

**BYLAWS  
OF  
HABITAT FOR HUMANITY FOR SAN LUIS OBISPO COUNTY**

**ARTICLE I**

**NAME, FORM OF ORGANIZATION AND PURPOSES**

**Section 1.1 Name**

The name of the corporation is Habitat for Humanity for San Luis Obispo County (HFHSLOCO).

**Section 1.2 No Members**

HFHSLOCO shall have no members.

**ARTICLE II**

**MISSION AND PURPOSE**

**Section 2.1 Mission Statement**

Seeking to put God's love into action, Habitat for Humanity for San Luis Obispo County brings people together to build homes, communities, and hope.

**Section 2.2 Purpose**

The purpose of HFHSLOCO is organized is the transaction of any or all lawful business for which nonprofit corporations may be incorporated under the laws of the state of California and described in section 501(c)(3) of the Internal Revenue Code, as they may be amended from time-to-time.

**ARTICLE III**

**OFFICES**

**Section 3.1 Principal Office**

HFHSLOCO's principal office shall be located in San Luis Obispo County, California, at the address designated in the most recent annual report filed with California's Secretary of State. HFHSLOCO shall maintain a copy of the corporation records specified in Section 7.5 of Article VIII at its principal office.

**Section 2.2 Registered Office and Agent**

HFHSLOCO's registered office is required by law to be maintained in the State of California and may, but need not, be identical with the principal office. HFHSLOCO shall maintain a registered agent whose office is identical with the registered office. HFHSLOCO may change its registered office or registered agent from time to time in the manner required by law.

### **Section 2.3 Other Offices**

HFHSLOCO may have offices at other places within the State of California as the Board of Directors may determine or as HFHSLOCO's affairs may require.

## **ARTICLE IV**

### **BOARD OF DIRECTORS**

#### **Section 4.1 General Powers and Authority of the Board**

The affairs and property of HFHSLOCO shall be managed and controlled by its Board of Directors, which shall exercise the powers and responsibilities of the corporation as authorized by statute, the articles of incorporation, and these bylaws.

#### **Section 4.2 Specific Powers**

The specific powers of the Board are:

- To determine the overall direction, role, and mission of the organization.
- To formulate and approve strategic and financial goals and plans.
- To review the organization's performance in relation to the mission.
- To set policy for the organization consistent with these bylaws.
- To appropriate funds entrusted to the organization
- To appoint, remove, or suspend the Chief Executive Officer as necessary.

#### **Section 4.3 Membership**

The Board of Directors shall consist of the officers and Members at Large.

#### **Section 4.4 Number**

The authorized number of directors of the corporation shall not be less than twelve (12) nor more than twenty (20). The Chief Executive Officer shall serve as a non-voting member of the Board.

#### **Section 4.5 Election and Term of Office**

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 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. A duly elected and qualified director shall not be eligible for re-election to the Board of Directors if she or he has served either: two (2) consecutive three (3) - year terms or a partial term of more than one (1) year and two (2) consecutive three (3) year terms. A director may be re-elected to the Board of Directors after one (1) year of not serving on the Board. Directors must be residents of the State of California and should reside or work in San Luis Obispo County. Directors shall be elected by the Board of Directors at a regular meeting. Persons receiving a plurality of the votes cast shall be deemed to have been elected. If any director then holding office so requests, the election of directors can be done by secret ballot.

#### **Section 4.6 Quorum**

A quorum of the Board of Directors consists of a simple majority of the directors in office immediately before a meeting begins, provided that in no event shall a quorum consist of fewer than two (2) directors. Any director who is present by telephone is considered present for the purpose of constituting a quorum. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action is approved by at least a majority of the votes cast. A director who is present at a meeting of the Board of Directors is deemed to have assented to the action unless: (a) such director objects at the beginning of the meeting (or promptly upon arrival) to holding it or transacting business at the meeting; (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 the 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 4.7 Composition of the Board**

The membership of the Board shall be divided equally among four groups: Development: Contractors and Developers, Design: Architects and Engineers, Community Leaders and Funders, and Government and Non-Profits.

#### **Section 4.8 Resignation of Directors**

A director may resign by delivering written notice to the Board of Directors, Board Chair, or Board secretary. 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 it provides that the successor director will not take office until the effective date.

#### **Section 4.9 Removal of Directors**

A director may be removed without cause by a two-thirds (2/3) vote 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 two (2) consecutive, regular meetings of the Board of Directors.

