BY-LAWS

Merritt Island Cooperative Housing Association, Inc.

ARTICLE I

Section 1

The name of this corporation is the Merritt Island Cooperative Housing Association, Inc. Its principal office is located at 235 N Banana River Drive, Merritt Island Florida.

ARTICLE II

Section 1

The purpose of this corporation is to provide its members with housing and community facilities, if any, on a nonprofit basis consonant with the provisions set forth in its Certificate of Incorporation.

ARTICLE III — MEMBERSHIP

Section 1 — Eligibility

Any natural person approved by the Board of Directors shall be eligible for membership, provided that he or she executes a Subscription Agreement and Occupancy Agreement in the usual form employed by the corporation covering a specific unit in the housing complex.

Section 2 — Application for Membership

Application for membership shall be presented in person on a form prescribed by the Board of Directors, and all such application shall be acted upon promptly by the Board of Directors.

Section 3 — Member

The members shall consist of the subscribers as have been approved for membership by The Board of Directors and who have paid for their membership and received stock (hereinafter “Membership”) certificates. The status of the Directors in the office at the time these By-Laws are approved and adopted as members shall terminate at the first annual meeting of members. The authorized membership of the corporation shall consist of two hundred sixteen (216) memberships.

Section 4 — Membership Certificates

Each membership certificate shall state that the corporation is organized under the laws of the State of Florida, the name of the registered holder of the membership represented thereby, the corporation lien rights as against such membership as set forth this Article, and the preferences and restrictions applicable thereto, and shall be in such form as shall be approved by the Board of Directors. Membership certificates shall be consecutively numbered bound in one or more books and shall be issued therefrom upon certification as to full payment. Every membership certificate shall be signed by the President or Vice President and Secretary, and shall be sealed with the corporate seal.

Section 5 — Lost Certificates

The Board of Directors may direct a new certificate or certificates to issued in place of any certificate or certificates previously issued by the corporation and alleged to have been destroyed or lost, upon the making an affidavit of that fact by the person claiming the share certificate to be lost or destroyed. When authorizing such issuance of a new certificate or certificates, the board of Directors may, in its discretion, and as condition precedent to the issuance thereof, require the registered owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and to give the corporation a bond in such sum as the Board of Directors may require as indemnity against any claim that may be made against the corporation.

Section 6 — Lien

The corporation shall have a lien on the outstanding regular memberships in order to secure payment of any sums, which shall be due or become due from the holders thereof for any reason whatsoever, including any sums due under any occupancy agreements.

Section 7 — Transfer of Memberships

Except as provided herein, membership shall not be transferable and, in any event, no transfer of membership shall be made upon the books of the corporation within ten (10) days next preceding the annual meeting of the members. In all transfers of membership the corporation shall be entitled to a fee it deems appropriate to compensate it for the processing of the transfer.

A. Death of a Member. If upon death of a member, his membership in the corporation passes by will or intestate distribution to a member of his immediate family, such legatee or distributee may, with the approval of the corporation, by assuming in writing the terms of the Subscription Agreement and Occupancy Agreement, within sixty (60) days after the members death, and paying all amounts due thereunder, become a member of the corporation. If a member dies and an obligation is not assumed in accordance with the foregoing, the deceased's immediate family member, then the corporation shall have an option to purchase the membership from the deceased member's estate in the manner provided in paragraph (B) of this Section, written notice of the death being equivalent to notice of intention to withdraw. If the corporation does not exercise such option, the provisions of paragraph (C) of the Section shall be applicable; the references to “member” therein to be construed as references to the legal representative of the deceased member.

B. Option of the Corporation to Purchase. If the member desires to leave the project, he shall notify the corporation in writing of such intention and the corporation shall have an option for a period of thirty (30) days commencing the first day of the month following the giving of such notice, but not the obligation, to purchase the membership together with all of the member's rights with respect to the dwelling unit, at an amount to be determined by the corporation as representing the transfer value thereof, less any amounts due by the member to the corporation under the Occupancy Agreement, and less the cost or estimated cost of all deferred maintenance, including painting, redecorating, floor finishing, and such repairs and replacement as are deemed necessary by the corporation to place the dwelling unit in the same condition as at the time it was purchased by the member. The purchase by the corporation of the membership will immediately terminate the member's rights and the member shall forthwith vacate the premises.

