

BYLAWS

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BYLAWS

V.N.N.C., Inc.
(The ACorporation@)

ARTICLE I

Place of Business; Compliance with Bylaws

Section 1. Purpose: The primary purpose of the Corporation is to provide housing accommodations to its shareholders on a not for profit, cooperative basis.

Section 2. Location of Office: The principal office and place of business of the Corporation shall be at 3001 Veazey Terrace, N.W., Washington, District of Columbia.

Section 3. Compliance: The administration and management of the Corporation and the actions of the shareholders, individually or collectively, and its board of directors and officers shall be governed by the Bylaws. All present and future shareholders and their sublessees, licensees, invitees, servants, agents, employees, and any other person or persons that shall be permitted to use the property of the Corporation shall be subject to the Bylaws and to the House Rules. Acquisition of shares, leasing, subleasing, or occupancy of any apartment or parking space shall be conclusively deemed to mean that the shareholder, lessee, sublessee, or occupant has accepted and ratified the Bylaws and the House Rules and will comply with them.

ARTICLE II

Meeting of Shareholders

Section 1. Annual Meeting: The first annual meeting of the shareholders of this Corporation, for the election of directors and such other business as may properly come before such meeting, shall be held not later than (a) ninety (90) days after the transfer of seventy five percent (75%) of the authorized shares of the Corporation to persons other than holders of Unsold Shares, or (b) June 30, 1982, whichever occurs earlier. Thereafter, annual meetings shall be held not less than sixty (60) nor more than one hundred and twenty (120) days before the end of the Corporation=s fiscal year. Such meetings shall be at a place in the District of Columbia, and at a time as shall be determined by the board of directors. Written

notice of each meeting shall be given to all shareholders entitled to vote at the time such notice is given or on the record date designated by the board of directors in accordance with Section 7 of this Article II. Such notice shall state the date, time, and place of the meeting, the date of the deadline for filing and revocation of proxies as fixed by the board of directors in accordance with Section 9 of this Article [II], and shall set forth any proposed action, notice of which is specifically required elsewhere in these Bylaws; and shall be delivered or mailed to each shareholder, not less than ten (10) days or more than fifty (50) days before the meeting.

Section 2. Special Meetings: Special meetings of shareholders may be called at any time and may be held at any place where an annual meeting could be held, by the president and secretary or by a majority of the board of directors. It shall also be the duty of the secretary to call such meetings whenever requested in writing so to do by shareholders owning at least twenty-five per cent (25%) of the outstanding shares of the Corporation. The secretary shall cause a notice of such special meeting stating the date and time when, the place where, the purpose or purposes thereof, and the officer or other person or persons by whom the meeting is called, to be delivered or mailed to each shareholder entitled to vote at such meeting not less than ten (10) nor more than fifty (50) days before such meeting. No business other than that stated in such notice shall be transacted at such special meeting.

Section 3. Notices of Waiver of Notices: Any notice given by mail shall be directed to each such shareholder at his address as it appears in the shareholders= record book, unless he shall previously have filed with the secretary of the Corporation a written request that notices intended for him be mailed to some other address. Any shareholders= meeting shall be deemed validly called for all purposes if all the outstanding shares of the Corporation are represented thereat in person or by proxy, or if a quorum is present and waivers of notice of the time, place, and objects of such meeting shall be duly executed in writing either before or after said meeting by those shareholders not so represented and not given such notice. The attendance of any shareholder at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by him.

Section 4. Quorum: At each meeting of shareholders, except where otherwise provided by law or by the articles of incorporation, shareholders representing, in person or by proxy, one-third (1/3) of the shares then issued and outstanding shall constitute a quorum. In case a quorum shall not be present at any meeting, however, the holders of a majority of the shares represented may adjourn the meeting to some future time and place. No notice of the time and place of the adjourned meeting need be given other than by announcement at the meeting. Only those shareholders who, if present at the original meeting, would have been entitled to vote thereat in person or by proxy, shall be entitled to vote at any such adjourned meeting.

Section 5. Order of Business: The order of business at all annual meetings of the shareholders shall be as follows:

- (a) Roll call

- (b) Proof of notice of meeting
- (c) Reading of minutes of preceding meeting (when so required)
- (d) Election of members of the board of directors
- (e) Reports of officers and committees
- (f) Report of board of directors (when so required)
- (g) Unfinished business
- (h) New business

Section 6. Conduct of Meetings: The president shall preside over all meetings of the shareholders and the secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting as well as a record of all transactions occurring at the meeting. The president may appoint a person to serve as parliamentarian at any meeting of the shareholders. The then current edition of Robert=s Rules of Order shall govern the conduct of all meetings of the shareholders so long as such rules are not in conflict with the articles of incorporation, these Bylaws, or the provisions of law.

Section 7. Voting: It a quorum is present, the affirmative vote of a majority of the shares represented at the meeting shall be the act of the shareholders, unless the act of greater number is required by law or elsewhere in these Bylaws, except that the articles of incorporation may be amended only by the affirmative vote of the holders of two-thirds (2/3) of the shares of the Corporation issued and outstanding. At each meeting of the shareholders, each shareholder present in person or by proxy shall be entitled to one vote for each share registered in his name at the time notice of such meeting was given to him, or at such time, not more than fifty (50) days before such meeting, as may be designated by the board of directors as the record date for such meeting, which designation may also direct the closing of the corporate share transfer books from such time to the time of the meeting. A pledgee of a party with a security interest in shares, or a transferee of either, shall not be deemed a shareholder of record except upon compliance with the relevant provisions of the Corporation=s proprietary lease. Voting by shareholders shall be by voice vote unless the board of directors determines that it shall be by ballot, in which case ballots shall be tallied by tellers appointed by the president, and each ballot shall state the name of the shareholder voting and the number of shares owned by him and, in addition, the name of the proxy of such ballot if cast by a proxy.

Section 8. Consent of Shareholders: Whenever the shareholders are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, only if such written consent sets forth the action so taken and is signed by the holders of all outstanding shares entitled to vote thereon.

Section 9. Proxies: A vote may be cast in person or by proxy. Proxies shall be duly executed in writing, shall be valid only for the particular meeting designated therein, or any adjournment thereof, and must be filed with the secretary before such deadline date as may be set by the board of directors, which shall not be more than two (2) full working days before the date set for the annual meeting. Such proxy shall be revoked only by filing with the

secretary before the deadline date set by the board for the filing of proxies, a written notice of revocation or a later dated proxy, or by appearing at the meeting, withdrawing the proxy, and voting in person. A proxy to be valid must be dated, must not purport to be revocable without notice as aforesaid. Except as to proxies in favor of a pledge or secured party, no proxy hereunder in any event shall be effective for more than one hundred and eighty (180) days following its issuance. The person named as proxy by any shareholder need not himself be a shareholder of the corporation.

