

BYLAWS OF 2ND STORY ASSOCIATES
A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION

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BYLAWS OF 2ND STORY ASSOCIATES
A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION

1. NAME & OFFICES

1.1 Name. The name of this Corporation is 2ND STORY ASSOCIATES.

1.2 Principal Office. The principal office of the Corporation for the conduct of its business is located at 808 Laguna Street, Santa Barbara, Santa Barbara County, California, 93101.

1.3 Other Offices. The Corporation may also have offices at such other places where it is qualified to transact business, as its business may require and as the Board may designate from time to time.

2. PURPOSE

2.1 General Purpose. The Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Corporation Law of California (“California Nonprofit Corporation Law”) for charitable purposes.

2.2 Specific Purpose. The specific purpose of the Corporation shall include without limitation, providing resident and supportive services programs for low-income families, seniors, and disabled persons, as well as affordable housing opportunities for very low to middle income residents of Santa Barbara County.

3. LIMITATIONS

3.1 Political Activities. The Corporation has been formed under California Nonprofit Corporation Law for the charitable purposes described in Article 2, and it shall be nonprofit and nonpartisan. No substantial part of the activities of the Corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene in any political campaign (including the publishing or distribution of statements) on behalf of or in opposition to any candidate for public office.

3.2 Prohibited Activities. The Corporation shall not, except in any insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes described in Article 2. The Corporation may not carry on any activity for the profit of its Officers, Directors, or other private persons or distribute any gains, profits, or dividends to its Officers, Directors, or other persons as such. Furthermore, nothing in Article 2 shall be

construed as allowing the Corporation to engage in any activity not permitted to be carried on (i) by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") or (ii) by a corporation, contributions to which are deductible under section 170(c)(2) of the Code.

4. DEDICATION OF ASSETS

4.1 Property Dedicated to Nonprofit Purposes. The property of the Corporation is irrevocably dedicated to providing resident services programs for low-income families, seniors, and disabled persons, as well as affordable housing opportunities for very low to middle income residents of Santa Barbara County. No part of the net income or assets of the Corporation shall ever inure to the benefit of any of its Officers or Directors or to the benefit of any private person, except that the Corporation is authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article 2 hereof.

4.2 Distribution of Assets Upon Dissolution. Upon the dissolution or winding up of the Corporation, its assets remaining after payment or provision for payment of all debts and liabilities of the Corporation, shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for charitable purposes and which has established its tax exempt status under Section 501(c)(3) of the Code.

5. MEMBERS

The Corporation shall have no members.

6. DIRECTORS

The governing body of this Corporation shall be its Board of Directors, the members of which are referred to in these Bylaws individually as Directors and collectively as the Board.

6.1 Number of Directors. The Board of Directors shall consist of at least seven (7) but no more than fifteen (15) directors. The exact number of Directors shall be fixed from time-to-time within the foregoing limits by a resolution of the Board.

6.2 Qualification of Directors. Three of the Directors shall be current management-level staff of the Housing Authority of the City of Santa Barbara ("Housing Authority"). The remaining Directors shall reside or be employed within Santa Barbara County and comprise the following: a person engaged in or familiar with real property financing, such as an officer or employee of a bank, savings and loan, or mortgage brokerage company; a person engaged in or

familiar with construction or property management; a member of the community at large; and at least one person from the Program Coordinating Committee for the Family Self Sufficiency Program of the Housing Authority; or who shall have such background and skills as may be determined by the Board. The Directors who do not occupy management-level positions at the Housing Authority shall not be officers, employees, agents, or Commissioners of the Housing Authority. All the Directors shall serve without pay. No more than forty-nine percent (49%) of the persons serving on the Board may be interested persons.

6.2.1 Interested Persons. For purposes of these Bylaws, an interested person is any person who is (a) compensated by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, an independent contractor or otherwise, or (b) who is (i) the ancestor, descendent, or sibling of such a person, or (ii) the spouse or the parents or siblings of the spouse, of any such person.

