

Home Trust of Skagit Bylaws

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ARTICLE I: NAME AND PURPOSE

1. **Name.** The name of this organization shall be "Home Trust of Skagit," hereinafter referred to as the "Corporation."
2. **Purpose.** The purpose of the Corporation shall be:
 - 2.1. To provide opportunities for low- and moderate-income people to secure quality housing that is affordable and that is controlled by the residents on a long-term basis.
 - 2.2. To preserve the quality and affordability of housing for future low- and moderate-income residents of the community.
 - 2.3. To promote the development, rehabilitation, and maintenance of decent housing in economically disadvantaged neighborhoods in order to combat community deterioration by promoting economic opportunities for low- and moderate-income residents of these neighborhoods; by making land available for projects and activities that improve the quality of life in these neighborhoods; and by assisting residents of these neighborhoods in improving the safety and well-being of their community.
 - 2.4. To protect the natural environment and to promote the ecologically sound use of land and natural resources and the long-term health and safety of the community.
 - 2.5. To provide economic, social, and educational support to residents of the community and to lessen the burdens of government.
 - 2.6. For other educational, scientific and charitable purposes.

ARTICLE II: MEMBERSHIP

1. **Regular Membership.** Subsequent to the first annual meeting, the Regular Members of the Corporation, with full voting rights, shall be:
 - 1.1. The Lessee Members, (or representatives if no lessees) who shall be all persons who lease land, housing, or other assets from the Corporation or who lease or own housing that is located on land leased by another entity from the Corporation.
 - 1.2. The General Members, who shall be all other persons, eighteen years of age or older, who have complied with the following requirements.
 - 1.2.1. Qualification as an Initial Member, as defined in the Articles of Incorporation or by attendance at one of the "orientation meetings" that shall be scheduled from time to time by the Board of Trustees for the purpose of introducing prospective members to the purposes and methods of the Corporation, and
 - 1.2.2. Submission of a Membership application including a signed statement of support for the purposes of the Corporation in a form to be determined by the Board of Trustees, and
 - 1.2.3. Payment of dues as established by the Membership for the current calendar year.

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2. Requirements for Continuing Regular Membership. To maintain Regular Membership beyond a person's first year of Regular Membership a person must either be a Lessee Member or:

2.1. Have attended at least one Meeting of the Membership or Board of Trustees during the previous twenty-four months, or have shown continuing interest in the Corporation and good cause for non-attendance and, and

2.2. Have paid dues established for the current calendar year.

3. Membership Dues.

3.1. Annual membership dues shall be assessed for each calendar year by affirmative vote of a majority of the Regular Members present and voting at the Annual Meeting preceding that year. If no such action is taken to assess dues in a given year, the dues for that year shall be as established for the previous year.

3.2. Annual dues may be paid either in cash or through a contribution of labor to the organization. Board of Trustees shall determine the hourly rate at which labor will be credited as dues and shall have the power to designate the types of labor that may be credited.

4. Rights of Regular Members.

4.1. Every Regular Member shall have the right to participate in meetings of the Membership, to cast one vote on all matters properly put before the Members for consideration, to nominate and participate in the election of the Board Trustees as provided by these Bylaws, to serve on the Board of Trustees or committees if chosen, and to receive notices and the minutes of Membership Meetings and Annual Reports of the Corporation.

4.2. The assent of the Regular Membership, in accordance with these Bylaws, shall be required before action may be taken on the assessment of membership dues, sale of land, the establishment or alteration of the "resale formula," the amendment of the Certificate of Incorporation or these Bylaws, and the dissolution of Corporation.

5. Supporting Membership.

5.1. Any person who has paid the annual dues established for the current calendar year but who does not wish to become a Regular Member or has not met all of the requirements of Regular Membership shall be designated a Supporting Member of the Corporation.

5.2. Supporting Members shall have all of the rights of Regular Members except the right to nominate and participate in the election of the Board of Trustees and the right to vote on matters put before the Regular Membership.