ARTICLE III

Directors

Section 1. Number: Until the first annual meeting of the shareholders, the board of directors shall consist of three (3) persons, who need not be shareholders. From and after the first annual meeting of shareholders, the board of directors shall consist of nine (9) persons, each of whom (except as provided in Section 3 of this Article III) shall be shareholders and will serve for a term of three (3) years except those elected at the first annual meeting of the shareholders, of whom three (3) will serve for a term of two (2) years and three (3) will serve for a term of one (1) year. Thereafter, at each succeeding annual meeting of shareholders, directors will be elected for a term of three (3) years to fill the vacancies occurring.

Section 2. Election and Vacancies: The directors constituting the first board of directors shall be elected by the incorporator. The directors, other than those constituting the first board of directors, shall be elected at each annual meeting of shareholders by a plurality of votes cast at such meeting, in accordance with Section 7 of Article II of these Bylaws. The term of office of the directors elected by the incorporator shall be until the date herein fixed for the first annual meeting of the shareholders, and thereafter until their respective successors are elected and qualify. Any vacancy in the board of directors resulting from death, resignation, or removal may be filled by a vote of a majority of the remaining directors present at the meeting at which such election is held even though a quorum is not present, which election may be held at any regular meeting of the board of director or any special meeting thereof called for such purpose. The director elected to fill such vacancy shall serve for the remainder of the term of the director whom he replaces.

Section 3. Rights of Holders of Unsold Shares: Notwithstanding any other provision of these Bylaws, the holders of Unsold Shares, as a group, shall have the right at the time of the first annual meeting of the shareholders to designate three (3) of the nine (9) directors of the corporation, each to serve for a one-year term. Beginning with the second annual meeting of the Corporation, holders of Unsold Shares shall be entitled to elect directors in proportion to their share ownership. Directors designated by holders of Unsold Shares need not be shareholders. As long as holders of Unsold Shares hold at least twenty percent (20%) of the total outstanding shares of the Corporation, the board of directors shall not, without the consent of such shareholders (except in connection with the conversion of the Property to a condominium), increase the amount of the mortgage indebtedness of the Corporation, extend,

refinance, or in any other way alter the terms of the mortgage or enter into any new mortgage with respect to the Property or enter into any contract of sale or lease of the Property other than proprietary leases, or increase the amount of the Corporation=s reserve funds.

Section 4. Management of the Corporation: The business affairs of the Corporation and the operation of its property shall be managed by the board of directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these Bylaws directed or required to be exercised or done by the shareholders.

Section 5. Meetings: Meetings of the board of directors, regular or special, shall be held in the District of Columbia. The first meeting of each newly elected board of directors shall be held immediately after the annual meeting of the shareholders, or at such later time as shall be fixed by the consent in writing of all the directors. No notice shall be necessary to the newly elected members of the board of directors in order legally to constitute the first meeting of the board of directors, providing a quorum shall be present at such meeting. Regular meetings of the board of directors shall be held not less than once every three months and may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board. Special meetings of the board of directors may be called by the president on three (3) days= notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of a majority of the number of directors fixed by Section 1 of this Article III, except in the case of a special meeting called to fill vacancies in the board of directors, in which case a majority of the then acting directors shall suffice. Notice of a meeting need not be given to any director who submits a signed waiver of notice or who attend the meeting without protesting the lack of notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting, except where otherwise required by law or by these Bylaws. If all directors are present at any meeting of the board of directors, no notice shall be required and any business may be transacted at such meeting. A majority of the number of directors fixed by Section 1 of this Article III shall constitute a quorum for the transaction of business unless a greater or lesser number is required by law or by the articles of incorporation or elsewhere by these Bylaws. The act of the majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by law or by the articles of incorporation or elsewhere in these Bylaws. If a quorum shall not be present at any meeting of directors, the directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. At all meetings of the board of directors, each director shall be entitled to one vote.

Section 6. Conduct of Meetings: The president shall preside over all meetings of the board of directors and the secretary shall keep a minute book of the board of directors

recording therein all resolutions adopted by the board of directors and a record of all transactions and proceedings occurring at such meetings. The then current edition of Robert=s Rules of Order shall govern the conduct of the meetings of the board of directors when not in conflict with the articles of incorporation, these Bylaws, or provisions of law.

Section 7. Action without Meeting: Any action by the board of directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the board of directors shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the board of directors.

Section 8. Resignation and Removal: Any director may resign at any time by written notice delivered or sent by registered mail to the president or secretary of the Corporation. Such resignation shall take effect at the time specified therein, and unless specifically requested acceptance of such resignation shall not be necessary to make it effective.

Any director may be removed from office with or without cause by the vote of the holders of a majority of the shares or by two-thirds (2/3) of the remaining directors of the Corporation at a meeting duly called for that purpose. Any director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

If a director who was a shareholder at the time of his selection as a director ceases to be a shareholder, he shall be deemed to have resigned as director.

Section 9. Compensation: No salary or other compensation shall be paid to any director of the Corporation for services rendered as such director, but this shall not preclude any director from performing any other service for the Corporation and receiving compensation therefore.

Section 10. Managing Agent: The board of directors shall employ for the Corporation a Managing Agent at a compensation established by the board of directors, to perform such duties and services as the board of directors shall lawfully authorize. The board of directors may delegate to the Managing Agent any or all of the powers granted to the board of directors by these Bylaws except for powers that may not be lawfully delegated and the powers enumerated in Section 12 of this Article III with regard to determining Cash Requirements and allocations, the power to adopt and amend House rules and the power to open accounts on behalf of the Corporation. In addition to the powers and duties permitted by law, the board of directors may perform on behalf of the Corporation, or may delegate to the Managing Agent to perform on behalf of the Corporation, the following functions:

- (a) Preparation of an annual budget;
- (b) Provision for the operation, care, upkeep, and maintenance of all of the Corporation=s property and services of the property;
- (c) Designation, hiring, and dismissal of the personnel necessary for the maintenance, operation, repair, and replacement of the corporate property

and provision of services for the property and, where appropriate, provision for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed part of the corporate property;

- (d) Collection of Rent and deposit thereof in bank depositories designated by the board of directors, and the use of such funds to carry out the administration of the property;
- (e) Making, or contracting for the making of repairs, additions, and improvements to or alterations of the property, and repairs to and restoration of the property, in accordance with these Bylaws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;
- (d) Enforcement by legal means of the provisions of the articles of incorporation, these Bylaws, and the House Rules;
- (g) Obtaining and maintaining insurance against casualties and liabilities, as provided in Article VIII of these Bylaws, payment of the premiums therefore, and adjustment and settlement of any claims hereunder;
- (h) Keeping books with detailed accounts in chronological order of the receipts and expenditures affecting the Corporation, specifying the expenses of maintenance and repair of the common areas, and any other expenses incurred. All books and records shall be kept in accordance with generally accepted accounting principles, and the same shall be audited at least once each year by an independent certified public accountant retained by the board of directors, who shall not be a shareholder.