6.2.2 Conflict-of-Interest Disclosure Statements. Each person nominated to the position of Director shall complete and deliver to the Secretary of the Corporation prior to election to the Board a conflict-of-interest disclosure statement identifying: (a) any compensated services performed by such person or by any related person identified in this Article 6 during the preceding year or likely to be performed during the ensuing year; (b) the amount of compensation received or likely to be received for such services; and (c) such additional information as may be prescribed by the Board. Each person serving as Director of the Corporation shall complete and deliver a conflict-of-interest statement to the Secretary of the Corporation within thirty (30) days prior to the date of the annual meeting unless such person has completed and delivered a conflict-of-interest disclosure statement within the preceding six (6) months.

6.2.3 Violation. A violation of the provisions of this Section shall not affect the validity or enforceability of any transaction entered into by the Corporation.

6.3 Powers. Subject to the provisions and limitations of the California Nonprofit Public Benefit Corporation Law and any other applicable laws and subject to any limitations in the Articles of Incorporation, the activities and affairs of this Corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the Board of Directors. Without limiting the generality of the foregoing but subject to the limitations set forth above, the Directors of the Corporation shall have power to:

6.3.1 Appointment and Removal. Appoint and remove at the pleasure of the Board the Corporation's Officers, agents, and employees; prescribe powers and duties for them that are consistent with the law, with the Articles of Incorporation and with these Bylaws; fix their compensation; and require from them security for faithful performance of their duties.

6.3.2 Change Principal Office. Change the principal office of the Corporation.

6.3.3 Adopt and Use Corporate Seal. Adopt and use a corporate seal and alter the form of the seal.

6.3.4 Borrow Money. Borrow money and incur indebtedness on behalf of the Corporation and cause to be executed and delivered for the Corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, and other evidence of debt and securities.

6.4 Duties. The Board shall have the full legal authority and responsibility for the operation of the Corporation and shall:

6.4.1 Professional Services. Arrange for professional services to be provided by the Corporation.

6.4.2 Services Provided. Designate in writing all services provided by the Corporation.

6.4.3 Management and Fiscal Affairs. Oversee the management and fiscal affairs of the Corporation.

6.4.4 Qualified Administrator. Appoint a qualified administrator and a qualified person authorized in writing to act in the absence of the administrator.

6.4.5 Perform Duties. Perform any and all duties imposed on them collectively or individually by law, by the Articles of Incorporation of this Corporation, or by these Bylaws.

6.4.6 Appointment and Removal. Appoint and remove, employ and discharge and except as otherwise provided in these Bylaws, prescribe the duties and fix the compensation, if any, of all Officers, agents, and employees of the Corporation.

6.4.7 Supervision. Supervise all Officers, agents, and employees of the Corporation to assure that their duties are performed properly.

6.4.8 Meeting Times and Places. Meet at such times and places as required by these Bylaws.

6.4.9 Register Addresses. Register their addresses with the Secretary of the Corporation and notices of meetings mailed or telegraphed to them at such addresses shall be valid notices thereof.

6.5 Terms. Directors shall be elected at the annual meeting for two (2) year terms. Each Director, including a Director elected to fill a vacancy, shall hold office until the expiration of the term for which they were elected and until the election and qualification of a successor or until that Director's earlier resignation or removal in accordance with these Bylaws and California Nonprofit Corporation Law. By resolution, the Board may arrange for terms to be staggered.

6.6 Vacancies on Board.

6.6.1 Events Causing a Vacancy. A vacancy or vacancies on the Board shall be deemed to exist on the occurrence of the following: (i) the death, resignation, or removal of any Director; (ii) whenever the number of authorized Directors is increased; or (iii) the failure of the Board, at any meeting at which any Director or Directors are to be elected, to elect the full authorized number of Directors.

6.6.2 Removal of Directors. The Board may by resolution, declare vacant the office of a Director who (i) has been declared of unsound mind by an order of court or convicted of a felony or found by final order or judgment of any court to have breached a duty under California Nonprofit Corporation Law; (ii) fails to attend three (3) consecutive Board meetings during a calendar year; or (iii) fails to meet the required qualifications to be a Director as set forth in this Article 6, as long as such required qualification was in effect at the beginning of that Director's current term of office.

