

**BY-LAWS
OF
LAKES COMMUNITY LAND TRUST**

Adopted June 8, 2006

**ARTICLE ONE
NAME AND PURPOSE**

1. **Name.** The name of the organization shall be Lakes Community Land Trust, Incorporated, hereinafter referred to as the "Corporation."
2. **Mission Statement.** Lakes Community Land Trust will act as a resource for and provide access to, permanently affordable housing for all Dickinson County residents, while cultivating sustainable neighborhoods and nurturing democratic environmental stewardship of the land.
3. **Purpose.** The purpose of the Corporation shall be:
 - a. To acquire land within Dickinson County, and to hold that land in perpetuity. The Corporation shall through its structure and governance, provide democratic stewardship of these lands for purposes which promote and sustain the quality of life, environmental health, and economic well being of the County and its residents.
 - b. To provide opportunities for the working families of Dickinson County to secure housing that is decent and affordable. The Corporations housing activities will serve households earning 60-100 percent of the median area income by household size. In serving this purpose, the corporation will hold residential land leases, arrange for the development, purchase, sale, rehabilitation, repurchase and rental of housing, and other structural improvements as appropriate. The Corporation will dedicate a minimum of 60% of its activities and resources to housing.
 - c. To make land, improvements, and resources available for non- residential projects, activities and improvements serving the legitimate needs of the community.
 - d. To protect the natural environment and the ecological use of land and natural resources for the long-term health and safety of the community. To this end the Corporation will seek to preserve land through acquisition, easement, and cooperative agreements.
 - e. To act as a resource for governmental and community groups in land use planning, sustainable development, and community and environmental preservation .

- f. To partner with government entities, non-profit corporations, and for-profit entities in Dickinson County to further the organization's primary purposes.

ARTICLE TWO MEMBERSHIP

1. **Regular Membership.** The Regular Members of the Corporation, with full voting rights, shall be:
 - a. The Lessee Members: all persons who lease land or housing from the Corporation or who lease or own housing that is located on land leased by another entity from the Corporation. These Regular Members shall be designated as "Lessee Members."
 - b. The General Members, who shall be all other persons, eighteen years of age or older, who have complied with the following requirements:
 - (1) Must be a permanent resident of Dickinson County;
 - (2) Submission of a Membership application including a signed statement of general support for the purposes of the Corporation in a form to be determined by the Board of Directors;
 - (3) Payment of dues as established by the Membership for the current year.
 - c. Public Representatives to the Board of Directors.
2. **Membership Dues.** Annual membership dues shall be assessed for each calendar year by an affirmative vote of a majority of the Regular Members present and voting at the Annual Meeting proceeding that year. If no such action is taken to assess dues for a given year, the dues for that year shall be as established for the previous year.

Annual dues may be paid either in cash or through a contribution of labor to the organization. The Board of Directors shall determine the hourly rate at which labor will be credited as dues, and shall have the power to designate the types of labor that may be credited.
3. **Rights of Regular Members.** Every Regular Member shall have the right to participate in meetings of the membership, to cast one vote on all matters properly put before the membership of the Corporation for consideration, to nominate and participate in the election of the Board of Directors as provided by these By-laws, to serve on the Board of Directors or on committees if chosen, to receive notices and minutes of membership meetings and Annual Reports of the Corporation.

The assent of the Regular Membership, in accordance with these By-laws, shall be required before action may be taken on a change in the assessment of membership dues, the sale of land, the alteration of the Resale Formula, the amendment of the Certificate of Incorporation or these By-laws, and the dissolution of the Corporation.

