have carport rights and shall not be included in the maintenance charges assessed against members under Section 1.4.

SECTION 2.

OWNER-MEMBERS

2.1 Application and Qualification. No person shall become a member of the Corporation unless he has signed a written occupancy agreement for an apartment in the building and a membership certificate has been issued to him. To be eligible for membership a person must,

- (a) pay his initial membership fee.
- (b) apply for membership in the Corporation upon forms approved by the board of directors,
- (c) be a natural person who has attained the age of fifty-five (55) years, unless special approval has been given by the board of directors, and
- (d) have agreed in writing to purchase or accept the transfer of a membership in the Corporation, to sign an occupancy agreement for an apartment, and to abide by these By-laws and any amendments hereto.

Persons shall qualify as members of the Corporation only upon approval by a majority of the board of directors, upon discharging all expense of closing, upon signing an occupancy agreement for an apartment, and upon acquiring a membership certificate from the Corporation. Unless a member qualifies within ninety (90) days from the date of approval by the board of directors the approval shall be void, subject to re-approval by the board. The board of directors may require any applicant to furnish such birth records, evidence of purchase, credit information, and such other information in

connection with any application for membership that is submitted as the board shall deem reasonably necessary in order to act upon the application of the proposed member in conformity with these By-laws.

2.2 Transfers. No membership shall be transferable except to a person qualified as a member in the manner herein set forth; provided, however, that:

(a) a member may contract to sell and transfer his membership, subject to the approval of the transferee by the board of directors, according to these By-laws; and

(b) a member may, upon approval by the board of directors, transfer his membership without transfer fee to his spouse, blood relative of legal age, or issue of legal age then residing with him in his apartment in the building owned by the Corporation.

Provided, however, that no transfer of any membership, occupancy agreement, or apartment, shall be deemed to have occurred until recorded on the books of the Corporation and is evidenced by the issuance of a new membership certificate and the execution of a new occupancy agreement.

2.3 Death. Upon the death of a joint tenant, the remaining joint tenants of the apartment at the time of death may occupy the apartment with full rights of membership and occupancy. The estate of the deceased joint tenant and each one of the joint tenants shall remain liable for all assessments or other obligations due the Corporation with respect to the Apartment arising prior to his death. If the co-owner, spouse, blood relative or issue, of legal age, of a deceased member shall acquire the deceased member's interest in the membership by purchase, descent or devise, it shall be transferred to such person or persons on the books of the Corporation without transfer fee, the deceased member's occupancy agreement shall be terminated, and a new occupancy agreement shall be issued to such person or persons. No person claiming an interest in an apartment of a deceased member, other than a co-owner or a joint tenant, shall have any voting rights pertaining to the apartment of the deceased member until a new membership certificate is issued.

2.4 Membership Termination.

a. Any membership may be terminated by a majority vote of the board of directors for non-payment of any obligation which is not paid to the Corporation within a period of ninety (90) days from the date such obligation became due. The decision of the requisite majority of the board of directors shall be final and no appeal shall lie therefrom.

b. Any membership may be terminated by the members for any other reason found sufficient by two-thirds of the member-owners of the Corporation.

Membership termination shall be effected by a resolution of the member-owners adopted at a meeting called for that purpose by a majority of the board of directors. Notice of such meeting of member-owners shall specify that the same is called for the purpose of considering the termination of the membership. At such meeting of member-owners the member whose membership termination is being considered shall be given full opportunity, personally and by counsel if he or she chooses, to present evidence and arguments as to why such member's membership should not be terminated. Any such meeting of member-owners may be adjourned from time to time by resolution of a majority of the member-owners present. The decision of the requisite majority of the member-owners shall be final and no appeal shall lie therefrom.

c. The membership and occupancy agreement of a terminated member shall terminate, and all rights to occupy any apartment in the building shall cease, upon the expiration of six (6) months from the last day of the month in which such termination takes place.

