



BYLAWS

Amended May 9, 2019

GREENBELT HOMES, INC.

BYLAWS

ARTICLE I
Name and Location

Section 1 - Name. The name of this Corporation, hereinafter referred to as the Corporation, is GREENBELT HOMES, INC. It is a non-stock, not-for-profit Corporation organized and existing under the laws of the State of Maryland.

Section 2 - Offices. The principal office of the Corporation shall be located in Greenbelt, Maryland, in Prince George's County. The Corporation may have an office in Washington, D.C. or at such other place or places as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II
Purpose and Powers

Section 1 - Purpose. The purpose for which the Corporation has been organized is to purchase or otherwise acquire, operate, and manage housing projects in Greenbelt on a not-for-profit basis, and in the interest of and for the housing of its members, to purchase or otherwise acquire memberships or interests in a not-for-profit cooperative mortgage company organized by the Corporation and the National Consumer Cooperative Bank or its successors for the purpose of making unit loans to members of housing cooperatives, including the Corporation. In connection with such projects, the Corporation may either itself or by or through a subsidiary corporation or corporations, or by contract, lease, or otherwise, provide such community facilities, services, and benefits as may be necessary or convenient for the welfare of its members and the usefulness of the projects, provided the membership shall determine such facilities, services, or benefits are needed and are not available through other competent authority, institution, or agency.

Section 2 - Powers. In furtherance of the foregoing purpose, the Corporation shall have the power to purchase, lease, or otherwise acquire land in Greenbelt, both improved and unimproved, and to construct or locate dwellings and other buildings and facilities thereon, to manage such property, and to do any and all things necessary or convenient for the fulfillment of the purpose of the Corporation. The management of property shall include the power to act as agent for members and prospective members of the Corporation in the sale or lease of housing units and in all transactions incidental thereto.

ARTICLE III
Membership

Section 1 - Membership. Membership in the Corporation shall consist of natural persons of good character and financial responsibility who enter into a Mutual Ownership Contract (MOC) with the Corporation, or a revocable living trust where the person(s) who established the trust meets the above standards. A not-for-profit institution, or living

trust, if approved by the Board of Directors to enter into a MOC with the Corporation, must comply with the financial and good character responsibilities and will hold one membership regardless of the number of units it occupies. A revocable living trust is permitted to hold a Membership in the Corporation only for so long as the person(s) who established the trust is a living natural person(s) and is approved for membership. Promptly after the death of the person(s) who established the revocable living trust, the Membership held by the trust must be transferred to a new owner approved by the Board of Directors. Only one person per dwelling unit may be a member of the Corporation except that a married couple or other persons specifically authorized by the Board of Directors may hold a membership jointly. The Corporation subscribes to the equal housing opportunity laws of the State of Maryland and the United States.

Section 2 - Enrollment. A person seeking membership in the Corporation shall file an application for membership on a form prescribed by the Board of Directors and shall pay (1) an application fee determined by the Board of Directors to be sufficient to cover the cost of determining the acceptability of applicants as members of the Corporation, and (2) a membership fee determined by the Board of Directors to be sufficient to cover the cost of processing sales and resales of Rights of Perpetual Use. The membership shall become effective, when, after having been approved by the Board of Directors, the applicant and the Corporation enter into a Mutual Ownership Contract. If the Board rejects an application or fails to act upon it within two months from the date of the submission of the application, the applicant will be advised in writing of their right to appeal and the appeal procedure. The Board will then consider the applicant's appeal within two months. If an applicant files an appeal, and if the Board does not approve the application within the two-month period for consideration, the application shall be deemed to have been rejected. If the Board rejects the application on such appeal, the applicant may appeal at the next annual membership meeting. The application fee shall not be refunded in any event, but the membership fee shall be refunded without interest in all cases where for any reason the membership does not become effective. A member transferring from one unit to another will pay a transfer fee set by the Board of Directors sufficient to cover the cost of transfer.

Section 3 - Privileges of Members. Members of the Corporation shall be permitted to attend meetings of the Board of Directors and shall be excluded from such meetings only if the Board by a three-fourths vote should enter into an executive session. Any consideration of contracts in Executive Session requires prior public announcement of the nature and scope of the contracts by printed and electronic means as soon as practicable. The Board shall not make policy decisions in Executive Session, but may decide in such sessions matters affecting individual members, employees, pending litigation, or contract negotiations. All members of the Corporation shall have the right to inspect and copy the record of the names and addresses of all members of the Corporation at any time during regular office hours of the Corporation, provided that such member asking to examine and/or copy the list shall sign a statement that the list will not be used

for a purpose other than for contacts with members covering business concerning the Corporation. All members of the Corporation shall have the right to inspect and copy the approved minutes of the Board of Directors (excluding minutes of any meeting held in executive session) at reasonable times and under reasonable regulations established by the Board of Directors.

