

By Laws

**Parkhill Homeowners Cooperative Association, Inc**

- I. I. The name of this Corporation shall be Parkhill Homeowners Cooperative Association, Inc. herein after referred to as the “Corporation,” a Utah non-profit corporation.

**PURPOSE**

- I. II. The purpose for which this Corporation is formed is to own and operate a manufactured housing community located at 205 East Parkhill Way, Salt Lake City, Utah (commonly known as the “Community”), herein after referred to as the “Community,” as a Corporation and be involved in other Corporation activities, on a non-profit, “cooperative” basis for the benefit of the Members as defined herein.
  - 1. The broad purpose is to gain control of the rental costs, preserve the Community for the current residents, and to keep it affordable long term for low and moderate-income individuals and families whose gross household income is at or below 80% of the area median income (AMI) as applicable in Salt Lake County and further defined below. In accordance with the purpose stated in the Corporation’s Articles of Incorporation, the Corporation will conduct its business in a manner designed to preserve the affordability of the sites within the community for low to moderate income homeowners. The Community is established as a 55 year old and older housing community based on definition and regulations of the Fair Housing Act.

**MEMBERSHIP**

- I. III. A “Member” is defined as the adult (55 years or older) individual(s), without regard to their social, political, racial, religious, age, sex, sexual orientation, disability, or marital status who
  - 1. Own and reside in a manufactured housing unit (herein after referred to as the “Home”) in the Community and any spouse or partner in civil union entitled to a homestead interest who have signed an Occupancy Agreement, being the “ultimate consumer(s)” of the housing opportunity provided by the Corporation. A person is seen as owning or co-owning a Home if he or she owns the Home directly or through his or her “living” or “Grantor” trust. A “Grantor” or “living” trust is any trust that is established by an individual under such terms as: (1) appoint him or herself as the trustee during his or her lifetime (and or competency); (2) is revocable by him or her; and (3) designates him or herself as the beneficiary for his, her or their lifetime.
  - 2. Has been verified to meet income guidelines defined as their gross household income being at or below 80% of area median income (AMI) as applicable to Salt Lake County HOME Program income limits as updated by HUD each year for the number of persons in the household and whose income eligibility is re-certified periodically as required by funding sources.

3. Is/Are in good standing with the Corporation. A "Member in good standing" is a Member whose lot rent and Membership Fees are current or has signed an agreement satisfactory to the Board of Directors to bring these rents and fees current.
4. Is/Are willing to accept Membership responsibilities, including, but not limited to, voluntary participation in the governance of the Corporation and in the operation of the community.

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5. Upon continued payment of the lot rent and compliance with the other terms of the Occupancy agreement, these Bylaws of the Corporation (the "By laws") and the Community Rules established by the Members, all as they may be amended from time to time, the Member shall have a perpetual right to occupy said lot provided that, if a Member is evicted from the Community or moves out of the Community, that Member will lose his or her right to occupy said lot.

- I. 6. Only one Membership interest will be assigned to a home, and only one full vote may be exercised under a Membership interest.
- I. 7. Buyers or owners of Homes seeking to reside in a Home and lease a lot in the Community must become Members of the Corporation. Buyers and owners seeking Membership shall: (1) apply for Membership on a form prescribed by the **Membership Committee** (2) be approved for Membership by a majority vote of the **Board of Directors**; (3) pay in full the Membership fee; (4) execute an Occupancy Agreement; (5) have a contract to buy and intent to occupy a Home in the Community; and (6) agree to comply with Community Rules and these Bylaws. A person is considered a buyer or owner if he or she seeks to or does own or co-own a Home directly or through his/her/their "living" or "Grantor" trust (see definition at paragraph 3.1 above) or becomes the subsequent beneficiary of a trust, previously existing as a living trust, upon death of the Grantor, or upon devise or distribution from a deceased Member's estate. If an existing Member transfers title to a Home to his or her "living" or "Grantor" trust, the trust will not be considered a new owner or buyer under this paragraph. Members transferring their Membership into a permissible "living" or "grantor" trust must furnish the Corporation with either a copy of said trust document **or** a letter of opinion from an attorney stating that the trust to which the title has transferred is a revocable, grantor trust wherein the Member(s) is (are) the Trustee(s) during his/her/their lifetime, or competency, and with said Member(s) as the sole beneficiary during his/her/their lifetime.
- I. 8. The Membership Fee shall be five hundred dollars (\$500.00). This is the par value. There is no book value. Membership Fees shall accumulate no interest.
- II. Full membership is granted to those households residing in the community at the time of co-op conversion that are current and have paid up Association dues (\$5.00/month).
- I. 9. A Certificate of Membership shall be issued to any Member, or to trustee of any Member's "living" or "Grantor" trust, who has fully paid their Membership Fee. This certificate, or a fully executed and accepted Subscription Agreement, shall entitle the holder (or, in the case of a living or Grantor trust, the trust grantor only) to