d. No terminated membership shall be re-approved except by two-thirds vote of all of the member-owners at a meeting called and held for that purpose which shall be specified in the notice thereof. In the event the terminated membership has not been sold according to these By-laws to a person approved by the board of directors within ninety (90) days from such termination, the membership together with the occupancy agreement, shall be sold by the board of directors for the account of the terminated member at such price (not less than fair market value) and on such terms as the board of directors shall approve. Any proceeds from the sale of such membership in excess of closing costs and expenses, fees, attorney fees and costs chargeable to such member pursuant to these bylaws or the occupancy agreement, unpaid maintenance charges, unpaid assessments, carport expenses, and other obligations due the Corporation on surrender of the membership, and possession of the apartment shall be paid to the terminated member promptly after the closing of the sale of the new membership. Upon termination, all membership rights of the terminated member(s) shall be terminated and the membership certificate and occupancy agreement shall thereafter be void whether or not surrendered to the Corporation for cancellation.

2.5 Meetings; Notices.

(a) Annual meetings of the Corporation shall be held on the third Tuesday in September of each year, at such time and place in Dearborn, Michigan, as may be designated by the board of directors. At such meeting, members may transact any business of the Corporation as may properly come before them.

(b) Special meetings of members of the Corporation shall be held upon call of the President, Secretary, twenty (20) or more members, or a majority of the board of directors, at such time and place in Dearborn, Michigan as shall be specified in the notice. No business shall be transacted as a special meeting except as stated in the notice of the meeting.

(c) Notice of the annual and special meetings shall be posted on the Morley Manor Bulletin Board (and will be mailed, emailed or electronically delivered to all members who request it in writing) at least ten (10) and not more than thirty (30) days prior to such meeting. If mailed, such notice shall be deemed to have been given when deposited in the United States mail in a sealed wrapper, addressed to such member at his last known address or to the apartment of such member, with postage prepaid thereon. If emailed or electronically delivered, such notice shall be deemed to have been given when sent in the fashion typical for that method of delivery. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Corporation, shall be deemed due notice.

2.6 Quorum; Concurrence Required.

a. At all meetings of the members-owners (except at special meetings listed below in subsection b), member-owners representing at least one-third (1/3) of the shares of record who are present in person or by proxy shall constitute a quorum, and the affirmative majority vote of the member-owners present in person or by proxy shall be sufficient for the adoption of any resolution or matter presented at such meeting.

b. For the following special purpose meetings at least two-thirds of the shares of record shall constitute a quorum and the affirmative vote of two-thirds of the shares of record shall be required for any actions/resolutions:

- i. To amend Occupancy Agreements (Section 1.2).
- ii. For Special Assessments and Capital Improvements (Section 1.4d(iii)).
- iii. For terminating a membership (Section 2.4).
- iv. For selling Corporation building or land (Section 7.6 or 7.9)
- v. To amend Cooperative Plan and Bylaws (Section 7.7)

2.7 Voting. Members shall be entitled to one vote for each apartment. Split voting by co-owners or joint tenants is prohibited. Members may vote in person or by written proxy signed by the member. A proxy signed by one co-owner or joint tenant of an apartment shall bind all of them. No proxy, however, shall be valid for a period in excess of thirty (30) days from the date of its execution, which shall appear on the proxy, unless the proxy specifically states the date of its expiration. A proxy may be revoked by written revocation delivered to the Secretary.

2.8 Adjourned Meeting. Once a meeting has been duly called and noticed it may be adjourned to a new time and/or place by a simple majority of the members present without further notice.

2.9 Absence of Quorum. If any meeting of the Corporation cannot be held because a quorum is not in attendance, the members who are present may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. No notice of the adjournment shall be necessary if a new date is announced at the meeting failing to meet quorum. At the adjourned meeting, members may only transact business that they might have transacted at the original meeting if a notice of the adjourned meeting is not given.