4. **Supporting Members.** Supporting Members shall be any persons, eighteen years of age or older but are not Lessee or General Members, and have complied with the following requirements:
 - a. Submission of a Membership application including a signed statement of general support for the purposes of the Corporation in a form to be determined by the Board of Directors; and
 - b. Payment of dues as established by the Membership for the current year.
5. **Rights of Supporting Members.** Supporting Members shall have the right to participate in meetings of the membership; to serve on committees if appointed; and to receive notices and minutes of membership meetings and Annual Reports of the Corporation; but shall not have voting rights regarding business brought before the membership.
6. **Membership Meetings.**
 - a. **Notice of Meetings.** Written and/or electronic notice of every membership meeting shall be given to all members and shall include an agenda for the meeting. Except as otherwise provided in Article Eight of these By-laws, notice shall be sent at least seven days prior to a meeting.
 - b. **Annual Meetings.** Subsequent to the First Annual Meeting, the Annual Meeting of the Membership, for reports to the Membership by the Board of Directors, the assessment of dues, and the transaction of other business, shall be held in the third quarter of each calendar year. The location and the specific time of the Annual Meeting shall be determined by the Board of Directors. Notice of the Annual Meeting shall include a list of those persons nominated for the Board of Directors as provided in Article Three of these By-laws.
 - c. **Regular Meetings.** Regular Meetings may be scheduled by the Regular Membership at such times and places as shall be established at the Annual Meeting.
 - d. **Special Meetings.** Special Membership Meetings may be called by the Board of Directors or by a written petition, addressed to the President of the Corporation, signed by at least one tenth (10%) of the Regular Membership. At a Special Meeting, only those matters stated on the agenda, as included in the notice of the meeting, may be acted upon by the Membership.

- e. **Open Meetings.** All Membership Meetings, including Annual Meetings, Regular Meetings, Special Meetings, shall be open to any person.
- f. **Minutes.** Minutes of all Membership meetings shall be recorded by the Secretary of the Corporation or by another person designated by the Board of Directors. Minutes for every meeting shall be approved by the Regular Membership at the next Membership meeting. Minutes will be available to all members upon request of the Secretary of the Corporation.
- g. **Quorum.** A quorum at the Annual Meeting shall consist of those General Members present and twenty percent (20%) of the Lessee Members as determined by the Secretary of the Corporation. A quorum at Regular and Special Meetings shall consist of twenty percent (20%) of all Regular Members, provided at least twenty percent (20%) of Lessee Members are present.
- h. **Decision-making.** Whenever possible, decisions shall be made at Membership meetings by the unanimous consent of the Regular Members present, a quorum being assembled. In the event that unanimity is not attained, a decision shall be made by an affirmative vote of a majority of the Regular Members present and voting except as otherwise provided in these By-laws. Before a vote is held on any motion, the exact language of the motion shall be recorded by the Secretary and read to the Membership, and all Members present shall have a reasonable opportunity to express all opinions on the proposition.

ARTICLE THREE BOARD OF DIRECTORS

- 1. **Number of Directors.** Except for the Initial Board defined in Article 10.2, the Board of Directors shall consist of twelve (12) Directors.
- 2. **Composition of the Board.** There shall be three categories of Directors, as follows: "Lessee Representatives" (four Directors); "General Representatives" (four Directors); and "Public Representatives" (four Directors).
- 3. **Nomination of Directors.** For all regular elections, Directors shall be nominated as follows:
 - a. **Lessee Representatives.**
 - (1) Lessee Members may nominate Lessee Representatives to the Board from

among themselves. These nominations may either be submitted in writing to the Secretary of the Corporation at least ten days prior to the Annual Meeting of the Membership or be made from the floor at the Annual Meeting.

- (2) In the event there are no Lessee Members, General Members may submit nominations for "Lessee Representatives" from among themselves in either of the ways described above for Lessee Members.
- (3) If, at the Annual Meeting, after the Chair has called for nominations from Lessee Members, there are an insufficient number of nominees for the Lessee Representative positions to be filled, then General Members may nominate candidates from among themselves, or from among the Lessee Members to fill such positions. Except as provided in this paragraph and in paragraph (2) above, General members may not nominate candidates for Lessee Representatives.

b. General Representatives.

- (1) General Members may nominate General Representatives to the Board from among themselves. These nominations must either be submitted in writing to the Secretary of the Corporation at least ten days prior to the Annual Meeting or be made from the floor at the Annual Meeting.
- (2) If, at the Annual Meeting, after the chair has called for nominations for General Representatives by General Members, there are an insufficient number of nominees for the General representative positions to be filled, then Lessee Members may nominate candidates from among themselves or from among the General Members to fill such positions. Except as provided in this paragraph, Lessee Members may not nominate candidates for General Representatives.

c. Public Representatives. At least ten days prior to the Annual Meeting, the Board of Directors shall receive nominations from the full membership the names of four persons from local government and allied community-based, non-profit organizations who shall represent them.

- (1) The names of the four persons nominated by the local governments and allied community-based, non-profit organizations shall be submitted in writing to the Secretary of the Corporation at least ten days prior to the Annual Meeting or be made from the floor at the Annual Meeting.
- (2) In the event sufficient Public Representatives are not nominated by the organizations defined above, the Board of Directors, at their first meeting following the Annual Meeting, shall fill vacancies in these "public" seats.