Any contract with the Managing Agent must provide that it may be terminated for cause on no more than thirty (30) days' written notice, and that either party may terminate without cause or payment of a termination fee on no more than ninety (90) days' written notice. The term of any such contract may not exceed three (3) years.

Section 11. Common or Interested Directors: Each member of the board of directors shall exercise his powers and duties in good faith and with a view to the interests of the Corporation as a whole. No contract or other transaction between the Corporation and any other corporation, firm, or association (including the Sponsor) in which any of the directors of the Corporation are directors or officers, or are pecuniary or otherwise interested, is either void or voidable because any such director is present at the meeting of the board of directors or

any committee thereof which authorizes or approves the contract or transaction, or because his vote is counted for such purpose, if any condition specified in any of the following subparagraphs exists:

- (a) The fact of the common directorate or interest is disclosed or known to the board of directors or noted in the minutes, and the board of directors authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or
- (b) The fact of the common directorate or interest is disclosed or known to at least a majority of the shareholders, and the shareholders approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or
- (c) The contract or transaction is commercially reasonable to the Corporation at the time it is authorized, ratified, approved, or executed.

Any common or interested directors may be counted in determining the presence of a quorum at any meeting of the board of directors or committee thereof which authorizes, approves, or ratifies any contract or transaction, and may vote at such meeting to authorize any contract or transaction with like force and effect as if such director were not such director or officer of such corporation not so interested.

Section 12. Annual Cash Requirements and Allocation Among Shareholders: In furtherance of the definitions, purposes, and provision of the proprietary leases entered into or to be entered into by the Corporation with its shareholders, the board of directors shall, from time to time, by resolution, determine the Base Requirements and the Cash Requirements of the Corporation, [and] shall fix the terms and manner of payment of Rent under the Corporation=s proprietary leases. In the event such determination of Base Requirements or Cash Requirements differs from the last preceding determination, the board of directors shall cause notice of such determination to be mailed or delivered immediately to each tenant-shareholder.¹ Every such determination by the board of directors shall be final and conclusive as to all tenant-shareholders and any expenditures made by the Corporation=s officers or its agent under the direction or with the approval of the board of directors of the Corporation shall, as against the tenant-shareholders, be deemed necessarily and properly made for such purposes.

Section 13. House Rules: The board of directors may, from time to time, adopt and amend such reasonable House rules as it may reasonably deem necessary or desirable in respect to the premises owned or leased by the Corporation for the health, safety, and convenience of the tenant-shareholders, in addition to, or in substitution for those House Rules set forth in the form of proprietary lease used by the Corporation. Copies thereof and of changes therein shall be furnished to each tenant-shareholder. Such rules shall be binding

¹ See Article XI, Section 3 regarding aMethod of Notice.@

upon all tenant-shareholders.

Section 14. Executive Committee: The board of directors may, by resolution approved by a majority of the number of directors fixed by Section 1 of this Article III, appoint an executive committee consisting of three or more directors of the Corporation. The executive committee, to the extent provided in the resolution that creates it, shall have all of the powers of the board of directors in the management of the business affairs of the Corporation during the intervals between meetings of the Board of Directors, including all matters relating to the duties of the Managing Agent so far as may be permitted by law, except that the executive committee shall not have the power to determine the cash requirements of the Corporation, or to fix the amount of rent to be paid under the proprietary leases, or to vary the terms of payment thereof as fixed by the board of directors. The executive committee shall keep regular minutes of its proceedings and shall report same to the board of directors when requested to do so.

Section 15. Reserves: The Board of Directors shall maintain adequate reserves for the efficient and responsible operation of the Corporation. As part of the annual budget the Board of Directors shall add to such reserves in amounts or at rates deemed necessary to properly fund the reserves including the accumulation of interest on such funds. The following reserves shall be maintained by the Corporation:

1. Replacement Reserve. A Replacement Reserve shall be maintained to accumulate funds for the orderly and timely replacement of major building components, systems and facilities. The Board of Directors shall maintain a schedule of anticipated use of the Replacement Reserve funds.

2. Operating Reserve. An Operating Reserve shall be maintained for working capital and contingencies. Funds in the Operating Reserve shall be used for extraordinary expenditures not originally included in the annual budget

3. Real Estate Tax Reserve. A Real Estate Tax Reserve shall be maintained into which there shall be deposited sufficient funds on a monthly basis so that adequate funds exist in the account to pay the Corporation's real estate taxes as and when due. The funds shall be deposited in equal monthly installments based on the projected tax liability.

Each reserve account shall be kept in a separate account segregated from general operating funds and from other reserve accounts.

The separate account shall be identified by the specific category of reserve.

Except where an emergency requires an expenditure to prevent or minimize loss from further damage to or deterioration of the Corporation's property, reserves accumulated for one purpose may not be expended to any other purpose unless by a vote of 2/3 of the members of the Board of Directors.

No Shareholder has any separate or distinct interest in any of the Corporation's reserve accounts or to the right to separately withdraw transfer or assign any interest therein.

Section 16. Separate Accounts: In addition to the separate accounts maintained for the Reserve Accounts pursuant to Section 15 the Corporation shall maintain separate accounts for the following categories of funds

1. Assessment Guarantee Funds: An Assessment Guarantee Fund shall be maintained consisting of money collected from shareholders who pledge shares as collateral sublet to the terms of a recognition agreement Corporation and a lender.

Section 17. Borrowing: The Board of Directors shall not have authority to borrow funds in an amount exceeding seventy percent (70%) of the then-current cash requirements as defined in the Proprietary Leases without following the procedure set for the in this Section. If the Board of Directors wishes to borrow funds in an amount exceeding seventy percent (70%) of the then-current cash requirements, the board of directors shall give not less than 30 days' prior written notice of this intention to the shareholders and shall solicit the shareholders' comments. If shareholders owning more than twenty-five percent (25%) of the outstanding shares submit written objections to the proposed borrowing within such 30-day notice period, the board of directors shall not proceed with the proposed borrowing, but shall call a special meeting of the shareholders for a shareholder vote on the proposed borrowing, which shall be the only agenda item. At such special meeting, if a quorum is present, the affirmative votes of a majority of the shares represented at the meeting in person or by proxy shall be required to approve the proposed borrowing. If a quorum is not present at such special meeting, a vote of the shareholders shall not be required, and the board of directors may proceed with the proposed borrowing. The foregoing procedure shall not apply to: (i) any Corporation debt that existed on or before May 1, 2009, (ii) any refinancing or any Corporation debt that existed on or before May 1, 2009, or (iii) any Corporation debt incurred in response to an emergency, as determined by the Board of Directors.