2.10 Minutes. Minutes, a recording or similar record of the proceedings of member meetings, are presumed truthfully to evidence the matters addressed at the meeting when verified by an officer of the Corporation. A statement in the Minutes that the notice of the meeting was properly given is prima facie evidence that notice was given.

SECTION 3.

MEMBERSHIP INTEREST

3.1 Certificate. Membership in the Corporation shall be represented by certificates of uniform content in such form as is approved by the board of directors of the Corporation. All restrictions on transfer and assignment as set forth in these By-laws shall be deemed to be incorporated in said certificate, and a condensed statement of such restrictions shall be stated on the face of the certificate.

3.2 Transfer. Membership in the Corporation is transferable only on the books of the Corporation upon surrender of the certificate therefor, properly endorsed for transfer, together with the presentation of such evidences of ownership and validity as the board of directors may require.

3.3 Registration. The Corporation shall be entitled to treat the person or persons in whose name any membership is registered as the owner thereof for all purposes including but not limited to recapitalization, consolidation, merger, reorganization, sale of assets, sale of membership, liens, payment of charges, liquidation, voting, quorum, proxies, approvals and consents by members, and notice to members. The Corporation shall not be bound to recognize any other claim to or interest in any membership or occupancy agreement on the part of any other person, whether legal or equitable, and whether or not the Corporation shall have notice thereof, except as expressly provided by the laws of the State of Michigan, or the final order of a court of competent jurisdiction.

3.4 Lien. The Corporation shall have a lien upon all memberships, occupancy agreements, and property invested in the Corporation for all debts due to the Corporation from the members.

3.5 Lost Certificate. Upon the presentation to the Corporation of a proper affidavit attesting the loss, destruction or mutilation of any certificate for membership in the Corporation, the board of directors may direct the issuance of a new certificate in lieu of and to replace the certificate so alleged to be lost, destroyed or mutilated. Such new certificate shall show on its face that it is a replacement certificate and the records of the Corporation shall show that a replacement certificate has been issued. The board of directors may require as a condition precedent to the issuance of a replacement certificate any or all of the following to wit:

- (a) Additional evidence of the loss, destruction or mutilation claimed;
- (b) Advertisement of the loss in such manner as the board of directors may direct or approve;
- (c) A bond or agreement of indemnity, in such form, amount and surety (or without surety) as the board of directors may direct or approve;
- (d) The order of approval of a court of competent jurisdiction.

SECTION 4.

DIRECTORS

4.1 Number. The affairs of the Corporation shall be managed by the board of directors consisting of seven (7) members who shall be the officers of the Corporation.

4.2 Qualifications. No person shall be elected to or hold the position of Director unless he is a resident member of the Corporation and is familiar with the corporate documents (Cooperative Plan and Bylaws, Occupancy Agreement and rules).

4.3 Election. The board of directors shall be elected by the members at the annual meeting of members in each year by a plurality vote of the memberships represented at the meeting in person or by proxy. The officers provided for in Section 5 of these By-laws shall by their election to their respective offices become directors of the Corporation for the next ensuing year. Nominations for the offices of President, three Vice-Presidents, Secretary, Corresponding Secretary, and Treasurer shall be made at a special meeting of the membership held at least thirty (30) days preceding

the annual meeting of the membership. In addition to nominations made by the nominating committee nominations may be made from the floor at the special meeting preceding the annual meeting, after which nominations shall be closed. A formal listing of those nominated shall be prepared and posted on the Morley Manor Bulletin Board by the Secretary at least one week preceding the annual meeting of the members. The President shall appoint four (4) members as tellers to count the votes. The results of the election shall be announced at the annual meeting. No challenge to the vote so announced shall be recognized unless made at the annual meeting of the members where such result is announced.

