

Disclaimers: The Middle Class United Cooperative Inc. (“MCU Cooperative”) was formed as a Not-For-Profit Cooperative in the state of Maryland. As of May 2024 the MCU Cooperative does not possess an exception from Maryland income tax. In addition, the MCU is not exempt from Federal income tax, nor is it a tax-exempted non-profit organization registered with the US Internal Revenue Service. The MCU is considering applying for tax exemption and non-profit status with the IRS at the later half of 2024.

The MCU Cooperative’s Bylaws have been written based on the IRS 501(c)(12) guidelines and principles.

The MCU Amended its Bylaws on May 7 2024.

Article 1: Introduction

1.01. The Middle Class United Cooperative Inc. (“MCU” “MCU Cooperative”) is a Not-For-Profit Cooperative Corporation established in the state of Maryland. The MCU Cooperative Bylaws IS a legally binding document. The MCU Cooperative is a democratic organization and these Bylaws are written to be easily understood by anyone who is interested in becoming a MCU Member.

1.02. Our Mission

The MCU Cooperative’s primary mission is to facilitate the ability of the middle class via a not-for-profit Cooperative to cooperatively organize, finance, purchase, occupy, and steward real estate properties and/or assets by taking them permanently off the speculative market to create cooperative member controlled assets. The mission of the MCU Cooperative is to empower the middle class and empowering them to cooperatively lead a transition from an extractive profit and rent seeking process into one where a member of the American middle class can afford a home for.

In pursuing our mission, we seek to create a positive impact for the middle class.

1.03. Our Core Values

All MCU Members are owners that support Our Mission and agree to the following Core Values. The decisions made by the MCU’s management or any ambiguity in these Bylaws should be considered with reference to these points:

- We are a not-for-profit.
- We are a democratic member controlled Cooperative
- We prioritize the American middle class, devoid of race, gender, sex, ethnicity to ensure that future generations can afford a home to live in.

The MCU Core Values are guided by the IRC 501(c)12 foundational description of a Cooperative as, “...comprised of members who sought ‘(1) [f]or themselves to own and manage the [organization], as distinguished from having it owned and managed by outside equity investors; and then (2) to have their [organization] turn back to the members the excess of the receipts from the ... sales over the cost of the goods sold and the expenses of operation.’¹

¹ The Tax Court, in Puget Sound Plywood v. Commissioner, 44 T.C. 305, 307-308 (1965), acq.1966-1 C.B. 3 | General Survey of I.R.C. 501(c)(12) Cooperatives and Examination of Current Issues

Article 2: MCU Cooperative's Members: Direct Democratic Control

2.01. We want to give power to our Members through a direct democratic cooperative structure. The MCU's Members are collectively owners and stakeholders of the Cooperative's activities. Direct democratic governance creates resiliency and empowers members with ownership to create affordable housing for the middle class.

2.02. Governance Overview

1. **Member Owners:** The MCU exists to serve its Member Owners, therefore Members have core control over the MCU Cooperative through the election of the majority of the Board and voting on major investment decisions presented to them by the Management team. Apart from those core powers, Members express their power through direct democratic participation to vote on real estate investments, potential partnership projects, and other ventures outside of real estate.
2. **Directors:** The MCU's directors are the executive management body for the association, as well as the protectors of members' investment. Directors are required to act in good faith and for the interests of the cooperative. Director duties follow:
 - A. Establish Credit / Financing Policy
 - B. Determine Director Compensation
 - C. Establish Investment Policy
 - D. Plan annual meeting
 - E. Set Cooperative employment and compensation policy
 - F. Form the MCU Board

The MCU consists of five (5) Directors who founded the MCU Cooperative, they follow: *Joseph Redden, Jeremy Powell, Jarod Wetzel, Spencer Lutgring, and Joseph Madden.*

3. **Management Owners:** The Management team exists to serve and be responsive to the MCU's Members, facilitating participation by voting directly on real estate investments that the Management team has sourced. The Management team will make the majority of decisions regarding the day-to-day operations and overall administration of the MCU Cooperative. The Management team will work diligently to forge, source, and develop investment ecosystems to benefit the Members. As of May 2024 the MCU's five (5) Directors will operate as the MCU Management team until the Cooperative will be able to fiscally sustain hiring employees.
4. **MCU Cooperative Board:** The Board will primarily oversees the work of the Management team to ensure that employees are fulfilling their purpose and are accountable to the MCU Members.

2.03. The MCU Cooperative has two (2) different forms of Membership:

1. Member Owners
2. Management Owners

Member Owners:

- A “Member Owner” is legally a member of the Middle Class United Cooperative.
- A Member Owner will have only **one vote** on any decision put to Members or on the election of any Board of Director seat(s). No individual will be permitted to purchase more than one Membership.
- A Member Owner cannot transfer their ownership interest, or any portion of their ownership interest, to another person and/or legal entity.

2.04. Becoming a Member Owner to any person 18 years or older and resides in the United States. Aligning and agreeing:

1. Committing to the Mission and Core Values in these Bylaws and completing a Member Owner Agreement.
2. Purchasing a one-time Member Owner due and share for \$500.00 USD. Dues are not refundable. Below are key points about buying a Membership:
 - The minimum investment period is 5 years. Member Owners agree to hold their share(s) and not redeem them for at least five (5) years. The Board may, at their discretion, redeem shares sooner for Member Owner(s) who request early redemption on the basis of personal financial hardship.
 - Member Owners may select a preference for savings dividends know as a “patronage dividend”. When a Member Owner purchases a share, the Member will be given the option to choose (A.) whether or not to receive dividends. A Member Owner has the right to waive dividends, but the option is provided because waiver of dividends reduces the cost of capital, thereby supporting affordability.

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2.05. Management Owner: Any employee of MCU Cooperative will be deemed a Management Owner by fulfilling the following requirements:

1. Conducting paid work for the MCU Cooperative on an annual basis.
2. Aligning and agreeing: Committing to the Mission Points of Unity in these Bylaws and completing an Owner Agreement.

² The MCU Board at a later time may amend the current 2024 MCU Bylaws to create a third MCU Membership: “Resident Owner”. This third Membership within the MCU will provide future occupants of the MCU’s real estate the opportunity to become a Resident Owners through tenants orientations and making an offer to enter into a Resident Owner Agreement. A tenant will be afforded the right to decline becoming a Resident Owner and will not be required to join the MCU Cooperative as a Member Owner and/or a Resident Owner.

2.06. Non-employee exception: The Board and MCU, together and at their discretion, may approve as a Management Owner someone who works the threshold number of hours for the MCU in close collaboration with the Directors in a non-employee capacity. Maryland state employment law will apply to Management Owners.