6. Membership Meetings.

6.1. *Notice of Meetings.* Written notice of every Membership Meeting shall be given to all Regular and Supporting Members and shall include an agenda for the meeting. Except as otherwise provided in Article VIII of these Bylaws, notice shall be mailed at least seven days prior to a meeting.

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6.2. *Annual Meetings.* Subsequent to the First Annual Meeting, the Annual Meeting of the Membership, for reports to the Membership by the Board of Trustees and Officers, the election of Trustees, the assessment of dues, and the transaction of other business, shall be held in the first quarter of each year. The location and specific time of the Annual Meeting shall be determined by the Board of Trustees. Notice of the Annual Meeting shall include a list of those persons nominated for the Board of Trustees as provided in Article III of these Bylaws.

6.3. *Regular Meetings.* Regular Meetings maybe scheduled by the Regular Membership at such times and places as they shall establish at the Annual Meeting.

6.4. *Special Meetings.* Special Membership Meetings may be called by the Board of Trustees or by a written petition, addressed to the President of the Corporation, signed by at least one tenth (10%) of the Regular Membership. At a Special Meeting, only those matters stated on the agenda, as included in the notice of the meeting, may be acted upon by the Membership.

6.5. *Open meetings.* All Membership Meetings shall be open to any person.

6.6. *Minutes.* Minutes of all Membership Meetings shall be recorded by the Secretary of the Corporation or by another person designated by the Board of Trustees. Minutes for every meeting shall be approved by the Regular Membership at the next Membership Meeting.

6.7. *Quorum.* A quorum shall consist of the members present, as determined by the Secretary of the Corporation.

6.8. *Decision-Making.* Whenever possible, decisions shall be made at Membership Meetings by the unanimous consent of the Regular Members present, a quorum being assembled. In the event that unanimity is not attained, a decision shall be made by an affirmative vote of a majority of the Regular Members present and voting, a quorum being assembled, except as otherwise provided in these Bylaws. Before a vote is held on any motion, the exact language of the motion shall be recorded by the Secretary and read to the Membership, and all Members present shall have a reasonable opportunity to express their opinions on the proposition.

ARTICLE III: BOARD OF TRUSTEES

1. Number of Trustees. Except for the initial Board named in the Certificate of Incorporation, the Board of Trustees shall consist of up to fifteen (15) Trustees.

2. Composition of the Board. There shall be three categories of Trustees, each comprising of one third of the total Board. The three categories shall be "Lessee Representatives" representing Lessee Members, "General Representatives" representing General Members, and "Public Representatives" represent the interests of the general public.

The Board will honor the varying regional priorities within the service area of the Home Trust of Skagit, with representation on the Board of Trustees from each designated region. The represented regions are those Service Areas defined by the Commissioner Districts of Skagit County. Each Category of Trustees will include representation of each of the three regional districts defined above. Representation may be established by residence, employment, or business ownership within the district represented.

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3. Nomination of Trustees. For all regular elections subsequent to the first Annual Meeting of the Membership, Trustees shall be nominated as follows:

3.1. Lessee Representatives.

3.1.1. Lessee Members may nominate Lessee Representatives to the Board from among themselves. These nominations must be submitted in writing to the Secretary of the Corporation at least 60 days prior to the Annual Meeting of the Membership.

3.1.2. In the event there are no Lessee Members, General Members may submit for "Lessee Representatives" from among themselves in either of the ways described above for Lessee Members.

3.1.3. If, at the Annual Meeting, after the chair has called for nominations for Lessee Representatives by Lessee Members, there are an insufficient number of nominees for the Lessee Representative positions to be filled, then General Members may nominate candidates from among themselves or from among the Lessee Members to fill such position(s). Except as provided in this paragraph and in paragraph 3.1.2 above, General members may not nominate candidates for Lessee Representatives.

3.2. General Representatives.

3.2.1. General Members may nominate General Representatives to the Board from among themselves. These nominations must be submitted in writing to the Secretary of the Corporation at least 60 days prior to the Annual Meeting of the Membership

3.2.2. If, at the Annual Meeting, after the chair has called for nominations for General Representatives by General Members, there are an insufficient number of nominees for the General Representative positions to be filled, then Lessee Members may nominate candidates from among themselves or from among the General Members to fill such position. Except as provided in this paragraph, Lessee Members may not nominate candidates for General Representatives.