C. Procedure Where Corporation Does Not Exercise Option. If the corporation waives in writing its right to purchase the membership under the foregoing option, or if the corporation fails to exercise such option within the thirty (30) day period, the member may sell his membership to any person who has been fully approved by the corporation as a member and occupant.

If the corporation agrees, at the request of the member, to assist the member in finding a purchaser, the corporation shall be entitled to charge the member a fee it deems reasonable for this service. When the transferee has been approved for membership and has executed the prescribed Occupancy Agreement, the retiring member shall be released of his obligations under his Occupancy Agreement, provided he has paid all amounts due the corporation to date.

D. Transfer Value. Whenever the Board of Directors elects to purchase a membership, the term "transfer value" shall mean the sum of the following:

1. The consideration (i.e. down payment) paid for the membership by the occupancy of the unit involved as shown on the books of the corporation;

2. The value, as determined by the Directors, of any improvements installed at the expense of the member with the prior approval of the Directors, under a valuation formula which does not provide for reimbursement in an amount in excess of the typical initial cost of the improvements less book value depreciation;

3. The value of limited equity appreciation on the membership consideration of up to ten (10) per centum per year, or as determined by the directors.

4. Whenever a member who has received rental assistance sells his membership the proportionate amount of such assistance may be deducted by the Board from the transfer value to which such member would otherwise be entitled.

Section 8 — Termination of Membership for Cause

In the event the corporation has terminated the rights of a member under the Occupancy Agreement, the member shall be required to deliver promptly his membership certificate and his Occupancy Agreement, both endorsed in such manner as may be required by the corporation. The corporation shall thereupon at its election either (1) repurchase said membership at its transfer value (as hereinabove defined) or the amount of the retiring certificate; whichever is the lesser, or (2) proceed with reasonable diligence to effect a sale of the membership to a purchaser and at a sales price acceptable to the corporation. The retiring member shall be entitled to receive the amount so determined, less the following amounts (the determination of such amounts by the corporation to be conclusive):

Transcription note: "the amount of the retiring certificate" is reproduced as posted; the sentence appears truncated in the posted copy. Compare Article SIXTH of the Articles of Incorporation, which carries the fuller parallel wording. See Transcription Note 2.

A. Any amounts due to the corporation from the member under the Occupancy Agreement;

B. The cost or estimated cost of all deferred maintenance including painting, redecorating, floor finishing and such repairs and replacements as are deemed necessary by the corporation to place

the dwelling unit in a suitable condition for another occupant; and

C. Legal and other expenses incurred by the corporation in connection with the default of such member and the resale of membership. In the event the retiring member for any reason should fail for a period of ten (10) days after demand to deliver to the corporation his endorsed membership certificate, said membership certificate shall forthwith be deemed to be cancelled and may be reissued by the corporation to a new purchaser.

Section 9 — Sales Price

Memberships may be sold by the corporation or the member only to a person approved by the Board of Directors in accordance with the requirements of the Regulatory Agreement and the sale price shall not exceed the transfer value as provided in this article, except that in sales effected by the corporation a service charge not in excess of $125.00 may be charged by the corporation. Where the sale is accomplished by a member, a certificate in form approved by the FHA as to the price paid shall be executed by the seller and purchaser and delivered to the corporation.

ARTICLE IV — MEETINGS OF MEMBERS

Section 1 — Place of Meetings

Meetings of the membership shall be held at the principal office or place of business of the corporation or at such other suitable place convenient to the membership as may be designated by the Board of Directors.

Section 2 — Annual Meetings

The first annual meeting of the corporation of the housing complex to be owned by the corporation. Thereafter, the annual meetings of the corporation shall be held on the first Tuesday of February each succeeding year at seven o'clock (7:00) p.m. At such meeting there shall be elected by ballot of the members a Board of Directors in accordance with the requirements of Section 3. of Article V. of these By-Laws. The members also transact such other business of the corporation as may properly come before them.

Transcription note: the first sentence above is a fragment in the posted copy — its operative middle is missing (compare Article SEVENTH of the Articles of Incorporation). The posted copy's "first (15) Tuesday" is rendered "first Tuesday"; (15) appears to be a scanning artifact. See Transcription Notes 3 and 4.

