

**BY-LAWS
OF
LOST MEADOW LAND COOPERATIVE**

Article I
Organization

Section 1.1 - **Name.** The name of the organization is Lost Meadow Land Cooperative (hereinafter "the Co-op").

Section 1.2 - **Purposes.** The Co-op is organized to acquire and hold land from which homesites will be provided to its members through long-term lease arrangements that are restricted in accordance with sound ecological and social principles; to conserve and responsibly manage the land of the Co-op according to use values rather than market values and in a manner which maintains and improves the purity of its air and water resources, the productivity of its soil and the integrity of its landscape; and to nurture and sustain the human resources of the Co-op through the development of a cooperative community among its members. The Co-op shall conduct all of its activities on a nonprofit and cooperative basis for the primary and mutual benefit of its members as patrons of its services.

Section 1.3 - **Location.** The Co-op shall be located at 990 Lost Meadow Road in West Corinth, Vermont until changed by the Council.

Section 1.4 - **Operating year.** The operating year of the Co-op shall be the calendar year.

Article II
Land use policies

Section 2.1 - **Conservancy.** It shall be the policy of the Co-op to conserve its land for members and for future generations. The Co-op shall refrain from selling its land except under extraordinary circumstances, and shall minimize the risk of loss of the land through avoidance of mortgages or other encumbrances except when deemed necessary. No interest in the natural resources of the land shall be granted in any

manner which does not maximize the continued use of the land and regeneration of its resources.

Section 2.2 - **Ground lease agreements.** It shall be the policy of the Co-op to enter into ground lease agreements with members that restrict the use of the land in a manner consistent with the purposes of the Co-op [and that assure its perpetual affordability] while, at the same time, recognizing appropriate and reasonable uses of the land by members. Fees shall adequately reflect the fair use value of the land with reductions to be based only upon the financial circumstances of members.

Section 2.3 - **Land use planning.** It shall be the policy of the Co-op to maintain land use plans. Each plan shall set forth the natural characteristics of the land and ecologically-sound proposals for the uses of, and improvements to, the land. Land use plans shall be regularly reviewed and updated.

Article III Membership

Section 3.1 - **Eligibility and admission.** Membership in the Co-op shall be voluntary and open to any person who is in accord with its purposes and policies, will enter into a ground lease agreement with the Co-op, and is approved for admission by the Council. Membership shall also include legatees and heirs who succeed to the leasehold interests of members under the Co-op's ground lease agreement. Whenever practicable, members who are to benefit by limitations on the transfer price of residential structures of former members shall be limited to persons of low or moderate income. Each applicant will be provided a copy of these by-laws, together with a written explanation of the significance of the consent provision in Article VII. No person shall be denied membership or otherwise discriminated against by the Co-op on account of race, national origin, age, sex, religion, sexual preference, handicap or other arbitrary basis.

Section 3.2 - **Responsibilities.** Upon admission to membership, a member shall purchase, or subscribe to purchase, one or more common shares at the then current price as determined by the Council. Common shares shall be subject to assessment pursuant to Article VI. Financial obligations

may be waived in part, with or without conditions, by the Council for reasons of financial hardship. Each member shall, unless excused by the Council, responsibly participate in the affairs of the Co-op.

Section 3.3 - **Transferability.** Membership rights and interests may be transferred only in accordance with the terms of the ground lease agreement. Membership rights and interests may not otherwise be transferred, assigned, mortgaged or pledged except with the express consent of the Council. Any attempted unauthorized transfer shall be wholly void and shall confer no rights upon the transferee.

Section 3.4 - **Meetings.** An annual meeting of members shall be held after the end of each operating year at a time and place determined by the Council. Special meetings of members may be called by the Council and shall be called upon request of ten percent or more of members stating the specific business to be brought before members. Notice of all meetings of members, together with a statement of the its purposes, shall be delivered to all members at least ten days prior to the meeting. Meetings of members shall be conducted under procedures analogous to those in Article IV. Each member shall have one and only one voice or vote in each matter under consideration.

Section 3.5 - **Access to information.** Members shall be provided adequate and timely information as to the organizational and financial affairs of the Co-op. Members shall be provided access to the books and records of the Co-op for any proper purpose.

