

**Bylaws of The Porter, Inc.**

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## **BYLAWS OF THE PORTER, INC.**

### **ARTICLE I - Offices**

The principal office of this corporation in the State of Delaware shall be located in the City of Wilmington, County of Newcastle. The corporation may have such other offices, either within or without the State of Delaware, as the business of the corporation may require from time to time.

The registered office of this corporation required to be maintained in the State of Delaware may be, but need not be, identical with the principal office in the State of Delaware, and the address of this registered office may be changed from time to time by the board of directors.

### **ARTICLE II - Shareholders**

Section 1. Annual Meeting. The annual meeting of the shareholders shall be held in the City of Washington, District of Columbia, on the first Wednesday in October in each year for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day. If for any reason the annual meeting or election of directors shall not be held on the day designated herein, the board of directors shall cause the meeting or election to be held as soon thereafter as it may conveniently be held.

Section 2. Special Meetings. Special meetings of shareholders, other than those regulated by statute, may be called at any time by the president or secretary or by a majority of the board of directors. It shall be the duty of the secretary to call such a meeting whenever requested in writing to do so by shareholders of record collectively owning at least one-third of the outstanding shares. If the secretary is absent or disabled, the special meeting so requested to be called shall be called by the president, vice president or treasurer.

Section 3. Time and Place of Meetings. The board of directors may designate any time, and any place within the District of Columbia, as the time and place for any annual meeting or for any special meeting called by the board of directors. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be 3600 Connecticut Avenue, NW, Washington, DC, except as otherwise provided in Section 5 of

this ARTICLE.  
1979)

(Adopted November

(Amended May 1985, Oct. 1993)

Section 4. Notice of Meetings. Written or printed notice stating the date, place, and time of the meeting, and the purpose for which the meeting is called, shall be delivered not less than fourteen (14) nor more than forty (40) days before the date of the meeting, either personally or by mail. If by the latter, the method of mail delivery shall include U.S. postal service, or a registered or certified mail service, fax, or by email, as designated by the shareholder as his/her preferred method of communication. If sent by United States mail, such notice shall be deemed delivered when deposited, postage prepaid, in the United States mail, addressed to the shareholder at his/her address as it appears on the records of the corporation. If sent via email, such notice shall be deemed delivered when recorded as "sent" by the sender's email service to the email address provided by the shareholder as a preferred form of communication. If the response to the sender is that the email is "undeliverable", sender shall make other speedy arrangements to deliver the notice. If a shareholder changes his/her email address, it is his/her responsibility to alert the secretary of the board of directors of the change. If sent by fax, such notice shall be deemed delivered when the sender's machine prints a "delivered" receipt. If sent by any other messenger service, such notice shall be deemed delivered when a signature at the delivery address has been obtained by the messenger service. No business other than that stated in the notice shall be transacted at any meeting unless the holders of record of all the outstanding shares are present thereat in person or by proxy.

(Amended Oct. 2004)

Section 5. Meeting of All Shareholders. A meeting of shareholders shall be valid for all purposes, without call or notice, if the shareholders of record of all the outstanding shares of the corporation are present thereat in person or by proxy, or if a quorum is present as provided in Section 7 of this ARTICLE and notice of the time, place, and purpose of such meeting is duly waived in writing by all shareholders not so present.

Section 6. Closing of Transfer Books or Fixing of Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or in order to make determination of shareholders for any other proper purpose, the board of directors may provide that the stock transfer books be closed for a stated period not in excess of forty (40) days. If the stock transfer books shall be closed for the purpose of

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determining shareholders entitled to notice of or to vote in a meeting of shareholders, such books shall be closed for at least fourteen (14) days immediately preceding such meeting.

In lieu of closing the stock transfer books, the board may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than forty (40) days and, in the case of a meeting of shareholders, not less than fourteen (14) days prior to the date on which the particular action requiring such determination of shareholders is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, the date on which notice of the meeting is mailed shall be the record date for such determination of shareholders.

Section 7. Quorum. A majority of the outstanding shares, represented in person or by proxy, shall constitute a quorum at any meeting of the shareholders; provided, that if less than a majority of the outstanding shares is represented at said meeting, a majority of the shares so represented may adjourn the meeting.

Section 8. Proxies. At all meetings of shareholders, a shareholder may vote by proxy executed in writing by the shareholder or by his/her duly authorized attorney-in-fact. Such proxy shall be filed with the secretary before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 9. Voting of Shares. Each outstanding share shall be entitled to one vote upon each matter submitted to vote at a meeting of shareholders. Shares shall be voted by the shareholder in whose name the shares stand on the books of the corporation as of the record date. Except as otherwise provided herein, the vote of the majority of the shares at a meeting at which a quorum is present shall be the act of the shareholders.