6.6.3 Resignations. Any Director may resign by giving written notice to the President or Secretary of the Corporation or the Board of Directors. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective and, unless otherwise specified in the notice, the resignation need not be accepted to be effective. If a Director's resignation is effective at a later time, the Board may elect a successor to take office when the resignation becomes effective. No Director may resign if the Corporation would then be left without a duly elected Director or Directors in charge of its affairs, except upon notice to the California Attorney General (the "Attorney General").

6.6.4 Filling of Vacancies.

A. Management Staff Positions. Vacancies in the Director positions represented by the management staff of the Housing Authority shall be appointed by a majority vote of the Management Team of the Housing Authority.

B. Non-Management Staff Positions. Vacancies in the non-management Director positions shall be filled by a majority of the current Directors, as soon as practicable, after the vacancy occurs. If the number of Directors then in office is less than a quorum, additional Directors may be elected to fill such vacancies by (i) the unanimous written consent of the Directors then in office; (ii) the affirmative vote of a majority of the Directors in office at a meeting held according to notice or waivers complying with Section 5211 of the California Nonprofit Corporation Law; or (iii) a sole remaining Director. A person elected to fill a vacancy as provided by this Section shall hold office until the next annual election of the Board of Directors or until their death, resignation, or removal from office.

6.7 Meetings of Directors. Meetings of the Board shall be conducted from time to time as follows:

6.7.1 Regular and Annual Meetings. Each year, the Board shall hold at least one meeting, at a time and place fixed by the Board during the final quarter of the fiscal year, for the purposes of election of Directors, appointment of Officers, review and approval of the corporate budget and transaction of other business. This meeting is sometimes referred to in these bylaws as the “annual meeting.” Other regular meetings of the Board shall be held at least quarterly throughout the year.

6.7.2 Special Meetings. Special meetings of the Board may be called for any purpose at any time by the President, Vice President, the Secretary, or any two Directors.

6.7.3 Notice of Meetings

A. Manner of Giving, Contents, and Time Requirements. Except when the time and place of a regular meeting is set by the Board by resolution in advance (as permitted by this Article 6), notice of the time and place of all regular and special meetings shall be given to each Director by one of the following methods:

1) Electronic mail (“email”), facsimile (“fax”), or other means of electronic transmission, delivered at least forty-eight (48) hours before the time set for the meeting if the recipient has consented to accept notices in this manner; or

2) Personal delivery or written notice; or

3) First-class mail, postage paid and deposited in the United States mail at least four (4) days before the time set for the meeting; or

4) Telephone, including a voice messaging system or other system or technology designed to record and communicate messages, delivered at least forty-eight (48) hours before the time set for the meeting.

All such notices shall be given or sent to the Director's email address, telephone number, or facsimile number as shown on the records of the Corporation. Notice of regular meetings may be given in the form of a calendar or schedule that sets forth the date, time, and place of more than one regular meeting.

B. Waiver of Notice. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (i) a quorum is present, and (ii) either before or after the meeting, each of the Directors who is not present at the meeting signs a written waiver of notice, a consent to hold the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting need not be given to any Director who attends the meeting and does not protest, either before or at the commencement of the meeting, the lack of notice of such meeting. Directors can protest the lack of notice only by presenting a written protest to the Secretary either in person, by first-class mail addressed to the Secretary at the principal office of the Corporation as contained on the records of the Corporation as of the date of the protest, or by facsimile addressed to the facsimile number of the Corporation as contained on the records of the Corporation as of the date of the protest.

6.7.4 Place of Meetings. Meetings shall be held at the principal office of the corporation unless otherwise provided by the Board or at such place within or without the State of California which has been designated from time to time by resolution of the Board of Directors. In the absence of such designation, any meeting not held at the principal office of the corporation shall be valid only if held on the written consent of all Directors given either before or after the meeting and filed with the Secretary of the Corporation or after all Directors have been given written notice of the meeting as hereinafter provided for special meetings of the Board. Any meeting, regular or special, may be held by conference telephone or similar communications equipment, so long as all Directors participating in such meeting can hear one another. Participation in a meeting via conference telephone or similar communications equipment constitutes a presence in person at such meeting.