3.3. Public Representatives. At least ten days prior to the Annual Meeting, the Board of Trustees shall make nominations for Public Representatives to the Board.

3.4. The Nominating Committee. The Nominating Committee, consisting of the officers of the Corporation, will review and approve the slate of candidates to assure that all possible election scenarios will preserve the Board Composition requirement of article III section 2. In the event that any such scenario is inconsistent with the board composition requirements of article III section 2, the board may adjust the slate of candidates, including rejecting any nominations that may result in non-compliance with article III section 2.

3.5. Notice of Nominations. A list of all persons nominated in each of the three categories shall be included with the notice of the Annual Meeting.

4. Election of Trustees. Trustees shall be elected by a majority of the Regular Members present and voting at the Annual Meeting in accordance with the following procedures.

4.1. A separate vote shall be taken for each of the three categories of Board representatives: (1) Lessee Representatives, (2) General Representatives, and (3) Public

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Representatives. If a person has been nominated in more than one category and is then elected in one category, his or her name shall be removed from the list of nominees in the remaining categories.

4.2. Each Regular Member may vote for one nominee for each vacant position in each of the three categories of Board Representatives.

4.3. Positions shall be filled by those candidates receiving the largest numbers of votes, though such numbers may constitute less than a majority of the total votes cast.

5. Vacancies.

5.1. *Election to Fill Vacancies.* If any Trustee vacates his or her term or is removed from the Board,

the remaining Trustees (though they may constitute less than a quorum) may elect a person to fill the vacancy, or may, by unanimous agreement, decide to leave the position vacant until the next Annual Meeting of the Membership, provided the Board still includes at least one Representative in each category. Elections to fill vacancies shall be by a majority of the remaining Trustees.

5.2. *Qualifications of Replacements.* Any person elected to fill a vacancy on the Board of Trustees must be one who can be reasonably expected to represent the interests of the constituents in the category (Lessee, General, or Public) in which the vacancy occurs.

5.3. *Term of Replacements.* Replacement Trustees elected by the Board shall serve until the next Annual Meeting of the Membership, at which time the position will be filled by a person elected, according to the procedures described in Section 3 and 4 of this Article, to serve out the remaining term of the person who has vacated the position, or, in the event such term has expired, to serve a full term.

5.4 *Low Income Representation* – In their actions regarding the nomination and election of Trustees and appointment of people to fill vacancies on the Board of Trustees, the Membership and the Board of Trustees shall at all times ensure that at least one third of the Board is maintained for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations.

6. Terms of Trustees.

6.1. *Terms of First Elected Trustees.* After the election of Trustees at the first Annual Meeting, each Trustee shall be assigned, by mutual agreement or by lot, to a one-year, two-year, or three-year term. In each of the three categories of Representatives, one Trustee shall be assigned a one-year term, one shall be assigned a two-year term, and one Trustee shall be assigned a three-year term.

6.2. *Terms of Successor Trustees.* Except as otherwise provided in these Bylaws, each Trustee shall serve a full term of three years.

6.3. *Commencement of Terms.* The term of office of a regularly elected Trustee shall commence at the adjournment of the Annual Membership Meeting in which he or she is elected. The term of office of a Trustee elected by the Board to fill a vacancy shall begin at the time of his or her acceptance of the position.

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6.4. *Re-election.* No person shall serve as a Trustee for more than two consecutive elected terms.

7. Resignation.

7.1. Any Trustee may resign at any time by giving written notice to the President. Unless otherwise specified, such resignation shall be effective upon the receipt of notice by the President.

7.2. A Trustee shall be considered to have given notice of resignation and his or her position shall be declared vacant by the Board of Trustees if he or she fails to attend three consecutive meetings of the Board with the exception of emergency meetings, unless good cause for absence and continuing interest in participation on the Board are recognized by the Board.

