

INTEREST-FREE HOUSING CO-OPERATIVE OF CANADA LTD.

BY-LAW

ARTICLE I: NAME

The name of the Housing Cooperative shall be: Interest-Free Housing Co-operative of Canada Ltd., hereinafter referred to as IHC

ARTICLE II: HEAD OFFICE

The head office of IHC will be located at 2155 Leanne Boulevard, Unit#241, Mississauga, Ontario L5K 2K8.

ARTICLE III: SEAL

The Official Seal of IHC will be as hereunto affixed.

ARTICLE IV: MEMBERSHIP

SECTION A: CONDITIONS OF MEMBERSHIP:

1. To be a member in the Co-operative an applicant shall fulfil the following conditions of eligibility:
 - (a) Complete an application form and pay an initial non-refundable membership fee of \$75.
 - (b) Subscribe for a minimum of five (5) shares of a value of \$100.00 each.
 - (c) Pledge to purchase a minimum of five (5) shares of a value of \$100.00 each per calendar year.
2. A spouse of a member may be a member in his or her own right or subject to Section B1, spouses cannot hold a membership jointly.
3. A person shall become a member upon application for membership in compliance with the conditions of eligibility set forth in paragraph 1 of this Article IV and approval by the IHC Board of Directors (the 'Board').

SECTION B: RIGHTS AND LIMITATIONS OF THE MEMBERS

1. A membership is held by one person whom share certificates are issued. No joint or group membership is allowed on one membership application. Only one vote is allowed for one member.
2. Every member who is 18 years of age or older shall be eligible to seek election and upon being elected hold office on the Board, provided he/she has been a member in good standing for one year.
3. Every member has the right to apply for the purchase of a residence according to the policies and time schedule set forth in the Housing Allocation and Occupancy Procedures and referred to in Article X hereof, provided he/she is a member in good standing.

4. With the approval of the Executive Committee, a member who has purchased a residence may transfer the same to a non-member if no other member is willing to purchase it.
5. The Co-operative has a lien on shares registered in the name of a member for the indebtedness of such member for goods or services provided to such member by the Co-operative.

SECTION C: TERMINATION OF MEMBERSHIP

1. Upon the filing with the Secretary of written charges of conduct unbecoming a member of IHC against any member, and upon a resolution passed by the majority of the Board in a meeting duly convened for that purpose for considering the same no later than thirty (30) days before the date set for an annual meeting, a member may be expelled from membership.
2. A resolution under Section C, paragraph 1, above is not valid unless:
 - (a) prior written notice is given to the member setting forth the grounds upon which it is sought to expel the member;
 - (b) the notice is given to the member ten days or more before the date of the meeting of the Board called to consider the resolution expelling such member;
 - (c) an opportunity is given to the member to appear, either personally or by a person authorized under the *Law Society Act*, to represent such member, to make submissions at the meeting of the Board called to consider the resolution expelling such member.
3. The Secretary of the Co-operative shall, within five days of the date of the meeting of the Board referred to above, notify such member of the decision of the Board by registered letter addressed to such member at such member's latest known address.
4. Where a resolution expelling a member is passed under Section C, paragraphs 1 and 2 above, such member may appeal the decision of the Board at the next annual or general meeting of members, and the members by majority vote may confirm, vary or set aside the resolution.
5. A member who wishes to appeal such member's expulsion to a meeting of members shall give notice of the member's intention to appeal within twenty-one days of receipt of the notice of expulsion mentioned in paragraph 3 above, and the directors shall, if written representations are received seven or more days before notice of the meeting is sent, at the expense of IHC, forward with the notice of the meeting a copy of such representations to each member entitled to receive a notice of the meeting.
6. IHC shall purchase from such an expelled member, within one year after such member's expulsion becomes final, all the member's shares in the capital of IHC at par value together with any premium and unpaid dividends and shall pay out:
 - (a) all amounts held to such member's credit together with any additional amounts to which the member is entitled;
 - (b) any amount outstanding on loans made to IHC by such member that are repayable on demand by such member together with any additional amounts to which the member is entitled.