6.7.5 Quorum. A majority of Directors then in office (but no fewer than two Directors or one-fifth of the authorized number in Section 6.1, whichever is greater) shall constitute a quorum for the transaction of business, except to adjourn. Every action taken or decision made by a majority of the Directors present at a duly held meeting at which a quorum

is present shall be the act of the Board, subject to the more stringent provisions of the California Nonprofit Public Benefit Corporation Law, including, without limitation, those provisions relating to (a) approval of contracts or transactions between the Corporation and one or more Directors or between the Corporation and any entity in which a Director has a material financial interest; (b) creation of and appointments to Committees of the Board; (c) indemnification of Directors; and (d) removal of a Director without cause. A meeting at which a quorum is initially present may continue to transact business, despite the withdrawal of Directors, if any action taken or decision made is approved by at least a majority of the required quorum for that meeting.

6.7.6 Adjournment. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place.

6.7.7 Notice of Adjourned Meeting. Notice of time and place of holding an adjourned meeting need not be given unless the original meeting is adjourned for more than twenty-four (24) hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

6.7.8 Conduct of Meetings. Meetings of the Board shall be presided over by the President or if the President is absent, by the Vice President, or in the absence of each of these persons, by a chair of the meeting chosen by a majority of the Directors present at the meeting. The Secretary shall act as secretary of all meetings of the Board, provided that if the Secretary is absent, the presiding officer shall appoint another person to act as secretary of the meeting. Meetings shall be governed by the most current edition of Rosenberg's Rules of Procedure, insofar as such rules are not inconsistent with or in conflict with these Bylaws, with the Articles of Incorporation, or with any provisions of law applicable to the Corporation.

6.7.9 Action Without a Meeting. Any action that the Board is required or permitted to take may be taken without a meeting if all members of the Board consent in writing to that action. For the purposes of this Section 6.7.9 only, "all members of the Board" shall not include any "interested Director" as defined in Section 5233 of the California Nonprofit Corporation Law. Such action by written consent shall have the same force and effect as any other validly approved action of the Board. All such consents shall be filed with the minutes of the proceedings of the Board. Written consent may be transmitted by email, first class mail, messenger, courier, facsimile, or any other reasonable method satisfactory to the President.

6.7.10 Fees and Compensation of Directors. Directors shall serve without compensation. Each Director may be reimbursed for any reasonable, necessary, and actual expenses incurred in the performance of their responsibilities as a Director. Nothing contained

herein shall be construed to prevent any Director from serving in another capacity and receiving reasonable compensation therefor from this Corporation, provided that compensation is reasonable and further provided that not more than 49% of the persons serving as Directors may be “interested persons,” which for purposes of this Section 6.7.10 only means:

A. Any person currently being compensated by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full- or part-time Officer or other employee, independent contractor, or otherwise;

B. Any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

6.7.11 Non-Liability of Directors. The Directors shall not be personally liable for the debts, liabilities, or other obligations of the Corporation.

7. COMMITTEES OF THE BOARD; *AD HOC* COMMITTEES

7.1 Creation of Committees. The Board may, by resolution adopted by a majority of Directors then in office, create one or more Board Committees (“Committees”), including an Executive Committee, each consisting of two or more Directors, to serve at the discretion of the Board. The Board may, by resolution adopted by a majority of the Directors then in office, may create one or more additional Committees to serve at the pleasure of the Board and subject to the limitations contained in these Bylaws, to exercise such powers of the Board as may be delegated to it in such resolution.

7.1.1 Executive Committee. The Executive Committee shall comprise the President, the chair of each other Committee, and such other Directors as a majority of the number of Directors then in office may designate from time to time. Subject to the limitations set forth in Section 7.3 of these Bylaws, the Executive Committee shall have all of the power and authority of the Board, may act as needed between meetings of the full Board, and any action taken by the Executive Committee shall have the same force and effect as any action taken by the entire Board.

7.1.2 *Ad Hoc* Committees. The Board may create one or more Committees on an *ad hoc* basis to serve at the pleasure of the Board. Appointments to such *Ad Hoc* Committees need not but may be Directors. The Board shall appoint and discharge *Ad Hoc* Committee members. All actions and recommendations of an *Ad Hoc* Committee shall require ratification by the Board before being given effect.