Section 3 — Special Meetings

Special Meetings of the members may be called by the President or by the majority of the Directors or upon a petition signed by twenty (20) percent of the members who are entitled to vote, or at the request of the Federal Housing Commissioner of his duly authorized representative. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except in the notice unless by consent of four-fifths (4/5) of the members present, either in person or by proxy.

Section 4 — Notice of Meetings

It shall be the duty of the Secretary to mail a notice of each annual or special meeting stating the purpose thereof as well as the time and place where it is to be held, to each member of record, at his address as it appears on the membership book of the corporation, or if no such address appears, at his last known place of address, at least fourteen (14) days, but not more than sixty (60) days, prior to such meeting. Notice shall also be posted in a conspicuous place on the bulletin board of the Cooperative Office. Unless a unit owner waives in writing the right to receive notice of the annual meeting by certified mail, the notice of the annual meeting shall be sent by certified mail to each unit owner. Notice of all such meetings shall be mailed to the Director of the local insuring office of the Federal Housing Administration.

Section 5 — Quorum

The presence, either in person or by proxy, of the majority of the members of record of the corporation shall constitute a quorum for the transaction of business at all meetings of members. Decisions shall be made by members and proxies constituting a majority of those present. If the number of members or members represented by proxy or a meeting drops below the quorum and the question of lack of quorum is raised, no business may thereafter be transacted until a quorum is present.

Section 6 — Adjourned Meetings

If any meeting of members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may except as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called, at which subsequent meeting the quorum requirements shall be ten (10) percent.

Section 7 — Voting

At every meeting of the regular members, each member present, either in person or by proxy, shall have the right to cast one (1) vote on each question and never more than one (1) vote. In the case of jointly held memberships between husband and wife, any joint member may cast the membership's vote unless the Secretary is notified to the contrary by one (1) of the joint members before the meeting in which case each joint member is entitled to one half (1) vote. The vote of the majority of those present, in person or by proxy, shall decide any question brought before such meeting, unless the question is one upon which, by express provision of statute or of the Certificate of Incorporation or of these By-Laws, a different voting is required, in which case such express provision shall control. No member shall be eligible on the books or management accounts of the corporation to be more than thirty (30) days delinquent in payments due the corporation under his Occupancy Agreement.

Transcription note: the final sentence of this section is garbled in the posted copy; it appears to state a voting-eligibility rule tied to delinquency. Reproduced as posted. See Transcription Note 5.

Section 8 — Proxies

A member may appoint and designate another member to hold his proxy. No person may be designated to hold more than one (1) proxy for any purpose. Any proxy given shall be effective only for the specific meeting for which originally given and any lawfully adjourned meetings thereof. In no event shall any proxy be valid for a period longer than ninety (90) days after the date of the first

meeting for which it was given. Every proxy shall be revocable at any time at the pleasure of the member executing it. Proxies shall be on a form provided by the Association and filed with the Secretary before the appointed time of each meeting.

Section 9 — Order of Business

The order of business at all regularly scheduled meetings of the regular members shall be as follows:

A. Roll Call

B. Proof of notice of meeting or waiver of notice

C. Reading of minutes of preceding meeting

D. Reports of officers

E. Reports of committees

F. Election of inspectors of election

G. Election of directors

H. Unfinished business

I. New business

In the case of special meetings, items (A) through (D) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of meetings.

If present, a representative of the Administration will be given an opportunity to address any regular or special meeting.

Section 10 — Minutes

Minutes of all meetings of members and of the Board shall be kept in a business-like manner and shall be available for inspection by members, their authorized representative, or board members at reasonable times. The Association shall retain these minutes for a period of not less than seven (7) years.

Section 11 — Proposed Annual Budget

Copies of a proposed annual budget of common expenses shall be mailed to the members not less than thirty (30) days prior to the meeting at which the budget will be considered, together with the notice of that meeting.