Section 4 - Termination of Membership.

a. The membership of a person shall terminate upon the effective date of the cancellation or termination of a Mutual Ownership Contract in accordance with the provisions of the paragraphs thereof entitled, "Option of Corporation (or "GHI") to Repurchase Perpetual Use", "Sale to Others", "Option of Member to Terminate Contract", or "Termination of Contract by Corporation (or "GHI") for Default or for Cause".

b. Except where memberships are terminated because of payment default by members of the Corporation, the Board of Directors (by a two-thirds vote of the entire Board, and after a fair formal hearing if requested by the member) may terminate any membership for reasons provided for in the Mutual Ownership Contract with the Corporation. Any notification to the member which states that the Board is considering termination of his or her membership shall include the text of this subsection. At the formal hearing, the member may have counsel, invite witnesses, and question any witnesses and complainants. The member shall have the right to appeal the decision of the Board of Directors to the membership at a special membership meeting called by the Board of Directors or at the next annual membership meeting. The Board of Directors shall schedule the meeting at which the appeal will be heard. If the member notifies the Board of his or her intention to appeal within ten days of receipt of notice of termination by the Board, the Board's action shall be stayed pending final action at the special or annual membership meeting.

c. The Board of Directors may terminate membership for non-payment of loans secured by a member's interest in the Corporation upon such terms and conditions as have been agreed to and accepted in writing by the member, the lender, and GHI.

d. If a membership is terminated by the Corporation because of member's default or for cause, the Corporation shall be reimbursed for all costs and expenses resulting from the termination, including but not limited to all administrative costs and all third party expenses of the Corporation incurred in retaking, repairing, selling, and otherwise disposing of the dwelling unit. The Corporation may deduct its costs and expenses resulting from termination from the proceeds of a sale of the member's interest in the Corporation prior to the member's receipt of any such proceeds.

Section 5 - Membership Requirement to Hold Office. Only a member of the Corporation, at least twenty-one years of age, and a GHI resident may be a director of the Corporation or a member of a committee elected by the membership. Only one member from a unit may hold elected office at a time.

ARTICLE IV Membership Meetings

Section 1 - Annual Meeting. The regular annual meeting of the membership of the Corporation shall be held during the month of May at a time and place in Greenbelt designated by the Board of Directors. No motion for adjournment of the annual meeting shall be in order, but a motion may be made to recess for the annual election. During the recess no business shall be transacted other than referenda and elections. The annual meeting shall automatically adjourn at 8:00 p.m. on the following day. The date of an annual meeting may be postponed up to one month by a majority vote of the Board, provided public notice of the postponement is given to members prior to the scheduled annual meeting date, and members are given at least two weeks' notice of the new annual meeting date.

Section 2 - Special Meetings. Special membership meetings shall be held within forty-five days following the filing with the secretary of a request thereof by the president, or by the Audit Committee, or by the Board of Directors, or by a petition signed by at least one hundred members, except that a special meeting shall not be held within thirty days prior to the annual membership meeting. Such request or petition shall state the motion or motions to be acted upon at the meeting.

Section 3 - Agenda. Any matter of business shall be placed on the agenda of a membership meeting of the Corporation on written request to the secretary for such action by ten or more members at least thirty-five days in advance of such meeting. Where the petition of such members requests that a specific proposition be voted upon, such proposition in the identical language set forth by the petitioners shall be included in the notice of the membership meeting and, subject to amendment by the membership, shall be voted upon before considering any other proposition relating to the same subject matter. A petition calling for censure or removal of a member of the Board or an elective committee will be placed on the agenda only if presented not less than forty-five days before such meeting.

Section 4 - Notice. Regular, annual, or special meetings shall be called by the secretary by written notice mailed or delivered not less than ten and not more than twenty days before the meeting to each member of record on the Corporation's books as of the date twenty days before the meeting. The notice shall specify the time and place of the meeting, and, except for the annual meeting, the specific business to be considered at the meeting. The annual meeting mailing or delivery shall also contain the draft minutes of the last annual meeting and any special membership meetings held during the previous year. Only at the annual meeting may action be taken on business not specified in the notice of meeting.

Section 5 - Quorum.

a. A quorum competent to transact business at membership meetings shall be five percent of the membership which is entitled to vote or seventy-five members who are entitled to vote, whichever number shall be smaller.

b. The notice of every annual meeting shall include and the notice of a special meeting may include, at the option of the Board of Directors or the Audit Committee, (1) a notice that, if at such meeting business cannot be conducted or cannot proceed because of the absence of a quorum, the procedure authorized by Section 5-206 of the Corporations and Associations Article of the Annotated Code of Maryland (or any successor section thereto) will be invoked to call an additional meeting; and (2) a notice that such further meeting may proceed even in the absence of a quorum.

c. In addition to that notice, notice of such further meeting shall be mailed to each member by the secretary fifteen days before the aforesaid further meeting. Both the advertisement and the notice of such further meeting will include a statement that the meeting may proceed even in the absence of a quorum.

d. Despite the absence of a quorum at an annual meeting, the election of the directors of the Corporation and members of the Audit Committee shall proceed. Such election shall be valid if the number of ballots cast satisfies the quorum requirement for the meeting.