7.2 Appointment to Board Committees. Appointments to Committees shall be by majority vote of the Directors then in office.

7.2.1 Term of Office. Each member of a Committee shall continue as such until the next annual meeting and until their successor is appointed unless (a) the Committee is sooner terminated or (b) such member (i) is removed from such Committee or (ii) ceases to qualify as a member thereof.

7.2.2 Chair. One (1) member of each Committee shall be appointed by the Board to serve as the chair of such committee.

7.2.3 Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

7.3 Powers of Committees. Any Committee, to the extent provided in these Bylaws or in the Board resolution establishing such committee, shall have the authority of the Board except that no committee, regardless of Board resolution, may:

7.3.1 Prohibition on Filling Vacancies. Fill vacancies on the Board or on any Committee that has the authority of the Board;

7.3.2 Prohibition on Fixing Compensation. Fix compensation of the Directors for serving on the Board or on any Committee;

7.3.3 Prohibition on Amending or Repealing Bylaws; Adopting New Bylaws. Amend or repeal Bylaws or adopt new Bylaws;

7.3.4 Prohibition on Amending or Repealing Board Resolutions. Amend or repeal any Board resolution that by its express terms is not so amendable or repealable;

7.3.5 Prohibition on Creating Committees; Appointing Members. Create any other Committees of the Board or appoint the members of Committees of the Board;

7.3.6 Prohibition on Approving Interested Director Transactions. With respect to any assets held in charitable trust, approve any contract or transaction between the Corporation and one or more of its Directors or between the Corporation and an entity in which one or more of its Directors have a material financial interest, subject to the special approval provisions of Section 5233(d)(3) of the California Corporations Code; or

7.3.7 Prohibition on Fixing President's Terms of Employment. Employ the President of the Corporation or fix the terms of employment of or the compensation payable to the President of the Corporation.

7.4 Meetings and Actions of Committees. Meetings and actions of Committees shall be governed by, held, and taken in accordance with the provisions of these Bylaws concerning meetings and other Board actions except that the time for regular meetings of Committees and calling of special meetings of Committees may be determined either by Board resolution or if there is none, by resolution of the Committee. Minutes of each meeting of any Committee shall be kept and shall be filed with the corporate records. The Committee shall report to the Board from time to time as the Board may require. The Board may adopt rules for the governance of any Committee not inconsistent with these Bylaws. In the absence of rule adopted by the Board, the Committee may adopt such rules.

7.5 Attendance at Meetings. Any Director shall be entitled to attend the meetings of any Committee, but only persons who have been appointed as a member of the Committee in accordance with these Bylaws shall be entitled to vote with respect to matters coming before that Committee.

7.6 Quorum. Unless otherwise provided in the resolution of the Board designating the Committee, a majority of the Committee members shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the Committee. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Committee members, if any action taken is approved by at least a majority of the required quorum for that meeting.

7.7 Rules. The Board may adopt rules for the governance of any committee that are consistent with these Bylaws and each committee may adopt rules for its own governance not inconsistent with these Bylaws or with rules adopted by the Board.

7.8 Revocation of Delegated Authority. The Board may at any time revoke or modify any or all of the authority that the Board has delegated to a Committee, increase or decrease (but not below two) the number of members of a Committee and fill vacancies in a Committee from Directors.

8. OFFICERS OF THE CORPORATION

8.1 Principal Officers. The principal Officers of the Corporation shall be the President, Vice President, Secretary, and Treasurer.

8.1.1 Other Officers. The Corporation may also have, at the Board's discretion, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be appointed in accordance with this Section. The Board may appoint any other officers that the Corporation may require. Each officer appointed shall have the title, hold office for the period, have the authority, and perform the duties specified in the Bylaws or determined by the Board.

8.1.2 Qualification of Officers. Any number of offices may be held by the same person, except that neither the Secretary nor the Treasurer may serve concurrently as the President.

8.2 Election of Officers. The Officers of the Corporation shall be elected biennially by the Board at the annual meeting of the Board and shall serve at the pleasure of the Board until their successor shall be elected or their earlier resignation or removal, subject to the rights, if any, of any officer under any contract of employment.