ARTICLE IV

Officers

Section 1. Number and Election: The officers of the Corporation shall be a president, one or more vice presidents, a secretary, and a treasurer. Such officers shall be elected at the first meeting of the board of directors after these Bylaws become effective, and thereafter at the regular meeting of the board of directors following each annual meeting of shareholders, and shall serve until the meeting of the board of directors following the next annual meeting of

shareholders and until their successors shall have been elected and qualify.

Section 2. Assistants: The Board of Directors may at any time or from time to time appoint one or more assistant secretaries and one or more assistant treasurers to hold office at the pleasure of the board. Such assistants, if any, in order of their seniority or in any other order determined by the Board Of Directors shall, in the absence or disability of the secretary or treasurer, as the case may be, perform the duties and exercise the power of the secretary or treasurer, as the case may be, and shall perform such other duties as the Board of Directors or the secretary or treasurer, as the case may be, shall prescribe.

Section 3. Qualifications; Removal and Vacancies: All officers, except the treasurer and any assistant secretaries or treasurers, must be members of the Board of Directors. One person may hold two offices at the same time, except that the same person may not simultaneously hold the offices of president and secretary or the offices of president and treasurer. Any officer appointed by the Board of Directors pursuant to the provisions of Sections 1 and 2 of this Article IV may be removed by a majority of all members of the Board of Directors at any regular meeting of the Board of Directors or at any special meeting of the board of directors called for such purpose. If any officer who was a shareholder at the time of his selection as an officer ceases to be a shareholder, he shall be deemed to have resigned as an officer.

Section 4. Duties of President and Vice Presidents: The president shall preside at all meetings of the shareholders and of the Board of Directors. The president or any vice president shall sign the name of the Corporation on all certificates for shares of the Corporation, proprietary and other leases and subleases, contracts, and other instruments which are authorized from time to time by the Board of Directors. The president, subject to the control of the board of directors, shall have general management of the affairs of the Corporation and perform all the duties incidental to the office. If the president is absent from the District of Columbia or is unable to act, the vice president, if there is only one, or if there is more than one the vice president senior in rank (or, if he is absent or unable to act, the vice president next senior in rank) shall have the powers and perform the duties of the president.

Section 5. Duties of Treasurer: The treasurer shall have the care and custody of all funds and securities of the Corporation, and shall deposit such funds in the name of the Corporation in such bank or trust companies as the directors may determine, and shall perform all other duties incidental to his office. If so required by the Board of Directors, he shall, before receiving any such funds, furnish the Corporation a bond with a surety company as surety, in such form and amount as the Board of Directors from time to time shall determine. The premium upon such bond shall be paid by the Corporation. As promptly as possible, after the close of each calendar year and the completion of the annual audit of the Corporation, and no later than March 15 of each year, the treasurer shall cause to be furnished to each tenant-shareholder whose proprietary lease is then in effect, a statement of the receipts, disbursements, and paid-in surplus of the Corporation during such year, on which statement shall be indicated the amount of rental paid by the tenant-shareholder under his proprietary

leases during such year which has been used by the Corporation for the payment of taxes on the property owned by the Corporation, interest on any mortgage indebtedness, the principal of any mortgage, and any other capital expenditure and such other information as may be necessary to permit him to compute his income tax liability.

Section 6. Duties of the Secretary: The secretary shall keep the minutes of the meetings of the board of directors and of the meetings of the shareholders; he shall attend to the giving and serving of all notices of the Corporation, shall be empowered to affix the corporate seal to all written instruments authorized by the Board of Directors or these Bylaws, and shall attest every certificate of shares issued by the Corporation. He shall also perform all other duties incidental to his office. He shall cause to be kept a shareholders= record book containing the names, alphabetically arranged, and addresses, of all shareholders, the number of shares held by each, the dates when they respectively became the owners of record thereof, and the denomination and the amount of all issuance or transfer stamps affixed thereto, and such book shall be open for inspection as provided by law.

Section 7. Compensation: No salary or other compensation for services shall be paid to any officer of the Corporation for services rendered as an officer, but this shall not preclude an officer of the Corporation from performing any other service for the Corporation and receiving compensation therefore.

ARTICLE V

Proprietary Leases

Section 1. Form of Lease: The board of directors shall adopt forms of proprietary lease to be used by the Corporation for the leasing of all apartments and parking spaces in the property of the Corporation to tenant-shareholders. Such proprietary leases shall be for such terms, with or without provisions for renewals, and shall contain such restrictions, limitations, and provisions for renewals, assignments, and the sale and/or transfer of the shares of the Corporation allocated to the apartment or parking space covered thereby, and such other terms, provisions, conditions, and covenants as the Board of Directors shall have been executed and delivered by the Corporation, all proprietary leases subsequently executed and delivered shall be in the same form unless the variations for subsequent use are approved by the lessees owning at least two-thirds (2/3) of the shares of the Corporation then owned by all lessees under proprietary leases then in force.

Section 2. Assignment and Subleasing: Except as may otherwise be provided in these Bylaws as they may be amended from time to time, proprietary leases may be assigned or transferred only in compliance with the conditions of such proprietary leases. A duplicate original of each proprietary lease shall always be kept on file in the principal office of the Corporation or with the Managing Agent of the Corporation.

For purposes of subleasing, the term “shareholder”, as used in this Section, shall be deemed to include the shareholder and the administrators, executors or personal representatives of a shareholder’s estate during the administration of the shareholder’s estate.

(a) Except as provided in subsection (b) of this section, subleases may be executed only in compliance with the terms of the proprietary leases and the following condition:

- (1) The shareholder shall have resided in his apartment for a period of at least twenty-four (24) months prior to subleasing;
- (2) The shareholder shall be entitled to sublease his apartment to any sublessee other than a member of the lessee=s family (as defined in the proprietary lease) only once in each ten-year period of residence; subleases to such family members may be made more than once in any ten-year period of residence, but such a sublease shall not be deemed a Qualifying Subtenancy for purposes of paragraph 7 of the proprietary lease;
- (3) The shareholder shall sublease his apartment only on a lease form approved by the Board of Directors and only for a term of not less than one (1) nor more than three (3) years;
- (4) The shareholder shall execute a separate agreement with the Corporation containing such provisions as the board of directors may from time to time deem appropriate, including, without limiting the generality of the foregoing, the following:
 - (i) An undertaking by the shareholder that upon termination of the sublease such shareholder shall remove the sublessee at the shareholder=s sole cost and expense and either reoccupy the apartment or sell his apartment to a person who will occupy the apartment as a residence;
 - (ii) A proxy authorizing such member of the Board of Directors of the Corporation as may be designated by the board to cast such shareholder=s vote at all meetings of the Corporation held during the term of the sublease;
 - (iii) A power of attorney authorizing the Corporation to take whatever action it deems appropriate regarding the sublease in the event of a breach of the sublease by the sublessee or in the event of a break by the shareholder of either the terms of the proprietary lease or the terms upon which the Board of Directors authorized subleasing by the shareholder;
 - (iv) An indemnification agreement by the shareholder and an agreement to hold the Corporation, its officers, directors, and members harmless

against all loss, damage, or expense, including attorneys' fees, occasioned by the shareholder's breach of the terms upon which the board of directors authorized subleasing by the shareholder or by the sublessee's breach of the sublease.