When a Trustee has failed to attend three consecutive meetings, the President shall notify him or her in writing that at the next regular Board meeting, his or her position will be declared vacant unless the Board determines that there has been good cause for the Trustee's absences and that the Trustee continues to be interested in participating on the Board of Trustees. The notification by the President shall be mailed no later than seven days prior to the Board meeting at which the position may be declared vacant. At this meeting, the Trustee in question shall be given the opportunity to show good cause for absence from meetings and continuing interest in participating on the Board. The resignation of a Trustee who has missed three consecutive meetings shall not become effective until the Board has declared the position vacant as provided herein.

8. Removal of Trustees. A Trustee of the Corporation may be removed for good cause by the Regular Members of the Corporation when such Trustee is judged to have acted in a manner seriously detrimental to the Corporation.

9. Meetings of the Board of Trustees

9.1. *Notice of Meetings.* Except as provided below for emergency meetings, Board meeting time shall be determined by the Board for a set time each month and agreed upon by resolution. The meeting agenda shall be sent out seven days prior to the meeting.

9.2. *Waiver of Notice.* Any Trustee may waive any notice required by these Bylaws. Any Trustee who has not received notice of a Board meeting but has attended that meeting shall be considered to have waived notice of that meeting, unless he or she requests that his or her protest be recorded in the minutes of the Meeting.

9.3. *Annual Meeting.* The Annual Meeting of the Board of Trustees may be held immediately following the Annual Membership Meeting and must be held no more than one month following the Annual Membership Meeting.

9.4. *Regular Meetings.* The Board of Trustees shall meet no less often than every two months, at such times and places as the Board may establish.

9.5. *Special Meetings and Emergency Meetings.* Special meetings may be called by the President, by any three Trustees, or by 10% of the Regular Members of the Corporation. Notice must be given as provided above, unless any three Trustees determine that the

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matter at hand constitutes an emergency. When so determined, an Emergency Meeting may be called on one-day notice. Notice of Emergency Meetings, including an announcement of the agenda, shall be given by telephone or in person to all Trustees. At any Special or Emergency Meeting of the Board, only those matters included in the announced agenda may be acted upon unless all of the Trustees are present at the meeting and unanimously agree to take action on other matters.

10. Procedures for Meetings of the Board of Trustees

10.1. *Open Meetings.* All meetings of the Board of Trustees shall be open to any person except when the Board has voted, during an open meeting, to go into executive session.

10.2. *Executive Session.* A motion to go into executive session shall state the nature of the business of the executive session, and no other matter may be considered in the executive session. No binding action may be taken in executive session except actions regarding the securing of real estate purchase options or contracts in accordance with paragraph (2) below. Attendance in executive session shall be limited to the Trustees and any persons whose presence is requested by the Board of Trustees. Minutes of an executive session need not be taken; however, if they are taken, they shall be recorded as a part of the minutes of the meeting in which the Board has voted to go into executive session. The Board shall not hold an executive session except to consider one or more of the following matters.

10.2.1. Contracts, labor relations agreements with employees, arbitration, grievances or litigation involving the Corporation when premature public knowledge would place the Corporation or person involved at a substantial disadvantage.

10.2.2. Real estate purchase offers and the negotiating or securing of real estate purchase options or contracts,

10.2.3. The appointment or evaluation of an employee, and any disciplinary or dismissal action against an employee (however, nothing in this section shall be construed to impair the right of the employee to a public hearing if action is taken to discipline or dismiss).

10.2.4. The consideration of applications from persons seeking to lease land and/or housing, purchase housing, or arrange financing from the Corporation.

10.2.5. Relationships between the Corporation and any party who might be harmed by public discussion of matters relating to the relationship.

10.3. *Quorum.* At any meeting of the Board, a quorum shall consist of a majority of the Board of Trustees, provided that at least one representative from each of the three categories of representatives is present.

10.4. *Decision-Making.* The Board shall attempt to reach unanimous agreement on a decision. In the event that unanimous agreement cannot be achieved, a decision may be made by a majority of the Trustees present and voting, except as otherwise provided in these Bylaws.