7. Failure by any member to purchase the minimum **Five (5)** shares per calendar year as required by Article IV: Membership, Section A: Conditions of Membership, for **two (2)** consecutive years shall terminate his/her membership unless his/her share balance is over \$1,000.

ARTICLE V: MEMBERS MEETINGS

PLACE OF MEETING

1. Meetings of the members shall be held at the head office of IHC or at such other place in Ontario as is determined by the Board.

NOTICE OF MEETING

2. Notice of the time and place for holding a meeting of the members shall be given individually to each person who is entitled to notice of meetings and who on the record date for notice appears on the records of IHC's as a member by sending the notice to the person's latest address as shown on the records of IHC ten days or more before the date of the meeting but in no case more than fifty days before the date of the meeting. The notice shall be sent either by ordinary mail or by electronic means or by both as the case may be.

VOTING BY MEMBERS

3. All questions proposed for the consideration of the members at a meeting of members shall be determined by the majority of the votes cast, and the chair presiding at the meeting shall have a second or casting vote in case of an equality of votes. Unless a poll is demanded, an entry in the minutes of a meeting of members to the effect that the chair declared a motion to be carried is admissible in evidence as proof, in the absence of evidence to the contrary, of the fact without proof of the number or proportion of votes recorded in favor of or against the motion. If a poll is demanded, it shall be taken in such manner as the chair directs. Subject to paragraph 2 of Section A, Article IV and paragraph 1 of Section B of Article IV, each member shall have one vote and only members who are present at the meeting shall be entitled to cast their vote.

ADJOURNMENT

4. The chair presiding at a meeting of members may, with the consent of the meeting and subject to such conditions as the meeting decides, adjourn the meeting from time to time and from place to place.

CHAIR

5. The President, or in his or her absence, a Vice-President who is a director shall preside as a chair at a meeting of members, but, if there is no President or such a Vice-President or if at a meeting neither of them is present within fifteen minutes after the time appointed for the holding of the meeting, the members present shall choose a person from their number to be the chair.

WAIVER OF NOTICE

6. A member, shareholder and any other person entitled to attend a meeting of members or shareholders may, in any manner at any time, waive notice of the meeting.

DEEMED WAIVER

7. Attendance of a member, shareholder and any other person entitled to attend a meeting of members or shareholders constitutes a waiver of notice of the meeting unless the person attends the meeting for the express purpose of objecting to the transaction of business on the grounds that the meeting is not lawfully called.

ANNUAL MEETINGS

8. The annual meeting of members shall be held between August 1 and November 30 in each year. At such meeting any member shall have an opportunity to raise any matter relevant to the affairs and business of IHC.

GENERAL MEETINGS

9. The Directors may at any time call a general meeting of the members for the transaction of any business, the general nature of which is specified in the notice calling the meeting.

QUORUM

10. The presence of twenty five (25) members or twenty percent (20%) of the membership, whichever is less, shall constitute the quorum at all meetings of the members, provided that if meeting of members cannot be conducted due to lack of quorum, another such meeting shall be called within thirty (30) days of the date of the aforesaid meeting and in such meeting the members present will constitute a quorum.

REQUISITION FOR MEMBERS' MEETING

11. Twenty-five (25) members or five percent (5%) of the members of IHC, whichever is less, may requisition the Directors to call a general meeting of the members for any purpose that is connected with the affairs of IHC that is not inconsistent with the Act. The requisition shall state the general nature of the business to be presented at the meeting and shall be signed by the requisitionists and deposited at the head office and may consist of several documents in like form, each signed by one or more requisitionists. Upon deposit of the requisition, the Directors shall forthwith call a general meeting of the members for the transaction of the business stated in the requisition. If the Directors do not within thirty (30) days from the date of the deposit of the requisition call and hold the meeting, any of the requisitionists may call the meeting, which shall be held within sixty (60) days from the date of the deposit of the requisition.

