

Bylaws of

Habitat for Humanity of Montgomery County, MD, Inc.

Preamble

Habitat for Humanity of Montgomery County MD, Inc. is a Maryland not for profit corporation (hereinafter “HFH-MC” or “Corporation”) inspired by the work and message and is an affiliate of Habitat for Humanity International, Inc.

HFH-MC shall seek to provide simple, decent, affordable housing for those in need, working cooperatively and in partnership to create a stronger community.

HFH-MC will be guided by the following principles:

- It will charge no interest when lending to low income qualified home buyers.
- It will measure its successes by spiritual standards and fulfilling its mission statement.

In pursuing its goals, HFH-MC will serve to implement in Montgomery County, Maryland a vision of a world community of interdependence, equality, peace, justice, and mutual care and appreciation. We will seek to work in cooperation with other individuals and agencies where we find common purposes in order to facilitate participation in this ministry by an expanding number of people from all backgrounds and communities of interest.

Article I: Name, Form of Organization and Purposes

Section 1.1: Name. The name of the corporation is Habitat for Humanity of Montgomery County MD, Inc.

Section 1.2: Nonprofit and Tax Exempt Status. The corporation is organized as a not for profit corporation under the laws of the State of Maryland and as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, as amended.

Section 1.3: Members. The Corporation shall have no members.

Section 1.4: Purposes. The purposes for which the Corporation is organized, as stated in its articles of incorporation, are as follows:

- (a) To witness to and implement our ecumenical ministry in Maryland and throughout the United States and the world by working to help create a better human habitat in which to live and work;
- (b) To cooperate with other organizations, through grants and otherwise, which are working to develop a better human habitat for economically disadvantaged people;
- (c) To receive, maintain, and accept as assets of the Corporation, any property, whether real, personal, or mixed, by way of gift, bequest, devise, or purchase from any person, firm, trust, or corporation, to be held, administered, and disposed of exclusively for charitable, religious, educational, and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, as amended, and in accordance with and pursuant to the provisions of these articles of incorporation; but no gift, bequest, devise, or purchase of any such property shall be received or made and accepted if it is conditioned or limited in

such manner as shall require the disposition of income or principal to any organization other than a "charitable organization" or for any purposes other than "charitable purposes" which would jeopardize the status of the Corporation as an entity exempt from federal income tax pursuant to the relevant provisions of the Internal Revenue Code, as amended; and,

- (d) To exclusively promote and carry on any other religious, charitable, or educational purposes and activities for which corporations may be organized and operated under the relevant provisions of the Internal Revenue Code, as amended, and under the laws of the State of Maryland.

Article II: Offices

Section 2.1: Principal Office. The principal office of the Corporation shall be located in Montgomery County, Maryland at the address designated in the most recent annual report filed with the Maryland Secretary of State. The Corporation shall maintain at its principal office a copy of the corporate records.

Section 2.2: Registered Office and Agent. The registered office of the Corporation required by law to be maintained in the State of Maryland may, but need not, be identical with the principal office. The Corporation shall maintain a registered agent whose office is identical with the registered office. The Corporation may change its registered office or registered agent from time to time in the manner required by law.

Article III: Board of Directors

Section 3.1: General Powers and Authority of the Board. All corporate powers shall be exercised by or under the authority of, and the affairs of the Corporation managed under the direction of, the Board of Directors.

Section 3.2: Composition, Number, Term, and Qualifications. The Corporation's program will proceed on an ecumenical basis. The Board of Directors composition shall strive to reflect the ethnic diversity of the area to be served. The authorized number of Directors of the Corporation shall be not less than twelve nor more than twenty-four, as the Board of Directors shall determine from time to time. The Board of Directors shall consist of three classes of approximately equal size. One class, on a rotational basis, shall be elected each year. Each Director shall serve for a term of three (3) years and until his or her successor is elected and qualified, or until such Director's earlier death, resignation, incapacity to serve, or removal.

Section 3.3: Election of Directors. Except as provided in Section 3.6 below relating to vacancies, Directors shall be elected by the Board of Directors at any regularly scheduled meeting of the Board of Directors. The Nominating Committee shall present a slate of nominees for election as Directors. Nominations may also be made by Directors from the floor. Each Director shall have one vote per declared vacancy. Those persons who receive a plurality of the votes cast shall be deemed to have been elected. If any Director then holding office so demands, the election of Directors shall be by secret ballot.