Section 6 - Order of Business.

a. The order of business at annual meetings of the membership, except as amended by majority vote at the annual membership meeting, shall be:

1. Issuance of voting cards.
2. Proof of due notice of meeting.
3. Certification of presence of a quorum.
4. Approval of agenda.
5. Action on minutes of previous meeting.
6. Reports of officers, directors, and elected committees.
7. Presentation of candidates.
8. Nomination and election of Nominations and Elections Committee.
9. Old business.
10. New business.
11. Good and welfare.
12. Recess.

b. The order of business at special meetings of the membership shall be:

1. Issuance of voting cards.
2. Proof of due notice of meeting.

3. Certification of presence of a quorum.
4. Approval of order of agenda items.
5. The specific business for which meeting is called.
6. Other subjects of petitions or requests stated in notice of meeting.
7. Adjournment.

Section 7 - Rules of Order. Unless otherwise provided in these Bylaws, the procedure for the conduct of all meetings of the membership and the Board of Directors shall be governed by Robert's Rules of Order (Revised). In the event of any conflict between these Bylaws and Robert's Rules of Order(Revised), these Bylaws shall prevail.

Section 8 - Nominations and Elections.

a. The Nominations and Elections Committee shall nominate at least a sufficient number of eligible members of the Corporation for all eligible positions on the Board of Directors and for all eligible positions on the Audit Committee for election at the annual meeting. This list shall be presented to the secretary at least fourteen days before the annual meeting. The secretary shall immediately see that the list is properly published and publicly displayed in Greenbelt, so that members of the Corporation may, if they choose, propose additional nominees. Names of members whose nomination has been presented in writing by the Nominations and Elections Committee, or by petition signed by any ten or more members, shall appear on the election ballot, provided each said member shall have signified to the secretary in writing his or her willingness to accept the office if elected and provided the nomination and acceptance are in the hands of the secretary or are filed at the local office of the Corporation at or before 5 p.m. on the ninth day preceding the annual meeting of the Corporation. No member shall be eligible for election to the Board of Directors or Audit Committee unless he/she has complied with the provisions of this subsection. No person shall be nominated for election to the Board and for election to the Audit Committee at the same time.

b. The Nominations and Elections Committee, in addition, shall prepare a list of those nominated by members for election to the Nominations and Elections Committee. The list shall be presented to the secretary at least fourteen days before the election. The secretary shall immediately see that the list is properly published and publicly displayed in Greenbelt. In the event that a sufficient number of candidates are not available prior to the annual meeting, nomination(s) may be made from the floor by a member. The name of each member whose nomination has been presented prior to the meeting shall appear on an election ballot separate from the ballot listing the names of candidates for the Board of Directors and Audit Committee provided said member shall have signified to the secretary his or her willingness to accept the office if elected and provided the nomination and acceptance are in the hands of the secretary or are filed at the local office of the Corporation at or before 5 p.m. on the ninth day preceding the annual meeting of the Corporation.

If the number of candidates for the Nominations and Elections Committee is greater than the number of open positions, then the votes in the election of members to the Nominations and Elections Committee shall be counted by tellers appointed by the Chair. A teller cannot be a candidate or relative of any candidate or housemate of a candidate for the Nominations and Elections Committee. If the number of candidates is equal to or fewer than the number of open positions, then the election may be by acclamation.

c. The directors of the Corporation and members of the Audit Committee shall be elected by secret ballot during the recess of the annual meeting of the Corporation at a polling place or places to be designated by the Board of Directors, provided, however, that members to whom voting cards have been issued prior to recess of the annual meeting may receive and cast their secret ballots immediately following that session of the meeting. The day following the annual meeting, polls shall be open, at least, from 7-10 a.m. and 5-8 p.m. The Nominations and Elections Committee shall adopt and publicize appropriate procedures to guarantee the integrity of the ballot box. Elections shall be by the plurality system of voting, the procedures, rules, and regulations of which shall be determined by the Nominations and Elections Committee, subject to approval or modification by the membership. Members of the Nominations and Elections Committee shall be elected during the annual meeting. In case of any tie vote in any election, the successful candidate shall be chosen by lot.

d. Each member shall have one vote on all questions voted at any membership meeting or in any election or referendum. Voting by proxy shall be subject to the limitation that only a member may hold a proxy, that the proxy shall be dated not more than three months prior to the date of the meeting, that no member shall vote more than one proxy, and that a member may vote by proxy at a given meeting only if the secretary or the business office of the Corporation has received from the member an official proxy form at least five days in advance of the meeting. The official proxy form may be obtained only by a member submitting a written request over his or her signature to the secretary or the business office of the Corporation. Information as to the number of proxy forms requested and the number of proxies received by the secretary or the business office of the Corporation shall be available to a member on request. Voting shall be by show of voting cards unless the Chair or the membership by majority vote calls for a secret ballot. Such a secret ballot shall take place during the meeting before the recess and shall be conducted by tellers appointed by the Chair. In the case of joint members, they shall together have only one vote which may be cast by one of them. At a membership meeting the voting card shall be issued to the joint member who first requests it.