2.07. Terminating Membership will terminate by any of the following:

- An Owner sends the MCU Cooperative a written notice that they are terminating their ownership.
- An Owner dies.

The Board may, at its discretion and for good cause, can waive termination and/or reinstate a terminated ownership (such as if the Owner Member requests a waiver based on personal hardship).

Article 3: The Board of the MCU Cooperative

3.01. Except as otherwise provided, the Cooperative will have five (5) Directors ("Board members") and they will serve 2 year terms. Board members may serve unlimited terms, so long as no more than five (5) terms are consecutive. No more than two MCU Management members may serve on the Board at once.

3.02 Board Size & Structure: MCU's affairs will be managed by no less than five (5) and no more than eleven (11) directors (the "Directors"), as determined by the MCU Board from time to time, all but one of whom will be elected by the members (the "elected Directors"), and one will be the President of MCU. All elected Directors will serve two year terms. All directors will be divided into groups of three depending on skill set. A director can serve in multiple groups or none at all; it will be considered on an individual basis and approved by the chairman at the time.

All groups terms are limited to one year and all groups will expire simultaneously, a reappointment of group members will happen at the next board of directors meeting. A directors term will end on the second anniversary of his or her elected date unless an election for his or her successor has taken place; in this instance an elected director will continue to serve in their current capacity until an election has taken place. The board has authority to adjust terms if this decision is reached by a two thirds majority vote.

3.03. Board Composition

MCU's board of directors must meet certain requirements followed below:

- They must be 21 years of age before the start of the beginning of the term they wish to serve in.
- In addition they will need to be nominated by the nominating committee.
- Must display good character by not currently being in bankruptcy and not be convicted of certain crimes such as money laundering, securities fraud, wire fraud and embezzlement.
- The Nominating group will have a standard good character document expanding on the requirements an individual must meet in order to serve on the board.

3.04. Nominations and Elections: MCU will have a standard for an election process. This process starts on the second Friday of September. On the second Friday of September the Nominating Group will release the names of potential candidates. There is no minimum or maximum to the number of candidates they can release but there must be at a minimum of two (2) extra candidates for all seats available. After this information on candidates will be sent out to all members of MCU for the members review and consideration. Voting for the potential new Board Members will begin on the first Monday of December and will continue for fourteen calendar days. All members will be eligible to cast one vote for every seat that is available.

The election will be decided on a majority vote. Once the votes have been counted the members will receive notification of their newly elected board members. Finally, the newly elected or reelected Directors will begin their term on the first Monday of February and will serve as acting board members until the next election has taken place and their successors have been elected and begin their term. If a board member were to pass away during his/her term the nominating committee will appoint a replacement until the upcoming election cycle takes place. Upon the results of the election cycle the replacement will be relieved of his/her duties.

3.05. Board Meetings: All board meetings will have an agenda that is decided upon by the chairman or the vice chairman in the absence or leave of the chairman. This agenda is to be decided upon a minimum of 24 hours before the meeting. Board members can include additional items to the agenda a minimum of 24 hours before the meeting with the support of the chairman or vice chairman. Also they may add items to the agenda with the support of three or more board members. a member of MCU may also add items to the agenda with the support of 100 additional members. This special occurrence has to be submitted a minimum of seven calendar days before the board meeting.

MCU's board will be required to have at minimum four (4) meetings per calendar year. All Board meetings may be conducted either in person, via video conference, and/or via telephone communications. These meetings will be carried out by the chairman of the board in his or her absence the vice chairman will then carry out the meeting.

The MCU's chairman and/or vice chairman when presenting the meeting agenda to the Board will state what agenda items will be public to the MCU's membership or remain confidential under Executive sessions. A director may request for a discussion to move into an executive session. For the discussion to move into an executive session a vote will be called immediately and upon a majority vote (51% or more) the discussion will move into an executive session. If there is no majority vote, discussions will continue from the last item of discussion on the presented agenda.

All public meeting sessions of the Board will be available for members to review. Executive sessions of the Board will be available only to the board and executive team upon written request. In the event that an emergency meeting of the MCU Board is needed, it may be called by the chairman, vice chairman, or three or more board members with a minimum of two (2) hours notice.

3.06. Quorum and Majority Voting: MCU's board voting system will now and forever be a majority voting system where every board member is guaranteed one vote. All matters of voting must be called for by only the chairman or vice chairman of the board. Also, the voting must take place in a quorum which is defined as a majority (51% or more) of members present. In this quorum if one or more directors is missing the voting must go off of the majority that is present at this meeting. Directors may also give other board members and only other board members including the chairman and vice chairman their vote by proxy if they are aware they will not present. In this case the member that has the vote by proxy will be counted as two votes.

3.07. Directors Compensation: All directors will be compensated, with additional compensation for the Chair and group chairs. This compensation for the board will be determined by the Compensation Group and approved by the board. This compensation will go into effect for all board members upon the following term cycle. The compensation for all executive managers will go into effect upon the next quarter. All directors will be compensated by MCU for travel and accommodations.

3.08. Board Groups: MCU will have three core groups for their board. All groups will have a chairman that is appointed by the chairman of the board. If a special group is needed this number can be expanded if initiated by the chairman or vice chairman and decided upon by the majority of board members. The core groups and their authorities are as follows:

Investment Strategy- These individuals will be able to introduce the updated investment strategy for MCU. Discussions do not need to be limited to real estate and can include subsidiaries and services provided and/or owned by MCU. Once this group has agreed upon an investment strategy they will then introduce and explain why they decided on this strategy to the remaining board members at the next board meeting where it can be enacted or rejected by the remaining board members.

Compensation- These individuals will be able to introduce what they believe is fair compensation for the board and for the executive team of MCU. Once they have decided upon compensation they can then introduce this to the board at the next board meeting where it can be enacted or rejected by the remaining board members.

Nominating- This group will have complete autonomy to name nominees for the upcoming election. These individuals have a duty to serve the interest of the MCU membership directly and offer what they believe are the best individuals for board members. They also have the ability to enact requirements for individuals to serve on the board.

3.09. Roles and Responsibilities of the Board: The primary role of the Board is to oversee a system of direct democratic control s on behalf of the MCU Members. The MCU Board, in conjunction with the Management team, will oversee and steward the MCU investment strategy. The Board will not direct the day-to-day operations of the MCU Cooperative. The Board will provide ongoing oversight of the activities and internal functioning of the Cooperative.