#### **Section 4.10 Vacancies**

The Board of Directors may fill vacancies by appointment at any time during the year. If the directors remaining in office constitute fewer than a quorum, they may fill the vacancy by the affirmative vote of a majority of all of the directors remaining in office or by the sole remaining director. Each director so elected shall serve the remainder of the term, which shall not count as a full term for the purposes of re-election

#### **Section 4.11 No Compensation**

The directors shall not receive compensation for their services to HFHSLOCO.

#### **Section 4.12 Director Conflict of Interest Transactions**

A conflict of interest transaction with the corporation is one in which a director of the corporation has a direct or indirect interest. For the purpose 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 general partner is a party to this 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 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, 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 take 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 herein above provided.

### **ARTICLE V**

#### **MEETINGS OF DIRECTORS**

##### **Section 5.1 Place of Meeting**

All meetings of the Board of Directors shall be held in San Luis Obispo County, California, at such place as the Board of Directors may determine.

##### **Section 5.2 Annual Meetings**

The annual meeting of the Board of Directors will be held each year June each year in conjunction with the regularly scheduled June board meeting. At the annual meeting those directors whose terms commence on July 1<sup>st</sup> shall be elected by the current Board members. The Board of Directors shall also elect the officers of the Executive Committee at the annual meeting. Other business may be transacted as may be necessary, desirable, or useful. Directors will be notified of the date and time of the annual meeting at least one (1) month in advance of the meeting.

##### **Section 5.3 Regular Meetings**

Regular meetings of the Board of Directors shall be held each month during the year or at such time as the Board of Directors may determine. A minimum of ten (10) meetings of the Board of Directors will be held each year. No meeting, either regular or special, shall be held to be valid unless the Chair, or the Vice Chair if he or she is acting in place of the Chair, is not present.

#### **Section 5.4 Special Meetings**

Special meetings of the Board of Directors may be called by or at the request of the Chair or twenty percent (20%) of the directors then in office. Such meetings must be held within San Luis Obispo County, California.

#### **Section 5.5 Notice of Meetings**

Regular meetings of the Board of Directors may be held without notice if the date, time and place of the meeting have been fixed previously by the Board. Regular meetings must be preceded by at least two (2) days' notice to each director of the date and time, but not the purpose, of the meeting. Special meetings of the Board of Directors must be preceded by at least two (2) days' notice to each director of the date, time, place and purpose of the meeting. Notice may be given by any usual means of communication and may be oral or written. Any Board action to remove a director or to approve a matter that would require a quorum for approval by the directors shall not be valid unless each director is given at least seven (7) days written notice that the matter will be voted upon at a directors' meeting or unless notice is waived pursuant to Section 5.6 below. Oral notice is effective when communicated, if communicated in a comprehensive manner. Written notice, if in a comprehensible form, is effective at the earliest of the following: (a) when received; (b) five (5) days after its deposit in the United States mail, as evidenced by the postmark and if mailed correctly; (c) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt signed by or on behalf of the addressee; or, (d) thirty (30) days after its deposit in the United States mail, as evidenced by the postmark, mailed correctly addressed and with other than first class, registered or certified postage affixed. Written notice is correctly addressed to a director if addressed to the director's address shown on the corporation's current list of directors.

#### **Section 5.6 Waiver of Notice**

A director may at any time waive any notice required by law or by these bylaws. The waiver must be in writing, signed by the director entitled to the notice, and filed with the minutes or the corporate records. A director's attendance at or participation in a meeting waives any required notice of the meeting unless the director upon arriving at the meeting, or prior to the vote on a matter not noticed in conformity with law or these bylaws, objects to lack of notice and does not thereafter vote or assent to the objected action.

#### **Section 5.7 Meeting Via Communication 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 participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

### **ARTICLE VI**

#### **OFFICERS**

##### **Section 6.1 Officers**

The officers of the corporation shall consist of a Board Chair, a Board Vice Chair, a Treasurer, and a Secretary. No more than one (1) of the four (4) offices may be held by the same person.

## **Section 6.2 Election and Appointment**

Officers are elected at the annual meeting by the Board of Directors. The term of office for officers is two (2) years. An officer may serve a term of less than two (2) years if recommended by the Nominating Committee and approved by the Board of Directors. Officers will only serve one term. An officer may only serve a second term if recommended by the Nominating Committee and approved by the Board of Directors. Officers must be voting members of the Board of Directors.

## **Section 6.3 Resignation and Removal**

An officer may resign at any time by delivering notice to the Board of Directors. 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, it may fill the pending vacancy before the effective date. The Board of Directors may remove any officer at any time with or without cause, by a vote of two-thirds (2/3) of directors then in office.