Section 10. Informal Action by Shareholders. Any action required to be taken at a meeting of the shareholders, or any other action which may be taken at a meeting of the shareholders, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

Section 11. Voting by Ballot. Except as otherwise provided herein, voting on any question or in any election shall be viva voce, unless any qualified voter shall demand a ballot vote, in which case voting shall be by ballot.

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Section 12. Order of Business. The regular order of business for the annual meeting of shareholders, and for each special meeting of shareholders, to the extent such order is applicable, shall be as follows:

- (a) Roll call
- (b) Presentation of notice of the meeting and proof of service, or waiver of notice
- (c) Reading of minutes of preceding shareholders' meeting
- (d) Reports of officers
- (e) Reports of committees
- (f) Election of directors for ensuing year
- (g) Miscellaneous business.

### **ARTICLE III - Directors**

Section 1. General Powers. The business and affairs of the corporation shall be managed by its board of directors.

Section 2. Number, Tenure, and Qualifications. The number of directors of the corporation shall be not less than five nor more than nine. Directors shall be elected by ballot at the annual meeting of shareholders, or at a special meeting called for that purpose as provided by law, by the vote of a majority of the shares represented in person or by proxy at such meeting. Each director shall hold office until the next annual meeting of shareholders or until his/her successor shall have been duly elected and qualified. No person shall be elected a director who is not either a shareholder or married to a shareholder and an actual occupant of an apartment in the building located at 3600 Connecticut Avenue, NW, Washington, DC. No Board will be elected with more than two non-shareholders. In the case of any non-shareholder being elected a director, the non-shareholder spouse and the shareholder spouse must both be occupants of an apartment in the Porter.

(Amended Oct. 2001)

Section 3. Vacancies. Vacancies in the board of directors resulting from death, resignation, or removal may be filled at any meeting of the board, without notice to any of the shareholders, by a vote of a majority of the remaining directors present at the meeting at which such election is held, even if a quorum is not present. Vacancies in the board of directors resulting from an increase in the size of the board of directors shall be filled in the manner provided in the resolution increasing the size of the board of directors. If all the directors die or resign, any shareholder may call a special meeting of the shareholders as provided herein and directors for the unexpired term may be elected at such special meeting in the manner provided for their election at annual meetings.

Section 4. Removal. Any director may be removed from office without cause at a meeting of shareholders duly called for that purpose, by the vote of shareholders owning at least two-thirds (2/3) of the outstanding shares of the corporation.

Section 5. Regular Meetings. A regular meeting of the board of directors shall be held without other notice than this bylaw, immediately after the annual meeting of shareholders. The board of directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution.

Section 6. Special Meetings. Special meetings of the board of directors may be called by or at the request of the president or any two directors. It shall also be the duty of the president to call such a meeting whenever requested in writing to do so by shareholders of record collectively owning at least one-third (1/3) of the outstanding shares. The person or persons authorized to call special meetings of the board of directors may fix any place within the District of Columbia as the place for holding any special meetings of the directors called by them. If a special meeting is held at the instance of the shareholders, however, such meeting shall be held at 3600 Connecticut Avenue, NW, Washington, DC.

Section 7. Notices. Notice of any special meeting shall be given at least three days previously thereto by written notice delivered personally or mailed to each director. If sent by United States mail, such notice shall be deemed delivered when deposited, postage prepaid, in the United States mail, addressed to the shareholder at his/her address as it appears on the records of the corporation. If sent via email, such notice shall be deemed delivered when recorded as "sent" by the sender's email service to the email address provided by the shareholder as a preferred form of communication. If the response to the sender is that the email is "undeliverable". Sender shall make other speedy arrangements to deliver the notice. If a shareholder changes his/her email address, it is his/her responsibility to alert the secretary of the Board of Directors of the change. If sent by fax, such notice shall be deemed delivered when the sender's machine prints a "delivered" receipt. If sent by any registered or certified mail service, such notice shall be deemed delivered when a signature at the delivery address has been obtained by the delivery service. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to transact at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting. Any meeting of the board at which all directors are present, or of which notice has been duly waived by all absentees, shall be valid for all purposes provided a quorum is present.

(Amended Oct. 2004)

Section 8. Quorum. A majority of the board of directors shall constitute a quorum for transaction of business at any meeting of the board of directors; provided, that if less

than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting.