Section 3.4: Resignation of Directors. A Director may resign by delivering written notice to the

Board of Directors, Chair or Secretary of the Corporation. A resignation is effective when the notice is received unless the notice specifies a later effective date. If a resignation is made effective at a later date, the Board of Directors may fill the pending vacancy before the effective date if the Board provides that the successor does not take office until the effective date.

Section 3.5: Removal of Directors. A Director may be removed without cause by the vote of two-thirds (2/3) of the Directors then in office. In addition, a Director may be removed by the affirmative vote of a majority of the Directors then in office for failing to attend, without justified excuse, three (3) regular meetings of the Board of Directors in a calendar year.

Section 3.6: Vacancies. If a vacancy occurs on the Board of Directors, including a vacancy resulting from an increase in the number of Directors, the Board of Directors may fill the vacancy. A Director elected to fill a vacancy shall hold office until the end of the unexpired term that such Director is filling, until such Director's death, resignation, removal or disqualification, or until such Director's successor is elected and qualifies.

Section 3.7: Chairperson and Vice Chairperson. The Chairperson of the Corporation shall serve as the Chairperson of the Board of Directors and shall preside at all meetings of the Board of Directors and perform such other duties as may be prescribed from time to time by the Board. The Vice Chair, in the absence of the Chairperson, or in the event of the death, inability or refusal to act of the Chairperson, shall preside at all meetings of the Board and act as the Chair.

Section 3.8: No Compensation. The Board of Directors shall not permit the compensation of Directors for their services as such.

Article IV: Meetings of Directors

Section 4.1: Place of Meetings. All meetings of the Board of Directors shall be held in Montgomery, County Maryland, at such place as the Board of Directors may determine.

Section 4.2: Meetings. Additional regular meetings of the Board of Directors shall be held in January and every two months thereafter as determined by the Board of Directors. The Board of Directors shall meet in May of each year and at such meeting shall elect its officers for the coming year and shall approve the following year's fiscal budget.

Section 4.3: Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chair or twenty percent of the Directors then in office.

Section 4.4: Notice of meetings. Due effort shall be taken to notify members of the Board of Directors of the date, time and place of Board meetings.

Section 4.5: Quorum. A quorum of the Board of Directors consists of a majority of the Directors in office immediately before a meeting begins; in no event shall a quorum consist of fewer than two (2) Directors.

Section 4.6: Manner of Acting. If a quorum is present when a vote is taken, the affirmative vote of a majority of Directors present is the act of the Board of Directors, unless the vote of a greater number of Directors is required by law or these Bylaws.

Section 4.7: Presumption of Assent. A Director of the Corporation who is present at a meeting of the Board of Directors or a committee of the Board of Directors when corporate action is

taken is deemed to have assented to the action taken unless: (a) such Director objects at the beginning of the meeting (or promptly upon arrival) to holding it or transacting business at the meeting; or, (b) such Director's dissent or abstention from the action taken is entered in the minutes of the meeting; or, (c) such Director delivers written notice of dissent or abstention to the presiding officer of the meeting before adjournment or to the Corporation immediately after adjournment of the meeting. The right of dissent or abstention is not available to a Director who votes in favor of the action taken.

Section 4.8: Meeting Via Communications Equipment. The Board of Directors may permit any or all Directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all Directors receive all correspondence. A Director participating in a meeting by this means is deemed to be present in person at the meeting.

Section 4.9: Action Without Meeting. Action required or permitted by law or these Bylaws to be taken at a meeting of the Board of Directors may be taken without a meeting if the action is taken by two thirds of the duly elected and qualified Directors of the Corporation. Consent to the action may be given verbally if confirmed in writing within 30 days or at the next meeting of the Board.