CALLING OF MEETING

12. A meeting called by requisition under paragraph 11 above shall be called as nearly as possible in the same manner as annual and other general meetings of members. IHC shall reimburse the requisitionists for any reasonable expenses incurred by them by reason of the action taken as aforesaid and retain out of any money due or become due, by way of fees or other remuneration for their services, to such of the directors as were in default, an amount equal to the amount the requisitionists were reimbursed, unless, at the meeting, the members by a majority of the votes cast reject the reimbursement of the requisitionists.

ARTICLE VI: BOARD OF DIRECTORS

MEMBERSHIP

1. The Board shall be comprised of a minimum of three (3) and a maximum of ten

(10) persons, each of whom shall be a member, over eighteen (18) year of age, and a majority of whom shall be resident Canadians.

2. Each of the persons named as first Directors in the articles of incorporation of IHC is a Director until replaced by a person duly elected or appointed in his or her stead.
3. No undischarged bankrupt or mentally incompetent person shall be a Director of IHC, and if a Director becomes a bankrupt or a mentally incompetent person, he or she shall thereupon cease to be a Director.

CONSENT

4. A person who is elected or appointed a director is not a director unless the person was present at the meeting when he or she was elected or appointed and did not refuse at the meeting to act as director or, where the person was not present at the meeting when he or she was elected or appointed, the person consented to act as director in writing before his or her election or appointment or within ten days thereafter.

ELECTION OF DIRECTORS AND TERM OF OFFICE

5. Election of directors shall take place at five-year intervals at which time all directors then in office shall retire but shall be eligible for re-election.
6. The directors shall be elected by the members in general meeting, and the election shall be by ballot in the following manner. Every member entitled to vote shall cast at the election a number of votes equal to the number of directors to be elected, and the member shall distribute the votes among the candidates in such manner as the member sees fit, but no candidate shall receive more than one vote from each member.
7. The Directors shall elect a President, Chair of the Board, Vice-Chair, Secretary and Treasurer from among themselves.

CONTINUANCE IN OFFICE

8. If an election of Directors is not held within the prescribed period, the Directors continue in office until their successors are elected.

QUORUM

9. A majority of the Board constitutes a quorum, but in no case shall a quorum be less than two-fifths of the Board.
10. The business of the Directors shall be transacted at a meeting thereof at which a quorum is present and at which a majority of the Directors present are resident Canadians.

PLACE OF MEETING

11. Meetings of the Board and of the Executive Committee may be held at any place within or outside Ontario, but in any financial year of IHC a majority of the meetings of the Board and a majority meeting of the Executive Committee shall be held at a place within Canada.

MEETINGS BY TELEPHONE

12. Where all Directors have consented thereto, any director may participate in a meeting of the Board or of the Executive Committee by means of conference, telephone or other

communications equipment by means of which all persons participating in the meeting can hear each other, and a director participating in a meeting pursuant to this paragraph shall be deemed for the purposes of the Act to be present in person at that meeting. If a majority of the directors participating in a meeting held where one or more directors are participating by telephone are then in Ontario, the meeting shall be deemed to have been held in Ontario

MEETINGS OF DIRECTORS

13. The Board shall meet at least once in two months immediately following the monthly Executive Committee meeting in order to ratify the decisions of the Executive Committee. The Board can choose to schedule more frequent regular meetings.
14. A meeting shall be called upon the request of any two members of the Board.
15. Decisions will be arrived at by a majority vote of the members present at a duly convened meeting.
16. In case of a tie on any decision at a meeting of Directors, the Chair shall have a casting vote.

TERMINATION

17. If charges of a direct violation of the articles of incorporation and/or By-laws or gross misuse or misappropriation of funds or obvious damage to the existence or interest of IHC by the actions of any individual director are laid, the individual concerned shall be given a charge sheet of allegations and required to respond within four weeks from the date of received the charge sheet. If the charges are proven to be true to the satisfaction of the other directors, such member may be suspended from office by a majority vote of the remaining directors at its meeting. Voting shall be by secret ballot. Such member may appeal to the members in its next scheduled meeting. The members may decide by a majority vote of the members present to either revoke or approve the suspension and termination of such a director.