8.3 Removal of Officers. Without prejudice to any rights of an officer under any contract of employment, an officer may be removed by the Board with or without cause at any regular or special meeting of the Board, and the Board may confer on the President the power to remove any officer.

8.4 Resignation of Officers. Any officer may resign at any time by giving written notice to the Corporation. The resignation shall take effect as of the date the notice is received or at any later time specified in the notice, and unless otherwise specified in the notice, the resignation need not be accepted to be effective. Any resignation shall be without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

8.5 Vacancies in Office. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office, provided, however, that vacancies be filled as they occur and not on an annual basis. In the event of a vacancy of in any office other than the President, such vacancy shall be filled temporarily by appointment by the President and the appointee shall remain in office for sixty (60) days or until the next regular meeting of the Board, whichever comes first. Thereafter, the position can be filled only by action of the Board.

8.6 Duties of Officers of the Corporation. The Officers of the Corporation shall have the following duties and responsibilities:

8.6.1 President. The President shall preside at Board meetings and be a voting member of the Board and shall be the chair of and shall preside at meetings of the Executive

Committee. The President shall be an *ex officio* member of each Committee and shall exercise and perform such other powers and duties as the Board may assign from time to time. The President shall be a management level staff person of the Housing Authority and shall participate in the supervision, direction, and control of activities, affairs, and staff. The President shall serve as the Administrator of the Corporation and shall have all duties and responsibilities prescribed for administrators by governmental agencies. The President shall have such other powers and duties as the Board or the Bylaws may prescribe.

8.6.2 Vice President. In the absence or disability of the President, the Vice President shall perform all the duties of the President and in so acting shall have all the powers of the President. The Vice President shall have such other powers and perform such other duties as may be prescribed by the Board.

8.6.3 Secretary. The Secretary shall be a member of the Board and shall keep or cause to be kept, at the Corporation's principal office or such other place as the Board may direct, (a) a copy of the Articles of Incorporation and Bylaws, as amended to date, and (b) a book of minutes of all meetings, proceedings, and actions of the Board and any committees of the Board. The Secretary shall give or cause to be given any required notice of meetings of the Board and of committees of the Board. The Secretary shall keep the corporate seal in safe custody and shall have such other powers and perform such other duties as the Board or the Bylaws may prescribe.

8.6.4 Treasurer. The Treasurer shall keep and maintain adequate and correct books and accounts of the Corporation's properties and transactions, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The books of account shall be open to inspection by any Director at all reasonable times. The Treasurer shall send or cause to be given to the Directors such financial statements and reports as are required by law, these Bylaws, or the Board.

A. Deposit and Disbursements of Funds. The Treasurer shall deposit or cause to be deposited all money and other valuables in the name and to the credit of the Corporation with such depositories as the Board may designate, shall disburse the Corporation's funds as the Board may order, shall render to the President and the Board when requested, an account of all transactions as Treasurer and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as the Board or the Bylaws may prescribe.

B. Bond. If required by the Board, the Treasurer shall be bonded in the amount and with the surety or sureties specified by the Board for faithful performance of

the duties of the office and for restoration to the Corporation of all its books, papers, vouchers, money, and other property of every kind in the possession or under the control of the Treasurer on their death, resignation, retirement, or removal from office.

9. TRANSACTIONS BETWEEN CORPORATION AND DIRECTORS OR OFFICERS

9.1 Interested Party Transactions. Any Director having a material financial interest in any proposed contract or transaction with the Corporation shall fully disclose to the Board all material facts pertaining to the proposed contract or transaction and the nature and extent of the Director's interest therein, and any such contract or transaction shall require the approval of a majority of the Directors then in office, excluding the vote of the interested Director or Directors.

9.1.1 Voting. A Director shall not be entitled to vote with respect to any transaction involving the Corporation in which the Director has a material financial interest, but any such interested Director may be counted in determining the presence of a quorum at a meeting of the Board at which any such contract or transaction is considered or acted upon.