Section 9. Voting. At meetings of the board, each director shall be entitled to one vote. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors. In the event that gathering a quorum of directors together for an in-person vote cannot take place in time to vote on an issue with a pressing deadline, the Board of Directors has the option of voting via email.

(Amended Oct. 2004)

Section 10. Annual Budget.

A. Maintenance Fees; Spending. In furtherance of the definitions and provisions of the proprietary leases entered into by the corporation with its shareholders, the Board of Directors shall determine the cash requirements, as defined therein, and shall likewise fix the terms and times of payment of the maintenance fees due from shareholders who are lessees under such proprietary leases to meet such cash requirements. The effective date for any and all maintenance fee adjustments shall correspond with the beginning of the operating year. The Board of Directors shall have discretionary power to prescribe the manner of maintaining and operating the apartment building of the corporation, and any other premises acquired by the corporation by purchase or otherwise, and to determine the foregoing cash requirements. Every such determination by the board shall be final and conclusive as to all shareholders who are lessees under proprietary leases and any expenditures made by the corporation's officers and agents under the direction or with the approval of the board shall, as against such shareholders, be deemed necessarily and properly made for such purposes.

Except in an emergency situation, the board of directors shall not spend more than two thousand five hundred dollars (\$2,500) for any purpose other than normal operation of the corporation's apartment building without first obtaining three cost estimates.

Except where an emergency situation, during any six month period, the board of directors shall not spend more than ten thousand dollars (\$10,000) for any one purpose other than normal operation of the corporation's apartment building without first either obtaining the written consent of those persons holding a majority of the corporation's stock, or holding a special meeting of shareholders at which such expenditure is duly approved.

B. Special Assessment of Maintenance Fees. Except to the extent provided otherwise in this Section 10, the Board of Directors shall also have discretionary power to

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specially assess maintenance fees if the Board of Directors deems it necessary in order to defray the costs of construction or reconstruction, unexpected repair or replacement of a capital improvement, or for such other purpose as the Board of Directors may deem appropriate. The due date(s) of such specially assessed maintenance fees shall be determined by the Board of Directors. Additionally, such specially assessed maintenance fees shall be collectible and enforceable as all other maintenance fees provided for under these Bylaws, and, without limiting the generality of the foregoing, shall constitute a lien upon the shares owned by each shareholder in accordance with Article V, Section 4(D) of these Bylaws.

(Amended Oct. 2004, Oct. 2005, Oct and Nov 2019)

Section 11. Operating Year. The operating year of the corporation shall be the calendar year.

Section 12. Managing Agent. The board of directors may hire a responsible agent to manage all or part of the corporation's property, including the maintenance and operation of the apartment building.

Section 13. Attorney. The board of directors may hire an attorney to meet with the board of directors and the officers and furnish legal advice to them.

#### **ARTICLE IV - Officers**

Section 1. Number. The officers of the corporation shall be a president, a vice president, a secretary, and a treasurer.

Section 2. Election and Terms of Office. At the first meeting of the board of directors held after each annual meeting of the shareholders, the directors shall elect the officers of the corporation from among themselves. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as it may conveniently be held. Each officer shall hold office until his/her successor shall have been duly elected and qualified. Any two or more offices may be held by the same person, except the offices of president and secretary.

Section 3. Removal. Any officer or agent elected or appointed by the board of directors may be removed by the board whenever in its judgment the best interests of the corporation would be served thereby; but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, or disqualification may be filled by the board of directors as provided in Section 2 of this ARTICLE. The board may, in a similar manner, appoint a director to act in place of an officer who is absent or unable for any reason to attend to his/her duties. Such appointment may be made ad hoc or for any period the board chooses, up to the unexpired portion of the term of office of the officer replaced. The replacement officer shall have all the powers and perform all the duties of the officer s/he replaces.

Section 5. President. The president shall, subject to the control of the board of directors, generally supervise and control all of the business and affairs of the corporation, and shall preside at meetings of the shareholders and of the board. S/he shall make and sign in the name of the corporation all contracts, leases, and other instruments which are authorized from time to time by the board of directors and, by instruction of the board, affix the corporate seal thereto, except in cases where the signing and execution thereof shall be expressly delegated by the board of directors under these bylaws to some other officer or agent of the corporation, or shall be required by law or by these bylaws to be otherwise signed or executed. The president shall report on the business and affairs of the corporation at each meeting of shareholders and each meeting of the board of directors. S/he shall perform all duties incident to the office of president and such other duties as may be prescribed by the bylaws or by the board of directors.