10.5. *Minutes.* Minutes of all Board meetings shall be recorded by the Secretary or by such other person as the Board may designate, and shall be approved by the Board at

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the next Board meeting. All minutes of Board meetings shall be kept on permanent record by the Corporation and shall be open for inspection by any Member of the Corporation.

11. Duties of the Board of Trustees. The Board of Trustees shall carry out the purposes of the Corporation, implement the decisions of the Regular Membership, and be responsible for the general management of the affairs of the Corporation in accordance with these Bylaws. Specifically, the Board shall:

11.1. Hire and supervise the Executive Director.

11.2. Approve a written Annual Report to the Membership, and make this report available to all Members. This report shall include a summary of the Corporation's activities during the previous year, the Corporation's most recent financial reports, and a list of all real estate held by the Corporation.

11.3. Adopt an annual budget prior to the beginning of each fiscal year and approve any expenditures not included in the budget

11.4. Select all officers of the Corporation.

11.5. Supervise the activities of all officers, agents, and committees of the Corporation in the performance of their assigned duties and investigate any possible conflicts of interest within the Corporation.

11.6. Adopt and implement personnel policies providing for the hiring, supervision, and evaluation of employees.

11.7. Provide for the deposit of funds in accordance with Article IX of these Bylaws.

11.8. Determine by whom and in what manner deeds, leases, contracts, checks, drafts, endorsements, notes and other instruments shall be signed on behalf of the Corporation.

11.9. Acquire such parcels of land, with or without buildings and other improvements, through donation, purchase, or otherwise, as the Board shall determine that it is useful and prudent to acquire in furtherance of the purposes of the Corporation.

11.10. Convey the right to use land, through leases or other limited conveyances, in accordance with the provisions of Articles V and VI of these Bylaws.

11.11. Convey ownership of housing and other improvements on the Corporation's land to qualified lessees, as possible, in accordance with the provisions of Articles V and VI of these Bylaws.

11.12. Provide for the purchase of housing and other improvements on the Corporation land from lessees who wish to sell or whose leases are terminated, at prices based on the "resale formula," in accordance with Article VI of these Bylaws.

11.13. Develop the resources necessary for the operation of the Corporation and for the acquisition and development of land and housing.

11.14. Assure the sound management of the Corporation's finances.

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12. Powers of the Board of Trustees. In addition to the power to carry out the duties enumerated above, the Board of Trustees shall have the power to:

12.1. Appoint and discharge advisors and consultants.

12.2. Create such committees as are necessary or desirable to further the purposes of the Corporation. (Any Member of the Corporation may be appointed to any committee. No committee may take action on behalf of the Corporation except as authorized by the Board of Trustees.)

12.3. Call special meetings of the Membership.

12.4. Approve the borrowing and lending of money as necessary to further the purposes of the Corporation and in accordance with paragraph IX, 4 of these Bylaws.

12.5. Exercise all other powers necessary to conduct the affairs and further the purposes of the Corporation in accordance with the Certificate of Incorporation and these Bylaws.

13. Limitation on the Powers of the Board of Trustees. Action taken by the Board of Trustees on any motion for the assessment of membership dues, the removal of Trustees, the sale of land, the establishment or alteration of the "resale formula," the amendment of the Certificate of Incorporation or these Bylaws, or dissolution of the Corporation shall not become effective unless and until such action is approved by the Regular Membership in accordance with these Bylaws.

14. Conflict of Interest. No member of the Board of Trustees shall vote on any matter in which such Trustee or any parent, spouse, child, partner, employer or similar related business entity has a substantial interest in any property or business that would be substantially affected by such action.

ARTICLE IV: OFFICERS

1. Designation. The officers of the Corporation shall be: President, Vice President, Secretary, and Treasurer.

2. Election. The officers of the Corporation shall be elected by a majority vote of the Board of Trustees, from among themselves, at the Annual Meeting of the Board. Any vacancies occurring in any of these offices shall be filled by the Board for the unexpired term.

3. Tenure. The officers shall hold office until the next Annual Meeting of the Board after their election unless, before such time, they resign or are removed from their offices, or unless they resign or are removed from the Board of Trustees. Any officer who ceases to be a member of the Board of Trustees shall thereby cease to be an officer.