- (5) The shareholder shall obtain the prior written consent of the Board of Directors or a committee designated by the Board of Directors to the sublease, after making application upon such form or forms as the Board of Directors may from time to time prescribe, which consent may be denied if the board of directors shall determine that:
- (i) The shareholder has not satisfied the requirements outlined hereinabove, or
 - (ii) The proposed sublessee does not satisfy such criteria regarding financial ability and character as the Board of Directors may from time to time establish.

The subleasing restrictions and requirements outlined in this Section 2 shall not apply to any sublease, or any renewal thereof, which shall have been executed prior to July 31, 1981, if the sublessee under such sublease was a resident of the property on June 1, 1979, and is either 1) a member of the lessor's family (as defined in the proprietary lease), or 2) an elderly or handicapped person authorized under the Plan for Senior Citizens to remain as a sublessee. Any sublease, authorized by the proprietary lease, which shall follow one of the above-excepted subleases, shall be fully subject to the subleasing restrictions and requirements of this Section 2 except to the extent that the proprietary lease shall provide that the sublessor under such sublease shall not have to satisfy the prerequisite twenty-four (24) monthly residence period outlined in subparagraph 1 of this Section 2. The subleasing restrictions and requirements of this Section 2 shall not apply in any event to any sublease authorized under Paragraphs 32 and 33 of the proprietary lease.

- (6) The twenty-four (24) month residency requirement set forth in subsection (1) above shall not apply in the case of a sublease to a Member of the lessee's Family (as defined in the Proprietary Lease).

(b) In the event of the acquisition of the shares and Proprietary Lease for an apartment or parking space by an individual designated by a Secured Party pursuant to a Recognition Agreement between the Corporation and the Secured Party, said individual shall have the right to sublet the apartment or parking space pursuant to the terms of the Recognition Agreement which need not conform to subsection (a) hereof and which may vary among Recognition Agreements, provided that no such sublease shall be for a term of less than one year or more than three years.

Section 3. Allocation of Shares: The Board of Directors shall allocate to each apartment and parking space of the Corporation to be leased to tenant-shareholders under proprietary leases the number of shares of the Corporation that must be owned by the lessee of such apartment or parking space. The allocations of shares to each apartment and parking space shall bear a reasonable relationship to the portion of the value of the Corporation=s equity in the apartment building and the land which is attributable to such apartment or parking space. The Board of Directors shall also determine the floor area in square feet of each apartment and parking space, and such determination shall be conclusive as to all tenant-shareholders.

Section 4. Fees on Assignment, Subletting, or Reallocation: The Board of Directors shall have authority before an assignment of a proprietary lease or a subletting thereunder, or a reallocation of shares takes effect as against the Corporation as lessor, to fix a reasonable fee to cover actual expenses and attorneys= fees of the Corporation in connection with each such proposed transaction, and may direct that such attorneys= fees be paid directly to the attorneys. In connection with any such transaction, the Board of Directors may, at its option, require a title search, at the expense of the tenant-shareholder(s) of the subject apartment(s), as the board of directors sees fit.

Section 5. Lost Proprietary Leases: In the event that any proprietary lease in full force and effect is lost, stolen, destroyed, or mutilated, the Board of Directors may authorize the issuance of a new proprietary lease in lieu thereof, in the same form and with the same terms, provisions, conditions, and limitations. The board may, in its discretion, before the issuance of any such new proprietary lease, require the owner thereof, or the legal representative of the owner, to obtain from a court of competent jurisdiction an order quieting title with respect to such proprietary lease and confirming the owner, or the owner's estate, as the holder thereof, or to make an affidavit or affirmation setting forth such facts as to the loss, destruction, or mutilation as it deems necessary, and to give the Corporation a bond in such reasonable sum as it directs, not exceeding double the value of the shares appurtenant to such lease, to indemnify the Corporation. If a transfer of shares and proprietary lease must be delayed during the pendency of an action to obtain an order quieting title, as set forth above, the board, in its' discretion, may give the owner's contract purchaser a temporary, revocable license to occupy the apartment before the date on which the transfer is completed.

Section 6. Regrouping of Space: The Board of Directors, upon the written request of the lessee or lessees of one or more proprietary leases covering one or more apartments in the apartment building and the owner or owners of the shares issue[d] to accompany the same, may in its discretion, at any time, permit such lessee-owner or lessees-owners, at his or their own expense, as determined or approved by the board of directors, (a) to subdivide an apartment into the desired number of apartments; (b) to combine all or any portions of any such apartments into one or any desired number of apartments; and (c) to reallocate the shares issued to accompany the proprietary lease or leases, but the total number of the shares so reallocated shall not be more or less than the number of shares previously allocated to the apartment or apartments involved. Upon any regrouping pursuant to this section, the

proprietary leases so affected, and the accompanying certificates of shares, shall be surrendered and there shall be executed and delivered in place thereof, respectively, a new proprietary lease for each separate apartment involved, and a new certificate of shares for the number of shares so reallocated to each new proprietary lease.

Section 7. Allocation of Shares to Additional Space: The Board of Directors may, in its discretion, authorize the conversion of space in the building not covered by a proprietary lease, into space suitable for the primary purposes of the Corporation, as set forth in the articles of incorporation, allocate theretofore unissued shares to such space, and authorize the execution of a proprietary lease or leases covering such space.

Section 8. Charge for Failure to Provide Homestead Exemption Affidavit: Because each valid Homestead Exemption affidavit filed on behalf of a V.N.N.C., Inc., shareholder provides a reduction in the assessed value of the Corporation's real estate property, thereby reducing its annual real property tax liability. The Board of Directors shall assess an annual charge against any shareholder who fails to file the required documentation for, or otherwise fails to qualify for, the District of Columbia Homestead Exemption. The charge shall be substantially equivalent to that portion of the Corporation's annual real property tax that would have been avoided if the shareholder had obtained a Homestead Exemption.