Section 6. Vice President. In the absence of the president or in the event of his/her inability or refusal to act, the vice president shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all restrictions upon the president. The vice president shall act as a liaison between the board of directors, the bookkeeper, and the manager. S/he shall from time to time report to the president on the overall physical condition of the building and grounds and, if appropriate, make recommendations for improvements. The vice president shall also be responsible for securing and maintaining the equipment and supplies needed for the day-to-day operation and management of the corporation's assets, and shall perform such other duties as from time to time may be assigned to him/her by the president or by the board of directors.

Section 7. Secretary. The secretary shall: (a) keep and record in one or more books provided for that purpose, minutes of the meetings of the board of directors and of the shareholders; (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and affix the same to all certificates for shares signed by the president and secretary, and all written instruments required by law or by these bylaws or authorized by the board to have the seal affixed to them; (d) have charge of the certificate book, stock transfer book, stock ledger, book of minutes, and such other books and papers as the board shall give into his/her charge, all of which shall, at a reasonable time and place to be named by him/her, be subject to the examination of any shareholder in the presence of at least two directors; (e) attend to such correspondence as may be assigned to him/her by the president or the board of directors; and (f) perform all other duties incident to the office of secretary and such other duties as from time to time be assigned to him/her by the president or by the board of directors.

Section 8. Treasurer. The treasurer shall, subject to the control of the board: (a) have the care and custody of, and be responsible for, all funds and securities of the corporation; (b) receive and give receipts for moneys due and payable to the corporation from any source whatsoever; (c) deposit all such moneys in the name of the corporation in such banks, trust companies or safe deposit companies as the board shall designate; and (d) perform all duties incident to the office of treasurer and such other duties as from time to time may be assigned to him/her by the president or by the board of directors.

## **ARTICLE V - Corporate Shares**

Section 1. Issuance of Shares. Shares of the corporation shall be issued only in conjunction with the execution and delivery by the lessee and the corporation of a proprietary lease of an apartment in the building owned by the corporation. Shares shall be issued in the amount allocated by the board of directors to the apartment described in the proprietary lease, and the ownership of the shares so issued shall entitle the holder thereof to occupy for dwelling purposes the apartment specified in the proprietary lease so executed and delivered in connection with the issuance of such shares, subject to the covenants and agreements contained in such proprietary lease.

Section 2. Share Certificates. Certificates for the shares of the corporation shall be in the form prescribed by the board of directors. They shall be signed by the president and secretary, sealed with the seal of the corporation, and numbered in the order in which they are issued. Each certificate shall state on its face that the corporation possesses a lien on the shares it represents, and that such shares are transferable: (1) only by persons who are not indebted to the corporation, upon approval of a majority of all the directors at a meeting duly called and held; (2) only in conjunction with the execution and delivery of a proprietary lease of an apartment in the building owned by the corporation; and (3) only in accordance with the provisions of these bylaws. The name of the person to whom the shares represented by a certificate are issued, the number of shares, and the date of issue shall be entered into the books of the corporation. The secretary shall cancel each certificate exchanged or returned to the corporation, indicate the date of cancellation thereon, and paste it in its original place in the certificate book. Except as provided in Section 3 of this ARTICLE, no new certificates shall be issued until the old certificate to which it relates has been so canceled and pasted.

Section 3. Transfer of Shares. Subject to the limitations set forth in Section 4 of this ARTICLE, transfers of shares shall be made only upon the book of the corporation by the holder of record or by his/her legal representative, who shall furnish proper evidence of his/her authority to transfer, or by his/her attorney thereunto authorized by power of attorney duly executed and witnessed and filed with the secretary of the corporation, and on the surrender of the certificate for such shares; except that the shares sold by the corporation to satisfy any lien which it holds thereon may be transferred without the surrender of such certificate. The person in whose name shares stand on the books of the corporation shall be deemed the owner thereof for all purposes. No transfer of shares shall be valid as against the corporation, its shareholders, and creditors for any purpose until it

shall have been entered in the stock transfer book by an entry showing from whom and to whom shares were transferred.

Section 4. Limitations on Transfers of Shares.

A. Written Consent. A shareholder may only transfer the shares issued to him/her with the previous written consent of the corporation pursuant to resolutions duly adopted by an affirmative vote of a majority of all the members of the board of directors of the corporation at a meeting duly called and held.

B. With Proprietary Lease. Shares of the corporation may only be transferred concurrently with the execution and delivery by the transferee and the corporation of a shareholder's proprietary lease of an apartment in the building owned by the corporation.