- d. **Notice of Nominations.** A list of all persons nominated in each of the three categories shall be included with the notice of the Annual Meeting.
4. **Election of Directors.** Directors shall be elected by the Regular Members present and voting at the Annual Meeting, a quorum being assembled, in accordance with the following procedure. A separate vote shall be taken for each of the three categories of Board Representatives that are elected: (1) Lessee Representatives; (2) General Representatives; and (3) Public Representative. The election of Directors for each Director category shall not be according to individual seats, but shall be by a single group ballot, i.e., the candidates receiving the most votes shall be elected to the open seats. All Regular Members may vote for one nominee for each vacancy in each Board Category.
5. **Vacancies.**
 - a. **Election to fill vacancies.** If any Director vacates his or her term or is removed from the Board, the remaining Directors (though they may constitute less than a quorum) may elect a person to fill the vacancy, or may, by unanimous agreement, decide to leave the position vacant until the next Annual Meeting of the Membership. Elections to fill vacancies shall be by a majority of the remaining Directors.
 - b. **Qualifications of Replacements.** Any person elected to fill a vacancy on the Board of Directors must be one who can be reasonably expected to represent the interests of the constituents in the category (Lessee, General, Public) in which the vacancy occurs.
 - c. **Term of Replacements.** Replacement Directors elected by the Board shall serve until the next Annual Meeting of the Membership, at which time the position shall be filled by a person elected, according to the procedures described in Sections 3 and 4 of this Article, to serve out the remaining term of the person who has vacated the position, or, in the event such term has expired, to serve a full term.
6. **Terms of Directors.**
 - a. **Terms of First Elected Directors.** After the election of Directors at the First Annual Meeting, each elected Director shall be assigned, by mutual agreement or by lot, to a one-year or two-year term. In each of the three categories of elected representatives, two Directors shall be assigned a one-year term and two shall be assigned a two-year term.
 - b. **Terms of Successor Directors.** Except as otherwise provided in these By-laws, each elected Director shall serve a term of two years. In no case shall an Elected Member serve more than three consecutive terms.

- c. **Commencement of Terms.** The term of office of a regularly elected Director shall commence at the adjournment of the Annual Membership Meeting in which he or she is elected. The term of office of a Director elected by the Board to fill a vacancy shall begin at the time of his or her acceptance of the position.
- d. **Re-election.** No person shall serve as a Director for more than three consecutive elected terms.

7. **Resignation.**

- a. Any Director may resign at any time by giving written notice to the President. Unless otherwise specified, such resignation shall be effective upon the receipt of notice by the President.
- b. A Director shall be considered to have given notice of resignation and his or her position shall be declared vacant by the Board of Directors if he or she fails to attend three consecutive meetings of the Board with the exception of Emergency Meetings, unless good cause for absence and continuing interest in participation on the Board is recognized by the Board. When a Director has failed to attend three consecutive meetings, the President shall notify him or her in writing that, at the next regular Board meeting, his or her position will be declared vacant unless the Board determines that there has been good cause for the Director's absences and that the Director continues to be interested in participating on the Board of Directors. The notification by the President shall be mailed/sent electronically no later than seven days prior to the Board meeting at which the position may be declared vacant. At the meeting, the Director shall be given the opportunity to show good cause for absence from meeting and continuing interest in participating on the Board. The resignation of a Director who has missed three consecutive meetings shall not become effective until the Board has declared the position vacant as provided herein.

8. **Removal of Directors.** A Director of the Corporation may be removed for good cause by the Regular Members of the Corporation when such Director is judged to have acted in a manner seriously detrimental to the Corporation. However, before such removal can occur, the following procedure must be followed:

- a. Written charges specifying the conduct considered to be detrimental must be signed by at least three Members of the Corporation and submitted to the President (or, if the President is the Director charged, to the Vice President). Any Regular Members of the Corporation may submit such charges.
- b. The President (or Vice President) shall deliver or mail a copy of the charges to the Director charged.