FUNCTION OF THE BOARD

18. The board shall supervise the management and affairs of IHC provided, however, that the Board shall delegate and does hereby delegate to the Executive Committee the authority and responsibility to carry out the day-to-day management of the projects and business of IHC.
19. The Board shall approve the assignment made by the Executive Committee of residences or proposed residences to members and also approve the house assignment agreements as entered into in accordance with Housing Allocation and Occupancy Procedures and Regulations referred to in Article X.
20. The Board shall consider and, if deemed appropriate, make and/or amend the Regulations governing the Housing Allocation and Occupancy Procedures and the House Assignment Agreements on the recommendations of the Executive Committee.

LEADERSHIP OF THE BOARD

21. **The Chair shall:**
 - (a) convene and chair the meetings of the Board and the members;
 - (b) be responsible for executing the decisions of the Board;
 - (c) sign contracts with other contracting parties, and sign other documents on behalf of IHC when authorized to do so by the Board;
 - (d) be the spokesperson for IHC; and

(e) at his discretion temporarily may delegate any or all of his powers to the Vice-Chair.

22. The Vice-Chair shall:

- (a) help the Chair in discharging his duties; and
- (b) assume the Chair's role and perform his duties in his absence or pursuant to a delegation of powers pursuant to paragraph 20(e) above.

23. The Secretary shall:

- (a) handle the correspondence of IHC;
- (b) be responsible for taking the minutes at each meeting of the members and of Board;
- (c) prepare the agendas and notices of Board meetings and distribute them at least ten (10) days in advance of the meeting by ordinary mail, facsimile transmission or e-mail; for emergency and urgent meetings such notices shall be sent via e-mail at the earliest possible time before the actual date of the meeting.

24. The Treasurer shall:

- (a) be responsible for the finances of IHC;
- (b) disburse all the expenses approved by the Executive Committee;
- (c) be responsible for preparing the annual budget and periodic financial reports.

ELECTION PROCEDURE

25. The Board shall elect from amongst their number an Election Committee of three members, the mandate of which shall be to organize and conduct the election of directors according to the guidelines set by the Board.

NOMINATIONS FOR DIRECTORS

26. The Election Committee shall invite by notice in writing to all members of not less than thirty (30) days prior to the annual meeting, nominations for positions on the Board from amongst members in good standing. All nominations to the Board must be received through regular mail or facsimile transmission by the Election Committee at least ten (10) days before the date scheduled for the annual meeting at which the Directors are to be elected. All nominated members must either accept or reject their nominations.

27. The Executive Committee shall recommend by notice in writing to the Secretary of the Election Committee a slate of candidates for the Board to be designated the 'management slate', which recommendation shall be forwarded to members by the Election Committee in conjunction with the invitation referred to in paragraph 26 above.

ARTICLE VII: EXECUTIVE COMMITTEE

COMPOSITION AND AUTHORITY

1. The Directors shall form an Executive Committee and elect from amongst their number the Office thereof, consisting of four (4) persons, a Chair, Vice Chair, Secretary and Treasurer as designated by the Directors of whom not less than three (3) shall be resident Canadians, to which the Directors shall delegate the authority and responsibilities set out in paragraphs 21 to 24 of Article VI above.

QUORUM

2. A quorum of the Executive Committee shall be two members.

CONDUCT OF BUSINESS

3. No business shall be transacted by the Executive Committee except at a meeting of its members at which a quorum of the Executive Committee is present and at which a majority of the members present are resident Canadians.

ARTICLE VIII: ACCOUNTING AND FINANCES

SECTION A: GENERAL

1. A separate account must be opened in the books for each member, to be credited for his/her share and dividends and debited for losses.
2. A member cannot withdraw his/her accumulated funds. However, he/she may sell his/her share(s) in accordance with the Articles of Incorporation and By-Laws.
3. A separate account shall be maintained for each property
4. Total operating costs for a fiscal year will be budgeted at an amount no greater than 25% of the projected occupancy charges to be received by IHC in the fiscal year.