e. Only members shall be eligible to vote at a meeting or in a referendum. Where the Mutual Ownership Contract is held by another or others on behalf of the person or family living in a Corporation dwelling unit, the contracting person or persons shall designate in the business office of the Corporation the person or persons on whose behalf the Contract is entered into, and such person or persons shall be entitled to one vote per unit. Where a religious or other institution owns

a Right of Perpetual Use, the institution shall determine who shall be entitled to vote and notice of such designation shall be given to the secretary or to the business office of the Corporation. When two or more units are combined to make one residence, the member(s) who own(s) a Right of Perpetual Use is entitled to only one vote for that residence. Similarly, a religious or other not-for-profit institution that owns a Right of Perpetual Use in more than one dwelling unit shall be entitled to only one vote. A member whose name is on more than one Mutual Ownership Contract is entitled to only one vote.

f. The Board of Directors by a two-thirds vote, a membership meeting by a majority vote, or fifty members by petition may cause a referendum to be held at a polling place or polling places or by mail, on any question which may be considered by the membership. Exceptions are: amendments to the Bylaws and matters affecting the rights and/or honor of specific members only, such as motions or resolutions of censure or removal from office.

g. Notwithstanding the provisions of paragraph e., but subject to the provisions of paragraph f., an advisory mail referendum may be held on any question or questions upon a majority vote of the Board of Directors, or of the membership at a membership meeting, or upon the petition of fifty members.

h. Absentee Ballots

An absentee ballot shall be provided to eligible members for the following reasons: religious beliefs, physical condition or absence from the City on the day of the election. The absentee ballot will only be used for candidates for elected office. The Nominations and Elections Committee shall have authority to grant an absentee ballot by reference to rules established by this committee.

Section 9 - Other Responsibilities at Membership Meetings. The membership at a meeting shall also be responsible for the removal of directors of the Corporation, members of the Audit Committee, and members of the Nominations and Elections Committee for cause; censure of present or former directors or members of committees elected by the membership; for hearing and passing upon reports of officers and committees; for final action on membership terminations decided by the Board of Directors in accordance with Article III, Section 4, and appealed by the member involved; for determining policies of the Corporation; for amending the Bylaws of the Corporation; and for exercising final authority on all matters vitally affecting the Corporation.

A two-thirds vote shall be required to remove or censure a director of the Corporation, member of the Audit Committee, or member of the Nominations and Elections Committee. The notice of meeting shall include an announcement of the proposed action and the reasons for it. Notice of the proposed action shall have been mailed or delivered to the director of the Corporation, Audit Committee member, or Nominations and Elections Committee member concerned at least forty-five days before the membership meeting. A response to the allegations shall be included if the affected official elects to respond, and he or she must provide such response not less than thirty-five days before the proposed

meeting date. At the meeting, both sides shall be given full opportunity to present their point of view prior to any membership action.

ARTICLE V
Directors

Section 1 - Board of Directors. The property, business, and affairs of the Corporation shall be managed by a Board of Directors composed of nine members.

Section 2 - Terms. Directors of the Corporation shall serve for two-year terms as herein provided. Terms begin and end upon certification of the election by the Nominations and Elections Committee. In even-numbered years four directors of the Corporation shall be elected, and in odd-numbered years five directors of the Corporation shall be elected, provided, however, that at any regular annual meeting the membership shall elect a director or directors of the Corporation to fill a vacancy or vacancies due to death, resignation, removal, disqualification or if insufficient candidates were elected by the membership the previous year. When such a vacancy is to be filled at an annual meeting, the members shall elect to the two-year terms the four candidates with the most votes (in even-numbered years) or the five candidates with the most votes (in odd-numbered years), and shall elect to the vacant seats the candidate or candidates with the next highest number of votes until all vacancies are filled.

Section 3 - Vacancies.

a. A vacancy in the Board of Directors shall occur upon the death, resignation, removal, disqualification of a director of the Corporation or if insufficient directors are elected by the membership. A director of the Corporation may resign by giving notice in writing to the secretary. A director of the Corporation automatically shall be considered disqualified and to have vacated his/her office if he/she is absent from five out of ten consecutive regular meetings without permission of the Board during his/her term of office, or if he/she is employed or retained by the Corporation. Vacancies on the Board of Directors shall be filled by the remaining membership of the Board, after notice of the vacancies is publicized by the Board of Directors and a two week period is provided for submission of suggested names of candidates to the Board.

b. If a vacancy on the Board shall occur, the Board shall, by a plurality of fifty percent or more of the remaining directors of the Corporation, name a member of the Corporation to fill the vacant directorship until the next regular annual meeting of the members.

c. In the event that more than four seats on the Board of Directors shall become vacant, the provision of Article V, Section 3b shall be suspended and a special election by the members shall be held to fill the vacancies until the next regular annual meeting. A special election meeting shall be called within three weeks by the secretary or, if there is no secretary, by the Nominations and Elections Committee, which shall

conduct the election. If the Nominations and Elections Committee shall not be available to call the meeting or conduct the election, the Audit Committee shall do so. To the extent feasible, such elections shall conform to other provisions of these Bylaws.