- c. A Special Committee consisting of three Regular Members of the Corporation shall be created to consider the charges. One member of the committee shall be selected by the Board of Directors, but without the participation of the Director charged, within ten days following the delivery or mailing of the charges to the Director charged. In making its selection, the Board should endeavor to select a person who will consider the charges without bias. No later than ten days following the Board's selection of the first member of the Committee, a second member may be selected by the Director charged. In the event that the Director charged fails to select a second member of the Committee within ten days, the Board may select a second member who, in the judgment of the Board, will consider the charges without bias. Within ten days following the selection of the second member of the Committee, the first and second members shall select a third member of the Committee. If the first and second members cannot agree upon a third member within this ten-day period, the Board shall select a third member.
- d. The Special Committee shall hold a hearing, at which both the Director charged and the Members who have filed charges may present evidence in the presence of the other. Following the hearing, the Committee shall prepare a written report of its findings and its recommendation for or against removal. The recommendation shall be based on a majority vote if consensus cannot be reached. The report shall contain a statement of how each member of the Committee has voted. The report shall be completed and submitted to the President of the Corporation no later than one month following the selection of the third member of the Committee.
- e. If the Committee recommends removal of the Director, the recommendation shall be presented to the Regular Membership, which shall then have the sole authority to decide the question of removal. A Membership Meeting for this purpose shall be called by the President for a time no later than one month following the President's receipt of the Committee's recommendation for removal. Notice of this meeting shall include a complete copy of the Committee's report.

9. **Meetings of the Board of Directors .**

- a. **Notice of Meetings.** A schedule of Regular Meetings of the Board of Directors shall be established and mailed or electronically conveyed once a year. Except as provided below for Emergency Meetings, written notice of a Board meeting shall be mailed or electronically conveyed to all Directors at least three days prior to the meeting or shall be delivered in person at least three days prior to the meeting. An agenda shall be sent at least three days prior to each meeting.
- b. **Waiver of Notice.** Any Director may waive any notice required by these By-laws. Any Director who has not received notice of a Board meeting but who has attended that meeting shall be considered to have waived notice of that meeting,

unless he or she requests that his or her protest be recorded in the minutes of the meeting.

- c. **Annual Meeting.** The Annual Meeting of the Board of Directors may be held immediately following the Annual Meeting of the Membership and must be held no later than one month following the Annual Membership Meeting.
- d. **Regular Meetings.** The Board of Directors shall meet at least once every three months, at such times and places as the Board may establish.
- e. **Special Meetings and Emergency Meetings.** Special Meetings may be called by the President, by any three Directors, or by 10 percent of the Regular Members of the Corporation. Notice must be given as provided above, unless any three Directors determine that the matter at hand constitutes an emergency. When so determined, an Emergency Meeting may be called on one-day notice. Notice of Emergency Meetings, including an announcement of the agenda, shall be given electronically or in person to all Directors. At any Special or Emergency meeting of the Board, only those matters included in the announced agenda may be acted upon unless all of the Directors are present at the meeting and unanimously agree to take action on other matters.

10. **Procedures for Meetings of the Board of Directors.**

- a. **Open Meetings.** All meetings of the Board of Directors shall be in accordance with the Iowa Open Meetings Law.
- b. **Executive Session.** A motion to go into Executive Session shall state the nature of the business of the Executive Session, and no other matter may be considered in the Executive Session. No binding action may be taken in Executive Session except actions regarding the securing of real estate purchase options or contracts in accordance with paragraph (2) below. Attendance in Executive Session shall be limited to the Directors and any persons whose presence is requested by the Board of Directors. Minutes of an Executive Session shall be recorded separately and held by the secretary of the corporation. The Board shall not hold an Executive Session except to consider one or more of the following matters:
 - (1) Contracts, labor relations agreements with employees, arbitration, grievances, or litigation involving the Corporation when premature public knowledge would place the Corporation or person involved at a substantial disadvantage.
 - (2) Real estate purchase offers and the negotiating or securing of real estate purchase options or contracts.
 - (3) The appointment or evaluation of an employee, and any disciplinary or

dismissal action against an employee (however, nothing in this section shall be construed to impair the right of the employee to a public hearing if action is taken to discipline or dismiss).

- (4) The consideration of applications from persons seeking to lease land, housing, or other structural improvements, purchase housing or other structural improvements, or arrange financing from the Corporation.
- (5) Relationships between the Corporation and any party who might be harmed by public discussion of matters relating to the relationship.