ARTICLE VI

Capital Shares

Section 1. Authorization and Rights: No shares now held or hereafter acquired by the Corporation shall be issued or reissued except in connection with the execution by the purchaser and delivery by the Corporation of a proprietary lease of an apartment or parking space. The ownership of shares shall entitle the holder thereof to occupy the apartment or parking space for the purposes specified in the proprietary lease to which the shares are appurtenant, subject to the provisions, covenants, and agreements contained in such proprietary lease. No shares pertaining to any parking space shall be issued to any person unless such person has simultaneously or previously acquired shares pertaining to an apartment.

Section 2. Form and Record of Shares: Certificates of shares of the Corporation shall be in the form adopted by the Board of Directors, and shall be signed by the president or a vice president, and by the secretary or an assistant secretary, and sealed with the seal of the Corporation, and shall be numbered in order in which issued.

Section 3. Issuance of Certificates: Shares allocated to the apartment or parking space covered by each proprietary lease shall be issued in the amount allocated by the Board of Directors to the apartment or parking space described in such proprietary lease and shall be represented by a single certificate for each such apartment or parking space. Unless and until

all proprietary leases which shall have been executed by the Corporation shall have been terminated, no shares shall be issued, transferred, or reissued except to tenants under proprietary leases.

Section 4. Transfers: Transfers of shares shall be made upon the books of the Corporation only by the holder in person or by power of attorney, duly executed and filed with the secretary of the Corporation and on the surrender of the certificate for such shares, except that shares sold by the Corporation to satisfy any lien which it holds thereon may be transferred without the surrender of the certificate representing such shares. No transfer of shares shall be valid as against the Corporation, its shareholders and creditors for any purpose until it shall have been entered in the shares ledger, or as required by any then existing applicable provision of law, by an entry stating from whom and to whom transferred. The Board of Directors shall have authority before an assignment of shares takes effect as against the Corporation, to fix a reasonable fee to cover actual expenses and attorneys' fees of the Corporation in connection with each such proposed assignment, and may direct that such attorneys' fees be paid directly to the attorneys.

Section 5. Units of Issuance. Unless and until all proprietary leases which shall have been executed by the Corporation shall have been terminated, the shares appurtenant to each proprietary lease shall not be sold or assigned except as an entirety to the Corporation or an assignee of such proprietary lease, after complying with and satisfying the requirements of such proprietary lease in respect to the assignment thereof.

Section 6. Corporation's Lien: The Corporation shall at all times have a lien upon the shares owned by each shareholder, which shall be superior to all other liens, for all indebtedness and obligations owing and to be owing by such shareholder to the Corporation and at any time held by such shareholder, or otherwise arising. Unless and until such shareholder as lessee shall make default in the payment of any of the rental or in the performance of any of the covenants or conditions of such proprietary lease, and/or unless and until such shareholder shall make default in the payment of any indebtedness or obligation owing by such shareholder to the Corporation otherwise arising, such shares shall continue to stand in the name of the shareholder upon the books of the Corporation, and the shareholder shall be entitled to exercise the right to vote thereon as though said lien did not exist. The Board of Directors may refuse to consent to the transfer of such shares until any indebtedness of the shareholder to the Corporation is paid. The Corporation shall have the right to issue to any purchaser of such shares upon the enforcement by the Corporation of such lien, or to the nominee of such purchaser, a certificate of the shares so purchased substantially of the tenor of the certificate issued to such defaulting shareholder, and thereupon the certificate for such shares theretofore issued to such defaulting shareholder shall become void and such defaulting shareholder agrees to surrender such last mentioned certificate to the Corporation upon demand, but the failure of such defaulting shareholder to so surrender such certificate shall not affect the validity of the certificate issued in replacement thereof.

Section 7. Lost Certificates: In the event that any certificate of shares is lost, stolen, destroyed, or mutilated, the Board of Directors may authorize the issuance of a new certificate of the same number of shares in lieu thereof. The board may, in its discretion, before the issuance of such new certificate, require the owner of the lost, stolen, destroyed, or mutilated certificate, or the legal representative of the owner, to obtain from a court of competent jurisdiction an order quieting title with respect to such shares and confirming the owner, or the owner's estate, as the holder thereof, or to make an affidavit or affirmation setting forth such facts as to the loss, destruction, or mutilation as it deems necessary and to give the Corporation a bond in such reasonable sum as it directs, but not more than double the value of the shares, to indemnify the Corporation. If a transfer of shares and a proprietary lease must be delayed during the pendency of an action to obtain an order quieting title, as set forth above, the board, in its discretion, may give the owner's contract purchaser a temporary, revocable license to occupy the apartment before the date on which the transfer is completed.

Section 8. Legend on Stock Certificates: Unless and until all proprietary leases which shall have been executed by the Corporation shall have been terminated, all certificates representing shares of stock of the Corporation shall bear a legend reading as follows:

"The rights of any holder of the shares evidenced by this certificate are subject to the provisions of the Articles of Incorporation and the Bylaws of the Corporation, and to all the terms, covenants, conditions, and provisions of a certain proprietary lease made between the Corporation, as lessor, and the person in whose name this certificate is issued, as lessee, which limit and restrict the title and rights of any transferee of such shares and this certificate." The shares represented by this certificate are transferable only as an entirety and only to an approved assignee of the aforementioned proprietary lease. Copies of the Articles of Incorporation, Bylaws, and the proprietary lease are on file and available for inspection at the office of the Corporation.

ΔPursuant to the Bylaws, the Corporation has a lien on the shares represented by this certificate for all sums due and to become due under the aforesaid proprietary lease and the Board of Directors of the Corporation may refuse to consent to the transfer of the shares represented by this certificate until any indebtedness of the shareholder to the Corporation is paid."

Section 9. Distributions: The shareholders shall not be entitled (either conditionally or unconditionally) to receive any distribution not out of earnings and profits of the Corporation, except upon a complete liquidation of the Corporation.

Section 10. Registration of Pledged Shares and Proprietary Leases: The secretary of the Corporation shall maintain a suitable register for the recording of pledged shares and proprietary leases. Any pledgee or secured party of shares and a proprietary lease may, but is not obligated to, notify the secretary of the pledge or security interest and the terms thereof, furnishing the secretary with such information as [may] be required by the board of directors.

In the event a notice of default is given any shareholder under the provisions of a proprietary lease, a copy of said notice shall likewise be mailed to the registered pledgee or secured party. In addition, in the event of the sale by the Corporation of its assets, and prior to the distribution of the proceeds thereof to the shareholder, suitable notice shall be given all registered pledgees and secured parties. No other obligation is accepted or assumed by the Corporation with respect to such registration of pledged shares and proprietary leases.