C. Number of Shares. Shares issued to accompany a proprietary lease shall be issued in the amount allocated by the board of directors to the apartment described in the proprietary lease. The shares in the corporation owned by a shareholder may only be transferred as an entirety.

D. Corporate Lien/Defaults by Shareholders. The corporation shall at all times have a first and paramount lien upon the shares owned by each shareholder: (1) to secure the payment by such shareholder of all maintenance fees to become payable by such shareholder under the provisions of any proprietary lease issued by the corporation and at any time held by such shareholder and for all other indebtedness from such shareholder to the corporation; and (2) to secure the performance by the shareholder of all the covenants and conditions of such proprietary lease to be performed or complied with by the shareholder, but the board shall have the power to subordinate this lien to any other security interest or interests.

Unless and until such shareholder or lessee makes default in the payment of any of such maintenance fee or other indebtedness or in the performance of any of such covenants or conditions such shares shall continue to stand in the name of the shareholder upon the books of the corporation and the shareholder shall be entitled to vote thereon. Upon such default the board of directors may avail itself of the following procedure or any less severe remedy.

The board may hold a meeting no less than thirty (30) days after it shall have caused to be posted in the United States mail a prepaid registered letter signed by the president or vice president and secretary and addressed to the defaulting shareholder at his/her address as it appears on the records of the corporation. Such letter shall: (a) contain a copy of the resolution of the board declaring the shareholder to be in default and to be a tenant by sufferance of the corporation; (b) inform the shareholder of the date,

place, time, and purpose of the meeting of the board of directors and of his/her right to appear in person or by counsel; and (c) inform him/her that the board may, if the default is not cured, declare that s/he has forfeited all right to his/her shares in the corporation and to the occupancy of his/her apartment. After affording the defaulting shareholder an opportunity to be heard at the meeting, the board may take whatever action it deems appropriate.

It may declare the shareholder to have forfeited his/her right to his/her shares in the corporation and to the occupancy of his/her apartment, or it may pursue any other remedies that may be available to the corporation under these bylaws, the proprietary lease, or the laws of any jurisdiction. Moreover, the failure of the corporation to assert any right, or enforce any provision, covenant, or condition, which might be available to it under the bylaws, the proprietary lease, or the laws of any jurisdiction, shall not constitute a waiver of the corporation's right to assert such right, or enforce such covenant, provision, or condition, in the future. If the board declares the defaulting shareholder to have forfeited his/her right to his/her shares in the corporation and his/her right to occupy his/her apartment, then the board shall immediately take possession of said apartment if it is possible to do so peacefully and without legal proceedings and, if it is not, the board shall immediately take possession of said apartment by due process of law.

The corporation shall also have the right, upon the enforcement of its lien, to issue to any purchaser of the shares of the defaulting shareholder, or to the nominee of such purchaser, a certificate of the shares so purchased substantially of the tenor of the certificate issued to such defaulting shareholder, and thereupon the certificate for such shares issued to such defaulting shareholder shall become void and such defaulting shareholder shall surrender the same to the corporation. The failure of the defaulting shareholder to so surrender his/her certificate shall not affect the validity of the certificate issued in replacement thereof.

E. Fees. The board of directors shall have authority to fix by resolution and to collect, before the transfer of any shares, reasonable fees to cover the corporation's expenses and attorneys' fees in connection with such proposed transfer.

Section 5. Lost Certificates. In the event that any share certificate is lost, stolen, destroyed, or mutilated, the board of directors may authorize the issuance of a new certificate of the same tenor and for the same number of shares as a replacement. The board may, in its discretion, before the issuance of such new certificate, require the owner of the lost, stolen, destroyed, or mutilated certificate, or his/her legal representative, to make an affidavit or affirmation setting forth such facts as to the loss, theft, destruction, or

mutilation as it deems necessary. The board may also, in its discretion, require such owner or legal representative to give a bond, in such reasonable sum as it directs, to indemnify the corporation.

Section 6. Preemptive Rights. Should the number of shares of the corporation be increased at any time, the shareholders at the time of such increase shall be entitled to a pro rata share of such increase upon the payment of the par value of the same.

## **Article VI - Subletting by Shareholders**

It is the intention and desire of The Porter, Inc., that the apartment building of the corporation be an owner-occupied building. The corporation recognizes, however, that circumstances may arise when a shareholder may wish or be required to reside away from that building temporarily or while in the process of selling his or her shares. This article addresses the rights and obligations of the shareholder and the rights and interests of the corporation in such situations.