- c. **Quorum.** At any meeting of the Board, a quorum shall consist of a majority of the Board of Directors, provided that at least one representative from each of the three categories of representatives is present.
- d. **Decision-Making.** The Board shall attempt to reach unanimous agreement on all decisions. In the event that unanimous agreement cannot be achieved, a decision may be made by a majority of the Directors present and voting, except as otherwise provided in these By-laws.
- e. **Minutes.** Minutes of all Board meetings shall be recorded by the Secretary or by such person as the Board may designate, and shall be approved by the Board at the next Board meeting. All minutes of Board meetings shall be kept on permanent record by the Corporation and shall be open for inspection by any member of the Corporation except for minutes taken in Executive Session as described in paragraph 10b.

11. Duties of the Board of Directors. The Board of Directors shall carry out the purposes of the Corporation, implement the decisions of the Regular Membership, and be responsible for the general management of the affairs of the Corporation in accordance with these By-laws. Specifically, the Board shall:

- a. Approve a written Annual Report to the Membership, and make this report available to all members. This report shall include a summary of the Corporation's activities during the previous year, the Corporation's most recent financial reports, and a list of all real estate held by the Corporation.
- b. Adopt an annual budget prior to the beginning of each fiscal year, and approve any expenditure not included in the budget.

- c. Select all Officers of the Corporation.
- d. Supervise the activities of all Officers, agents, and committees of the Corporation in the performance of their assigned duties and investigate any possible conflicts of interest within the Corporation.
- e. Adopt and implement personnel policies providing for the hiring, supervision, and evaluation of employees.
- f. Provide for the deposit of funds in accordance with Article Nine of these By-laws.
- g. Determine by whom and in what manner deeds, leases, contracts, checks, drafts, endorsements, notes and other instruments shall be signed on behalf of the Corporation.
- h. Acquire such parcels of land, with or without buildings and other structural improvements, through donation, purchase, or otherwise, as the Board shall determine that it is useful and prudent to acquire in furtherance of the purposes of the Corporation.
- i. Convey the right to use land, through leases or other limited conveyances, in accordance with the provisions of Articles Five and Six of these By-laws.
- j. Convey ownership of housing and other structural improvements on the Corporation's land to qualified lessees, as possible in accordance with the provisions of Articles Five and Six of these By-laws.
- k. Provide for the purchase of housing and other structural improvements on the Corporation's land from lessees who wish to sell or whose leases are terminated, at prices based on the Resale Formula, in accordance with Article Six of these By-laws.
- l. Develop the resources necessary for the operation of the Corporation and for the acquisition, development, and leasing of land and housing.
- m. Review and approve memoranda of agreement and contracts for service for staffing the Corporation, developing the Corporation's lands, and/or providing services and supports for the Corporation's lessees.
- n. Assure the sound management of the Corporation's finances.

12. Powers of the Board of Directors. In addition to the power to carry out the duties enumerated above, the Board of Directors shall have the power to:

- a. Appoint and discharge advisors and consultants.
 - b. Create such committees as are necessary or desirable to further the purposes of the Corporation. Any Member of the Corporation may be appointed to any committee. No committee may take action on behalf of the Corporation except as authorized by the Board of Directors.
 - c. Call Special Meetings of the Membership.
 - d. Approve the borrowing and lending of money as necessary to further the purposes of the Corporation and in accordance with Article 9.4 of these By-laws.
 - e. Exercise all other powers necessary to conduct the affairs and further the purposes of the Corporation in accordance with the Articles of Incorporation and these By-laws.
- 13. Limitation on the Powers of the Board of Directors.** Action taken by the Board of Directors on any motion for the assessment of membership dues, the removal of Directors, the sale of land, the establishment or alteration of the Resale Formula, the amendment of the Articles of Incorporation or these By-laws, or dissolution of the Corporation shall not become effective unless and until such action is approved by the Regular Membership in accordance with these By-laws.
- 14. Conflict of Interest.** No member of the Board of Directors shall vote on or discuss any matter in which such Director or any parent, spouse, child, partner, employer or similar related business entity has a substantial interest in any property or business that would be substantially affected by such action. Public representatives on the Board of Directors, in addition, shall refrain from voting on or discussing any matter in which the entity or organization represented by them would be substantially benefited or substantially harmed by such action. This Article 3.14 shall not be construed to prevent a Director or Officer who leases land or housing from the Corporation or who leases or owns housing that is located on land leased by another entity from the Corporation from voting on any matter affecting lessees in general, regardless of the financial impact on such Director.