Section 4.10: Director Conflict of Interest Transactions. A conflict of interest transaction is a transaction with the corporation in which a Director of the Corporation has a direct or indirect interest. For purposes of this section, a Director has an indirect interest in a transaction if: (a) another entity in which the Director has a material interest or in which the Director is a general partner is a party to the transaction, or (b) another entity of which the Director is a director, officer, or trustee is a party to the transaction. A conflict of interest transaction is not voidable or the basis for imposing liability on the Director if the transaction was fair at the time it was entered into or is approved in advance as hereinafter provided. A transaction in which a Director has a conflict of interest may be approved in advance by the vote of the Board of Directors or a committee of the Board if: (a) the material facts of the transaction and the Director's interest are disclosed or known to the Board or committee of the Board; and, (b) the Directors approving the transaction in good faith reasonably believe that the transaction is fair to the Corporation. For purposes of this section, a conflict of interest transaction is approved if it receives the affirmative vote of a majority of the Directors on the Board or on the committee, who have no direct or indirect interest in the transaction, but a transaction may not be approved under this section by a single Director. If a majority of the Directors on the Board who have no direct or indirect interest in the transaction vote to approve the transaction, a quorum is present for the purpose of taking action under this section. The presence of, or a vote cast by, a Director with a direct or indirect interest in the transaction does not affect the validity of any action taken under this section if the transaction is otherwise approved as hereinabove provided.

Article V: Officers

Section 5.1: Number. The officers of the Corporation shall consist of a Chair, vice Chair, Secretary, Treasurer, and such assistant secretaries, treasurers and other officers as are appointed by the Board of Directors from time to time. No more than one (1) of the four (4) principal offices may be held by the same person

Section 5.2: Appointment and Term. The principal officers of the Corporation shall be appointed by the Board of Directors at its May meeting. The Nominating Committee shall present a slate of nominees for appointment. Nominations may also be made from the floor. All nominees for the four (4) principal offices must be members of the Board of Directors. Each officer shall hold office for a period of one (1) year, or until such officer's death, resignation, or removal, or until such officer's successor is elected and qualifies. No person may be appointed to serve for more than three (3) successive terms in the office of Chair or in the office of Vice Chair. The Board of Directors may appoint assistant secretaries, assistant treasurers and other officers at such time or times as the need may arise. Such appointed persons shall be a member of the Board of Directors.

Section 5.3: Vacancy. A vacancy occurring in a position of officer of the Corporation may be filled at any time by the Board of Directors. The term of an officer elected to fill a vacancy shall expire at the end of the unexpired term that such officer is filling.

Section 5.4: Resignation and Removal. An officer may resign at any time by delivering notice to the Corporation. A resignation is effective when the notice is received unless the notice specifies a future effective date. If a resignation is made effective at a future date and the Board of Directors accepts the future effective date, the Board of Directors may fill the pending vacancy before the effective date if the Board provides that the successor does not take office until the effective date. The Board of Directors may remove any officer at any time with or without cause.

Section 5.5: Contract Rights of Officers. The appointment of an officer does not itself create contract rights. An officer's removal does not affect the officer's contract rights, if any, with the Corporation. An officer's resignation does not affect the Corporation's contract rights, if any, with the officer.

Section 5.6: Chair. The Chair shall be the chief executive officer of the Corporation and, subject to the control of the Board of Directors, shall supervise and control the management of the Corporation in accordance with these Bylaws. The Chair may sign, with the Secretary or any other proper officer of the Corporation so authorized by the Board of Directors, any deeds, leases, mortgages, bonds, contracts, or other instruments which lawfully may be executed on behalf of the Corporation, except where the signing and execution thereof expressly shall be delegated by the Board of Directors to some other officer or agent of the Corporation, or where required by law to be otherwise signed and executed. The Chair shall serve as the Chairperson of the Board of Directors and shall preside at all meetings of the Board of Directors. The Chair shall, in general, perform all duties incident to the office of Chair and such other duties as may be prescribed from time to time by the Board of Directors.

Section 5.7: Vice Chair. In the absence of the Chair, or in the event of the death, inability or refusal to act of the Chair, the Vice Chair, unless otherwise determined by the Board of Directors, shall perform the duties of the Chair and, when so acting, shall have all the powers of and be subject to all the restrictions upon the Chair. The Vice Chair shall also serve as vice Chairperson of the Board of Directors and, in the absence of the Chair, or in the event of the death, inability or refusal to act of the Chair, shall preside at all meetings of the Board. The Vice Chair shall perform such other duties as may be assigned from time to time by the Chair or the Board of Directors.