4.4 Terms. The terms of directors shall be two (2) years, however at its first meeting following the adoption of this Amended Cooperative Plan and Bylaws, the directors shall determine the three (3) directors who shall serve only a one (1) year term. Thereafter, either four (4) or three (3) directors shall be elected at each annual meeting depending upon when their terms expire. The directors shall hold office until their successors have been elected and hold their first meeting.

4.5 Removal. Any director may be removed by a majority of all of the total members at any meeting of members.

4.6 Meetings. Meetings of the board of directors shall be held on call of the President or Secretary or pursuant to a resolution of the board. The annual meeting of the board shall be held on the third Tuesday of September of each year immediately following, or on the day following, the annual meeting of the members. A regular meeting of the directors shall be held in June of each year to fix maintenance charges as prescribed in paragraph 1.4(b). No further notice of the annual meeting shall be required; notices of the regular June meeting and of special meetings shall be posted on the Morley Manor Bulletin Board by the President or Secretary not less than forty-eight (48) hours prior to the meeting.

4.7 Quorum; Concurrence Required. A majority of the board of directors shall constitute a quorum. The affirmative vote of a majority of the directors present shall be required for the adoption of any resolution or the taking of any action upon any matter presented at a meeting, except where these By-laws otherwise require a greater number.

4.8 Vacancies. Any vacancy occurring in the board of directors may be filled until the next succeeding annual meeting of members by the affirmative vote of a majority of the directors then in office, although less than a quorum.

4.9 Indemnification of Directors and Officers. Each person now, or in the future, a director or officer of the Corporation (and his heirs, executors and administrators) shall be indemnified by the Corporation against expenses reasonably incurred by him in connection with any action, suit or proceeding to which he hereafter

may be made a party by reason of his being, or having been, a director or officer of the Corporation (whether or not he continued to be a director or officer at the time of incurring such expense). Such expenses include the cost of reasonable settlement (other than amounts paid to the Corporation itself) where such settlement is approved by the board of directors of the Corporation. The Corporation shall not, however, indemnify any director or officer with respect to matters as to which he shall have been finally adjudged in any action, suit or proceeding to have been liable for dereliction in the performance of his duties as such director or officer. The foregoing qualification shall not prevent a settlement by the Corporation prior to final adjudication, when such settlement appears to be in the Corporation's interest, and the foregoing right of indemnification shall not be exclusive of other rights to which a director or officer may be entitled as a matter of law. This provision shall not operate to indemnify any director or officer if such indemnification is for any reason contrary to law.

4.10 Compensation and Loans to Officers and Directors. No officer or director shall be entitled to any compensation for serving as such but shall be entitled to reimbursement for any reasonable expenses actually incurred in the performance of his duties as such officer or director. No funds of the Corporation shall be loaned to any officer or director of the Corporation.

4.11 Duties of the Board of Directors. The board of directors shall have the following duties and authority:

- (a) To collect, record and deposit maintenance charges, carport assessments, or other authorized assessments against the members.
- (b) To employ such maintenance personnel as are necessary and remunerate them and pay all taxes or other charges lawfully arising from such employment.
- (c) To pay operating expenses, insurance premiums, taxes, utilities or other charges incurred in the normal operation of the building.
- (d) To provide for such repairs, replacements, and maintenance to the cooperative buildings and grounds.
- (e) To facilitate the sale, assignment, and transfer of memberships and occupancy agreements.
- (f) To prepare financial statements and the annual budget.
- (g) To establish the amount of the Membership Fee from time to time.

(h) To employ a Managing Agent to assist it in the performance of its duties.

(i) To act on Applications for Membership.

(j) To perform such additional duties, not inconsistent with these By-laws.

SECTION 5.

OFFICERS

5.1 Number and Designation. The primary officers of the Corporation shall be seven (7) in number and shall consist of a President, three Vice-Presidents, a Secretary, a Corresponding Secretary, and a Treasurer, each of whom shall be Directors and resident members and be familiar with the corporate documents (Cooperative Plan and Bylaws, Occupancy Agreement and rules).