ARTICLE FOUR: OFFICERS

- 1. **Designation.** The Officers of the Corporation shall be President, Vice-President, Secretary, and Treasurer.
- 2. **Election.** The Officers of the Corporation shall be elected by a majority vote of the Board of Directors, from among themselves, at the Annual Meeting of the Board of Directors. Any vacancies occurring in any of these offices shall be filled by the Board for the

unexpired term.

3. **Tenure.** The Officers shall hold office until the next Annual Meeting of the Board after their election, unless, before such time, they resign or are removed from the Board of Directors. Any Officer who ceases to be a member of the Board of Directors shall thereby cease to be an Officer.
4. **Removal from Office.** The Officers shall serve at the pleasure of the Board of Directors and may be removed from office at any time by an affirmative vote of two-thirds of the entire Board of Directors.
5. **Duties of the President.** The President shall:
 - a. Preside at all meetings of the Board of Directors and the Membership when able to do so.
 - b. Consult with the other Officers and the committees of the Corporation regarding the fulfillment of their duties.
 - c. Assure that an agenda is prepared for every meeting of the Membership and the Board of Directors.
 - d. Give notice to any Director who has been absent from three consecutive regular meetings, as required by these By-laws.
 - e. Call Special Meetings of the Membership or Board of Directors when petitioned to do so in accordance with these By-laws.
 - f. Carry out the duties assigned to the President regarding the removal of a Director.
 - g. Perform such other duties as the Board of Directors may assign.
6. **Duties of the Vice-President.** The Vice-President shall:
 - a. Perform all duties of the President in the event that the President is absent or unable to perform these duties.
 - b. Perform those duties assigned to the President regarding the resignation or removal of a Director when the President is disqualified from performing these duties.
 - c. Assure that all of the Corporation's standing committees and ad hoc committees are meeting and functioning to perform the duties assigned to them by the Board of Directors.

- d. Perform such other duties as the Board of Directors may assign.
7. **Duties of the Secretary.** The Secretary shall:
- a. Assure that a list of all members and their mailing addresses is maintained by the Corporation.
 - b. Assure that proper notice of all meetings of the Membership and the Board of Directors is given.
 - c. Assure that motions and votes in meetings of the Membership and the Board of Directors are accurately represented to those present and are accurately reported in the minutes.
 - d. Assure that minutes of all meetings of the Membership and the Board of Directors are recorded and kept on permanent record.
 - e. Perform such other duties as the Board of Directors may assign.
8. **Duties of the Treasurer.** The Treasurer shall oversee the finances of the Corporation. Specifically, the Treasurer shall:
- a. Assure that the financial records of the Corporation are maintained in accordance with sound accounting practices.
 - b. Assure that funds of the Corporation are deposited in the name of the Corporation in accordance with these By-laws.
 - c. Assure that all deeds, title papers, leases, and other documents establishing the Corporation's interest in property and rights in particular matters are maintained in such manner as the Board directs.
 - d. Assure that all money owed to the Corporation is duly collected and that all gifts of money or property to the Corporation are duly received.
 - e. Assure the proper disbursement of such funds as the Board of Directors may order or authorize to be disbursed.
 - f. Assure that accurate financial records (including balance sheets and revenue and expense statements) are prepared and presented to the Board at the close of each quarter of the fiscal year.
 - g. Assure that such reports and returns as may be required by various government agencies are prepared and filed in a timely manner.

- h. Assure that an annual budget is prepared and presented to the Board for its approval prior to the beginning of each fiscal year.

**ARTICLE FIVE:
STEWARDSHIP OF LAND**

1. **Principles of Land Use.** The Board of Directors shall oversee the use of land owned by the Corporation and shall convey the right to use such land so as to facilitate access to land and affordable housing for low- and moderate-income households, or serving any of the purposes of the Corporation as outlined in Article 1.3. In so doing, the Board shall be guided by the following principles:
 - a. The Board shall consider the needs of potential lessees and shall attempt to effect a just distribution of land rights.
 - b. The Board shall convey land use rights on terms that will preserve affordable access to land and housing for low- and moderate-income residents of Dickinson County Iowa.
 - c. The Board shall convey land use rights in a manner that will promote the long-term well-being of the community and the long-term health of the environment.
2. **Encumbrance of Land.** The decision to mortgage or otherwise encumber land owned by the corporation shall require the approval of the Board of Directors and the consent of any parties to whom such land is leased.
3. **Sale of Land.** The sale of land does not conform with the philosophy and purposes of the Corporation. Accordingly, land shall not be sold except in extraordinary circumstances when the sale is considered a necessary means of achieving the purposes of the Corporation. In such extraordinary circumstances, land may be sold only with:
 - a. An affirmative vote by at least two-thirds of the entire Board of Directors at any Regular or Special Board Meeting, provided that written notice of such meeting has described the proposed sale and the reasons for the proposal;
 - b. The written consent of any persons to whom the land in question is leased; and
 - c. The approval of two-thirds of the Regular Members present at a Regular or Special Membership Meeting, a quorum being assembled, provided that written notice of such meeting has described the proposed sale and the reasons for the proposal.