Section 1. General Policy. Shareholders may sublet apartments only with the prior written permission of the board of directors and only as specified herein. Shareholders are deemed to consent to each and every provision hereof, as a condition of their application for permission to sublet. A shareholder remains fully responsible under his/her proprietary lease, notwithstanding the existence of a sublet, and is responsible for ensuring the conduct of his/her subtenant in accordance with all requirements of the proprietary lease.

Section 2. Limits.

A. Residency and Length of Sublease. After one year residency as a shareholder, a shareholder may sublet his/her apartment for an aggregate of twelve months within a three (3) year period, or for longer than one year at a time as provided in Paragraph (b) below.

B. Extensions. At the board's discretion, subleases may be extended for a maximum of one additional year (for a maximum of two years total). Extension requests shall be made in writing and submitted to the board of directors a minimum of 60 days before the initial sublease is set to expire. The board has discretion to grant the extension request in full, or in part, provided doing so does not violate any other provision of the bylaws (in particular, Article VI, Section 2(D), which protects the Porter's eligibility for the homestead tax exemption). The board will give priority to initial sublease requests over extension requests, in the interest of fairness to all shareholders.

(Amended Oct. 2011)

C. Subleasing of Apartments for Sale. Special conditions may apply to the subletting of an apartment while it is on the market. Such conditions are to be delineated in the standard sublease.

D. Number of Subleases. The board of directors may not approve a sublease if such approval would result in there being eight (8) or more subleases in effect at any time; provided however, that the board of directors may at its sole discretion disregard any sublease already in default as to which active efforts are underway to remove the subtenant, and provided as well that the board of directors may in its sole discretion approve one or more subleases commencing before the expiration of any of seven previously approved subleases, where the aggregate of any overlap periods does not exceed two months.

When a threshold level of four subleases running concurrently has been reached, the board of directors may, at its sole discretion and in accordance with the General Policy, restrict applications for subleasing to owners intending to return to their apartments as primary residences.

In the event that seven (7) or more subleases are in effect at a given time, a shareholder may seek approval to sublet his or her unit only by obtaining approval of a majority of the shareholders voting at a duly constituted special shareholders' meeting, if that meeting is called in accordance with the other provisions of these bylaws, or by a majority of the shareholders voting at the annual shareholders' meeting, if the question is properly placed on the agenda for said meeting in accordance with these bylaws. This provision is not intended to be used as an appeal procedure from an adverse decision of the board or to in any way alter prior board decisions, but only to permit additional subletting where they are already seven or more subleases in effect at a given time.

However, no shareholder shall be permitted to sublet, if to do so would decrease the number of owner-occupied apartments below the fifty (50) percent level necessary to retain the corporation's property tax homestead exemption. The corporation cannot permit subletting beyond this level for two reasons, (1) it is unfair for owner-occupants to be forced to lose their property tax homestead exemption for the benefit of those seeking to sublet, and (2) the corporation must have a sufficient number of shareholders in residence to be able to operate the affairs of the corporation.

E. Order of Consideration. Applications for permission to sublease will be considered in the order of their submission to the board. A shareholder who intends to sublease for a specified future period may submit an application to reserve in advance of identifying the subtenant and will have priority as of the date of original submission; however, the shareholder must still submit a complete application and gain approval of the

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proposed subtenant prior to actual occupancy. For purposes of limitations contained herein, a shareholder who reserves a future sublet period will be deemed to have been subleasing from the initial sublet date indicated in his/her application to reserve through the date of any withdrawal of that application or through the commencement of a sublease, regardless of whether a subtenant has occupied in fact throughout that period. The board may in its discretion waive this condition, where the shareholder has shown good faith and no other shareholder has been deprived of the opportunity to sublease.

F. Family Members. Shareholders who, at the time of the adoption of this ARTICLE, have a family member residing in their apartment without the shareholder present are granted a two-year transition period before the subleasing policy will be applied to them.

At the end of two years after these bylaws on subleasing take effect, any such family members shall have vacated the apartment unless before that date, (1) the family member is made a shareholder and placed on the stock certificate and proprietary lease, or (2) the shareholder has applied for and been permitted to sublease in accordance with all the provisions of these bylaws.

Section 3. Procedure.

A. Documents and Interviews. No sublease shall be approved by the board of directors unless a fully executed original of the sublease together with a complete information sheet with respect to the proposed subtenant in a form to be established by the board of directors, has been delivered to the board of directors together with any required application fee. The board may, in its discretion, require a personal interview of the proposed subtenant, and shall not be obligated to approve a proposed subtenant other than in the usual course of business.