Section 4 - Powers and Duties. The Board of Directors shall direct the affairs of the Corporation and make necessary rules and regulations not inconsistent with the law, these Bylaws, or the decisions of the membership meetings. The Board may delegate duties to officers, committees, or other personnel, but it shall be responsible to the membership for their proper performance. It shall be the duty of the directors of the Corporation to attend Board meetings, to perform such tasks as may reasonably be assigned to them by the Board, to study the problems and work of the Corporation, to report thereon to the membership, and to make every effort to assist the Corporation to achieve its purpose. Specifically, the Board shall:

a. Monitor the finances of the Corporation and operating results of its business, and take such action as is required to keep these in a healthy condition.

b. Appoint, assign the duties of, and determine the salary of a general manager, who shall assume

administrative control of the business of the Corporation. Employment or removal of the general manager must be voted by a majority of the entire Board of Directors. The general manager shall have the authority to employ or discharge all other employees of the Corporation.

c. After consultation with the Audit Committee, annually appoint an auditor or auditing agency and define the scope of the audit.

d. Provide adequate insurance of the property of the Corporation and adequate insurance against liabilities.

e. Establish equitable personnel policies.

f. Have power to borrow money and make financial commitments for the conduct of the affairs of the Corporation. However, the Board shall not be empowered to enter into new fields of business enterprise, to mortgage or sell corporate real property, or to sell subsidiary corporations without the prior approval of the membership as provided for in Article VIII, Section 8.

g. At all times keep the membership fully informed of the facts pertaining to the operation of the affairs of the Corporation and fully advise the membership of matters which have an important bearing upon the future operation of the affairs of the Corporation.

h. Distribute a comprehensive written report, including audited financial statements, and a summary budget to all members at least one week in advance of the annual meeting of the Corporation. The audited financial statements shall consist of statements of income and expenses

for the preceding two years. The summary budget shall itemize the major categories of revenue and expense for the current year. Prepare a detailed budget for the current year. The detailed budget shall segregate labor and material costs from other costs. A copy of the audited financial statements, summary budget and the detailed budget shall be made available to members upon request.

i. Authorize expenditures subject to the provisions of these Bylaws.

Section 5 - Meetings. The Board shall hold regular meetings at least twice monthly except during the months of June, July, and August, when it shall meet monthly. Special meetings of the Board shall be held within five days but not less than three days after call by the president or upon written request by at least two Board members to the secretary. The secretary shall mail or deliver written notice of regular and special Board meetings to each director of the Corporation at least three and not more than ten days prior to each such meeting, provided, however, that if every member of the Board shall waive his or her right to due notice of meeting, a special meeting may be called for any time. Notice of each special meeting shall state the object of the meeting, and no business other than that specified in the notice shall be transacted. A majority of the Board shall constitute a quorum at any Board meeting. Except with respect to expenditures and contracts (provided for in Section 11 of Article VIII), no item of business shall be finally acted on at a meeting at which it is first introduced if at least two directors of the Corporation request that final action be postponed until the next meeting.

Section 6 - Compensation. The members of the Board of Directors shall be compensated in such amount as the membership shall direct, provided that directors of the Corporation may, by prior approval of the Board, be further reimbursed for actual expenses incurred in behalf of or for the benefit of the Corporation.

Section 7 - Ineligibility of Directors of the Corporation or Members of Their Families to Hold positions with Compensation in the Corporation. No member of the Board of Directors shall serve as manager or assistant manager of the Corporation until two years after the expiration of his or her term of office. No director of the Corporation or member of his or her immediate family shall be eligible to hold any office or position with compensation in the Corporation (except any elective office) for at least one year after the expiration of the director's term of office (unless such relative shall have held such position prior to and on the date the director of the Corporation became or shall have become a member of the Board of Directors) except with the express prior approval of a majority of the membership at a membership meeting of the Corporation held after the membership shall have been notified in the notice of the membership meeting that the question of the employment of such person will be considered at such membership meeting.

ARTICLE VI Officers

Section 1 - Election. The officers of the Corporation shall consist of a president, a vice president, a secretary, and a treasurer who shall be members of the Board of Directors. The officers shall be elected by the

Board of Directors at its first meeting immediately following the annual election of directors of the Corporation, and they shall serve for one year or until their successors are elected. Any vacancies in such offices resulting from death, resignation, removal, or disqualification, shall be filled by the Board.

Any officer who is a member of the Board of Directors may be removed as an officer by a vote of two-thirds of all the members of the Board, after due notice and an opportunity to be heard at a Board meeting.

Section 2 - President. The president shall preside at all meetings of the Corporation and of the Board unless with the consent of a majority of the Board he or she designates another to do so. He or she shall sign all Mutual Ownership Contracts and other instruments transferring an interest in real property on behalf of the Corporation, except as otherwise provided by the Board. He or she shall perform all other duties usually incident to the office of the president, and such others as may be assigned by the Board.