Section 5.8: Secretary. The Secretary shall: (a) cause to be prepared minutes of all meetings of the Board of Directors and of the Executive Committee; (b) authenticate records of the Corporation when requested to do so; (c) give all notices required by law and by these Bylaws; (d) have general charge of the corporate books and records and of the corporate seal, and affix the corporate seal to any lawfully executed instrument requiring it; (e) sign such instruments as may require such signature; (f) cause such corporate reports as may be required by state law to be prepared and filed in a timely manner; and, (g) in general, perform all duties incident to the office of Secretary and such other duties as may be assigned from time to time by the Chair or the Board of Directors.

Section 5.9: Assistant Secretaries. In the absence of the Secretary or in the event of the death, inability or refusal to act of the Secretary, the assistant secretaries, in the order of their length of service as assistant secretaries, unless otherwise determined by the Board of Directors, shall perform the duties of the Secretary and, when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary. They shall perform such other duties as may be assigned to them by the Secretary, the Chair, or the Board of Directors.

Section 5.10: Treasurer. The Treasurer shall: (a) have custody of all funds and securities belonging to the Corporation and receive, deposit or disburse the same under the direction of the Board of Directors; (b) keep full and accurate accounts of the finances of the Corporation in books especially provided for that purpose; (c) cause such returns, reports and/or schedules as may be required by the Internal Revenue Service and the state taxing authorities to be prepared and filed in a timely manner; (d) cause a true balance sheet (statement of the assets, liabilities and fund balance) of the Corporation as of the close of each fiscal year and true statements of activity (revenue, expenses, and changes in fund balance), functional expenses, and cash flows for such fiscal year, all in reasonable detail, to be prepared and submitted to the Board of Directors; and, (e) in general, perform all duties incident to the office of Treasurer and such other duties as may be assigned from time to time by the Chair or the Board of Directors.

Section 5.11: Assistant Treasurers. In the absence of the Treasurer or in the event of the death, inability or refusal to act of the Treasurer, the assistant treasurers, in the order of their service as assistant treasurers, unless otherwise determined by the Board of Directors, shall perform the duties of the Treasurer and, when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. They shall perform such other duties as may be assigned to them by the Treasurer, the Chair, or the Board of Directors.

Section 5.12: No Compensation. The principal and assistant officers of the Corporation described in the foregoing sections shall not be compensated for their services as such.

Section 5.13: Executive Director. The Board of Directors may appoint an executive director, who shall be the chief operating officer of the Corporation and, subject to the control of the Board of Directors, have overall responsibility for the routine management of the affairs of the Corporation. The executive director shall report to the Board of Directors and shall work closely with the Chair of the Corporation. Duties of the executive director shall include: (a) coordinating the activities of the operating committees; (b) representing the Corporation in the community; (c) overseeing the building projects of the Corporation; (d) supervising the administrative functions of the Corporation; and, (e) in general, performing such other duties as may be assigned from time to time by the Chair or the Board of Directors. The Board of

Directors may approve compensation and benefits for the executive director. The executive director may not be elected to serve on the Board of Directors.

Article VI: Committees

Section 6.1: Standing Committees in General. The Board of Directors may create one or more committees of the Board, in addition to the Executive Committee established by these Bylaws. The creation of a committee of the Board and appointment of members to it must be approved by a majority of all the Directors in office when the action is taken. The provisions of Article IV of these Bylaws, which govern meetings of the Board of Directors, shall apply to committees of the Board and their members as well, except that no committee of the Board shall be required to have an annual meeting or scheduled regular meetings. To the extent specified or authorized by the Board of Directors or in these Bylaws, each committee of the Board may exercise the authority of the Board. A committee of the Board may not, however: (a) approve or recommend dissolution, merger or the sale, pledge or transfer of all or substantially all of the Corporation's assets; (b) elect, appoint or remove Directors or fill vacancies on the Board or on any committee of the Board; or, (c) adopt, amend or repeal the articles of incorporation or any bylaws.