This will include:

- Regularly reviewing financials and financial decisions, including contracts for expenditures exceeding \$100,000, changes to staff compensation, and periodic budget review.
- Monitoring compliance with local, state, and federal law.
- Reviewing internal policies adopted by the Management Members.
- Making reasonable inquiries into any concerning activities and/or decisions by the Management team.
- Intervening when the Cooperative’s Management or Member Owners engage in activities that could jeopardize the MCU’s mission and legal status.
- Intervening under other circumstances described in the Management Oversight section
- Equally and objectively considering the interests of all MCU Members, as well as non-members, workers, suppliers, tenants, and community members where the MCU is operating in.
- Reviewing the above activities for alignment with Our Mission and consistency with Our Core Values.

The MCU Board will consist of: A Chairman / President, Vice Chairman / Vice-President, a Secretary, Assistant Secretary and Treasurer.

3.10. Removing Board Directors: Every MCU Board Director subject to removal must be given a reasonable opportunity to provide a written statement to the Board prior to the vote or decision of removal.

3.11. Removal by vote of the Board: A majority vote to remove a Board Director may be initiated by a proposal of the Directors or by whomever elected that Director following the procedures described under “Owner Proposals and Decisions.” Additional voting requirements follow below:

3.12. Removal by appointing organization: An organization that appoints a Director may remove that Director by providing written notice of removal to the Secretary or to the whole Board, so long as, before or after the removal, the organization, if requested by the Board, meets with the Board to answer any questions about the removal.

3.13. Removal or suspension by the Board: The Board may remove any Director who has not attended three or more consecutive regular or special Board meetings. Without prior notice, the Board may also suspend for cause any Director, so long as 2/3 of Directors, not including the Director subject to suspension, vote to approve suspension. The Board will promptly notify the affected Director of such suspension and will provide an opportunity for the suspended Director to be heard at a meeting of the Board of Directors within 30 days.

3.14. Replacing Directors: In the event that an elected Director is removed, the removal vote shall also indicate whether (i) a replacement Director shall be elected within four months of removal, (ii) the Board shall appoint a replacement until the next regularly scheduled election, or (iii) the seat shall remain vacant until the next regularly scheduled election. If an appointed director is removed, a new Director shall be appointed following the process detailed by “3 Appointed Directors” slide. If the President is removed, the Treasurer shall act as President until a new President is either elected or appointed. If the Treasurer or Secretary is removed, the Board will appoint any other sitting Board member to fill those roles until the replacement is elected or appointed.

3.15. Member Owner Proposals and Investment Decision Votes: If requested by 51% of Owners or if requested by three (3) Board members, the Board will put a proposed decision or discussion topic on a Member Owner meeting agenda or submit a proposal (virtually or by email) to the Ownership for a vote outside of a meeting.

Votes may be taken via a digital voting system. A quorum for meetings and votes is 5% of Owners or 5 Owners, whichever is larger. Owner decisions may be made by majority vote, except where a higher voting threshold is required by these Bylaws or another policy.

3.16. Each Member Owner shall have one (and only one) vote on any decision put to Member Owners, or on the election of any Director seat. Management Owners will not be permitted to vote on any decision and/or election of any Board seat.

Article 4: Member Owner Groups

4.01. To ensure that the work of MCU Cooperative is shaped by and responsive to the MCU’s Members, Management shall create and disseminate a process whereby Member Owners, and/or Management Owners may form groups to propose and initiate on projects with the support of the MCU Cooperative.

This is a critical component of MCU Cooperative: to build power and leadership for the American middle class. To achieve this the MCU Cooperative will foster the formation of “Member Owner Groups” to encourage direct participation in the Cooperative. Members who are seeking to buy property, groups of organizations seeking to buy a shared building, neighbors organizing to protect a building.

4.02. Member Owner Groups must be rooted in MCU Cooperative’s Core Values, and will be required to implement democratic and participatory governance and to adhere to any other reasonable requirements described in the process to be created by Management.

4.03. Keeping Members Informed: The Board Secretary will make the following information available online or via email for MCU Members:

- Director and Owner meeting agendas and minutes,
- Financial statements and an annual financial report, prepared no later than 120 days from the close of the fiscal year, and
- Policies applicable to Owners, Board, and Staff. In all realms of governance, including the Board, Committees, Staff, and Owner Groups, detailed records of activities and decisions should be kept and made easily accessible to people involved in or affected by those activities and decisions.

Article 5: The Management Owners of the MCU Cooperative

5.01. All Management Owners shall also be deemed “Trustees”, as described here. While Members, collectively, have power to elect the majority of the Board and make major decisions, a significant portion of the Cooperative’s power will be exercised in collaboration with or with the support of the Cooperative’s Management. The MCU’s Management will be doing a substantial portion of the work to advance the Cooperative’s mission, each Management Owner is holding the Cooperative’s work “in trust” for the benefit of Member Owners.

5.02. Therefore, Management Owners of the MCU Cooperative will take on a fiduciary level of responsibility and accountability akin to a “trustee.” This level of responsibility mandates that Management will be directly responsive to needs of the MCU’s members.

5.03 Responsibilities of the MCU Cooperative’s Management: Except as otherwise provided, the Board delegates management of the Cooperative to Management. Management shall have the responsibility to:

- Adhere to and advance the Mission and Core Values expressed in these Bylaws.
 - Maintain a clear structure for self-management that ensures that all Staff Trustees have relatively equal powers and opportunities to shape the Cooperative.
 - Make decisions using a clear, participatory, and well-documented process.
 - Take action to resolve problems and tensions perceived by the Management.
 - Engage with Members and facilitate their involvement with the Cooperative.
- Respond to important opportunities, grievances, and inquiries.
Maintain clear internal communication processes, including conflict of interest policies, and human resources practices.
- Maintain a transparent and effective sharing of information throughout the MCU organization.
 - Provide meaningful leadership development opportunities for each other and effectively onboard new Management and employees over time.

5.04. Rights and Powers of Management: To fulfill their duties and responsibilities to the MCU Cooperative, Management shall have the power to:

- Propose new or change existing initiatives, activities, and policies, and to carry out such proposals after having integrated feedback from the MCU Board.
- Recruit, hire, and terminate MCU employees and/or Owner Managers
- Collectively manage work and schedules.
- Take part in Board Groups in order to carry out specific projects or functions of the Cooperative.
- Receive pay that is relatively “on par” with current employment market compensation, so long as all compensation arrangements are approved by the Board.
- Maintain a safe and effective workplace by engaging in restorative practices and conflict mediation when needed.