Section 3 - Vice President. The vice president shall act for the president in the event of the latter's absence or inability to act, and shall perform all other duties assigned by the Board or the president.

Section 4 - Secretary. The secretary shall maintain and have custody of the minutes of the meetings of the membership and of the Board of Directors, shall receive all petitions of members relating to membership meetings, and shall give notice to all members of membership meetings. He or she shall countersign all contracts signed by the president and shall supervise maintenance of the membership roll of the Corporation. The Board shall have power to elect one of its members to act as secretary during any temporary absence or disability of the secretary.

Section 5 - Treasurer. The treasurer shall be ex officio Chair of the finance committee and shall review the financial records and statements of the Corporation. It shall be the duty of the treasurer to closely study the financial affairs of the Corporation and to make such recommendations to the Board of Directors and to the membership as he or she may deem to be necessary or desirable.

ARTICLE VII Committees

Section 1 - Nominations and Elections Committee. The Nominations and Elections Committee shall consist of five Corporation members who shall serve for a period of one year, or until the election of their successors. The newly elected Committee shall assume office after the retiring Committee has certified the election of the directors of the Corporation and members of the Audit Committee. No officer, employee, or member of the Board shall be eligible to serve on this Committee, which shall select its own Chair who shall be called Director of Elections, and who shall assign appropriate duties to other members of the Committee. Vacancies shall be filled by a majority vote of the remaining members of the Committee. Any member who resigns from the Nominations and Elections Committee must do so at least three

months before the date of the next Annual Membership Meeting to be eligible to run for a position on the Audit Committee or Board of Directors in the election occurring with that year's meeting. Elections shall be held at a polling place or places under the supervision of the Nominations and Elections Committee. Referenda shall be conducted by mail or at a polling place or polling places under the supervision of the Nominations and Elections Committee. The Committee may appoint clerks and assistants not to exceed five in the conduct of elections and referenda.

Section 2 - Audit Committee.

a. The Audit Committee shall consist of three Corporation members who shall serve a one-year term. Terms begin and end upon certification of the election by the Nominations and Elections Committee. The Audit Committee shall elect a chair. No officer, employee, or director of the Corporation shall be eligible to serve on this Committee.

b. The functions of the Audit Committee shall be to review and evaluate: (a) the financial statements and audit reports of the Corporation and its subsidiaries; (b) its accounting system, accounting procedures, operating budget, and allocation of costs under the provisions of the Mutual Ownership Contracts; (c) policies and practices followed with respect to funded and other reserves; (d) the investment and other financial policies and practices; and (e) pursuant to the policies established by the Board and the Bylaws, the various operations of the Corporation, including maintenance, sales, and sales financing programs in order to determine management's effectiveness in administering the affairs of the Corporation economically and efficiently.

c. The Audit Committee may make such reports and recommendations to the Board of Directors and to the membership of the Corporation as it may deem appropriate, and shall make an annual report to the membership of the Corporation concerning its findings, and its operations throughout the year, and such report shall contain an accounting of all Audit Committee expenditures throughout the year. Majority recommendations or reports made to the Board shall be placed on the Agenda for an upcoming Board meeting within three (3) months. Reports to the membership other than at the regular annual meeting of the members of the Corporation shall be mailed or delivered no later than thirty days after presentation to the secretary or to the business office of the Corporation. Vacancies on the Committee shall be filled by the remaining membership of the Committee, after notice of the vacancies is publicized by the Audit Committee and a two week period is provided for submission of suggested names of candidates to the Committee.

Members of the Audit Committee shall have the right to attend all regular and special meetings of the Board of Directors of GHI and all subsidiary corporations, including executive sessions, and shall be furnished with copies of all minutes. They shall also be given access to all books and records of the Corporation. The Audit Committee shall have the right to consult with the Corporation attorneys and auditors and shall be furnished with available clerical assistance. An annual

appropriation for the Audit Committee in the amount of \$7,500 shall be included in the operating budget of the Corporation and the Audit Committee shall be authorized to engage legal, accounting, tax, or other consultants or clerical assistants as may be required to facilitate the work of the Committee up to the total amount of the appropriation. The appropriation shall also cover the reimbursement to members of the Committee for the actual expenses incurred by them in behalf of or for the benefit of the Corporation, provided that prior authorization is given by the Committee for such expenditure. Should additional funds be found necessary, the Audit Committee may request, and the Board of Directors may grant, additional funds.

The members of the Audit Committee shall be compensated in such amount as the members of the Corporation shall direct.

Section 3 - Other Committees. The Board and the membership may designate and establish duties of additional committees to carry out other functions of the Corporation.

ARTICLE VIII Financial Regulations

Section 1 - Fiscal Year. The fiscal year of the Corporation shall be the calendar year.

Section 2 - Assessments. The corporation shall not have the authority to assess its members, but this shall not preclude provisions in leases or contracts with members relating to payments to the Corporation for the operation and business of the Corporation.