ARTICLE VII

Assignments

Each shareholder shall be entitled to assign, transfer, or otherwise dispose of his interest as a shareholder in this Corporation, but only in conformity with the following rules:

- (a) Shares of capital stock and the proprietary lease associated with such shares may not be separated or otherwise divided and, therefore, can be assigned, transferred, or otherwise disposed of only as a single unit.
- (b) Shares of capital stock and the proprietary lease associated with such shares shall not be transferred, assigned, or otherwise, disposed of without the prior written consent of the board of directors (or its duly authorized representative), which consent shall be denied only if the Board of Directors (or its representative) determines (i) that the proposed assignee, if not a natural person, would jeopardize the Corporation's status as a cooperative housing corporation under Section 216 of the International Revenue Code of 1954, as now in effect and as amended from time to time, or (ii) that the financial resources of the proposed assignee may be insufficient to meet his obligations as a tenant-shareholder.
- (c) The owner of shares of capital stock and an apartment unit proprietary lease associated with such shares must, in connection with the transfer, assignment, or other disposition of such shares and lease, transfer, assign, or otherwise dispose of any shares of capital stock and the parking space proprietary lease associated with such shares which such person may also own either to the transferee of the apartment unit shares and proprietary lease or to an existing shareholder of the Corporation.
- (d) Shares of capital stock and the parking space proprietary lease associated with such shares may be assigned, transferred, or otherwise disposed of, but only if the assignee owns shares of capital stock and an apartment unit proprietary lease associated with such shares.

ARTICLE VIII

Insurance

The Board of Directors shall obtain and maintain for the benefit of the Corporation the following insurance:

- (1) A blanket policy on a 100 [percent] replacement cost basis covering all risks perils, including fire insurance with extended coverage, and including the Replacement Cost and the Agreed Amount Endorsements. Such insurance shall include explosion coverage on steam boilers (including breakdown of air conditioning equipment, building service machinery, and electrical equipment) at a minimum of \$50,000 per accident per location, and shall include coverage for cost of demolition and increased cost of construction resulting from the operation of building laws or codes. Such insurance shall cover all of the bathroom and kitchen fixtures, but shall not include furniture, furnishings, or other personal property or improvements supplied or installed by tenant-shareholders.
- (2) Workmen's compensation insurance if and to the extent necessary to meet the requirements of law; and
- (3) Such other insurance as the Board of Directors may determine or as may be requested from time to time by a majority of the shareholders.

The Board of Directors shall also obtain and maintain for the benefit of the Corporation public liability insurance for bodily injury and property damage (including, with regard to the Board of Directors, libel, slander, false arrest, wrongful eviction, and invasion of privacy). The Board of Directors shall also obtain directors and officers liability insurance, if available at reasonable cost. All such insurance shall be carried in such limits as the board of directors may from time to time determine, insuring, as appropriate, the Corporation, each member of the Board of Directors, the Managing Agent, and the Sponsor against any liability to the public or to the tenant-shareholders (and their sublessees, invitees, agents, and employees) arising out of, or incidental to the ownership and/or use of corporate property.

ARTICLE IX

Sale or Demolition of Property

Section 1. Vote: No decision to demolish or reconstruct any building standing on the land owned by the Corporation, or to sell or exchange the Corporation's fee simple interest therein, or to lease any such building in its entirety or substantially in its entirety, shall be made except upon the affirmative vote of two-thirds [(2/3)] of the number of directors fixed by Section

1 of Article II and the holders of two-thirds [(2/3)] of the shares of the Corporation then issued and outstanding. The disposition of the property owned by the Corporation upon the termination of all the proprietary leases which are made by the Corporation shall be determined by the affirmative vote of the holders of two-thirds [(2/3)] of the shares of the Corporation then issued and outstanding.

Section 2. Disposition of Proceeds: Upon the sale of all or substantially all of the Corporation=s property, whether occasioned by voluntary or involuntary disposition thereof, or as a part of the dissolution or winding up of affairs of the Corporation, all shareholders shall be entitled to share in the net proceeds of the sale in any other property or assets authorized to be distributed. Each shareholder shall be entitled to receive as his share of the distributable assets, the same proportion thereof as the number of shares owned by such shareholder bears to the total number of shares then issued and outstanding, less any sums which the shareholder may owe the Corporation and less any unpaid balance certified by any pledgee or secured party to be due and owing following notice to the pledgee or secured party of the contemplated sale.

ARTICLE X

Indemnification

The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitrate, or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee, or agent of the Corporation, against expenses (including attorneys= fees), reasonably incurred by him in connection with such action, suit, or proceeding, except where this liability results from his bad faith or willful misconduct.

The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee, or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against expenses (including attorneys= fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for bad faith or willful misconduct in the performance of his duty to the Corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as such court shall deem proper.

Expenses incurred in defending a civil or criminal action, suit, or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit, or proceeding upon receipt of an undertaking by or on behalf of the director, officer, employee, or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this Article X.

ARTICLE XI

General Provisions

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

Section 2. Seal: The corporate seal shall have inscribed thereon the name of the Corporation, the year of its incorporation, and the words "Corporate Seal" and "Delaware."

Section 3. Method of Notice: Wherever these Bylaws require notice, by whatever means and for whatever purpose, to shareholders of the Corporation, deposit in the message boxes at the lobby desk for the building (3001 Veazey Terrace, N.W., Washington, District of Columbia) shall constitute compliance with such notice requirement with respect to all shareholders then residing in the building.

Section 4. Waiver of Notice: Unless otherwise provided by law, whenever any notice is required to be given to any shareholder or director of the Corporation under the provisions of these Bylaws or under any appropriate law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XII

Amendments by Stockholders

Except as otherwise provided in these Bylaws or in the Corporation's proprietary leases, these Bylaws may be altered, amended, or repealed or new Bylaws may be adopted by the stockholders at any regular meeting of the stockholders or at any special meeting of the stockholders if notice of such proposed alteration, amendment, repeal, or adoption be contained in the notice of such special meeting. Notwithstanding the foregoing, no amendment or modification of these Bylaws impairing or affecting the rights, priorities, remedies, or interests of (a) a holder of Unsold Shares, (b) a shareholder who has sublet his apartment pursuant to paragraph 7 (b) of the Corporation's "Proprietary Lease-Apartment" or

(c) a mortgagee of the Corporation or a pledgee of shares or other person secured by shares of the Corporation, shall be effective against such person unless adopted with his consent.