5.05. Oversight of Management: The MCU’s Board shall develop an annual system to regularly assess the efficacy of the Management team in fulfilling their responsibilities, as described in the Bylaws (see “Responsibilities of Management”) and other policies. The President shall provide Owners with an annual written assessment of the Management team. This assessment shall be brief and provide a high level overview, omitting potentially sensitive details about individuals.

The Owners may, by petition signed by 75% of Member Owners to require the Board to conduct a more thorough Performance Review of the Management to determine whether they are fulfilling their responsibilities, looking at the performance of each manager, reviewing practices, assessing values-alignment, and reviewing compliance with policies. Such a Performance Review must be completed within 2 months of the request by Member Owners.

The Board shall temporarily – fully or partially – suspend delegation of management and assume full or partial management of the Cooperative if:

- 2/3 of all non-staff Board Members agree by vote that the Management Owners, as a whole, are failing in one or more of their responsibilities; or
- After a Performance Review (see above), Member Owners vote and agree that Management , as a whole, are failing in one or more of their responsibilities.

In the event of suspended delegation, the Board shall work in earnest with the Management Owners to resolve problems and improve fulfillment of responsibilities, which may include managing a hiring or firing process. The Board shall make a good faith effort to restore delegated management to Management Owners as soon as feasible.

5.06. Notice and opportunity to be heard: All Management Owners and Board members must be given at least 15 days’ prior written notice of the intent to vote for removal of a Director or Management Owner at a meeting, along with the reasons for the proposed termination. The Management Owner subject to removal must be given the opportunity to be heard by the voting body prior to the removal vote.

5.07. Discretion to deviate from process: The MCU Board and Management reserve the right to modify or break from the notice and hearing procedures described above if it is determined that doing so is required to protect against immediate and significant harm to the Cooperative’s operations, integrity, or existence.

5.08. Conflict of Interest Policy: When the Board or Staff are thinking about entering into a transaction that might benefit the financial interest of someone who is part of that deciding body, the applicable deciding body shall use the following process to vet the transaction.

The general standard of review is whether or not a transaction would benefit the person's financial interest to the detriment of the Member Owners and therefore the Cooperative itself. This process does not apply to transactions valued at under \$1,000.

5.09. Key Conflict of Interest definitions:

Interested Person: A person who – personally or through a member of their household – has a direct or indirect financial interest, defined as:

- *Financial Interest:* Direct financial benefit from the transaction or an actual or potential ownership interest, investment, compensation interest, or governance role in an entity that MCU Cooperative is transacting with.

Does someone deciding on the proposed transaction have an actual or potential financial interest?

5.10. Duty to Disclose: The interested person should let the appropriate deciding body (Management or Board) know. This could be through a presentation of facts given in writing or at a meeting.

5.11. Investigating alternatives: The deciding body of the Board may appoint a committee or another disinterested person to investigate alternatives to the proposed transaction.

5.12. Does a conflict of interest exist?

After a presentation and conversation with the interested person, the deciding body (not including the interested person) may discuss and vote on whether a conflict of interest exists.

If No conflict of interest exists then the matter is resolved.

5.13. Better Option is Available: Using due diligence, the deciding body determines a more advantageous arrangement is possible without a conflict of interest.

5.14. No Better Option Exists: The deciding body (not including the interested person) determines it's not reasonably possible under the circumstances to find a more advantageous arrangement without creating a conflict of interest. Board Vote not to approve proposed transaction.

Article 6: Communications from the MCU Cooperative to Member Owners

6.01. The Cooperative may provide notice, ballots, and any other communications to Owners, Staff Trustees, and Directors by mail, text message, email, or another electronic platform accessible to Owners and Directors. By joining the Cooperative, an Owner consents to receiving notice and other communications via email, and to using an electronic voting platform. An Owner or Director may withdraw this consent by requesting – in writing sent to the MCU Cooperative Secretary – that communications be made available to the Owner or Director in non-electronic form.

6.02. Binding the Cooperative: The Secretary, President, and Treasurer are required to sign a legally binding document or make a binding commitment on behalf of the Cooperative and disclosed to the Board. The Board may designate other people, such as certain Directors or Management Owners, to possess such authority.

6.03. Changing the Bylaws: With exceptions listed below or on a specific Bylaws page, these Bylaws may be changed by approval of 2/3 of the Board at a duly called MCU Board meeting, or if by ballot by 2/3 of those voting by electronic ballot duly submitted to Member Owners, so long as a quorum is reached.

Exceptions include:

1. Changes to the Bylaws (including formatting changes) not affecting the decision-making power or financial rights of Owners may be made by approval of 2/3 of the Board.
2. Resources linked to in the footer of each Bylaws page may be changed by approval of 2/3 of the Management, because they are there for informational purposes and do not affect the binding provisions of the Bylaws.
3. Situations where a different process or voting threshold is required for a Bylaws page that so indicates in a footnote or elsewhere on the page.

Each time a page in the Bylaws is amended, the Board Secretary will email a copy of the new Bylaws to all Member Owners, and will put the Bylaws on the MCU Cooperative website. The website will include an archive of all old Bylaws. Each page of the Bylaws will include a date showing when it was most recently amended, so that Owners can easily see where changes have been made.

Article 7: Protection of the MCU Cooperative Mission & Core Values

7.01. Sections of the Bylaws have been intentionally written to make it difficult to change in order to prevent any internal and external stakeholders from steering the MCU Cooperative away from its Mission & Core Values or pressuring the Cooperative to sell off assets intended for permanent Member benefit.

7.02. Stewarding Finances: Capital raised from MCU Members will be utilized in a very deliberate, transparent, and stewarded process by the Management team to ensure that the MCU Cooperative adheres to its Mission and Core Values

The MCU Cooperative will utilize the capital raised from Member share purchases as a resource and a means to building true wealth for the American middle class: permanent control of real estate properties to enable affordably housing.

To this end, the following sections describe the standards for financial decision-making and accounting for the MCU Cooperative.

1. Decentralized Finances

MCU Cooperative will create many centers of financial decision-making and accounting. The MCU Cooperative will do accounting for the Cooperative as a whole, and the Management and Board, primarily, will make financial decisions that impact and steward the Cooperative as a whole.

7.03. Financial Governance: The MCU will separately account for the income, expenses, and assets specific to properties and projects. This facilitates the return of surplus income to the Member Owners. The MCU will further maintain accounting records specific to each Member Owner, accumulation of dividends and patronage refunds allocated to each Member Owner. For each Owner who has dividend allocations, and/or patronage refunds, MCU Cooperative will maintain an individual Owner Account to track amounts due to the Owner.