Section 3 - Disposition of Savings. If during any fiscal year the income from operations of the Corporation shall exceed its expenses, the net income (frequently called savings or net savings) shall be used first to remedy any deficit from previous operations, and second to create such reserves as the Board of Directors may deem necessary to protect the Corporation. Insofar as is practicable, all such reserves (appropriations of surplus) shall be funded reserves. Any excess then shall be used in such manner as the membership may determine provided that these provisions are subject to the obligation of the Corporation to fulfill its contractual obligations, including compliance with the terms of any financing or conditions of purchase of property of the Corporation.

Section 4 - Bonding. The treasurer shall be covered by an adequate bond as shall all persons authorized to sign checks or handle Corporation funds and securities amounting to \$1,000 or more in any one year, and the cost of such bonds shall be borne by the Corporation.

Section 5 - Auditing. The books of the Corporation shall be audited by a certified public accountant at least once each fiscal year. One full and complete audit shall be performed at the end of the Corporation's fiscal year and a second audit of special or limited scope may be performed at some other time during the year. The scope of the special audit shall be determined by the Board after consultation with the Audit Committee. A copy of all audit reports shall be available to all members of the

Corporation at all reasonable times and under reasonable regulations established by the Board of Directors.

Section 6 - Open Books. The books of the Corporation and all matters relating to fees, contracts, costs, and other transactions involving the Corporation shall be open to inspection by any governmental body or any institution extending financial assistance to the Corporation, as well as by the Audit Committee elected by the membership and by all the members of the Corporation at all reasonable times and under reasonable regulations established by the Board of Directors.

Section 7 - Control Over Speculation. The Corporation shall include in its leases or contracts such provisions as are necessary to control and protect against speculation by the members on the housing and other properties involved.

Section 8 - Purposes for Which Funds of the Corporation May Be Used. No funds of the Corporation shall be used for any purpose other than expenses incident to taxes, insurance, financing charges, operations, management, maintenance and repairs, necessary additions to and replacements of property, and the repurchase of the equity of withdrawing members; nor shall any obligation or contract be entered into for any other purpose without the prior affirmative approval of the membership given (a) at a meeting of the membership at which a quorum is present at the time the item or items are voted upon, and (b) after full details of the proposed expenditure(s), including the initial and estimated subsequent annual costs to the Corporation and increased monthly charges to each member, shall have been given to each member in writing at least thirty (30) days prior to such membership meeting. Notwithstanding the foregoing, the Board of Directors may use funds up to \$2,500 for planning each new transaction, not-to-exceed a total of \$15,000 per year and not-to-exceed \$2,000 a year for civic and community purposes without prior membership approval.

Section 9 - Loans and Investments. The Board of Directors shall have the authority to invest the funds of the Corporation, exercising sound judgment and consulting with independent professionals as appropriate. An investment policy and guidelines shall be established and reviewed periodically by the Board. A two thirds vote of the entire Board shall be necessary to change the investment policy. The Board shall ensure that the funds of the Corporation are invested in keeping with the requirements of the investment policy and that the performance of these investments is carefully monitored. The Board shall report to the members annually on the status and performance of all investments. As part of the annual financial audit, the auditor will review investments for compliance with the current investment policy.

Section 10 - Repurchase of Rights of Perpetual Use. The Board of Directors may authorize disbursements for the repurchase of Rights of Perpetual Use.

Section 11 - Expenditure of Funds and Contracts.

a. No expenditure in excess of \$7,500 shall be made, nor shall any obligation for the expenditure of more than said amount be incurred, except in pursuance of a motion adopted by the Board of Directors. All motions authorizing said expenditures of money or the incurring of an obligation for said expenditures of money shall state specifically the amounts of expenditures authorized and the specific purpose for which authorized. Sums thus authorized shall be applied solely to the specific objects for which they are made and for no others, except pursuant to a motion subsequently adopted by the Board of Directors. No motion authorizing the expenditure of money or the incurring of any obligation for the expenditure of money shall be adopted until the same shall have been approved by the Board of Directors at two separate Board meetings on two different days except in emergencies, in which event the approval of two-thirds of the entire Board shall be necessary for adoption.

b. Prior to the beginning of each fiscal year, the Board of Directors shall, after having considered the budget proposed by the manager, adopt a budget and authorize expenditures to be made in the following fiscal year in accordance with the foregoing paragraph, except that the Board may authorize a contingent fund in such amount as it may deem necessary, without designation as to object, to be used only in extreme emergencies (a) when funds otherwise authorized are not available or sufficient to cover the necessary expenditures, and (b) when the obligation for expenditures must be incurred prior to the time in which a meeting of the Board could be held as provided for in these Bylaws. If at any time a decrease in the Corporation's income or an increase in expenditure would involve an increase of ten percent or more of the members' "monthly "Operating Payments" as defined in the members' Mutual Ownership Contracts, no final action shall be taken thereon by the Board until after the members of the Corporation at a membership meeting shall have authorized such increase for a specified amount in the members' monthly "Operating Payments". The Board, on its own motion, may not approve an amount or percentage in excess of that voted by the membership.