occupancy of their lot in accordance with the Occupancy Agreement, provided that the holder also abides by the Community Rules of the Corporation and does not interfere with the effective operation of the Corporation. The certificate is not transferable, except by will or trust distribution by a permissible trust, or the rules of law that apply if someone dies without a will, to someone that would otherwise be eligible for Membership. A Membership may not be transferred to someone or some trustee or beneficiary who does not plan to own the home and reside in the Community nor shall a "living" or "Grantor" trust continue to hold a Membership interest beyond the usual and customary time required for a wind up of a probate estate, should title have passed by that means and occupancy during such periods

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shall not extend to any other party not previously permitted Membership and occupancy.

- I. 10. The Board of Directors reserves the right to use all or part of a Member's Membership Fee to pay any debt due to the Corporation, or expenses incurred as a result of a Member's actions or non-actions, in regards to the Corporation; such debts and expenses being legally the responsibility of the Member. The Member shall replenish a capital balance decreased on such account in order to remain in "good standing."
- I. A. All Members and non-Members are required to pay their lot rent. This lot rent, initially established by the Membership of the Corporation, may be increased by a majority vote of the Corporation Board of Directors or by a majority vote of the Membership, consistent with Article 5 of these Bylaws, with a thirty (30) day written notice to all Members and non-Members.
- I. B. Any Member whose activity in the Corporation is contrary to basic cooperation principles (see copy of International Cooperative Principles attached hereto and incorporated herein by this reference) or who endangers the effective operation of the Corporation may be expelled from Membership in the Corporation by the Board of Directors. Loss of Membership carries with it loss of all Membership privileges, including lower lot rent. Written notice of the charges against each Member, and reasonable opportunity for a hearing before the Board of Directors, shall be provided before any such expulsion. A reasonable opportunity is defined as fifteen (15)- day notice. The Member's certificate or subscription shall be repurchased at par value, less any debts owed and expenses incurred by the Corporation on behalf of the Member, and if and when there are sufficient reserve funds as determined by the Board of Directors. An eviction of the Member shall automatically terminate his or her Membership.
- C. The Member shall have the right to appeal to the next Membership meeting and will be given a reasonable opportunity to be heard, either in person or by their attorney. Members may request a Special Meeting of the Membership within a reasonable time period and such request will not be unreasonably denied. In the absence of a board call for a Special Meeting, the member may do so in accordance with Article 7.3 of these Bylaws. A Member need not be expelled

before being evicted. Re-application for Membership will require Board review and Membership approval before re-issuance of Certificate of Membership. The reason for the expulsion shall be clearly stated, recorded, placed in the permanent files and a copy given to the Member.

- I. D. Any Member who wishes to be represented by legal counsel as the result of a Corporation action must notify the Board of this fact ten (10) days in advance of the meeting. The Members shall solely be responsible for the cost of his or her attorney. In no case should the Corporation be responsible for the legal fees of the Member.

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### **HOME SALES AND RENTALS OF HOMES**

- I. IV. Any Member or non-Member who plans to sell or move their Home out of the Community or demolish the Home on site shall give written notice at least thirty (30) days in advance of that happening to the Board of Directors. Failure to give notice can result in 30 days additional lot rent.

- I. 1. Notice to the Board of Directors stating the intention to sell a Home in place shall contain the estimated date of sale, and the name, address, and phone number of the selling agent, if any. It is the responsibility of the seller to supply potential buyers with information regarding the requirement that all buyers become Members of the Corporation. The seller shall supply the Corporation with the names and telephone numbers of any buyers who have signed a Purchase and Sales Agreement. See the exception for certain trust transfers contained in paragraph 3.1, which applies here as well.