SECTION B: INCOME AND EXPENSE ACCOUNT

1. All income arising from membership fees and donations will be credited to the contributed surplus account.
2. Any debit/credit balances in income and expenses account will be transferred to the surplus/deficit account (retained earnings).

SECTION C: MAXIMUM DIVIDEND

1. Any dividend declared and paid on any share of IHC issued and outstanding shall not exceed an annual rate of two percent (2%) above the prime rate established, as of the first day of the month before the month in which the dividend is declared, by Bank of Montreal (the "Maximum Dividend").

ARTICLE IX: DISTRIBUTION OF SURPLUS AND DIVIDEND

SECTION A: SURPLUS

1. The surplus of IHC will be the occupancy charges received, any gains on sales of properties accruing to IHC and any other revenue that may be received by IHC less its operating expenses, including any reserves as described below.
2. IHC will be operated as nearly as possible at cost with no profit accruing to any of its members other than dividends and distributions of surplus, except where the Board approves the retention of a member to perform services for IHC on an arm's length basis.
3. The Board will have the right to provide for such reasonable reserves as it considers necessary in the circumstances.

SECTION B: DIVIDEND POLICY

1. Cumulative surpluses, net of any amounts previously paid out as dividends and/or

distribution of surplus, will be available after the end of each fiscal quarter for the payment of dividends on the issued and outstanding shares of IHC.

2. If the cumulative position is a deficit, no dividends will be paid out that quarter.
3. Dividends shall be declared at the discretion of the Board but shall not, in any circumstance, exceed the Maximum Dividend.
4. Dividends on Membership shares shall not exceed dividends on the Class A Co-Op Preference shares on a per share basis.
5. Payment of dividends will be achieved by crediting each member's account with the appropriate amount.

SECTION C: DISTRIBUTION OF SURPLUS

1. After the end of a fiscal year, if there is a positive balance of cumulative surplus remaining after the declaration of dividends, then the balance will be distributed to members as a distribution of surplus.
2. This amount will be distributed to each member in proportion to the average number of shares (Class A Co-Op Preference Shares and Membership Shares combined) owned by that member on March 31, June 30, September 31 and December 31 of the fiscal year in respect of which the distribution is being made.
3. Payment will be achieved by crediting each member's account with the appropriate amount.

SECTION D: MEMBERS' ACCOUNTS

1. As soon as a member's account accumulates to \$100 or more, the balance in the account will be used to purchase additional Class A Co-Op Preference Shares at \$100 per share in sufficient whole number amounts to bring the account balance to under \$100.

ARTICLE X: HOUSING ALLOCATION AND OCCUPANCY PROCEDURES

SECTION A: ALLOCATION

1. Housing units will be allocated to members based on list Types A and B as described in the Housing Allocation and Occupancy Procedures and Regulations established by the Board, as amended from time to time.

Eligibility for inclusion on list Type A and B will be determined by:

- (a) Length of membership in IHC, as more particularly provided in the Regulations.
- (b) Accumulation of shares, as more particularly provided in the Regulations.

SECTION B: OCCUPANCY AGREEMENT

1. A Housing Occupancy Agreement covering house occupancy charges (rent), repair and maintenance, duration and other conditions, will be drawn for each member who has been allocated a housing unit.
2. Contents of the House Occupancy Agreement will be based on the conditions set forth in the Regulations consistent with this By-Law.
3. Maintenance and upkeep will be the responsibility of the member to whom the housing unit

has been allocated, as more particularly provided in the Regulations.

ARTICLE XI: AMENDMENTS

1. Amendments to the By-Law(s) can be submitted by any member of the Board or any ten members of IHC to its Secretary. After a review of such suggested amendments by the Executive Committee and receipt of the recommendations, if any, of the Executive Committee, the Board shall consider such proposed amendments in its next scheduled meeting and, if approved, will be submitted to the members for their approval.



Zafar Kayani
Chair



Abdul Qayyum Vance
Secretary

Dated: December 17, 2011