5.2 Terms. All officers shall serve for a term of two years, however, at its first meeting following the adoption of this Amended Cooperative Plan and Bylaws, the directors shall determine who shall serve for a one-year term. Thereafter, the officers shall be elected at each annual meeting depending upon when their terms expire. The officers shall hold office until their successors are duly elected and hold their first meeting.

5.3 Election. The primary officers shall be elected by the membership at the annual meetings.

5.4 Duties. The primary officers shall serve as directors and shall perform the following duties:

(a) The President shall preside at all meetings of the members of the Corporation, and the board of directors. He shall be an ex-officio member of all standing committees. The President shall sign all occupancy agreements, notes, contracts and obligations on behalf of the Corporation, have general supervision of all activities of the Corporation, and perform such other duties as may be required of him by the board of directors.

(b) The Vice-Presidents are empowered to perform all the duties of the President during his absence or disability, and such other duties as may be required of them by the board of directors. During the absence or disability of the President, the board of directors shall designate one of the Vice-Presidents to carry out the duties of the President. If the President

and all Vice-Presidents are absent, disabled, or otherwise disqualified to act, the board of directors shall name one of the directors to serve as acting President until the absence or disability of the President and Vice-Presidents is removed.

(c) The Secretary of the Corporation shall keep minutes of all meetings of the members and of the board; shall have the care and custody of the books of the Corporation; shall attest to all occupancy agreements; shall conduct the correspondence and keep the records of the Corporation; and shall have such other duties as may be required of him by the board of directors.

(d) The Corresponding Secretary shall work in cooperation with the Secretary and shall be responsible for supervising and preserving in the files all correspondence pertaining to the Corporation.

(e) The Treasurer shall oversee the maintenance and preservation of accurate books of account for the Corporation reflecting receipts, disbursements, assets, liabilities and funds on hand. The Treasurer shall prepare a budget of anticipated expenses for delivery to the board at its June meeting, shall assist in the preparation of the annual report, and shall do and perform all such duties as may be required of him by the board of directors. For each calendar year the Treasurer shall be responsible for the preparation of a statement of tax deductible items collected from the membership and paid by the Corporation or the managing agent which may be includable in the Federal or State income tax returns of the members which, upon approval of the board, shall be delivered to the members not later than March 1st of the succeeding calendar year. With the approval of the board of directors, the Treasurer may name one or more assistant treasurers to assist in his functions.

5.5 Vacancies. Any vacancy occurring in any office shall be filled by the board of directors until the next annual meeting of the membership.

5.6 Removal of Officers and Directors. Any director, officer or agent elected or appointed may be removed by the majority vote of all members or persons authorized to elect or appoint such directors, officers, or agents whenever in their judgment the best interests of the Corporation will be served thereby. The removal of a director or officer shall be without prejudice to the membership rights of the director or officer so removed. Loss of membership rights by a director, officer, or agent shall be deemed to be the resignation of his office. Election or appointment, without further specific provision, shall not create any employment contract rights.

SECTION 6.

COMMITTEES

6.1 Standing Committees. There shall be the following standing committees whose purposes shall be as follows:

(a) Buildings and Grounds Committee. The buildings and grounds committee shall assist the board, and any managing agent selected by the board, in reviewing the condition of all buildings and grounds belonging to the Corporation; in recommending maintenance, repairs and improvements; in securing bids for needed items of work; in budgeting necessary funds for contemplated repairs; and in advising the board on work completed according to contracts let.

(b) Carport Committee. The carport committee shall oversee the maintenance, repair and replacement of carports. Carport funds shall be separately recorded and maintained in a separate bank account. Only members who own a carport shall serve on the carport committee.

(c) Floor Representative Committee. The floor representative committee shall consist of twelve (12) persons, one elected by each floor in the building, whose purpose shall be to serve as a liaison among the membership, the board, and other committees on matters of special concern to the membership.