4. Removal from office. The officers shall serve at the pleasure of the Board of Trustees and may be removed from office at any time by an affirmative vote of two-thirds of the entire Board of Trustees.

5. Duties of the President. The President shall:

5.1. Preside at all meetings of the Board of Trustees and the Membership when able to do so.

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5.2. Consult with the other officers and the committees of the Corporation regarding the fulfillment of their duties.

5.3. Assure that an agenda is prepared for every meeting of the Membership and the Board of Trustees.

5.4. Give notice to any Trustee who has been absent from three consecutive regular meetings, as required by these Bylaws.

5.5. Call special meetings of the Membership or Board of Trustees when petitioned to do so in accordance with these Bylaws.

5.6. Carry out the duties assigned to the President regarding the removal of a Trustee.

5.7. Perform such other duties as the Board of Trustees may assign.

6. Duties of the Vice President. The Vice President shall:

6.1. Perform all duties of the President in the event that the President is absent or unable to perform these duties.

6.2. Perform those duties assigned to the President regarding the resignation or removal of a Trustee when the President is disqualified from performing these duties.

6.3. Perform such other duties as the Board of Trustees may assign.

7. Duties of the Secretary. The Secretary shall:

7.1. Assure that a list of all Members and their mailing addresses is maintained by the Corporation.

7.2. Assure that proper notice of all meetings of the Membership and the Board of Trustees is given.

7.3. Assure that motions and votes in meetings of the Membership and Board are accurately represented to those present and are accurately recorded in the minutes.

7.4. Assure that minutes of all meetings of the Membership and the Board of Trustees are recorded and kept on permanent record.

7.5. Perform such other duties as the Board of Trustees may assign.

8. Duties of the Treasurer. The Treasurer shall oversee the finances of the Corporation. Specifically, the Treasurer shall:

8.1. Assure that the financial records of the Corporation are maintained in accordance with sound accounting practices.

8.2. Assure that funds of the Corporation are deposited in the name of the Corporation in accordance with these Bylaws.

8.3. Assure that all deeds, title papers, leases, and other documents establishing the Corporation's interest in property and rights in particular matters are maintained in such manner as the Board directs.

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8.4. Assure that all money owed to the Corporation is duly collected and that all gifts of money or property to the Corporation are duly received.

8.5. Assure the proper disbursement of such funds as the Board of Trustees may order or authorized to be disbursed.

8.6. Assure that accurate financial reports (including balance sheets and revenue and expense statements) are prepared and presented to the Board at the close of each quarter of each fiscal year

8.7. Assure that such reports and returns as may be required by various government agencies are prepared and filed in a timely manner.

8.8. Assure that an annual budget is prepared and presented to the Board for its approval prior to the beginning of each fiscal year.

ARTICLE V: STEWARDSHIP OF LAND

1. **Principles of Land Use.** The Board of Trustees shall oversee the use of land owned by the Corporation and shall convey the right to use such land so as to facilitate access to land and affordable housing by low-income and moderate-income people. In so doing, the Board shall be guided by the following principles:

1.1. The Board shall consider the needs of potential lessees and shall attempt to effect a just distribution of land use rights.

1.2. The Board shall convey land use rights on terms that will preserve affordable access to land and housing for future low-income and moderate-income residents of the community.

1.3. The Board shall convey land use rights in a manner that will promote the long-term well-being of the community and the long-term health of the environment.

2. **Encumbrance of Land.** The decision to mortgage or otherwise encumber land owned by the Corporation shall require the approval of the Board of Trustees and the consent of any parties to whom such land is leased.

3. **Sale of Land.** The sale of land does not conform with the philosophy and purposes of the Corporation. Accordingly, land shall not be sold except in extraordinary circumstances when the sale is considered a necessary means of achieving the purposes of the Corporation. In such extraordinary circumstances, land may be sold only with:

3.2. In all other circumstances a parcel of land may be sold only with:

3.2.1. An affirmative vote by at least two thirds of the entire Board of Trustees at a regular or special Board meeting, provided that written notice of such meeting has described the proposed sale and the reasons for the proposal;

3.2.2. The written consent of any persons to whom the land in question is leased; and

3.2.3. The approval of two thirds of the Regular Members present at a regular or special Membership Meeting, a quorum being assembled, provided that written

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notice of such meeting has described the proposed sale and the reasons for the proposal.