B. Fees. The Board may require payment of a standard sublease fee not to exceed \$250. Applications for extensions are also subject to the standard sublease fee. The owner of an apartment occupied by a sublessee prior to approval or following the termination of an approved sublease agreement, is subject to a payment in lieu of a sublease agreement of a minimum of \$500 per month of unapproved occupancy. At its discretion the Board may increase the monthly payment for unapproved occupancy up to a maximum of \$1,000.

(Amended October 2009)

C. Written Agreement to Terms. The shareholder seeking to sublet and the proposed subtenant will certify in writing and submit to the board at the time of application that they have each carefully read all the terms and provisions of the bylaws, occupancy agreement, house rules, and standard sublease, and that they understand and agree to all such terms and particularly all remedies which the corporation may resort to in the event

of a default by either the shareholder or the subtenant. It should be clearly understood by the shareholder and proposed subtenant that, in the event of a default by either, the corporation may elect any or all of the remedies set forth in these bylaws, the occupancy agreement, the house rules or the sublease and may proceed in accordance with any combination of remedies available at law or in equity, including but not limited to Article VI of these bylaws.

Section 4. Sublease Form.

A. Standard Form. The board of directors shall adopt and require shareholders to use a standard form of sublease. Such sublease will endeavor to comply with all District of Columbia laws and regulations applicable to residential leases, but may deviate from such requirements where necessary to preserve the corporation's interests and where there is a reasonable likelihood that the sublease provisions would be enforceable in light of the special circumstances of a cooperative sublease.

B. Revisions. Any proposed revisions to the standard sublease form may be subject to review by the corporation's counsel, and in such event the cost thereof shall be borne by the shareholder.

C. Contents. The standard sublease shall, at a minimum: (a) be subject to and consistent with the provisions of the articles of incorporation, bylaws, proprietary lease, and the house rules of the corporation as the same may be amended from time to time, and require the subtenant's compliance therewith; (b) prohibit occupancy of the apartment by any person other than the named sublessee and shall prohibit the sublessee from further subleasing, assigning, or otherwise conveying the sublessee's interest and rights therein to any other person or entity; (c) recognize that the corporation shall have no obligations whatsoever to the subtenant beyond those which it owes to the shareholder; (d) provide for indemnification by the shareholder of the corporation against any damages, costs or fees incurred in defense or settlement of claims arising out of the sublease or the subtenant's occupancy, except where caused by the corporation's own neglect of its legal duties; and (e) provide that the board of directors has the power to terminate such sublease, to bring summary proceedings to evict the sublessee in the name of the shareholder and/or to sue for specific performance of the sublease provisions, in the event of a default by the sublessee in the performance of such sublease.

Section 5. Lender's Rights. Notwithstanding any provision of this ARTICLE, the board of directors may in its discretion enter into Recognition Agreements with institutional lenders permitting such lenders to sublet units which they possess pursuant to a

foreclosure sale, judicial sale, or transfer or conveyance in lieu of foreclosure, free of any restrictions expressed herein; provided, however, that under no circumstances may a unit be sublet which would cause the corporation to lose its cooperative status under S 216 (or any successor provision) of the Internal Revenue Code or lose its owner-occupied status for purposes of District of Columbia property tax.

Section 6. Ownership Transfer Through Inheritance. The board of directors may, in its discretion, waive any provision of Section 2 of this ARTICLE (except the restriction on subleases breaking the 50% owner-occupancy level) with respect to a unit owned by an estate, Personal Representative, executor, heir or legatee, upon a showing that legal considerations bar the prompt sale of the shares. Once the shares and appurtenant unit are able to be sold, however, Section 2.B. of this ARTICLE shall apply.

(Article adopted October 1993)

#### **ARTICLE VII - Contracts, Loans, Checks, and Deposits**

Section 1. Contracts. The board of directors may authorize any officer or officers, agent, or agents, to enter into any contract or execute and deliver any instruments in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Notwithstanding any other provision in the bylaws or the proprietary lease to the contrary, the corporation, authorized by a majority of all members of the board of directors, may enter into recognition agreements or other contracts with institutional lenders who wish to finance loans for individual shareholders of the corporation which loans are secured by shares of the corporation and the proprietary lease. The board of directors is authorized to agree to and enter into such agreements on terms the board, in its sole discretion, deems to be in the best interest of the corporation. Any such agreement which requires the pledge and assignment to the lender of shares of the corporation and the proprietary lease in order to secure the loan and which requires the corporation to transfer ownership of shares of the corporation and the proprietary lease in the event of a shareholder's default under the terms of the loan shall be authorized notwithstanding any restrictions on assignments and on transfers of shares contained in the bylaws and the proprietary lease. [Adopted May 20, 1985]

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Section 2. Loans. No loans shall be contracted on behalf of the corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the board of directors. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, Etc. All checks, drafts, or other orders for the payment of money, notices, or evidence of indebtedness issued in the name of the corporation shall be required by such officer or officers, agent, or agents of the corporation, and in such manner as shall from time to time be determined by resolutions of the board of directors.