- I. 2. For a period of thirty (30) days following the delivery of the notice to the Board, the Member may sell only to a family or individual that meets the AMI requirements and other qualifications described on page 1. During this 30-day period, if the Member receives more than one offer for the same price upon the same terms and conditions, and one of said offers is from an income eligible (as defined above) family or individual, the Member shall accept the offer from that family or individual. Provided, that the Board may authorize the sale to someone other than a lower-income family or individual at the request of the selling Member in the case of a sale to a family Member or where the delay in selling would pose an unreasonable hardship for the selling Member.

3. The following shall apply in all situations where Fannie Mae holds an Eligible Loan on a home in this Corporation:

- A. Notwithstanding any other Bylaw provision, the purchaser of a Manufactured Home who acquired title at a foreclosure sale conducted by the holder of an "Eligible

Loan” (as defined by statute), or directly from the holder of an Eligible Loan, shall be exempt from any “low income” requirement.

I. B. A lower-income family or individual shall be defined as a family or individual whose total income does not exceed 80% of the median income in the county as determined by the U.S. Dept. of Housing and Urban Development and published in the Federal Register.

I. C. Any **lot** in the Community that becomes **vacant** (other than a temporary vacancy when a Member of the Corporation replaces his or her existing manufactured home with a new or different one), shall be leased by the Board of Directors to a lower-income household approved for Corporation Membership; provided, however, that if after advertising the lot for thirty (30) days, the Board does not receive an offer to lease from a lower-income household reasonably capable of affording the Home and living in the Community, the Board of Directors may lease the lot to any suitable household. The Board will keep a waiting list for these purposes.

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I. D. If the Corporation is owed money by the Member or the Member is in breach of any other obligation to the Corporation, the Board of Directors may record a lien against the home for a sum equal to those amounts due and owing the Corporation. Any future conveyance of the home shall only be recorded upon payment to the Corporation of all outstanding balances due to the Corporation.

I. 4. The following shall apply in all situations where Fannie Mae holds an Eligible Loan on a home in this Corporation:

A. Notwithstanding rights of the Corporation under state law, any holder of an Eligible Loan, which is actively pursuing the right to foreclose or which has acquired title to the Manufactured Home by purchase itself at a foreclosure sale or by deed in lieu of foreclosure, and which has paid or is paying the Corporation Rent and Other Charges owing by a Member under an Occupancy Agreement, shall not be required to advance more than six (6) months of Rent and Other Charges, and the Corporation’s lien rights, as to amounts owing to it by the Member under the Occupancy Agreement or otherwise, shall be subordinate to the rights of the holder of an Eligible Loan, and amounts owing to the Corporation shall only be paid out of the excess proceeds, if any, available after transfer of the Manufactured Home to a third party, and after all amounts outstanding under the Eligible Loan, including repayment of advances of monthly Rent and Other Charges, have been paid in full.

I. B. The Board of Directors shall purchase the Membership interest from said Member household by paying them the interest’s par sum, equal to the Member’s total payment toward their Membership Fee, without interest, less any debt owed by the Member to the Corporation, within sixty (60) days of the removal or sale of the Home, or at such later date when the purchase can be made without jeopardizing the solvency of the Corporation.

I. C. In order to unify the Members and make the Corporation stronger, all homes within the Community must be owner-occupied. Failure to comply with this article shall result in an eviction from the Community.

D. Rental or leasing of homes in the Community **shall not be allowed** unless approved by the Board of Directors. The Board of Directors shall not approve a rental or lease unless (1) a written request is submitted by the Member alleging hardship and (2) the Board of Directors determines that a hardship exists. If an approval is granted, the decision shall specify the hardship circumstance(s) and the condition(s) of approval. The vote of the Board of Directors shall be maintained in the official records of the Corporation.

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## VOTING

- A. 1. A ballot provided on a form approved by the Board of Directors shall be used for the election of Directors. It shall clearly state the slate of nominees and be identifiable by either a lot number or other means. The ballots shall be sealed and opened at the Membership meeting. The Board of Directors may allow for an absentee ballot for the following reasons: *hospitalization, shift work, infirmity, out of state*. A request for an absentee ballot must be made in writing at least three (3) days before the meeting, if not the result of emergency circumstances. If the ballot is to be mailed, the Member must request it ten (10) days before the meeting. Absentee ballots may not be counted towards a quorum.
- A. 2. Any business required or permitted to be taken at a Membership meeting may be taken without a meeting, by means of a ballot clearly stating a Board-approved motion. To be passed outside of a Membership meeting, the motion must be approved by a majority of the entire Membership. A copy of the motion and vote must be kept on file with the Corporation's Membership meeting minutes.
- A. 3. The Bylaws of the Corporation and the Community Rules may be amended or repealed by at least a majority vote of the Membership.
- A. 4. The Bylaws and the Community Rules may be amended by a majority vote of the Members present at any regular or special meeting at which a quorum is present, provided that notice of the proposed amendment shall be given in writing to all Members not less than ten (10) days prior to such meetings. After the ten