ARTICLE VI: OWNERSHIP OF HOUSING AND OTHER IMPROVEMENTS LOCATED ON THE CORPORATION'S LAND AND LIMITATIONS ON RESALE

1. Ownership of Housing and Improvements on the Corporation's Land. In accordance with the purposes of the Corporation, the Board of Trustees shall take appropriate measures to promote and facilitate the ownership of housing and other improvements on the Corporation's land by low-income and moderate-income people. These measures may include, but are not limited to, provisions for the sale of housing to such people; provisions for financing the acquisition of housing by such people, including direct loans by the Corporation; and provision for grants or other subsidies that will lower the cost of housing for such people.

2. Purchase by the Corporation of Property Located on the Corporation's Land. It is a purpose of the Corporation to preserve the affordability of housing and other improvements for low-income and moderate-income people in the future. Accordingly, when land-use rights are leased, the Board of Trustees shall assure that, as a condition of the lease, the Corporation is granted the right to purchase any lessee-owned housing or other improvements on the land for a price determined by the "resale formula," at such time as the lessees wish to sell or the lease is terminated.

3. The Resale Formula. Whenever its purpose is to preserve affordability, the Corporation shall restrict the price that lessees may receive when they sell housing and other improvements located on the land leased to them by the Corporation. A policy establishing such restrictions in the form of a "resale formula" shall be adopted by the Board of Trustees and the Regular Members of the Corporation, in accordance with the following principles:

3.1. To the extent possible, the formula shall allow the seller to receive a price based on the value that the seller has actually invested in the property being sold.

3.2. To the extent possible, the formula shall limit the price of the property to an amount that will be affordable for other low-income and moderate-income people at the time of the transfer of ownership.

4. Procedures for Adoption of the Resale Formula. The adoption of the resale formula shall require:

4.1. An affirmative vote by at least two thirds of the entire Board of Trustees at any regular or special Board meeting, provided that written notice of such meeting has set forth the proposed formula with an explanation thereof, and

4.2. An affirmative vote by at least two thirds of the Regular Members present at any regular or special Membership meeting, a quorum being assembled, provided that written notice of such meeting has set forth the proposed formula with an explanation thereof.

5. Procedures for Altering the Resale Formula. The consistent long-term application of a resale formula is essential to the purposes of the Corporation. Accordingly, the resale formula shall not be altered unless the Board of Trustees and Regular Members of the Corporation determine that the current formula presents an obstacle to the achievement of the purposes of the Corporation. In such an event, the resale formula may be altered only by a two-thirds vote of the entire Board of Trustees and a two thirds vote of the Regular Members present at a Membership meeting, as described above for the adoption of the formula.

ARTICLE VII: AMENDMENT OF CERTIFICATE OF INCORPORATION AND BYLAWS

Initial Bylaws approved June 24, 2008 and published May 29, 2009.

Home Trust of Skagit Bylaws

The Certificate of Incorporation may be amended and these Bylaws may be amended or may be repealed and new Bylaws adopted only by:

1. An affirmative vote by two thirds of the entire Board of Trustees at any regular or special Board meeting, provided that written notice of such meeting has set forth the proposed amendment or replacement, with appropriate explanations thereof; and
2. An affirmative vote by two thirds of the Regular Members present at any regular or special Membership meeting, a quorum being assembled, provided that written notice of such meeting has set forth the proposed amendment or replacement, with appropriate explanations thereof.

ARTICLE VIII: DISSOLUTION

A decision to dissolve the Corporation and to distribute the Corporation's assets in a particular manner in accordance with the Certificate of Incorporation shall require:

1. An affirmative vote by two thirds of the entire Board of Trustees at any regular or special Board meeting, provided that written notice of such meeting has included a full description of the plan of dissolution; and
2. An affirmative vote by two thirds of the Regular Members present at a regular or special Membership meeting, a quorum being assembled, provided that written notice of such meeting, including a full description of the proposed plan of dissolution, has been given to all Members of the Corporation no later than three weeks prior to the meeting.