Article 8: MCU Management & Employee Compensation

8.01. MCU Management and Employees shall be fairly compensated. Either of the following two methods of determining compensation shall be presumed to be fair, though other methods of determining fairness may be applied:

1. The employees collectively choose and all voluntarily agree to their rates of compensation, and the Board approves it, or
2. Employees receive, at minimum, the amount considered on par with a fair market wage.

8.02. Employees shall be equitably compensated. Either of the following methods of pay calculation shall be presumed to be equitable, though other methods of determining equitability may be applied:

1. All employees are paid at the same rate, or
2. The ratio of highest to lowest paid employee shall not exceed six times that of the lowest paid employee.

8.03. Capped Owner Management compensation: No Owner Manager's compensation can exceed six times the salary of its lowest-paid employee. This policy is based on the Mondragon Corporation / Cooperative model.

8.04 Owner Management Bonuses: The Owner Management team may propose to the Board that

Article 9: Member Returns

9.01. Intention to pay dividends of approximately 1.5% on Member Owner shares: As fair compensation for Investor Owners who provide capital to the MCU Cooperative, the Board shall strive to declare dividends of approximately 1.5% per year on Member Owner shares, which the exception of shares of Member Owners who voluntarily elected to have no dividends. The goal with 1.5% is to simulate or slightly exceed the return Member Owners could earn if they had put their money in a savings account. The Board also has the authority

to not declare dividends in a given year if doing so would put undue financial strain on the Cooperative. Dividends will either be disbursed to Member Owners or accrued for later payment, and the Board has the authority to decide the timing of payment.

9.02. Capped return of 5%: The return paid to Member Owners shall not exceed 5% per year on the amounts paid by Member Owners to purchase shares.

9.03. Giving Surpluses Back to Owners: After the end of every fiscal year, the MCU shall do the following:

1. Determine available surpluses generated by Member Owners: For any properties owned the MCU shall determine the amount of net income generated by the property or project, then determine what proportion is "Owner surplus," meaning what it is attributable to Member Owner "patronage," meaning payments – such as monthly Resident Owner payments or other fees – made by tenants to the Cooperative. (
2. Allocate fifty percent (50%) of Member Owner savings to a charity or non-profit. The MCU Management team will present the non profits to the Member Owners to vote on.

The MCU may disburse the patronage refunds, allocate them to individual Member Owners' Accounts, or both. When patronage refunds are allocated to Member Owners' Accounts, the MCU shall generally aim to disburse them within 5 years of making the allocation, though may also choose to retain them longer for the purpose of building a larger reserve for maintenance and operations of MCU held real estate properties or for the Cooperative as a whole.

If, instead of surpluses, there are losses on a particular property or project, the losses will be allocated in any manner that the Board determines to be fair and equitable, in consideration of the circumstances leading to the loss.

9.04. Paying Member Owners When They Leave: Many Member Owners will have amounts due to them from the Cooperative when they leave the Cooperative or when one of their categories of Ownership is terminated voluntarily or involuntarily.

MCU Cooperative may choose to pay amounts due over a period of years with interest: MCU Cooperative may pay the full amount due immediately, or pay only part of it, converting any unpaid amount to a promissory note payable to the former Member Owner in installments. After one year, any unpaid amounts shall begin to accrue and annually compound interest at a rate of 1.5% per year. MCU Cooperative will make reasonable efforts to pay all notes within 1 year, but may extend it up to 5 years in the event that payment of the note would leave the Cooperative unable to meet its other financial obligations. The term may not exceed 5 years without consent from the Member Owner. A promissory note to a Member Owner shall also provide that if all current Member Owners receive a reduction in redemption value of their MCU share, the Board may choose to apply a proportionate reduction to all outstanding promissory notes of former Member Owners.

9.05. Redemption of Member Owner Share(s): When an Member Owner withdraws their one vote share, the MCU Cooperative will aim to return the full share of the MCU Membership purchase price (\$500.00), plus any dividends that have accrued but not yet been distributed to the Member Owner. MCU membership has a 5 year minimum term, meaning an Member Owner must hold them for 5 years before redeeming.

Important: While the intention is to pay all Member Owners back with dividends, the Board may decide that the redemption value to all Member Owners will be reduced, depending on the financial health of MCU Cooperative. Membership is a form of equity in the MCU Cooperative; therefore, this equity is at risk of being lost.

9.06. Closing or Selling the Cooperative: Any proposal to sell, dissolve, or liquidate the Cooperative must be approved by 2/3 of all Member Owners and 2/3 of all Board Members / Directors. In such an event, after paying or adequately providing for all debts and liabilities, the Cooperative shall make payments in the following order of priority:

1. Redeem all MCU Member Owner Account balances, and if funds are not available for full redemption, then payments shall be reduced proportionally for each member.

Article 10: Defending and Compensating Directors, Officers, Staff (Employees), and Member Owners

10.01. MCU Cooperative shall have the power to indemnify its Directors, Officers, Staff, Management Owners, and their agents to the fullest extent permitted by Maryland and federal law. MCU Cooperative shall compensate a Director, Officer, Staff or Management Owner for any expenses incurred from lawsuits, penalties, fines, and costs of defense if the person incurred these expenses in connection with fulfilling their duties as a Director, Officer, Staff or Management Owner. This is also called “indemnification.” However, MCU Cooperative is not obligated to “indemnify” a person if such expenses arose from a situation where the person stole funds, knowingly received funds they were not entitled to, intentionally committed a crime, or recklessly or intentionally harmed MCU Cooperative or its Directors, Officers, Staff, or Management Owners. The MCU Cooperative will be required to purchase a Director & Officer Liability policy to protect all MCU Directors, Officers, Staff, or Management Owners.

10.02. Asset Sale / Liquidation: The MCU Cooperative may sell its real estate upon receiving a Letter of Intent from an accredited third party. The Board must give majority approval to finalize the sale. The MCU Board must weigh the Member Owners interest in any potential sale of the Cooperative’s property or real estate holdings.

10.03. The MCU Cooperative shall aim to protect each property at time of acquisition. The Cooperative’s property and real estate may include property held through MCU controlled and owned subsidiaries.

Article 11: Survivability

11.01. The entirety of the Middle Class United Cooperative Inc. establishing from April of 2024 Bylaws shall survive and continue unless amended or removed as defined in Article 6.03 with the exception of Article 3 | 3.01. The MCU founding Cooperative Bylaws follow on Page 18.