(10) day notice, technical changes in wording or detail of the proposed amendment that do not alter the subject matter shall not require an additional notice.

- A. 5. Any decisions that may commit expenditures of two thousand dollars **(\$2,000)** or more of Corporation resources per Fiscal year also that does **not** appear in the approved annual budget, must be authorized by the Membership at an Annual, special, or regular meeting of the Members. Capital Improvement and Replacement Reserve expenditures that exceed three thousand **(\$3,000)** per Fiscal year, require the approval of the Members except in cases of emergency repairs. The Board shall notify the Membership of such an emergency action at the next regular or special meeting of the Members.

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#### FISCAL YEAR

- A. VI. The fiscal year of the Corporation shall be the twelve (12) month period ending the last day of November of each year. The Corporation shall cause its books to be examined within a reasonable time after the end of each fiscal year in accordance with the audit/review requirements of state law.

#### ANNUAL AND SPECIAL MEETINGS

- VII. The Annual Meeting of the Members shall be held in the month of November each year in Salt Lake County, Utah or at a place designated by the Board of Directors within 20 miles of the Community. An Annual Meeting of Members is to be held at least once a year.

1. Notice of the time and place of the Annual Meeting and the agenda items or subject matter to come before it, shall be given in writing to each Member at his/her address, and posted and maintained at a common area not less than ten (10) days prior to the date of the meeting. The Annual Report to the Utah department of Commerce, Division of Corporations and Commercial Code, the report of the examination of the prior year's finances, and the proposed annual budget of the Corporation shall be made available to each Member no later than ten (10) days before the Annual Meeting for approval by the Membership at the Annual Meeting.

- A. 2. Special meetings of the Membership may be called by the Board of Directors or by petition of at least one sixth (1/6) of the total number of Members. Such Member petition may be delivered to any Board Member. The Board shall set the date, place and time of the Special Meeting, to be held within 30 days after receipt of such demand. The Secretary of the Corporation shall deliver or mail written notice stating the place, day, hour and purpose of the Special Meeting to each Member and post the notice in a common area not less than 10 days in advance of the meeting date.

3. In case of any question not covered in these Bylaws or adopted Board policies, the guidelines in “**Parliamentary Procedure for Manufactured Housing Community Corporations**” as published by the *Management Guide* © 2003, 2007 ROC USA, LLC or *Robert’s Rules of Order, Newly Revised*) shall prevail.

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### BOARD OF DIRECTORS

VIII. The Board of Directors shall consist of five (5) Members who are residents and owners of a manufactured housing unit in the Community and are in good standing with the Corporation. The Board of Directors shall be elected by the Membership at an Annual or Special Meeting of the Corporation. All newly elected Directors will take office thirty (30) days after elections or at the next Board of Directors meeting, whichever is first.

A. 1. At each election for Directors, every Member entitled to vote shall have the right to vote for as many persons as there are Directors to be elected; one vote per Member for each position up for election.

A. 2. All Directors shall serve for a term of two years, except that at the first election, the **Treasurer and Vice President** will be elected for one-year terms. No Director may serve for more than three consecutive two-year terms, or until their successors are duly chosen.

3. Vacancies that result from resignation or other means may be filled by a majority vote of the Directors present at any regular or special meeting of the Board of Directors. The Director so appointed shall serve the remainder of the unexpired term, which shall not be counted as a consecutive term for the purposes of Article 8.3 of these Bylaws.

4. Two signatures are required on checks and legal documents. No more than one (1) individual **from each Member household** may have signing authority.

5. The Board of Directors shall be responsible for the day-to-day management and control of the Corporation operations. The Board of Directors may from time to time set up committees and/or ad-hoc groups to work on specific responsibilities, with the committee Members serving at the pleasure of the Board of Directors.