Section 12 — Increased Assessments

If a budget is adopted by the Board which requires assessment against the members in any fiscal or calendar year exceeding one hundred fifteen (115) percent of such assessments for the preceding year, a special meeting of the members shall be held upon written application of ten (10) percent of the unit owners. Not less than ten (10) days written notice shall be given to each unit owner, but the meeting shall be held within thirty (30) days of delivery of such application to the Board. At the special meeting, members may consider and enact a revision of the budget or recall any or all members of the

Board and elect their successors. In determining whether assessments exceed one hundred fifteen (115) percent of similar assessments of prior years, there shall be excluded from the computation any provision for reasonable reserves made by the Board for repair or replacement of cooperative property or for anticipated expenses by the Association which are not anticipated to be incurred on a regular basis, and the computation shall not include assessments for betterments to the cooperative property.

ARTICLE V — DIRECTORS

Section 1 — Number and Qualifications

The affairs of the corporation shall be governed by a Board of Directors composed of seven (7) persons, all of whom shall be members of the corporation.

Section 2 — Powers and Duties

The Board of Directors shall have all the powers and duties necessary for the administration of the affairs of the corporation and may do all such acts and things as are not by law or by these By-Laws directed to be exercised and done by members. The powers of the board of Directors shall include but not be limited to:

A. To accept or reject all applications for membership and admission to occupancy of a dwelling unit in the cooperative housing project; either directly or through an authorized representative;

B. To establish monthly carrying charges as provided for in the Occupancy Agreement, based on an operating budget formally adopted by such board;

C. Subject to the approval of the Administration, to engage an agent or employees for the management of the project under such terms as the board may determine;

D. To terminate membership and occupancy rights for cause;

E. To promulgate such rules and regulations pertaining to use and occupancy of the premises as may be deemed proper and which are consistent with these By-Laws, the Certificate of Incorporation and Regulatory Agreement.

Section 3 — Election and Term of Office

The term of the Directors in the office on the date these By-Laws are approved shall expire when their successors have been elected at the first annual meeting or any special meeting called for that purpose. At the first annual meeting or any special meeting of the members term of office of three (3) Directors shall be fixed for three (3) years. The term of office of two (2) Directors shall be fixed for two (2) years, and the term of office of two (2) Directors shall be fixed for one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three (3) years. The Directors shall hold office until their successors have been elected and qualified.

Section 4 — Vacancies

Vacancies in the Board of Directors caused by any reason other than the removal of Director by vote of the membership shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is

elected by the members at the next annual meeting to serve out the unexpired portion of the terms.

Section 5 — Removal of Directors

At any regular or special meeting duly called after the first annual meeting following the approval and adoption of these By-Laws, any Director may be removed with or without cause by the affirmative vote of the majority of the entire regular membership of record and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting. The terms of any Director who becomes more than thirty (30) days delinquent in payments due under his Occupancy Agreement or who fails to attend three (3) consecutive board meetings shall be terminated at the discretion of the Board of Directors and the remaining Directors shall appoint his successor as provided in Section 4, above. A special meeting of the members to recall a member or members of the board may be called by ten (10) percent of the members giving notice of the meeting as required for a meeting of members, and the notice shall state the purpose of the meeting.

Section 6 — Compensation

No compensation shall be paid to Directors for their services as Directors. No remuneration shall be paid to a Director for services performed by him for the corporation in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board of Directors before the services are undertaken. No remuneration or compensation shall in any case be paid to a Director without the approval of the Administration. A Director may not be an employee of the corporation.

Section 7 — Organization Meeting

The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole board shall be present.

Section 8 — Regular Meetings

Regular meetings of the Board of Director may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least four (4) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting and shall be posted so as to make members aware that a regular meeting of the Board of Directors is scheduled.

Meetings of the board shall be open to all unit owners, and notice of meetings shall be posted in a conspicuous place upon the cooperative property at least forty-eight (48) hours in advance, except in an emergency. Notice of any meeting in which assessments against members are to be considered for any reason shall specifically contain a statement that assessments will be considered and the nature of any such assessments.

Section 9 — Special Meetings

Special meetings of the Board of Directors may be called by the President on three (3) days notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three (3) Directors.

Section 10 — Waiver of Notice

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

Section 11 — Quorum

At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 12 — Fidelity Bond

The board of Directors shall require that all officers and employees of the corporation handling or responsible for corporate or trust funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the corporation.