(d) Social Committee. The social committee shall plan and conduct, social and recreational events for the membership and advise the membership on events of social or recreational interest. The social committee shall be responsible for the dining room and kitchen areas.

(e) Nominating Committee. A nominating committee consisting of seven persons shall be elected annually by the board of directors. The nominating committee shall annually prepare and submit a list to the membership, not later than the special meeting preceding the annual meeting of the members, of those candidates who are nominated for election as directors and officers of the Corporation.

(f) House Committee. The house committee shall have general housekeeping responsibilities, including the annual inventory of household furniture, furnishings, appliances and miscellaneous items.

6.2 Other Committees. The board may appoint such other committees from time to time as may be necessary in order to carry out the business and activities of the Corporation pursuant to these By-laws.

6.3 Chairpersons and Members. The President shall within 30 days after the annual meeting name a chairperson for each standing or other committee authorized by the board with the exception of the nominating committee. Each chairperson shall be responsible for selecting his own committee for the next ensuing year. All persons selected as chairpersons or committee members shall be resident members of the cooperative. Directors and officers may serve as chairpersons or committee members.

6.4 Committee Papers and Records. All committee papers and records shall be in the custody of the Secretary who shall keep them on file in the office.

6.5 Obligations. No committee or committee chairperson shall have any power to authorize the expenditure of corporation funds, nor bind the Corporation to any contract, unless authorized by specific resolution of the board.

SECTION 7.

GENERAL

7.1 Fiscal Year. The fiscal year of the Corporation shall be the twelve months (or shorter period in years of incorporation) ending on June 30th of each year.

7.2 Annual Report. Before the annual meeting, the board of directors shall provide members with an annual report of the condition of the Corporation as of the close of business on the last day of the prior fiscal year.

7.3 Waiver of Notice. Notice of the time, place and purpose of any meeting may be waived in writing by members not present at any meeting.

7.4 Consent Action. Any action required to be taken or which may be taken at any meeting, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all members, directors, or members of a committee entitled to vote thereon. The consent of co-owners or joint tenants shall not be deemed to have been given unless signed consents are given by all of them as to any single apartment.

7.5 Investment of Funds. Funds of the Corporation exceeding current requirements may be retained in interest bearing savings accounts, certificates of deposit issued by a bank, or invested in United States treasury bonds or notes. Except for improvements to the property of the Corporation, no other investment of excess funds shall be made without approval of a majority vote of the members.

7.6 Sale of Property; Indebtedness. Sale of the land or buildings of the Corporation, or both, may be made only on approval of two thirds of the members of the

Corporation (except in case of a forced sale due to over 50% fire loss or inadequate insurance, where a majority vote of all of the members is sufficient), and a like vote shall be required in order to:

(a) Incur or refinance any obligation secured by mortgage upon the real or personal property of the Corporation;

(b) Incur or refinance any obligation of the Corporation which exceeds \$250,000.

7.7 Amendments. These By-laws may be repealed or amended by a vote of two-thirds of the shares at any annual or special meeting called for that purpose, except that no amendment or repeal of any By-law which by its terms requires a greater majority shall be effective unless such amendment is adopted by the same majority of members as is required to take the action provided for in the By-law sought to be amended or repealed. One-tenth of the entire number of members may propose any desired amendment in a writing signed by them. Any amendment proposed shall be voted upon as submitted at the next meeting of the members. Provided, however, that written notice of a proposed amendment to these By-laws shall be given to all members at least thirty (30) days preceding the meeting where the amendment is to be acted on which notice shall contain the full text of the proposed amendment. No amendment to a proposed amendment to these By-laws shall be considered unless proposed in writing by at least one-tenth of the membership and delivered to the Secretary before the call of the meeting at which the proposed amendment to these By-laws is to be acted on.