**ARTICLE SIX:
OWNERSHIP OF HOUSING AND OTHER IMPROVEMENTS
ON THE CORPORATION'S LAND AND LIMITATIONS ON RESALE**

1. **Ownership of Housing and Improvements on the Corporation's Land.** In accordance with the purposes of the Corporation, the Board of Directors shall take appropriate measures to promote and facilitate the ownership of housing and other improvements on the Corporation's land by low- and moderate-income households. These measures may include, but are not limited to, provisions for the sale of housing to these people; provisions for financing the acquisition of housing by these people, including direct loans by the Corporation to low- and moderate-income people; and provision for grants or other subsidies that will lower the cost of housing for low- and moderate-income people.
2. **Purchase by the Corporation of Property Located on the Corporation's Land.** It is a purpose of the Corporation to preserve the affordability of housing and other improvements for low- and moderate-income households. Accordingly, when land use rights are leased, the Board of Directors shall assure that, as a condition of the lease, the Corporation is granted the right to purchase any lessee-owned housing or other improvements on the land, for a price determined by the Resale Formula, at such time as the lessees wish to sell or the lease is terminated.
3. **The Resale Formula.** For the purpose of preserving affordability, the Corporation shall restrict the price that lessees may receive when they sell housing and other improvements located on the land leased to them by the Corporation. A policy establishing such restrictions in the form of a Resale Formula shall be adopted by the Board of Directors in accordance with the following principles:
 - a. To the extent possible, the formula shall allow the seller to receive, at a minimum, a price based on the value that the seller has actually invested in the property being sold; and
 - b. To the extent possible, the formula shall limit the price of the property to an amount that will be affordable for other low- and moderate-income households at the time of the transfer of ownership.
4. **Procedures for Adoption of the Resale Formula.** The adoption of the Resale Formula shall require an affirmative vote by at least two-thirds of the entire Board of Directors at any Regular or Special Board Meeting, provided that written notice of such meeting has set forth the proposed formula with an explanation thereof.
5. **Procedures for Altering the Resale Formula.** The consistent long-term application of a resale formula is essential to the purposes of the Corporation. Accordingly, the Resale Formula shall not be altered unless the Board of Directors and Regular Members of the Corporation determine that the current formula presents an obstacle to the achievement of

the purposes of the Corporation. In such an event, the Resale Formula may be altered only by:

- a. An affirmative vote by at least two-thirds of the entire Board of Directors at any Regular or Special Board Meeting, provided that written notice of such meeting has set forth the proposed formula with an explanation thereof; and
- b. An affirmative vote by at least two-thirds of the regular Members present at any Regular or Special Membership Meeting, a quorum being assembled, provided that written notice of such meeting has set forth the proposed formula with an explanation thereof.

ARTICLE SEVEN: AMENDMENT OF ARTICLES OF INCORPORATION AND BY-LAWS

The Articles of Incorporation may be amended and these By-laws may be amended or may be repealed and new By-laws adopted only by:

1. An affirmative vote by two-thirds of the entire Board of Directors at any Regular or Special Board Meeting, provided that written notice of such meeting has set forth the proposed amendment or replacement, with appropriate explanations thereof; and
2. An affirmative vote by a two-thirds of the Regular Members present at any Regular or Special Membership Meeting, a quorum being assembled, provided that written notice of such meeting has set forth the proposed amendment or replacement, with appropriate explanations thereof.
3. In the event of dissolution, the Corporation's assets remaining after payment or provision for payment of all debts and liabilities shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for charitable, environmental, and/or educational purposes and which shares the goals of the Corporation and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

ARTICLE EIGHT: DISSOLUTION

A decision to dissolve the Corporation and to distribute the Corporation's assets in a particular manner in accordance with the Articles of Incorporation shall require:

1. An affirmative vote by two-thirds of the entire Board of Directors at any Regular or Special Board Meeting, provided that written notice of such meeting has included a full description of the plan of dissolution; and

2. An affirmative vote by two-thirds of the Regular Members present at a Regular or Special Membership Meeting, a quorum being assembled, provided that written notice of such meeting, including a full description of the plan of dissolution, has been given to all Members of the Corporation no later than three weeks prior to the meeting.