ARTICLE VI — OFFICERS

Section 1 — Designation

The principal officers of the corporation shall be a President, a Vice-President, a Secretary and a Treasurer; all of whom shall be elected by and from the Board of Directors. The Directors may appoint an assistant treasurer, and an assistant secretary, and such other officers as in their judgment may be necessary.

Section 2 — Election of Officers

The officers of the corporation shall be elected annually to the Board of Directors at the organization meeting of each new board and shall hold office at the pleasure of the board.

Section 3 — Removal of Officers

Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the board called for such purpose.

Section 4 — President

The president shall be the chief executive officer of the corporation. He shall preside at all meetings of the members and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of a corporation, including but not limited to the power to appoint committees from among the membership from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the corporation.

Transcription note: the posted copy repeats the sentence "He shall preside at all meetings of the members and of the Board of Directors" twice in succession; it is printed once here. See Transcription Note 4.

Section 5 — Vice-President

The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President or Vice-President is able to act, the Board of Directors shall appoint some other member of the board to so do on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6 — Secretary

The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the corporation; he shall have the custody of the seal of the corporation; he shall have charge of the stock transfer books and of such other books and papers as the Board of Directors may direct; and he shall, in general, perform the duties incident to the office of Secretary.

Section 7 — Treasurer

The Treasurer shall have responsibility for corporate funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the corporation. He shall be responsible for the deposits of all moneys and other valuable effects in the name, and to the credit, of the corporation in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE VII — RIGHTS OF FEDERAL HOUSING ADMINISTRATION

Section 1

The management, operation and control of the affairs of the corporation shall be subject to the rights, powers, and privileges of the Federal Housing Administration pursuant to a Regulatory Agreement between the corporation and the Federal Housing Administration. The corporation is bound by the provisions of the Regulatory Agreement, which is condition precedent to federally assisted financing of the project.

ARTICLE VIII — AMENDMENTS

Section 1

These By-Laws may be amended by the affirmative vote of two-thirds (2/3) of the entire regular membership of record present at any regular or special meeting, provided that no amendment shall become effective unless and until it has received any necessary approval of the Administration. Amendments may be proposed by the Board of Director or by petition signed by at least twenty (20)

percent of the members. A description of any proposed amendment shall contain the full text of the amendment and shall accompany the notice of any regular or special meeting at which such proposed amendment is to be voted upon.

ARTICLE IX — SEAL

Section 1

The Board of Directors shall provide a suitable corporate seal containing the name of the corporation, which the seal shall be in charge of the Secretary. If so directed by the Board of Directors, a duplicate of the seal may be kept and used by the Treasurer or any assistant secretary or assistant treasurer.

ARTICLE X — FISCAL MANAGEMENT

Section 1 — Fiscal Year

The fiscal year of the corporation shall begin on the first day of January every year, except that the first fiscal year of the corporation shall begin at the date of incorporation. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should corporate practice subsequently dictate but not without the prior written approval of the administration.

Section 2 — Books and Accounts

Books and accounts of the corporation shall be kept under the direction of the Treasurer and in accordance with the Uniform System of Accounts prescribed by the FHA Commissioner. That amount of the carrying charges required for payment on the principal of the mortgage of the corporation or any other capital expenditures shall be credited upon the books of the corporation to the “Paid-in Surplus” account as capital contribution by the members.

Section 3 — Auditing

At the closing of each fiscal year, the books and records of the corporation shall be audited by a Certified Public Accountant or other person acceptable to the Administration, whose report will be prepared and certified in accordance with the requirements of the administration. Based on such reports, the requirements will furnish its members with an annual financial statement including the income and disbursement of the corporation. The corporation will also supply the members, as soon as practicable after the end of each calendar year, with a statement showing each member's pro rata share of the real estate taxes and mortgage interest paid by the corporation during the preceding calendar year.

Transcription note: “the requirements will furnish its members” is reproduced as posted; the sentence is garbled in the posted copy (the sense appears to be that the corporation will furnish the statement). See Transcription Note 5.

Section 4 — Inspection of Books

Financial reports such as are required to be furnished to the Administration and the membership records of the corporation shall be available at the principal office of the corporation for inspection at reasonable times by any members.