BYLAWS of THE MIDDLE CLASS UNITED COOPERATIVE INC.

a Not-For-Profit Corporation

ARTICLE I Company Formation

- 1.01. **FORMATION.** This Corporation is formed pursuant to the laws of the state of incorporation, as stated in the Articles of Incorporation for the Corporation.
- 1.02. **CORPORATE CHARTER COMPLIANCE.** The Board of Directors (the “Board”) acknowledges and agrees that they caused the Articles of Incorporation to be filed with the respective state office and all filing fees have been paid and satisfied.
- 1.03. **REGISTERED OFFICE & REGISTERED AGENT.** The registered office of the corporation shall be located within the state of incorporation and may be, but need not be, identical with the principal office. The address of the registered office may be changed from time to time. The Board is obligated to maintain and update the corporate records on file with the Corporation’s registered agent.
- 1.04. **OTHER OFFICES.** The Corporation may have other offices, either within or outside of its state of incorporation, as selected by the Board.
- 1.05. **CORPORATE SEAL.** The Board may adopt a corporate seal with the form and inscription of their choosing, however, the adoption and use of a corporate seal is not required.
- 1.06. **PURPOSE.** Consistent with the Articles of Incorporation, and until such time that the Articles of Incorporation have been amended, this Corporation is formed to engage in any lawful public tax-exempt not-for-profit business purpose.
- 1.07. **ADOPTION OF BYLAWS.** These corporate Bylaws have been adopted by the Board on behalf of the Corporation.

ARTICLE 2 Board of Directors

- 2.01. **INITIAL MEETING OF THE BOARD.** The Board has conducted and completed the initial meeting necessary to begin the business operations of the Corporation, including the adoption of these Bylaws. At the initial meeting of the Board, the initial directors were appointed to their respective staggered terms, and at least one director was appointed to an abbreviated term set to expire upon occurrence of the first annual meeting of the Board whereby that director can either be re-elected or replaced by the Board pursuant to these Bylaws.

- **2.02. POWERS AND NUMBERS.** The management of all the Corporation's affairs, property, and interests shall be managed by or under the direction of the Board. Directors need not be members of the Corporation or residents of the state of incorporation to qualify and serve the Corporation as a director.

Until these Bylaws are amended, the Board consists of three (3) directors who are elected for the term of three (3) years, and will hold office until their successors are duly elected and qualified at the following annual meeting of the Board. One of the initial directors shall serve an initial term of one (1) year, the second initial director shall serve an initial term of two (2) years, and the third initial director shall serve an initial term of the full three (3) years. Successor directors will be elected each year to replace or re-elect the incumbent director.
- **2.03. DIRECTOR LIABILITY.** Each director is required, individually and collectively, to act in good faith, with reasonable and prudent care, and in the best interest of the Corporation. If a director acts in good faith and in a manner that is reasonably in line with the best interests of the Corporation as determined by a reasonably prudent person situated in similar circumstances, then they shall be immune from liability arising from official acts on behalf of the Corporation.

Directors who fail to comply with this section of these Bylaws shall be personally liable to the Corporation for any improper acts and as otherwise described in these Bylaws.
- **2.04. CLASSES OF DIRECTORS.** Until such time as these Bylaws are accordingly amended, the Corporation does not have classes of directors.
- **2.05. CHANGE OF NUMBER.** The Board may increase or decrease the number of directors at any time by amendment of these Bylaws, pursuant to the process outlined in Article 8 of these Bylaws. A decrease in number does not have the effect of shortening the term of any incumbent director. If the established number of directors is decreased, the directors shall hold their positions until the next meeting of the Board occurs and new directors are elected and qualified.

The Corporation must have *at least three (3) directors*.
- **2.06. ELECTION OF DIRECTORS.** Directors are to be voted on and elected at each annual meeting of the Board, unless a special meeting is expressly called to remove a director or fill a vacancy. If a director is elected, but is not yet qualified to hold office, then the previous director shall holdover until such time that the newly elected director is so qualified.
- **2.07. REMOVAL OF DIRECTORS.** At any meeting of the Board called expressly for that purpose, any director, including the entire Board, may be removed by an affirmative majority vote by the current Board. If the Board votes to remove the entire Board, then the President, Treasurer, and Secretary will serve as the interim Board until directors are duly elected to the Board pursuant to these Bylaws. If the Corporation has members, then the members must promptly have a special meeting to elect directors to the Board. As

soon as practical, the members or the interim Board must meet to elect directors via the process described in Section 2.02 of these Bylaws.

- **2.08. VACANCIES.** All vacancies in the Board may be filled by the affirmative vote of a majority of the remaining directors, *provided* that any such director who fills a vacancy is qualified to be a director and shall only hold the office for the term specified in Section 2.02 of these Bylaws and until a new director is duly elected by the Board or members. Any vacancy to be filled due to an increase in the number of directors may be filled by the Board for a term lasting until the next annual election of directors by the Board at the annual meeting or a special meeting called for the purpose of electing directors. Any director elected to fill a vacancy which results from the removal of a director shall serve the remainder of the term of the removed director and until a successor is elected by the Board and qualified. Any individual who fills a vacancy on the Board shall not be considered unqualified or disqualified solely by virtue of being an interim director.
- **2.09. REGULAR MEETINGS.** The meetings of the Board or any committee may be held at the Corporation's principal office or at any other place designated by the Board or its committee, including by means of remote communication.
- **2.10. SPECIAL MEETINGS.** Special meetings of the Board may be held at any place and at any time and may be called by the President, Vice President, Secretary, or Treasurer, or any director. Any special meeting of the Board must be preceded by at least forty-eight (48) hours' notice of the date, time, place, and purpose of the meeting, unless these Bylaws require otherwise.
- **2.11. ACTION BY DIRECTORS WITHOUT A MEETING.** Any action which may be taken at a meeting of the Board (or its committee) may be taken without a meeting, *provided* all directors (or committee members) unanimously agree, and such unanimous consent is included in the minutes of the proceeding, filed with the corporate books/ records, and sets forth the action taken by the Board.
- **2.12. NOTICE OF MEETINGS.** Regular meetings of the Board must be held with reasonable notice of the date, time, place, or purpose of the meeting. Notice may be given personally, by email, by facsimile, by mail, or in any other lawful manner, so long as the method for notice comports with Article 6 of these Bylaws. Oral notification is sufficient only if accompanied by a written record of the notice in the corporate books/records.
- Notice is effective at the earliest of:
 - Receipt;
 - Delivery to the proper address or telephone number of the director(s) as shown in the Corporation's records; or