Section 3.6 - **Settlement of disputes.** In any dispute between the Co-op and any members or former members which cannot be resolved through informal negotiation, it shall be the policy of the Co-op to use mediation whereby an impartial mediator may facilitate negotiations between the parties and assist them in developing a mutually acceptable settlement. No party with a grievance against the other shall have recourse to litigation until the matter is submitted to mediation and attempted to be resolved in good faith.

Section 3.7 - **Termination.** Membership may be terminated voluntarily by a member upon notice to the Co-op. Membership

shall terminate automatically upon termination or transfer of the member's ground lease agreement. Membership may be terminated for cause by the Council only after a fair hearing at which the member is accorded the opportunity to be heard and to present evidence. Cause shall include, but not be limited to, substantial breach of contract with the Co-op, intentional or repeated violation of these by-laws, willful obstruction of any lawful purpose of the Co-op, serious delinquency in payment of financial obligations and protracted nonparticipation in the affairs of the Co-op.

Article IV Council

Section 4.1 - **Designation and powers.** The management of the Co-op shall be vested in the Council. The Council shall exercise all powers of the Co-op except those specifically reserved by law to members. Each member of the Co-op shall become a Councilmember upon admission to membership and shall serve until his or her term of office is terminated pursuant to this Article.

Section 4.2 - **Meetings and notice.** Meetings of the Council may be called by the Council and shall be called upon request of any two Councilmembers. Meetings called by resolution of the Council shall require no notice other than such resolution. All other meetings of the Council shall require actual notice, either written or oral, to each Councilmember at least three days before the meeting.

Section 4.3 - **Waiver of notice.** Notice may be waived at any time before or after the meeting for which notice is required. The attendance of any person at a meeting shall constitute a waiver of notice of the meeting except where the person attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully convened.

Section 4.4 - **Quorum and decision making.** A quorum for the transaction of business at any meeting of the Council shall consist of a majority of all Councilmembers. The Council shall endeavor to decide all issues by consensus. If, in the opinion of a majority of Councilmembers present, consensus cannot be reached after diligent efforts on a matter

of special urgency or importance, then the issue shall be resolved through a two-thirds majority vote.

Section 4.5 - **Action without a meeting.** Decisions of the Council may be made without a meeting if a consent in writing, stating the action to be taken, is signed by all Councilmembers and filed with the minutes of meetings.

Section 4.6 - **Conflicts of interest.** Councilmembers shall have an affirmative obligation to disclose their actual or potential conflicts of interest in any matter under consideration by the Council. Councilmembers having such interest may not participate in the discussion or decision of the matter unless otherwise determined by the Council.

Section 4.7 - **Contracts for profit.** A Councilmember shall not be a party to a contract for profit with the Co-op differing in any way from the business relations accorded members generally or upon terms differing from those generally current among members.

Section 4.8 - **Committees.** The Council may designate one or more committees of Councilmembers to exercise interim or other stated authority of the Council. No such committee shall operate to relieve the Council of any responsibilities imposed by law. Other committees of an advisory nature composed of members or other persons may be freely designated by the Council.

Section 4.9 - **Termination.** The term of office of a Councilmember shall be terminated automatically upon termination of membership in the Co-op, and may be terminated for cause by the Council after a fair hearing at which the Councilmember is accorded the opportunity to be heard and to present evidence.

Article V Officers

Section 5.1 - **Designation.** The officers of the Co-op shall consist of President, Vice President, Secretary and Treasurer. The Council may designate other officers or assistant officers. Any two or more offices may be held by the same person except those of President and Secretary.

Section 5.2 - **Selection and removal.** Officers shall be selected annually by the Council from among its number. Terms of office shall be for one year or until their successors are selected. Officers may be removed and replaced at any time whenever the best interests of the Co-op would thereby be served.

Section 5.3 - **Duties.** In addition to signing or attesting to formal documents on behalf of the Co-op as authorized by the Council, officers shall have the following duties, together with such other duties as may be determined by the Council:

(a) The President shall coordinate the activities of the Council, assure that meetings are properly planned and facilitated and represent the Co-op in its dealings with outside parties;

(b) The Vice President shall perform the duties of the President in his or her absence and shall, as requested, assist other officers in the performance of their duties;

(c) The Secretary shall attend to the correspondence of the Co-op and shall oversee the issuance of notices and the taking and keeping of minutes of meetings; and

(d) The Treasurer shall oversee the maintenance of financial records, safeguarding of the property of the Co-op and the filing of required reports and returns.