c. All expenditures for supplies, materials, equipment, or contractual services (other than as employees of the Corporation) involving more than \$5,000 shall be pursuant to written contract. It shall be the policy of the Corporation, insofar as is practicable, to award contracts on the basis of sealed competitive bids on approved standards and specifications, and to the bidder who offers the lowest or best bid, the quality of goods, materials, workmanship, time of delivery or performance, and responsibility of the bidder being considered, provided that all bids may be rejected if rejection thereof would be in the best interest of the Corporation and its members. Awarded contracts may be inspected by members and unsuccessful bidders during the regular office hours of the Corporation.

d. The total aggregate costs of the following multiyear contracts shall not exceed \$400,000 at any one time: (i) every outstanding multiyear contract costing more than \$40,000 per year, without regard to the total

duration of the contract, and (ii) every outstanding multiyear contract costing \$40,000 or less per year, if such contract runs for a period of more than five years.

The \$400,000 aggregate limit shall not apply to the following contracts:

- (1) Contracts for which the purpose and amount shall be approved at a membership meeting by a two-thirds vote;
- (2) Contracts with respect to borrowing money, mortgages, and mortgage notes;
- (3) Contract for insurance with a one-year cancellation clause;
- (4) Contracts relating to assignments now or hereafter made by members of their Mutual Ownership Contracts; or
- (5) Contracts relating to matters connected with loans to members.

e. The Board of Directors shall establish the compensation of the general manager and the compensation scale for all employees of the Corporation. Subject to such scale, the general manager shall fix the compensation of each employee on the basis of job proficiency and performance measurements.

f. The Board of Directors shall adopt from time to time such regulations, not inconsistent with these Bylaws, as in its judgment may be needful or useful in the conduct of the business and financial affairs of the Corporation. No check or other instrument authorizing the payment of the funds of the Corporation shall be signed by any person on behalf of the Corporation until after the date, payee, amount thereof, and object for which drawn shall have been entered thereon.

Section 12 - Accounting System, Financial Records, and Internal Controls. The Board of Directors shall direct the general manager to submit to the Board for approval or it may prescribe the principles, standards, and related requirements and procedures, not inconsistent with the members' Mutual Ownership Contracts and these Bylaws (a) for effective internal and external controls over income, expenditures, funds, property, and other assets of the Corporation, (b) for accounting and the keeping of financial and related records to provide full disclosure of the financial transaction, the results of financial transactions, and other financial information necessary in the management and operation of the affairs of the Corporation and necessary or helpful to enable the general manager, the treasurer, the Audit Committee, independent auditors, and the Board of Directors to discharge their respective duties and responsibilities, and to enable the Corporation and its officers and employees to comply with all requirements of law and of contractual or other obligations to financial institutions, creditors, and to the members of the Corporation, with respect to accounts, records, financial statements, reports, taxes, and related matters, and (c) for the budget and statement of estimated income and expenditures for

current and future periods of operation.

Section 13 - Financing Sales and Improvements of Homes.

Notwithstanding any other provisions of these Bylaws, the Board of Directors may lend such funds as are available for the purpose of financing improvements or additions to homes covered by, and the sale and resale of, Rights of Perpetual Use either directly or through a subsidiary corporation.

ARTICLE IX
Seal

Section 1 - Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization, and the words "Corporate Seal, Maryland".

ARTICLE X
Amendments

Section 1 - Amendments. These Bylaws may be amended by a two-thirds vote at any membership meeting provided that the text of the proposed amendment shall have been included in the notice of the membership meeting. On action by the Board of Directors, or on the written request of any ten members, the secretary shall include the proposed amendment in the notice of the next membership meeting. Nothing herein shall be construed to prevent the membership from amending a proposed amendment at the membership meeting.

ARTICLE XI
Indemnification

Section 1 - Indemnification. To the maximum extent permitted by Maryland law and as provided in Maryland law in effect from time to time, the Corporation shall indemnify, and shall pay or reimburse reasonable expenses in advance of final disposition of a proceeding to, (i) any individual who is a present or former director or officer of the Corporation or (ii) any individual who serves or has served on the Audit Committee, the Nominations and Elections Committee, or the investment Committee, or (iii) any individual who serves or has served another corporation, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director or officer of such corporation or as a partner or trustee of such partnership, joint venture, trust or employee benefit plan at the request of the Corporation, by reason of service in that capacity; provided that no indemnification shall be permitted if it is proved that such person's actions or omissions were in bad faith or with deliberate dishonesty or that the person actually received an improper benefit in money, property, or services. The Corporation may, with the approval of the Board of Directors, provide such indemnification and advancement of expenses to any employee or agent of the Corporation.

Neither the amendment nor repeal of this Section, nor the adoption

or amendment of any other provision of the Bylaws or Certificate of Incorporation of the Corporation inconsistent with this Section, shall apply to or affect in any respect the applicability of the preceding paragraph with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.