- Five (5) days after its deposit in the United States mail, as evidenced by the postmark, if correctly addressed and mailed with first-class postage prepaid.
- 2.13. **QUORUM.** A simple majority of the current directors present prior to the start of a meeting constitutes a quorum, and a quorum is necessary at all meetings creating an action to transact business on behalf of the Corporation.
- 2.14. **MANNER OF ACTING.** Subject to the laws of the state of incorporation, as may be amended from time to time, the act of the majority of the directors present at a meeting at which a quorum is present when the vote is taken shall be the act of the Board unless the Articles of Incorporation require a greater percentage.
- 2.15. **WAIVER OF NOTICE.** A director waives the notice requirement if that director attends or participates in the meeting, *unless* a director attends the meeting for the express purpose of promptly objecting to the transaction of any business because the meeting was not lawfully called or convened. A director may waive notice by a signed writing, delivered to the Corporation for inclusion in the minutes, before or after the meeting.
- 2.16. **REGISTERING DISSENT.** A director who is present at a meeting at which an action on a corporate matter is taken is presumed to have assented to such action, unless the director expressly dissents to the action. A valid dissent must be entered in the meeting's minutes, filed with the meeting's acting Secretary before its adjournment, or forwarded by registered mail to the Corporation's Secretary within twenty-four (24) hours after the meeting's adjournment. These options for dissent do not apply to a director who voted in favor of the action or failed to express such dissent at the meeting.
- 2.17. **EXECUTIVE AND OTHER COMMITTEES.** The Board may create committees to delegate certain powers to act on behalf of the Board, *provided* the Board passes a resolution indicating such creation or delegation. The Board may delegate to a committee the power to appoint directors to fill vacancies on the Board. All committees must record regular minutes of their meetings and keep the minute book at the corporation's office. The creation or appointment of a committee does not relieve the Board or individual directors from their standard of care described in Section 2.03 of these Bylaws.
- 2.18. **REMUNERATION.** The Board may adopt a resolution which results in directors being paid a reasonable compensation for their services rendered as directors of the Corporation, *provided* the compensation is less than the operating costs of the Corporation. Directors may also be paid a fixed sum and expenses, if any, for attendance at each regular or special meeting of such Board. Nothing contained in these Bylaws precludes a director from receiving compensation for serving the Corporation in any other capacity, including any services rendered as an officer, employee, or third party service provider. If the Board accordingly passes a resolution related to committees of the

Board, then committee members may be allowed like compensation for attending committee meetings. At any time, a resolution of the Board that grants compensation to a director may be challenged by another director, provided the challenging director requests a special Board meeting specifically addressing the resolution related to director compensation.

Any director who votes for a resolution related to director compensation may be held liable under Section 2.03 of these Bylaws if the resolved director compensation is unreasonably excessive, violates any section of Article 2 of these Bylaws, or unreasonably jeopardizes the nonprofit or tax-exempt status of the Corporation.

2.19. **LOANS.** No loans may be made by the Corporation to any director.

- 2.20. **INDEMNIFICATION.** Provided the director complies with the standard of care described in Section 2.03 of these Bylaws, the Corporation shall indemnify any director made a party to a proceeding, brought or threatened, as a consequence of the director acting in their official capacity. In the event a director is entitled to indemnification by the Corporation, the director shall be indemnified or compensated for reasonable expenses incurred as a consequence of being connected to the Corporation and serving in good faith on its behalf.
- 2.21. **ACTION OF DIRECTORS BY COMMUNICATIONS EQUIPMENT.** Any action which may be taken at a meeting of the Board, or a committee, may be taken by means of a telephone or video conference or similar communications equipment which allows all persons participating in the meeting to hear each other at the same time. A director participating in a meeting by remote means is deemed to be present in person at the meeting.

ARTICLE 3 Members

3.01. **MEMBERSHIP.** Until such time that the Corporation's Articles of Incorporation or these Bylaws are amended, the Corporation has no members.

ARTICLE 4 Officers

- 4.01. **DESIGNATIONS.** The Corporation shall have a President, a Secretary, and a Treasurer, who will be elected by the Board. The Corporation may also have one or more Vice-Presidents (one shall serve as Executive Vice-President) and Assistant Secretaries and Assistant Treasurers as the Board may designate. Per these Bylaws, an elected officer will hold office for one (1) year or until a successor is elected and qualified. The same person may hold any two or more offices concurrently, with exception to the offices of

President, Vice-President (if any), and Secretary which shall be held by separate individuals.

- 4.02. **REMOVAL AND RESIGNATION OF OFFICERS.** Any officer or agent may be removed by the Board at any time, with or without cause. Such removal shall be without prejudice to the contract rights, if any of the person so removed. Appointment of an officer or agent does not, by itself, create contract rights. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Any such resignation shall take effect upon receipt of such notice or at any later time specified therein, and unless otherwise specified in the notice, the acceptance of such resignation shall not be necessary to make it effective.
- 4.03. **THE PRESIDENT.** The President shall have general supervision of the Corporation's daily affairs and perform all other duties as are incident to the office or are properly required by a resolution passed by the Board.
- 4.04. **VICE PRESIDENT.** During the absence or disability of the President, the Executive Vice- President (if any) may exercise all functions of the President. Each Vice-President shall have such powers and fulfill such duties as may be assigned by a resolution of the Board.
- 4.05. **SECRETARY AND ASSISTANT SECRETARIES.** The Secretary must:
 - Issue notices for all meetings and actions of the Board;
 - Accept all requests for special meetings of the Board;
 - Accept all notices of proxy appointments and revocations;
 - Keep the minutes of all meetings;
 - Accept delivery of any dissent announced at any meeting of the Board;
 - Have charge of the corporate seal and books; and
 - Make reports and perform duties as are incident to the office, or are properly required of him or her by the Board.
- The Assistant Secretary, or Assistant Secretaries (in the order designated by the Board), shall perform all of the duties of the Secretary during the absence or disability of the Secretary, and at other times perform such duties as are directed by the Secretary, the President, or the Board.
- 4.06. **THE TREASURER.** The Treasurer shall:

a. Have custody of all the Corporation's monies and securities and keep regular books of account;

- Disburse the Corporation's funds in payment of the just demands against the Corporation or as may be ordered by the Board, taking proper vouchers for such disbursements; and
- Provide the Board with an account of all his or her transactions as Treasurer and of the financial conditions of the office properly required of him or her by the Board.

The Assistant Treasurer, or Assistant Treasurers (in the order designated by the Board), shall perform all of the duties of the Treasurer in the absence or disability of the Treasurer, and at other times perform such duties as are directed by the Treasurer, the President, or the Board.

In the event of the absence or disability of the President and Vice President, then the Treasurer shall perform such duties of the President.

4.07. **DELEGATION.** In the absence or inability to act of any officer and of any person authorized to act in their place, the Board may delegate the officer's powers or duties to any other officer, director, or other person, subject to Section 4.01 of these Bylaws. Vacancies in any office arising from any cause may be filled by the Board, subject to Section 4.01 of these Bylaws, at any regular or special board meeting.