Section 6.2: Executive Committee. The Executive Committee, which is a committee of the Board, shall consist of the four principal officers of the Corporation and up to three (3) additional Directors appointed by the Chair, to serve in such capacity until the next annual meeting of the Board of Directors; provided, that the appointment of additional Directors must be approved by a majority of all the Directors in office when such action is taken. The Chair shall serve as the Chairperson of the Executive Committee and shall preside at all of its meetings. Except to the extent prohibited or limited by Section 6.1 of these Bylaws or by resolution of the Board of Directors, the Executive Committee may exercise the authority of the Board of Directors at such times as the Board is not in session. The purpose of the Executive Committee is to act as the operational body of the affiliate. This should include preliminary approval of policies, procedures, and budgets. This committee also provides guidance to the Executive Director on operational decisions.

Section 6.3: Ad Hoc Committees. The Board of Directors may create one or more non-board committees, in addition to the Nominating Committee and the operating committees established by these Bylaws, and delegate non-board functions to such committees. Non-board committees may include both Directors and individuals who are not Directors of the Corporation. Non-board committees may not exercise the authority of the Board.

Section 6.4: Operating Committees. Within thirty (30) days after the annual meeting each year, the Chair shall appoint a Chairperson of each of the operating committees described below. A vacancy occurring in the position of an operating committee Chairperson shall be filled in like manner. The Chair, with the approval of the Executive Committee, may remove any committee Chairperson at any time with or without cause. The Chairperson of each operating committee, in consultation with the Executive Director, shall appoint the members of the committee. New members of the operating committees may be appointed at any time. Each Director of the Corporation shall serve on at least one (1) of the operating committees. Operating committee Chairpersons shall be expected to attend the regular meetings of the Board of Directors for the

purpose of reporting on the work of their committees, receiving direction and guidance from the Board, and seeking approval of actions proposed by their committees which require Board approval. The operating committees shall perform the functions described below and such other functions as the Board of Directors may provide.

- (a) Development Committee. This committee shall be responsible for coordinating the raising of funds needed to conduct the business of the Corporation. The tasks to be coordinated by this committee shall include but not be limited to fund-raising campaigns, grant proposal writing, special fundraising events, and cultivation of major donors.
- (b) Family Selection Committee. This committee shall be responsible for drafting the selection criteria and application forms, defining sweat equity requirements, screening applications, interviewing applicants, and recommending applicants to the Executive Committee for approval as prospective homeowners.
- (c) Family Partnership Committee. This committee shall be responsible for providing Habitat homeowners and prospective homeowners with a mutual support system, ways to complete their sweat equity requirements, educational opportunities, and a forum for discussions pertaining to home ownership and maintenance, all for the purpose of helping families to break the poverty cycle and become independent.
- (d) Site Selection Committee. This committee shall be responsible for targeting the area or areas of the community in which the projects of the Corporation shall be developed, investigating and researching the availability and suitability of property, and recommending property to the Board of Directors for acquisition. The committee shall work in conjunction with the Building Committee to evaluate the suitability of potential sites prior to acquisition.
- (e) Construction Committee. This committee shall be responsible for planning and implementing the construction projects of the Corporation. The tasks to be directed by this committee shall include obtaining house plans, soliciting professional help and donations of building materials, coordinating volunteers, and supervising construction.
- (f) Nominating Committee. This committee shall consist of three (3) members, no more than two (2) of whom currently shall be Directors of the Corporation. Retiring and former Directors of the Corporation shall be encouraged to consider serving on this committee. The current Chair may not be a member of this committee. The Board of Directors on an annual basis shall appoint the committee members, to serve until the next annual meeting of the Board. The Board of Directors may fill a vacancy on this committee at any time. Members of the Nominating Committee may be appointed to successive terms. The committee shall be responsible for identifying and recruiting prospective Directors of the Corporation and shall present a slate of nominees for election as Directors at the annual meeting. The committee shall also present a slate of nominees for appointment as principal officers of the Corporation and may make recommendations for Chairpersons of the operating committees.
- (g) Finance and Business Advisory Committee. This committee shall: (i) oversee the implementation and administration of policies and procedures for handling and accounting for the finances of the Corporation; (ii) prepare an annual revenue and expense budget for submission to the full Board of Directors; (iii) monitor the implementation of the budget; (iv) when necessary, make recommendations to the Board of Directors regarding adjustments to the budget; and (v) provide such advice as it deems

appropriate.