These committees will report to the Board of Directors and operate with only as much authority as granted by the Board. Further explanation of these committees may be found in the policies of the Board of Directors.

6. Regular meetings of the Directors shall be held monthly. Notice of the time and place together with the agenda of the Board of Directors' meeting shall be posted in a public place in the Community. The Board shall have the sole discretion to establish the agenda for all regular meetings.

7. Special meetings of the Directors may be held at the call of the President or any two Directors. Written notice stating the place, day, and hour of any special meeting shall be posted in a common area and communicated personally to each Board Member not less than three days before the date of the meeting. In an emergency situation, a shorter notice may be given, provided that the agenda for that meeting is limited to dealing with the emergency at hand and that all actions taken are ratified at a subsequent properly noticed meeting.

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8. Regular and Special Meetings of the Board of Directors shall be open to the Membership except when the Board moves to an Executive Session. Executive Sessions are used only for purposes of protecting a person's reputation and confidentiality, or to receive or discuss advice from legal counsel. A decision may not be made in Executive Session, where minutes are not kept. Decisions must be made in the form of a motion at a public meeting.

9. At any meeting of the Board of Directors, a simple majority of the number of Directors then in office shall constitute a quorum for the transaction of business. A majority of those present must vote in the affirmative to pass a motion, once a quorum has been established.

10. Any action required or permitted to be taken by the Board of Directors at a meeting may be taken without a meeting if the written motion is approved and signed by all Board Members. Authority for such action commences when the last Director signs. A copy of the written motion with all signatures must be kept with the Board minutes.

11. Directors shall serve without compensation, but shall be entitled to reasonable compensation for expenses paid while conducting legitimate Corporation business. Any expenses incurred must have received prior written approval by the Board of Directors. Receipts must accompany all requests for reimbursement. Directors may receive compensation for their freely executed contracts approved by the Board or Membership as the case may require, so long as the contract does not create a conflict of interest.

12. Any Director whose actions are determined to negatively affect the operation of the Corporation may be removed by a majority vote of the Members present at any regularly scheduled or special meeting of the Membership where a quorum is present, provided that a 10-day notice of the impending vote has been given to the

Director who may be removed. Said notice of a vote to remove shall only be made after a majority vote of the Board of Directors or after the Board of Directors receives a written petition requesting the proposed removal, signed by at least 1/6 (5 Members) of the Membership. Said resolution shall clearly state that once a quorum is established, a majority vote of the Members present will be needed to remove the

Director. The notice shall state the date, time and place of the meeting where said vote will be taken. Vacancies on the Board of Directors, which result from a removal vote of the Membership, shall be filled in accordance with Article 8.4 of these Bylaws. This section does not restrict any Directors' voluntary resignation from the Board of Directors or from office.

13. The Members of the Corporation shall adopt a Conflict of Interest policy and procedure.

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## OFFICERS

- IX. The Officers of the Corporation shall consist of a President, Vice-President, Secretary/Treasurer, and any other designated position as decided by the Members. All Officers must meet the same eligibility requirements as exist for those persons who are Directors.
1. Officers shall be elected by the Membership.
  2. The President shall presiding officer. He or she shall be responsible for general administration according to the guidelines established by the Board and the Membership. The President shall perform such duties prescribed by the Board or as necessary to accomplish the objectives of the Corporation.
  3. The Vice-President shall preside at all meetings in the absence of the President and shall perform such duties delegated to him/her by either the Board or the President. He/she shall report on the activities of the President to the Board in the absence of the President.
  4. The Secretary shall keep the records of the Corporation and these Bylaws. Amendments to these Bylaws shall be typed, noted, dated and maintained with these Bylaws, and copies distributed to the Membership. He or she shall keep a true record of the proceedings of all meetings of the Directors and Members. If the Secretary is absent from any such meetings, the chair may request that some person act as a recording secretary to take the minutes. The Secretary shall also be responsible for posting meeting notices, typing correspondence and maintaining and updating Membership and resident lists. The signature of the

Secretary, or acting secretary, on minutes and actions of the Board shall serve as evidence of their authenticity.