- 4.08. **OTHER OFFICERS.** The Board may appoint other officers and agents as they deem necessary or expedient. The term, powers, and duties of such officers will be determined by the Board and described in the resolution authorizing the appointment or designation.
- 4.09. **LIABILITY.** Each officer is required, individually and collectively, to act in good faith, with reasonable and prudent care, and in the best interest of the Corporation. If an officer acts in good faith and in a manner that is reasonably in line with the best interests of the Corporation as determined by a reasonably prudent person situated in similar circumstances, then they shall be immune from liability arising from official acts on behalf of the Corporation.
Officers who fail to comply with this section of these Bylaws shall be personally liable to the Corporation for any improper acts and as otherwise described in these Bylaws.
- 4.10. **LOANS.** No loans may be made by the Corporation to any officer.
- 4.11. **BONDS.** The Board may resolve to require any officer to give bonds to the Corporation, with sufficient surety or sureties, conditioned upon the faithful performance of the duties of their offices and compliance with other conditions as required by the Board.
- 4.12. **SALARIES.** Officers' salaries will be fixed from time to time by the Board. Officers are not prevented from receiving a salary by reason of the fact that he or she is also a director of the Corporation.

- 4.13. **INDEMNIFICATION.** Officers shall be indemnified by the Corporation, so long as the officer acted in a manner substantially similar to and consistent with the standard of care required for directors, as described in Section 4.09 of these Bylaws. Any officer indemnification shall be limited to proceedings that are directly related to or have arisen out of the officer's acts on behalf of the Corporation.

ARTICLE 5 Books and Records

- 5.01. **MEETING MINUTES.** As required by these Bylaws, the Corporation must keep a complete and accurate accounting and minutes of the proceedings of the Board within the corporate books/records.
- 5.02. **RETENTION OF RECORDS.** The Corporation shall keep as permanent records all meeting minutes of the Board, all actions taken without a meeting by the Board, all actions taken by committee on behalf of the Board, and all waivers of notices of meetings.
- 5.03. **ACCOUNTING RECORDS.** The Corporation shall maintain appropriate accounting records.
- 5.04. **LEGIBILITY OF RECORDS.** Any books, records, and minutes may be in any form capable of being converted into written form within a reasonable time upon request.

5.05. **RIGHT TO INSPECT.** Any director or director representative has the right, upon written request delivered to the Corporation, to inspect and copy during usual business hours the following documents of the Corporation:

- Articles of Incorporation;
- These Bylaws;
- Minutes of the Board proceedings;
- Annual statements of affairs; and
- The other documents held at the principal address pursuant to these Bylaws.

The Corporation acknowledges and agrees that any obligation to produce corporate documents under this Article of these Bylaws shall attach to the Secretary as part of the duties described in Section 4.05 of these Bylaws.

ARTICLE 6 Notices

- **6.01. MAILING OF NOTICE.** Except as may otherwise be required by law, any notice to any officer or director may be delivered personally or by mail. If mailed, the notice will be deemed to have been delivered on the close of business of the fifth business day following the day when deposited in the United States mail with postage prepaid and addressed to the recipient's last known address in the records of the Corporation.
- **6.02. E-NOTICE PERMITTED.** Any communications required by the Act, these Bylaws, or any other laws may be made by digital or electronic transmission to the recipient's known electronic address or number as known to the Corporation at the time of notice.
- **6.03. DUTY TO NOTIFY.** All directors, officers, employees, and representatives of the Corporation are required to notify the Corporation of any changes to the individual's contact information. Pursuant to the obligations under this Section of these Bylaws, the individual must notify the Corporation that electronic transmissions of notice are impracticable, impossible, frustrated, or otherwise improper and ineffective.

ARTICLE 7 Special Corporate Acts

7.01. EXECUTION OF WRITTEN INSTRUMENTS. All contracts, deeds, documents, and instruments that acquire, transfer, exchange, sell, or dispose of any assets of the Corporation must be executed by the President to bind the Corporation. If the President is incapacitated or otherwise unavailable, then the designated Vice-President may execute the respective documents to bind the Corporation. This Section does not apply to any checks, money orders, notes, or other financial instruments for direct payment of corporate funds which are subject to Section 7.02 of these Bylaws.

- **7.02. SIGNING OF CHECKS OR NOTES.** All authorizations to distribute, pay, or immediately draw upon the financial resources of the Corporation must be signed by the Treasurer, including any expense reimbursement or compensation payments to directors, officers, employees, representatives, service providers, or contractors of the Company. If the Treasurer is incapacitated or otherwise unavailable, then the President may execute the respective documents to bind the Corporation.
- **7.03. SPECIAL SIGNING POWERS.** If the President holds an interest which exists outside of the capacity of being President, then any agreement involving such interest must be signed by a separate individual officer to duly bind the Corporation to such an agreement or instrument.
- **7.04. MERGERS.** Following the approval by the Board, in order for any consolidation or merger to be effective, it must follow the process set out under the laws of the state of

incorporation. Any merger which would result in the loss of the Corporation's not-for-profit or tax-exempt status is not permitted under these Bylaws.

- 7.05. **CONVERSIONS.** Following the approval by the Board, in order for any conversion of the Corporation to another organizational structure to be effective, it must follow the processes set out under the laws of the state of incorporation. Any conversion which would result in the loss of the Corporation's not-for-profit or tax-exempt status is not permitted under these Bylaws.
- 7.06. **DISSOLUTION.** Following the approval by the Board, in order for the Corporation to be dissolved, it must follow the process set out under the laws of the state of incorporation.
- 7.07. **DISTRIBUTION OF ASSETS.** Upon the dissolution of the organization, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for the public purpose. Any such assets not disposed of shall be disposed of by the District Court of the county in which the principal office of the organization is then located, as said court shall determine.

ARTICLE 8 Amendments

- 8.01. **BY DIRECTORS.** The Board has the power to make, alter, amend, and repeal the Corporation's Bylaws. Any alteration, amendment, or repeal of the Bylaws, shall be effective following a majority vote of the Board.
- 8.02. **EMERGENCY BYLAWS.** The Board may adopt emergency Bylaws which operate during any emergency in the Corporation's conduct of business resulting from an attack on the United States, a nuclear or atomic disaster, or another force majeure incident.
- 8.03. **COMPLIANCE WITH STATE LAW.** Any amendment to the Corporation's Articles of Incorporation or these Bylaws shall comply with the respective laws, rules, and regulations of the jurisdictions in which the Corporation operates or conducts business.