Article VII: General Provisions

Section 7.1: Amendments. These Bylaws may be amended or repealed and the Board of Directors may adopt new Bylaws. The Corporation shall provide at least seven (7) days' written notice of any meeting of Directors at which an amendment is to be approved, unless notice is waived pursuant to Section 4.6 above. The notice must state that the purpose, or one of the purposes, of the meeting is to consider a proposed amendment to the Bylaws and contain or be accompanied by a copy or summary of the amendment or state the general nature of the amendment. Any amendment must be approved by two-thirds (2/3) of the Directors in office at the time the amendment is adopted.

Section 7.2: Fiscal Year. The fiscal year of the Corporation shall begin on July 1 and end on June 30 of each year.

Section 7.3: Financial Reports. The books of the Corporation shall be closed as of the end of each fiscal year and financial statements shall be prepared and submitted to the Board of Directors (see Section 5.9 regarding duties of the Treasurer). At the discretion of the Board of Directors, the Corporation will hire an independent certified public accountant to audit and review the financial statements.

Section 7.4: Corporate Minutes and Records. The Corporation shall keep as permanent records minutes of all meetings of its Board of Directors, a record of all actions taken by the Directors without a meeting, and a record of all actions taken by the Executive Committee and any other committees of the Board of Directors. The Corporation shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time. The Corporation shall keep a copy of the following records at its principal office: (a) its articles of incorporation or restated articles of incorporation and all amendments to them currently in effect; (b) its Bylaws or restated Bylaws and all amendments to them currently in effect; (c) a list of the names and business or home addresses of its current Directors and officers; and, (d) its most recent annual report delivered to the secretary of state, as required by the Annotated Code of Maryland. The minutes and records described above shall be made available for inspection by current Directors of the Corporation during normal business hours. In addition, to the extent required by applicable law, the Corporation shall make available for inspection during regular business hours, by any individual, copies of: (i) any application filed with and any letter or other document issued by the Internal Revenue Service with respect to the tax-exempt status of the Corporation; and (ii) the annual returns filed with the Internal Revenue Service for the three most recent years (to the extent the Corporation is required to file such returns), provided that the names and addresses of contributors to Corporation may be kept confidential.

Section 7.5: Investments. The Corporation shall have the right to retain all or any part of any securities or property acquired by it in whatever manner, and to invest and reinvest any funds held by it, according to the judgement of the Board of Directors without being restricted to the class of investments which a Director or trustee is or may hereafter be permitted by law to make or any similar restriction; provided, that no action shall be taken by or on behalf of the Corporation if such action is a forbidden activity or would result in the denial of tax exempt status under Section 501(c)(3) of the Internal Revenue Code, as amended.

Section 7.6: Checks and Drafts. All checks, drafts or other orders for the payment of money 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 of Directors.

Section 7.7: Prohibited Activities. The Corporation is organized as a not for profit corporation exclusively for charitable, religious, educational, and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, as amended. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its members, trustees, Directors, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions upon dissolution in furtherance of the purposes set forth in the Articles of Incorporation. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in any political campaign on behalf of or in opposition to any candidate for public office. Anything contained in these Bylaws to the contrary notwithstanding, the Corporation shall not carry on or otherwise engage in any activities not permitted to be carried on or engaged in by: (i) a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, as amended, or any corresponding section of any future tax code; (ii) a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code, as amended, or any corresponding section of any future tax code; or, (iii) a corporation organized and existing under the Annotated Code of Maryland.

Section 7.8: Loans to or Guaranties. The Corporation may not lend money to or guarantee the obligation of a Director, officer, employee, volunteers, or homeowner family, except for the mortgage backed loan to the selected family, but the fact that a loan or guaranty is made in violation of this section does not affect the borrower's liability on the loan.

Section 7.9: Indemnification. The Corporation shall indemnify a Director who was successful, on the merits or otherwise, in the defense of any proceeding to which the Director was a party because he or she is or was a Director of the Corporation, against reasonable expenses actually incurred by the Director in connection with the proceeding. In addition, if an individual is made a party to a proceeding because the individual is or was a Director, officer, employee, or agent of the Corporation, the Board of Directors may, to the extent permitted by law, authorize the Corporation to advance expenses to such individual and/or indemnify such individual against liability incurred in the proceeding. The Corporation shall provide the indemnification provided in this Section 7.9 by the maintenance of a commercially reasonable amount of directors and officers insurance.

Amended and adopted as of this 31 day of July, 2007