7.8 Copies of By-laws. The copy of these By-laws, and each amendment hereto, together with a certified copy of the resolution approving its adoption shall be maintained by the Secretary as part of the permanent records of the Corporation. The members shall each receive a copy of these By-laws when their membership certificates are delivered and shall be entitled to receive a copy of each amendment within thirty (30) days after its adoption.

7.9 Liquidation. Upon a two-thirds affirmative vote of all of the shares (except in case of a forced sale due to over 50% fire loss or inadequate insurance, where a majority vote of all of the members is sufficient) the Corporation shall be liquidated, all properties of the Corporation shall be sold, all obligations of the Corporation shall be paid to the extent funds are available, and any funds remaining after all debts are paid shall be distributed to the membership pro rata on a square foot basis, in full redemption and discharge of all rights the member may have.

7.10 Corporate Minute Books. The Secretary shall prepare and keep under the supervision of the board of directors, in permanent books normally used for that purpose, minutes of all meetings of the membership and of the board of directors. The minute books of the Corporation shall contain in addition the Articles of

Incorporation, the Certificate of Incorporation, the Cooperative Plan and By-laws, a replica membership certificate, replica copy of an occupancy agreement, a copy of all certified resolutions, and all amendments of these documents.

7.11 Bonding of Employees. The board of directors shall require that any director, officer, employee or other person or persons whose duties and responsibilities involve the handling of corporate funds shall be bonded at the expense of the corporation in such amounts and on such terms as the board of directors shall deem necessary.

7.12 Gender and Number. Pronouns used herein shall be construed to include both the masculine and feminine gender and plural and singular number as the context may require.

SECTION 8.

REMEDIES FOR DEFAULT

8.1 Any default shall entitle the Corporation or another Member or Members to the following relief:

(a) Legal Action. Failure to comply with any of the terms or provisions of the Cooperative Plan and Bylaws, or the Occupancy Agreement ("Cooperative Documents") of the Corporation shall be grounds for relief, which may include without intending to limit the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien (if default in payment of assessment), eviction by summary proceeding or any combination thereof, and such relief may be sought by the Corporation, or, if appropriate, by an aggrieved member or members.

(b) Recovery of Costs and Attorney Fees. In the event of a default or breach of the Cooperative Documents, the Corporation shall be entitled to recover from the member the pre-litigation attorneys' fees and costs incurred by the attorney for the Corporation in obtaining compliance with said Cooperative Documents or enforcing the terms and conditions of the Cooperative Documents. In any proceeding arising because of an alleged default or breach by any member, occupant or resident and/or guest, the Corporation, if successful, shall be entitled to recover the costs of the proceeding and its reasonable attorneys' fees, (not limited to statutory fees), but in no event shall any member be entitled to recover such attorneys' fees. The Corporation, if successful, shall also be entitled to recoup the costs and attorneys' fees incurred in defending any claim, counterclaim or other matter from the member, occupant or resident and/or guest, asserting the claim, counter-claim or other matter against the Corporation.

(c) Removal and Abatement. The violation of any of the provisions of the Cooperative Documents shall also give the Corporation or its duly authorized agents the right, in addition to the rights set forth above, to enter upon the common elements, limited or general, or into any apartment, where reasonably necessary and summarily remove and abate, at the expense of the member in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Cooperative Documents or Rules for Pleasant Living. The Corporation shall have no liability to any member arising out of the exercise of its removal and abatement power. All such chargeable costs and expenses shall be collected in the same manner as maintenance charges.

8.2 Non-waiver of Right. The failure of the Corporation or of any member to enforce any right, provision, covenant or condition which may be granted by the Cooperative Documents, or the Rules for Pleasant Living of the Corporation shall not constitute a waiver of the right of the Corporation, or of any such member, to enforce such right, provisions, covenant or condition in the future.