9.1.2 Deliberations. At the request of the Board, any Director having a material financial or other personal interest in any matter then pending before the Board shall excuse himself or herself from the deliberations of the Board with respect to such matter.

9.2 Interlocking Directorates. No contract or other transaction between the Corporation and any corporation, firm, or associate of which one or more Directors are directors is either void or voidable because such Director(s) are present at the Board meeting that authorizes, approves, or ratifies the contract or transaction, if (i) the material facts as to the transaction and as to such Director's other directorship are fully disclosed or known to the Board and the Board authorizes, approves, or ratifies the contract or transaction in good faith by a vote sufficient without counting the vote of the common Director(s) or if (ii) the contract or transaction is just and reasonable as to the Corporation at the time it is authorized, approved, or ratified.

9.3 Duty of Loyalty. Nothing in this Article 9 shall be construed to derogate in any way from the absolute duty of loyalty that every Director and Officer owes to the Corporation. Furthermore, nothing in this Article 9 shall be construed to override or amend the provisions of Article 10. All conflicts between the two articles shall be resolved in favor of Article 10.

10. INDEMNIFICATION & INSURANCE

10.1 Scope of Indemnity. To the fullest extent permitted by law, this Corporation shall indemnify its Officers, Directors, employees, and other persons described in Section

7237(a) of the California Corporations Code, including persons formerly occupying any such position (collectively, "Agents"), against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that Section, and including an action by or in the right of the Corporation, by reason of the fact that the person is or was a person described in that Section. "Expenses," as used in this Bylaw, shall have the same meaning as in Section 7237(a) of the California Corporations Code.

10.2 Approval of Indemnity. On written request to the Board by any Agent seeking indemnification under Section 7237(b) or Section 7237(c) of the California Corporations Code, the Board shall promptly determine under Section 7237(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 7237(b) or Section 7237(c) has been met and, if so, the Board shall authorize indemnification.

10.3 Advances for Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by an Agent in defending any proceeding may be advanced by or on behalf of the Agent to repay the amount of the advance unless it is determined that the Agent is entitled to be indemnified as authorized in this Article 10.

10.4 Contractual Rights of Non-Directors and Non-Officers. Nothing contained in this Article 10 shall affect any right to indemnification to which persons other than Agents of the Corporation may be entitled by contract or otherwise.

10.5 Insurance. The Corporation shall purchase and maintain insurance to the full extent permitted by law and with such limits of liability as the Board determines appropriate, on behalf of its Agents, against any liability asserted against or incurred by any Agent in such capacity or arising out of the Agent's status as such, whether or not the Corporation would have the power to indemnify the Agent against the liability under the provisions of this Article 10.

11. EXECUTION OF CONTRACTS, CHECKS, DEPOSITS, AND FUNDS

11.1 Contracts. The Board may authorize any Officer or Officers, agent or agents of the Corporation, in addition to the Officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authorization may be general or confined to specific instances.

11.2 Checks, Drafts, and Notes. All checks, drafts, or orders for the payment of money, notes, or other evidence of indebtedness issued in the name of the Corporation shall be

signed by such Officer or Officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the Treasurer or an Assistant Treasurer and countersigned by the President.

11.3 Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board may select.

11.4 Gifts. The Board may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Corporation.

12. CORPORATE RECORDS, REPORTS, AND SEALS

12.1 Articles of Incorporation and Bylaws. The Corporation shall keep at its principal office the original or a copy of the Articles of Incorporation and Bylaws as amended to date.

12.2 Federal Tax Exemption Application and Annual Information Returns. The Corporation shall keep at its principal office a copy of its federal tax exemption application and for three years from their date of filing, its annual information returns. These documents shall be open to public inspection and copying to the extent required by the California Nonprofit Corporation Law.

12.3 Maintenance of Corporate Records. The Corporation shall keep (a) adequate and correct books and records of account, including but not necessarily limited to accounts of properties and transactions, its assets, liabilities, receipts, disbursements, gains, and losses and (b) written minutes of the proceedings of the Board and the Committees of the Board which shall include the time, date, and place of each meeting, whether the meeting was a regular or special meeting and if special, how authorized and the notice given; the names of those present at each meeting; any written waivers of notice, consents to the holding of a meeting or approval of the minutes thereof; all written consents for action without a meeting; all protests concerning lack of notice; and formal dissents from Board actions.