Section 5 — Execution of Corporate Documents

With the prior authorization of the Board of Directors, all corporate documents shall be executed on behalf of the corporation by either, the President or any officer of the corporation designated by the President.

Section 6 — Annual Financial Report

Within sixty (60) days following the end of the fiscal year, the Board shall mail or furnish by personal delivery to each member a complete financial report of actual receipts and expenditures for the previous twelve (12) months. The report shall show the amounts of receipts by accounts and receipt classifications and show the amounts of expenses by accounts and expense classifications including, if applicable but not limited to:

a) Costs for security;

b) Professional and management fees and expenses;

c) Taxes;

d) Costs for recreation facilities;

e) Expenses for refuse collection and utility services;

f) Expenses for lawn care;

g) Costs for building maintenance and repair;

h) Insurance costs;

i) Administrative and salary expenses;

j) General reserves, maintenance reserves, and depreciation reserves.

Section 7 — Association with Other Cooperatives

The corporation may associate itself with another cooperative or cooperatives, or become a member of an association of cooperatives who join together for the purpose of mutual aid and of advancing the cooperative movement as a means of providing housing for consumers.

ARTICLE XI — INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1

Each director or officer, present or former, of the corporation or of any other corporation, a majority of the stock of which is owned by the corporation, shall be indemnified by the corporation against all costs and expenses reasonably incurred by or imposed upon him in connection with or arising out of any action, suit or proceeding in which he may be involved by reason of his being having been such director or officer, such expenses to include the costs of reasonable settlements, other than amounts paid to the corporation itself, made with view to curtailing costs of litigation. The corporation shall not, however, indemnify any director or officer with respect to matters as to which he shall be finally adjudged in any such action, suit or proceeding to have been derelict in the performance of his duty as such director or officer, nor in respect of any matter on which any settlement or compromise is

affected. If the total expense, including the cost of the settlement, shall substantially exceed the expense, which might reasonably be incurred by such director or officer in conducting such litigation to a final conclusion. The foregoing right of indemnification shall not be exclusive of other rights to which any director or officer may be entitled as a matter of law. In determining the reasonableness of any settlement, the judgment of the Board of Directors shall be final.

ARTICLE XII — SAVING CLAUSE

Section 1

Any provision of these By-Laws that is inconsistent with or in violation of any provision or requirements contained in the Articles of Organization or any amendment thereto or that is inconsistent with and in violation of the statutes or the law of the State of Florida, shall be considered inoperative, and the applicable provision of the Articles of Organization or the laws of the State of Florida shall be considered part of these By-Laws as if set forth herein.

RESOLUTION OF THE BOARD

Merritt Island Cooperative Housing Association, Inc.
Pursuant to Article III, Section 7(D) of the By-Laws

WHEREAS, Article ELEVENTH of the Articles of Incorporation for the Association provides in part, “No dividend shall be paid anytime upon any membership issued by this Corporation,” and

WHEREAS, Article FOURTEENTH of the Article of Incorporation also provides in part, “.... no part of the net income or net earnings of the Corporation shall inure to the benefit or profit of any private individual, firm, corporation, or association.” And

WHEREAS, Article III D of the Association By-Laws obligates the Board to periodically determine the “transfer value” of memberships in the Association, which value is to consider at least the following factors:

1) The original down payment of a member plus

2) The value of improvements installed at members' expenses with prior approval of the board less

3) Depreciation plus

4) “.... [T]he value of limited equity appreciation on the membership consideration of up to ten (10) percent of ten (10) percent per year, or as determined by the directors,” and

Transcription note: the quotation in item 4) is reproduced as it appears in the posted copy, including the duplicated “of ten (10) percent.” Article III, Section 7(D)(3) itself reads “up to ten (10) per centum per year.” See Transcription Note 6.

WHEREAS, Article II, Section 9 of the By-Laws places a limitation on the sales price of the memberships by providing that the sales price shall not exceed the transfer value and

Transcription note: the sales-price limitation is Article III, Section 9 of these By-Laws as posted; the Resolution's citation to “Article II, Section 9” is reproduced as written. See Transcription Note 6.