ARTICLE NINE: MISCELLANEOUS PROVISIONS

1. **Fiscal Year.** The fiscal year of the Corporation shall begin on January 1 of each year and shall end on December 31 of each year.
2. **Deposit of Funds.** All funds of the Corporation not otherwise employed shall be deposited in such banks, trust companies, or other reliable depositories as the Board of Directors from time to time may determine.
3. **Checks, etc.** All checks, drafts, endorsements, notes and evidences of indebtedness of the Corporation shall be signed by such Officers or agents of the Corporation and in such manner as the Board of Directors from time to time may determine. Endorsements for deposits to the credit of the Corporation shall be made in such manner as the Board of Directors from time to time may determine.
4. **Loans.** No loans or advances shall be contracted on behalf of the Corporation, and no note or other evidence of indebtedness shall be issued in its name, except as authorized by the Board of Directors. Any such authorization shall relate to specific transactions.
5. **Contracts.** Any Officer or agent of the Corporation specifically authorized by the Board of Directors may, on behalf of the Corporation, enter into those contracts or execute and deliver those instruments that are specifically authorized by the Board of Directors. Without this express and specific authorization of the Board of Directors, no Officer or other agent of the Corporation may enter into any contract or execute and deliver any instrument in the name of the Corporation.
6. **Indemnification.** Any person (and the heirs, executors and administrators of such person) made or threatened to be made a party to any action, suit or proceeding by reason of the fact that he or she is or was a Director or Officer of the Corporation shall be indemnified by the Corporation against any and all liability and the reasonable expenses, including attorneys' fees and disbursements, incurred by him or her (or his or her heirs, executors, or administrators) in connection with the defense or settlement of such action, suit, or proceeding, or in connection with any appearance therein, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Director or Officer is liable for negligence or misconduct in the performance of his or her duties.

ARTICLE TEN:

**INITIAL MEMBERSHIP AND BOARD, ADOPTION OF BY-LAWS,
FIRST ANNUAL MEETING**

1. **Initial Membership.** The Initial Members empowered to vote at the First Annual Meeting shall be those persons 18 years of age or older who have registered as Regular Members as provided in Article Two of these By-laws, at least one month prior the First Annual Meeting.
2. **Initial Board of Directors.** The Initial Board of Directors shall include those stated in the Articles of Incorporation plus any additional Directors appointed by the Incorporating Directors to fill the full complement of 12 Directors. The Initial Board, after approving these By-laws, shall call the First Annual Meeting of the Membership, and shall serve until the first elected Board of Directors has been seated upon the completion of the First Annual Meeting.
3. **Adoption of By-laws.** Adoption of these By-laws as the By-laws of the Corporation shall require approval by a majority of the Initial Board of Directors prior to the First Annual Meeting.
4. **Nomination of Directors to be Elected at First Annual Meeting.** In consultation with the Initial Members, the Initial Board of Directors shall nominate a slate of twelve candidates, and shall designate four of these candidates as candidates for "Lessee Representatives" four as candidates for "General Representatives;" and four as candidates for "Public Representatives" Any Regular Member may make additional nominations from the floor at the First Annual Meeting.
5. **First Annual Meeting.** The First Annual Meeting of the Membership, for the ratification of these By-laws, the election of Directors, the assessment of membership dues, and the transaction of other business, shall be held in the third or fourth quarter of 2006. The Initial Board of Directors shall determine the location and specific time of the First Annual Meeting. Notice of the First Annual Meeting shall be mailed or electronically conveyed to all Regular Members at least seven days prior to the Meeting and shall include a list of those persons nominated for the Board of Directors in accordance with Paragraph 4 above. Except as otherwise provided in this Article, the election of Directors and other business of the First Annual Meeting shall be conducted in accordance with Articles Two and Three of these By-laws.

We, the incorporating Board of Directors of the Lakes Community Land Trust Inc. by signatures affixed hereon, do ratify and adopt these bylaws on this 8th Day of June, 2006