[Officers may be given significantly higher authority, such as being designated chief executive or financial officers, if preferred].

Article VI Capital Stock

Section 6.1 - **Issuance and terms.** To evidence capital funds provided by members, the Co-op shall issue shares of its common stock. Shares may be issued only to persons eligible for and admitted to membership, and shall be issued only upon full payment of their par value of one thousand dollars per share. Shares shall be entitled to no dividend or other monetary return on investment.

Section 6.2 - **Certificates.** Owners of fully-paid shares shall be entitled to receive certificates evidencing such holdings. All certificates shall be numbered and registered by the Co-op. The Co-op may issue a replacement certificate for any certificate alleged to have been lost, stolen or

destroyed without requiring the giving of a bond or other security against losses.

Section 6.3 - **Redemption.** Common shares shall be redeemed on terms determined by the Council following termination of membership only when replacement capital is secured from other members. Such shares shall be redeemable at the lesser of their carrying value on the books of the Co-op or their net book value. Redemption proceeds shall be subject to offset by amounts due and payable to the Co-op by members. Except as otherwise provided in these by-laws, shares may otherwise be redeemed in part only under compelling circumstances as determined by the Council.

Article VII
Distributions of Net Savings

Section 7.1 - **Patronage dividends.** The net savings of the Co-op derived from the excess of revenues over operating costs and expenses for each operating year shall first be determined according to generally accepted accounting principles. In arriving at the portion allocable to members, such net savings shall be adjusted to eliminate the amount, if any, which may be attributable to other than the patronage of members and to make any other adjustments required under federal tax laws or laws of the State of Vermont. Further reductions may be made for reasonable reserves for necessary business purposes as determined by the Council. The net savings, as so adjusted, shall be allocated among members in the proportion which their patronage bears to the patronage of all members. All such amounts shall be allocated and distributed in such a manner as to qualify as patronage dividends within the meaning of federal tax laws.

Section 7.2 - **Distribution and notice.** Patronage dividends shall be evidenced by written notices delivered to recipient members within a payment period of eight months and fifteen days following the close of the operating year. Each notice shall be accompanied by a check in an amount determined by the Council which shall be at least twenty percent of the allocation. Notice shall be in such form as to constitute qualified written notices of allocation within the meaning of federal tax laws.

Section 7.3 - **Consent of members.** By obtaining or retaining membership in the Co-op after the adoption of these by-laws, each member shall thereby consent to take into account for federal income tax purpose the stated dollar amount of the written notice except for such portion as may be attributable to personal, living or family items. Any remaining portion shall be taken into account in the taxable year in which such notice is received.

Section 7.4 - **Deferred patronage dividends.** The portion of patronage dividends not currently distributed by check may be retained for the current or prospective capital needs of the Co-op. Such deferred patronage dividends shall be credited to revolving capital accounts in the names of recipient members. Deferred patronage dividends shall entitle members to no dividend or other monetary return on investment.

Section 7.5 - **Allocation of net losses.** In the event the Co-op shall incur a net loss in any operating year, such loss may be, as determined by the Council, assessed against members, charged against any unallocated members' equity or carried forward to offset adjusted net savings of subsequent operating years.

Section 7.6 - **Redemption.** Deferred patronage dividends may be redeemed when determined by the Council to be no longer needed for capital purposes of the Co-op. At that time they shall be redeemed only in the order of the oldest outstanding amounts and on a ratable basis if such amounts are not redeemed in full. Deferred patronage dividends of particular members may be redeemed, at the discretion of the Council, under compelling circumstances. Deferred patronage dividends shall be redeemed at no more than their carrying value on the books of the Co-op and shall be subject at all times to being offset by amounts otherwise due and payable to the Co-op.

Article VIII
Amendment and Interpretation

Section 8.1 - **Severability.** In the event that any provision of these by-laws is determined to be invalid or unenforceable under any statute or rule of law, then such provision shall be deemed inoperative to such extent and shall be deemed modified to conform with such statute or rule of law

without affecting the validity or enforceability of any other provision of these by-laws.

Section 8.2 - **Amendment.** These by-laws may be amended by the Council, provided that notice of intention to make amendments is provided to all Council members.