Section 4. Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the board of directors may elect.

**ARTICLE VIII - Miscellaneous**

Section 1. Seal. The seal of the corporation shall be in the form of a circle and shall bear the name of the corporation, the year of its incorporation, and the words "Corporate Seal, Delaware".

Section 2. Sale of Building. The apartment building and land located at 3600 Connecticut Avenue, NW, Washington, DC, and belonging to the corporation, shall not be sold except by the unanimous vote of all of the outstanding shares of the corporation. However, legal title to the building and land may be transferred to a trustee or trustees pursuant to the vote of only two-thirds (2/3) of the outstanding shares, to secure a debt of the corporation.

Section 3. Assent. Each shareholder, upon receiving his/her temporary receipt or certificate, or upon giving his/her temporary receipt or certificate, or upon giving a receipt for his/her certificate for shares, shall be deemed to have assented to, and shall be bound by, the provisions of these bylaws and of the corporation's proprietary lease and house rules (which are hereby expressly incorporated by reference into these bylaws), as such provisions stand at the time of their adoption and as they may be duly amended from time to time.

Section 4. Amendments. With the exceptions of the following provisions: ARTICLE III, Section 10 (Annual Budget); ARTICLE V, Sections 2 (Shares Certificates) and 4 (Limitations on Transfers of Shares); and ARTICLE VIII, Sections 2 (Sale of Building) and 4 (Amendments); which may only be altered, amended, or repealed upon the vote of three-

fourths (3/4) of the outstanding shares represented in person or by proxy, at a meeting of the shareholders, these bylaws may be altered, amended, or repealed at any meeting of the shareholders upon vote of two-thirds (2/3) of the outstanding shares represented in person or by proxy, provided that at least twenty-one (21) days before the date of the meeting, a copy of the proposed amendment is delivered to each shareholder in the manner described in ARTICLE II, Section 4 (Notice of Meetings).

Section 5. Notice. Except as otherwise provided herein, all notices, demands, bills, statements, or other communications sent by the corporation to a shareholder shall be in writing and shall be deemed to have been received by the shareholder if delivered personally or if sent, postage prepaid, by registered or certified mail, return receipt/signature requested, to the shareholder at his/her address as it appears on the records of the corporation, or if so designated by the shareholder, sent to his/her email address as he/she has provided to the Board, and shall be deemed delivered when the sender's email service records the message successfully delivered. Similarly, all notices, demands, bills, statements, or other communications sent by a shareholder to the corporation shall be in writing and shall be deemed to have been received by the corporation if personally delivered to the president of the corporation or sent, postage prepaid, by registered or certified mail, receipt/signature requested, to the president at 3600 Connecticut Avenue, NW, Washington, DC 20008, or at such other address as he/she shall designate to the shareholders pursuant to this Section, or to his/her email address as he/she shall designate to the shareholders pursuant to this Section.

(Amended Oct. 2004)

Section 6. Waiver of Notice. Whenever any notice whatever is required to be given under the provisions of these bylaws, the provisions of the Articles of Incorporation or the provisions of the laws of the jurisdiction, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Section 7. Bylaw, Occupancy Agreement, and Operating Forms Review. Subject to the availability of funds, the board of directors shall engage legal counsel every ten years (beginning in FY20) to assist in a complete review of all governing documents including, but not limited to bylaws, occupancy agreement, house rules, and any operating forms in use.

(Added Oct 2019)

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Section 8. Reserve Study. Subject to the availability of funds, the board of directors shall conduct a reserve study for the specific purpose of reviewing the major components and developing a Repair and Replacement Reserve Schedule every five years starting in FY20.

(Added Oct 2019)

Section 9. Financial Audit. Subject to the availability of funds, the board of directors shall engage a certified public accountant or accounting firm to conduct an audit of the corporation's financials including taxes filed, operating, and reserve accounts every three years starting in FY19.

(Added Oct 2019)