8.3 Cumulative Rights. All rights, remedies and privileges granted to the Corporation or any member or members pursuant to any terms, provisions, covenants or conditions of the aforesaid Cooperative Documents shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

8.4 Monetary Fines. The violation of any of the provisions of the Cooperative Documents by any member, occupant or guest shall be grounds for assessment by the Corporation, acting through its duly constituted Board of Directors, of monetary fines for such violations. No fine may be assessed unless in accordance with the provisions of the Cooperative Documents. The amount of the fines shall be set, from time to time, by the Board of Directors. The member is responsible for the violation whether the violation occurs as a result of his or her personal actions or the actions of his or her family, guests, tenants or any other person admitted through the member to the Cooperative Premises.

8.5 Fine Procedure. Upon any such violation being alleged by the Board pursuant to Section (5) herein, the following procedures will be followed:

(a) Notice of violation, including the Cooperative Documents provision violated, together with a description of the factual nature of the alleged offense set forth with such reasonable specificity as will place the member on notice as to the violation, shall be sent by first class mail, postage prepaid or personally delivered to the member or representative of said Member or email if elected by the member, at the address as shown in the notice required to be filed with the Corporation.

(b) The offending member shall have an opportunity to request to appear before the Board and offer evidence in defense of the alleged violation. In no event shall the member be required to appear less than (10) days from the date of the notice.

(c) Failure of the member to respond to the notice of violation constitutes a default.

(d) Upon request of the member to appear before the Board of Directors, and appearance by the member before the Board and presentation of evidence of defense, or, in the event of the member's default, the Board shall, by majority vote of a quorum of the Board, decide whether a violation has occurred. The Board's decision is final.

8.6 Fine Amounts. Upon default of the offending member by failing to request a hearing before the Board or appear at said hearing, or upon the decision of the Board as recited above, fines shall be levied in amounts determined by the Board through duly adopted rules and regulations.

8.7 Assessment of Fines. The fines levied pursuant to this Section shall be assessed against and charged to the member under the Cooperative Documents and shall be due and payable together with the regular assessment on the first of the next following month. Failure to pay the fine will subject the member to all liabilities set forth in the Cooperative Documents.

SECTION 9.

CORPORATION RECORDS

9.1 Books and Records. The Corporation shall keep books and records of account and minutes of the proceedings of its members and Board.

9.2 Financial Disclosures. If requested in writing by a member, the Corporation shall mail to the member its balance sheet at the end of the preceding fiscal year, its statement of income for that fiscal year, and, if prepared by the Corporation, its statement of source and application of funds for that fiscal year.

9.3 Inspection of Records. A member, or member's attorney or other agent, may during regular business hours inspect for any proper purpose the Corporation's a list of its members, and its other books and records, if the member gives the Corporation written demand describing with reasonable particularity the purpose of the inspection and the records that member desires to inspect, and the records sought are directly connected with the purpose and the Board has not restricted access to

those records as set forth below. A demand made under this section must be delivered to the Corporation at its registered office or at its principal place of business. If an attorney or other agent is the person seeking to inspect the records, the demand for inspection must include a power of attorney or other writings that authorizes the attorney or other agent to act on behalf of the shareholder or member. Members, or their attorneys or agents, shall not have the right to inspect the Corporation's lists of members, or its other books and records, if, in the good faith discretion of the Board of Directors, the Board determines that: (a) opening the list of members, or its other books and records for inspection would impair the rights of privacy or free association of the members, or (b) opening the list of shareholders or members, or its other books and records for inspection would impair the lawful purposes of the Corporation.

In the event access to the list of members or the Corporation's books and records are restricted as set forth above, the Corporation shall provide a reasonable way for members to communicate with all other members concerning the election of directors and other affairs of the Corporation.

The member requesting the inspection on behalf of the member, or through the member's agent or attorney, shall be responsible for all costs and fees associated with such an inspection, including, but not limited to any personnel costs of the Corporation or its managing agent incurred in supervising the inspection and any reasonable copying charges.

Revised December 2020