WHEREAS, the Board has caused the past transfer valuation policies to be extensively re-examined in light of a growing drain on the resources of the Association which has theoretical effect of requiring the Association to pay out an additional dollar for every dollar it pays to reduce its outstanding loan balances, and

WHEREAS, the Board has done due diligence by consulting with its attorney, its accountant and an accredited property appraiser on how best to calculate “transfer value”, and

WHEREAS, the Board has an obligation to carefully consider and be guided by the advice of the experts it consulted, and

WHEREAS, all of the experts it has consulted have rendered opinions suggesting that the Board revise the value of limited equity appreciation to more appropriate levels, considering the need of the Association to conserve its assets and considering the benefit members receive by pay below-market rates for comparable housing.

NOW THEREFORE, in consideration of the foregoing premises, all of which the Board finds to be true, THE BOARD HEREBY RESOLVES THAT UNTIL FURTHER NOTICE:

A. That the value of limited equity on the membership consideration is reduced to zero, and

B. Each member shall be considered to be receiving appreciation of equity on a present and ongoing basis in an amount which consists of the difference between the fair rental value of each unit and the amount actually paid by each member to the association for carrying costs, and

C. All equity appreciation that has heretofore been credited to the account of the members based upon reduction of indebtedness is hereby determined to have been depleted, and

D. Upon the transfer of a membership to the Association, each member shall be entitled to the member's initial down payment, plus the value of approved improvements, less depreciation, together with interest on the down payment in the manner in which interest is paid on rental security deposits held by landlords of residential property in Florida.

THE BOARD OF DIRECTORS

Original Signatures on File

Transcription note: no adoption date appears on the Resolution in the posted copy. See Transcription Note 7.

TRANSCRIPTION NOTES

1. This retype was prepared October 2026 from the By-Laws as posted on michafl.org, for readability and reference only. It is not a certified copy; the adopted By-Laws (with any amendments) control in the event of any difference. No wording of substance was changed.

2. Article III, Section 8: the phrase “or the amount of the retiring certificate; whichever is the lesser” appears truncated in the posted copy. Article SIXTH of the Articles of Incorporation carries the fuller parallel wording (“or the amount the retiring member originally paid for the acquisition of his membership certificate, whichever is the lesser”).

3. Article IV, Section 2: the first sentence is a fragment in the posted copy — “The first annual meeting of the corporation of the housing complex to be owned by the corporation.” Its operative middle (compare Articles of Incorporation, Article SEVENTH: the first annual meeting is held within a stated number of days after the corporation's purchase of the housing complex) is missing from the posted copy and has NOT been reconstructed here.

4. Obvious typographical and scanning errors in the posted copy were corrected, including: “interstate distribution” (intestate), “such from” (such form), “approved be” (approved by), “prescribe Occupancy Agreement” (prescribed), “seyen o'clock” (seven), “first (15) Tuesday” (first Tuesday — (15) appears to be a scanning artifact), “may e proposed” (may be proposed), “IDEMNIFICATION” (Indemnification), “COOPARTIVE” (Cooperative), “THERFORE” (Therefore), “Executive of Corporate Documents” (Execution), a duplicated sentence in Article VI, Section 4 (printed once), a duplicated “by the” in Article III, Section 8(C) (printed once), and stray characters/punctuation throughout.

5. Two passages are garbled in the posted copy and are reproduced as posted rather than rewritten: the last sentence of Article IV, Section 7 (voting eligibility and delinquency), and “the requirements will furnish its members” in Article X, Section 3.

6. Board Resolution (transfer value): the Resolution cites “Article II, Section 9” for the sales-price limitation; in the By-Laws as posted that limitation is Article III, Section 9. Its quotation of the limited-equity factor duplicates “of ten (10) percent”; Section 7(D)(3) itself reads “up to ten (10) per centum per year.” Both are reproduced as written in the posted copy.

7. The Board Resolution bears no adoption date in the posted copy. By its terms it applies “until further notice” and sets the value of limited equity appreciation on the membership consideration to zero.

8. The final page of the posted PDF is not part of the By-Laws: it is a Florida Department of State certificate of status dated June 17, 2002 (Secretary of State Katherine Harris), certifying the corporation was organized December 19, 1980, Document Number 755608, with fees paid through December 31, 2002 and status active. It is not reproduced in this retype. The corporation's status was confirmed Active on Sunbiz in October 2026.