12.4 Annual Report. The Corporation shall prepare and distribute to the Board within 120 days after the end of the Corporation's fiscal year an annual report which shall contain the following information in appropriate detail:

12.4.1 Balance Sheet and Income Statement. A balance sheet as of the end of the fiscal year and an income statement and statement of changes in financial position for the fiscal year, accompanied by any report on them by independent accountants or if there is no

such report, by the certificate of an authorized officer of the Corporation that they were prepared without audit from the books and records of the Corporation.

12.4.2 Statement of Transactions and Indemnification. A statement of any transaction or indemnification of the following kinds within 120 days after the end of the Corporation's fiscal year:

A. Unless approved by members under Section 7233(a) of the California Corporations Code, any transaction (a) to which the Corporation, its parent, or its subsidiary was a party, (b) which involved more than \$50,000 or was one of a number of such transactions with the same person involving, in aggregate, more than \$50,000, and (c) in which either of the following interested persons had a direct or indirect material financial interest (a mere common directorship is not a material financial interest):

1) Any director or officer of the Corporation, its parent, or its subsidiary;

2) Any holder of more than ten percent (10 %) of the voting power of the Corporation, its parent, or its subsidiary.

B. The statement shall include a brief description of the transaction, the names of interested persons involved, their relationship to the Corporation, the nature of their interest in the transaction, and, when practicable, the amount of that interest, provided that, in the case of a partnership in which such person is a partner, only the interest of the partnership need be stated.

12.4.3 Description of Loans, Guaranties, Indemnifications, or Advances. A brief description of the amounts and circumstances of any loans, guaranties, indemnification, or advances aggregating more than \$10,000 paid during the fiscal year to any Officer or Director of the Corporation, unless the loan, guaranty, indemnification, or advance has already been approved under Section 5034 of the California Corporations Code, or the loan or guaranty is not subject to the provisions of subdivision (a) of Section 7235(a) of the California Corporations Code.

12.5 Directors' Right of Inspection. Every Director shall have the absolute right at any reasonable time to inspect the Corporation's books, records, documents of every kind, physical properties, and the records of each of its subsidiaries. The inspection may be made in person or by the Director's agent or attorney. The right of inspection includes the right to copy and make extracts of documents.

12.6 Corporate Seal. The corporate seal, if any, shall be in such form as may be approved from time to time by the Board. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

13. CONSTRUCTION AND DEFINITIONS.

Unless the context requires otherwise, the general provisions, rules of construction, and definitions of California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, the singular number includes the plural, the plural number includes the singular, and the term “person” includes both the Corporation and a natural person. All references to statutes, regulations, and laws shall include any future statutes, regulations, and laws that replace those referenced.

14. AMENDMENTS TO BYLAWS

14.1 Required Vote. These Bylaws may be altered, amended, or repealed and new Bylaws may be adopted, only with the affirmative vote of a majority of the Directors present at any meeting, or by unanimous written consent without a meeting, but these Bylaws shall not be amended in a manner which would make any provision hereof inconsistent with the non-profit, tax exempt character and status of this Corporation.

14.2 Notice of Proposed Change. Written notice of any proposed amendment to or repeal of a bylaw or the adoption of a new bylaw, together with a written copy of the proposed amendment, shall be provided to each of the Directors not less than fourteen (14) days prior to the date of the meeting at which the proposed amendment is to be considered or acted upon, unless such notice is waived in accordance with these Bylaws.

15. CERTIFICATE OF SECRETARY

KNOW ALL PERSONS BY THESE PRESENTS:

The undersigned, being the duly elected and acting Secretary of 2ND STORY ASSOCIATES, a California non-profit public benefit corporation, does hereby certify that the foregoing Bylaws of 2ND STORY ASSOCIATES, consisting of twenty-three (23) pages, including the page on which this Certification appears, were duly adopted by the Board of Directors of the Corporation at a meeting thereof duly called and held on the 8th day of June, 2020 and that these Bylaws have not been amended or modified since that date.



Secretary