ARTICLE IX: MISCELLANEOUS PROVISIONS

1. **Fiscal Year.** The fiscal year of the Corporation shall begin on January 1 of each year, and shall end on December 31 of each year.
2. **Deposit of Funds.** All funds of the Corporation not otherwise employed shall be deposited in such banks, trust companies, or other reliable depositories as the Board of Trustees from time to time may determine.
3. **Checks, etc.** All checks, drafts, endorsements, notes and evidences of indebtedness of the Corporation shall be signed by such officers or agents of the Corporation and in such manner as the Board of Trustees from time to time may determine. Endorsements for deposits to the credit of the Corporation shall be made in such manner as the Board of Trustees from time to time may determine.
4. **Loans.** No loans or advances shall be contracted on behalf of the Corporation, and no note or other evidence of indebtedness shall be issued in its name, except as authorized by the Board of Trustees .Any such authorization shall relate to specific transactions.
5. **Contracts.** Any officer or agent of the Corporation specifically authorized by the Board of Trustees may, on behalf of the Corporation, enter into those contracts or execute and deliver those instruments that are specifically authorized by the of Trustees. Without the express and specific authorization of the Board Trustees, no officer or other agent of the Corporation may enter into any contract nor execute or deliver any instrument in the name of the Corporation.
6. **Indemnification.** Any person (and the heirs, executors and administrators of such person) made or threatened to be made a party to any action, suit or proceeding by reason of the fact that

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he or she is or was a Trustee or Officer of the Corporation shall be indemnified by the Corporation against any and all liability and the reasonable expenses, including attorneys' fees and disbursements, incurred by him or her (or his or her heirs, executors, or administrators) in connection with the defense or settlement of such action, suit, or proceeding, or in connection with any appearance therein, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Trustee or officer is liable for negligence or misconduct in the performance of his or her duties.

ARTICLE X: INITIAL MEMBERSHIP AND BOARD, ADOPTION OF BYLAWS, FIRST ANNUAL MEETING

1. **Initial Membership.** The Initial Members empowered to vote at the first annual meeting shall be those persons 18 years of age or older who have attended at least one of the organizational meetings held between January 2007, and the time of the First Annual Meeting, as recorded in the minutes of these meetings.

2. **Initial Board of Trustees.** The Initial Board of Trustees shall be as stated in the Certificate of Incorporation. The Initial Board, after approving these Bylaws, shall call the first Annual Meeting of the Membership, and shall serve until the first elected Board of Trustees has been seated upon the completion of the First Annual Meeting.

3. **Adoption of Bylaws.** Adoption of these Bylaws as the Bylaws of the Corporation shall require:

3.1. Approval by a majority of the Initial Board of Trustees prior to the First Annual Meeting; and

3.2. Ratification by two thirds of the Initial Members present and voting at the First Annual Meeting.

4. **Nomination of Trustees to Be Elected at First Annual Meeting.** In consultation with the Initial Members, the Initial Board of Trustees shall nominate a slate of twelve candidates, and shall designate four of these candidates as candidates for "Lessee Representatives, four as candidates for "General Representatives," and four as candidates for "Public Representatives." Additional nominations for any of the three categories of representatives may be made by any Initial Member from the floor at the First Annual Meeting.

5. **First Annual Meeting.** The First Annual Meeting of the Membership, for the ratification of these Bylaws, the election of Trustees, the assessment of membership dues, and the transaction of other business, shall be held in the year 2009. The location and specific time of the First Annual Meeting shall be determined by the Initial Board of Trustees. Notice Of the First Annual meeting shall be mailed to all Initial Members at least seven days prior to the Meeting and shall include a list of those persons nominated for the Board of Trustees in accordance with Paragraph 3 above. Except as otherwise provided in this Article, the election of Trustees and other business of the First Annual Meeting shall be conducted in accordance with Articles II and III of these Bylaws.

Signature and Title

Date