ARTICLE XIII

Amendments by the Board of Directors

The board of directors [may], by vote of two-thirds [(2/3)] of its members, amend the Bylaws at a special meeting called for that purpose, by the following means and subject to the following limitations:

- (a) Not less than 30 days prior to that meeting, the secretary shall distribute to the stockholders written notice containing:
 - (1) the text of the proposed amendment;
 - (2) an invitation to the stockholders to submit written comments thereon;
 - (3) a deadline for such comments, not less than twenty (20) days after the date of distribution of the notice, nor less than ten (10) days before the meeting at which the Board of Directors is to vote on the amendment; and
 - (4) the person and place to whom such comments should be addressed.
- (b) The secretary shall keep all written comments received pursuant to such notice in the official records of the Corporation, and shall make them reasonably available to the inspection of the stockholders.
- (c) Prior to voting on the proposed amendment, the Board of Directors shall consider all such comments.
- (d) As soon as is practicable after final action on the proposed amendment by the Board of Directors, the secretary shall distribute to the stockholders notice thereof containing:
 - (1) the text of the amendment as adopted; and
 - (2) a brief explanation of the reasons of the Board of Directors for amending the Bylaws.
- (e) In an emergency, the Board of Directors may suspend or modify the notice and comment requirements of subsection (a) through (d) if two-thirds (2/3) of the

board of directors votes to do so. The secretary shall, within thirty (30) days after the adoption of an amendment to the Bylaws pursuant to this subsection (e) distribute to the stockholders written notice containing:

- (1) the text of the amendment;
 - (2) explanation of the urgency requiring suspension or modifications of the notice and comment requirements of subsections (a) through (d);
 - (3) an invitation to the stockholders to submit written comments thereon; and
 - (4) the person and place to whom such comments may be addressed.
- (f) Except as may be required by law, the Board of Directors shall not amend the Bylaws with respect to:
- (1) the number, compensation, or terms of office of the directors of the Corporation; or
 - (2) Articles XII and XIII of the Bylaws.

ARTICLE XIV

Definitions

ΔBase Requirements@ whenever used herein shall mean the amount required for such year or portion of a year for any and all mortgage payments and real estate taxes due with respect to the property of the Corporation.

ΔCash Requirements@ whenever used herein shall mean the estimated amount in cash which the Board of Directors shall from time to time in its judgment determine to be necessary or proper for (1) the operation, maintenance, care, alteration, and improvement of the corporate property during the year or portion of the year for which such determination is made; (2) the creation of such reserves as it may deem proper; and (3) the payment of any non-mortgage obligations, liabilities, or expenses incurred (even though incurred during a prior period) or to be incurred after giving consideration to (i) income expected to be received during such period (other than rent from proprietary leases), and (ii) cash on hand which the board of directors in its discretion may chose to apply.

ΔUnsold Shares@ means and refers to shares of the Corporation which have been issued or transferred either to the Sponsor, or individual designee(s) of the Sponsor and all

shares which are Unsold Shares retain their character as such (regardless of transfer) until an individual purchases same and actually occupies (or permits a member of his family to occupy) the apartment or parking space to which such shares are allocated. The term "Unsold Shares" shall not include shares allocated to apartments subleased pursuant to paragraph 7 of the Corporation's "Proprietary Lease-Apartment," or to any shares allocated to parking spaces and subleased in connection with such subleased apartments.

"Sponsor" means The Investment Group Development Corp., a Delaware corporation.

ARTICLE XV

Enforcement of House Rules

1. This is the procedure for handling complaints by a shareholder, a resident, the Resident Manager or the Property Manager ("Complainant") that a shareholder or resident ("Respondent") has acted or is acting in violation of a House Rule adopted by V.N.N.C., Inc.
2. Complaints must be submitted in writing and signed by the complainant. Upon receipt by the Board of a complaint, the Board may determine that even if all facts alleged in the complaint are true, the complaint does not set out probable cause to believe that House Rules have been violated. In such case, the Board shall notify the Complainant of its determination.
3. If the Board, after notifying the Respondent of the complaint, finds probable cause to believe a House Rule violation occurred warranting further action, the complaint shall be referred to a Hearing Committee.
4. Hearing Committees shall be appointed by the President, subject to prior approval by the Board, and shall consist of at least three but not exceed five resident shareholders, none of whom is currently a member of the Board, who are willing to serve on the Hearing Committee. The President shall make an effort to allow all shareholders an opportunity to serve on a Hearing Committee. The President shall designate one member of a Hearing Committee to serve as Chair. A simple majority of the persons appointed to serve on a Hearing Committee shall be a quorum of that committee.
5. Upon referral of a complaint, the Hearing Committee shall conduct such inquiry of the circumstances as it deems appropriate. If the Hearing Committee is satisfied that the complaint has been informally resolved, the Hearing Committee may so report. Otherwise, within forty-five (45) days of the referral of a matter to a Hearing Committee, the Hearing Committee shall submit a written report to the Board setting out:
 - (a) The nature of the inquiry which it concluded;

- (b) Findings of fact;
 - (c) Conclusions as to whether the specific House Rules involved have or have not been violated;
 - (d) Conclusions, if appropriate, as to whether any violations found are or are likely to be continued or repeated; and
 - (e) A recommended disposition of the matter.
6. In the event that a Hearing Committee fails to make an appropriate written report to the Board within forty-five (45) days after receipt of the complaint by the Hearing Committee, the Board may discharge the Hearing Committee from further consideration of the complaint and may, at the Board's discretion, retain the complaint for Board consideration and action or assign the matter to another Hearing Committee.
7. Upon receipt of a report from a Hearing Committee, the Board shall provide a copy of the report to the Respondent and to the Complainant.
8. The Board shall consider the report of the Hearing Committee and such responses to the Committee report as it may receive from the Complainant and Respondent. If the Board decides no violation has occurred it shall dismiss the complaint with notice to the Complainant and Respondent. If the Board decides a violation has occurred, it shall take such action as it deems appropriate, including, but not limited to:
- (a) issuance of a written warning or reprimand to Respondent, with copy to the Complainant;
 - (b) if the violation is likely to continue, issuance of a written notice that Respondent has a stated amount of time to cease and desist from such violation, with copy to Complainant;
 - (c) referral to counsel to seek a court injunction against further violations; and/or
 - (d) issuance of a written notice of termination of the Proprietary Lease in accordance with paragraph 20 thereof, in the case of a shareholder, or written notice of termination of authorization to sublease, in the case of a sublessee.
 - (e) rescinding or revision the rule alleged to have been violated.
9. In any case where the Board finds that a violation of the House Rules has caused the Cooperative to sustain damages or incur costs, a claim for such damages or costs shall

be made against the Respondent and enforced in accordance with applicable provisions of the Bylaws, Proprietary Lease, or sublease.

10. Any action taken by the Board pursuant to paragraph 8(a) through 8(d) shall be recorded in the permanent filed maintained by the Cooperative for the shareholder(s) involved.
11. Nothing in the procedure is intended to create or recognize any right of judicial action against the Cooperative, its officers, directors, or management, not against any person serving as a member of a Hearing Committee.
12. Nothing in this procedure is intended to infringe on the right of the Board to take direct action, at its discretion, without referral to a Hearing Committee: (a) to enforce the House Rules, if the Board makes a specific finding that immediate action is necessary or (b) to enforce the provisions of the Proprietary Lease of the Bylaws.