- A. 5. The Treasurer shall have charge of all the funds of the Corporation and shall be responsible for all disbursements and collections. The Treasurer shall be responsible for maintaining all financial records of the Corporation including previous fiscal years; financial reports, bank statements and returned checks, invoices, records and any and all other financial records. The Treasurer will see that all checks drawn on Corporation accounts shall bear the signature of at least two of these three Officers: **President, Treasurer, or Secretary.** As a standard fiscal control, a Member of the Corporation other than the Treasurer or qualified professional hired by the Board of Directors shall reconcile the Corporation accounts each month. The Treasurer shall be responsible for having the books prepared for examination. The Treasurer may delegate any tasks to any Member of the Finance Committee or a contracted bookkeeping service.

6. The Operations Manager sits on the Maintenance Committee and is responsible for the effective upkeep of grounds and systems; developing services, standards, emergency and general repair procedures; maintaining a list of qualified trades people; obtaining bids, maximizing volunteer contributions, submitting a capital improvements plan and annual projected maintenance budgets.

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7. All Officers of the Corporation shall, subject to these Bylaws and to any vote of the Directors, have such powers and duties as the Directors shall from time to time designate, in addition to the specific powers and duties set forth above.

8. Each Officer, Director, employee, and agent handling funds or securities amounting to \$1,000 or more in any one year shall be covered by adequate bond in accordance with state law.

#### INDEMNITY

X. The Directors, Officers and Members shall not be personally liable for the debts, liabilities or other obligations of the Corporation.

- I. 1. Should any person be sued or threatened with suit, either alone or with others, because he or she was or is a Director or Officer of the Corporation, in any proceedings arising out of his or her alleged misfeasance or nonfeasance in the performance of his or her duties or out of any alleged wrongful act against the Corporation, indemnity for his or her reasonable expenses, including attorneys fees incurred in the defense of the proceeding, may be assessed against the Corporation, its receiver, or its trustee, by the court in the same or a separate proceeding if (1) the person sued is successful in whole or in part, or the proceeding against him or her is settled with the approval of the court; and (2) the court finds that his or her conduct fairly merits such indemnity. The amount of such indemnity shall be so much of the attorneys fees incurred and other expenses as the court finds to be reasonable.

2. Should any person be sued or threatened with suit, either alone or with others, because he or she was or is a Director, Officer, or employee of the Corporation, in any proceedings other than an action by the Corporation, indemnity for his or her reason-able expenses including attorney fees incurred in the defense of the proceeding may be paid by the Corporation if the person acted in good faith and in a manner he or she reasonably believed to be in or not opposed, to the best interest of the Corporation; any such indemnity shall be made as authorized by majority vote of the Membership.

## RECORDS

- I. XI. The records of the Corporation shall be kept by the Directors then in office and transferred to newly elected Directors upon change over.
- I. 1. Records of the Corporation shall be open to the inspection of any Member at a reasonable time and place within 72 hours of a Member's request, limited to those items not protected for reasonable privacy concerns of Members, including but not limited to financial applications, credit reports, hardship applications, materials discussed in executive session and individual collection matters. The Members shall have no right to make or take copies of these materials except as authorized in the Board's sole discretion.
- I. Approved on \_\_\_\_/\_\_\_\_/\_\_\_\_ Amended on \_\_\_\_/\_\_\_\_/\_\_\_\_

## DISSOLUTION

- XII. In the event of dissolution of the Corporation, the assets, after payment of the Corporation's debts and expenses, shall be distributed in the following manner:
  - 1. The par value or book value, whichever is lower, of the Membership certificates or shares shall be returned to the Members. Amounts paid on subscriptions shall be returned to subscribers. The amounts allocated in distribution of net savings shall be returned to those Members entitled to them in accordance with patronage.
  - 2. Any surplus remaining after the distributions in the preceding paragraph I may be distributed as a contribution to any Corporation association or other nonprofit association to which contributions are deductible from income tax under current internal revenue service regulations.

The foregoing is a true and accurate account, attested by,

\_\_\_\_\_

Secretary

*(Each page should show date of approval or when amended)*

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### **1st Principle: Voluntary and Open Membership**

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

### **2nd Principle: Democratic Member Control**

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

### **3rd Principle: Member Economic Participation**

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

### **4th Principle: Autonomy and Independence**

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter to agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

### **5th Principle: Education, Training and Information**

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

### **6th Principle: Co-operation among Co-operatives**

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

### **7th Principle: Concern for Community**

Co-operatives work for the sustainable development of their communities through policies approved by their members.

*These principles can be found on the International Cooperative Alliance website at <http://www.ica.coop/al-ica/>.*