## **Section 6.4 Contract Rights of Officers**

The appointment of an officer does not 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 6.5 Duties**

**Board Chair:** The Chair of the Board of Directors is the chief elected officer of the corporation and shall preside at all meetings of the Board of Directors and Executive Committee, and perform such other duties as may be prescribed from time to time by the board. The Chair is subject to the control of the Board of Directors, and may sign with the Secretary or any other officer of the corporation so authorized by the Board of Directors, any deeds, leases, mortgages, bonds, contracts, or other instruments that lawfully may be executed on behalf of HFHSLOCO, except where the signing and execution thereof expressly shall be delegated by the Board to some other officer or agent, or where required by law to be otherwise signed and executed. The Chair shall appoint the members of the standing committees and may designate, with the approval of the Executive Committee, any special committees deemed advisable. The Chair shall vote on all matters as a director except in those cases when an even number of voting members, not including the chair, attends a meeting. In that case, the Chair shall vote only in the event of a tie. The Chair shall coordinate the work of the officers and committees so that the mission and policies of HFHSLOCO are maintained and promoted.

**Board Vice Chair:** The Vice Chair shall serve as Vice Chair of the Board of Directors and, in the absence, death, inability, or refusal to act of the Chair, shall perform all of the duties and have the powers of the Chair. The Vice Chair shall also serve as the Chair of the Nominating Committee and shall perform such duties as may be prescribed by these bylaws or as assigned by the Board of Directors, Executive Committee, or the Chair. The Vice Chair shall become the Board Chair at the expiration of the Board Chair's term.

**Secretary:** The Secretary shall: (a) cause to be prepared minutes of all meetings of the Board of Directors and 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 corporation seal, and affix the corporate seal to any lawfully executed instruments requiring it; (e) sign such instruments as may require such signature; (f) cause such corporation 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 Chair or Board of Directors.

**Treasurer:** The Treasurer shall: a) monitor funds, securities, and assets belonging to the corporation; b) assist the bookkeeper and office staff in preparing monthly financial statements for review by the Finance Committee and the Board; c) review, along with the Finance Committee, monthly financial statements; d) work with the Finance Committee and appropriate staff and Committee chairs in preparing an annual revenue and expense budget for submission to the Board in May of each year; e) review the monthly bank statement and credit card reconciliation reports; and f) perform other duties as may be assigned from time to time by the Chair or the Board.

### **Section 6.6 No Compensation**

The officers shall not be compensated for their services.

## **ARTICLE VII**

### **COMMITTEES**

#### **Section 7.1 General**

The standing committees of the corporation are the Executive, Nominating, Finance, and Fundraising Committees. The operating committees of the corporation are the Site Acquisition, Building, Family Support, Family Selection, and Public Relations Committees. The Chair may, with the approval of the Executive Committee, designate ad hoc committees to complete specific projects. The Chair may invite individuals who are not members of the Board to serve on ad hoc committees. Following completion of their assignment, ad hoc committees will submit a report and be discharged. No committees may act on behalf of the Board of Directors unless specifically authorized by the Board to do so. The Board or the Executive Committee may, with or without cause, dissolve any committee or remove any member from any committee at any time. All standing committees must be chaired by a voting member of the Board of Directors. With the exception of the Finance Committee, the Chair shall appoint the standing committee chair and members to serve for one (1) year or until their successors are appointed.

#### **Section 7.2 Executive Committee**

The Executive Committee shall consist of the Board Chair, Vice Chair, Treasurer, Secretary, and Past Chair of the corporation. The Chair of the Board shall serve as the Chair of the Executive Committee, and shall preside at all of its meetings. The Executive Committee provides leadership on issues related to policy development and strategic planning, and may prepare recommendations to the Board on a variety of issues. In addition, the Executive Committee shall have the authority to act on behalf of and instead of the Board of Directors when necessary between regular or special meetings of the Board, or when so empowered by the Board and subject to the limitations imposed by the Board, the articles of incorporation, these bylaws, and the law. The Executive Committee shall reports its actions to the Board at the next Board meeting for ratification. The Executive Committee does not have the authority to approve a dissolution,

merger, or sale of all of the corporation's assets; appoint or remove directors; hire or fire the Chief Executive Officer; or amend the bylaws or articles of incorporation.

### **Section 7.3 Nominating Committee**

The Nominating Committee shall consist of four (4) 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 Committee Chair shall be the Vice Chair of the Board of Directors. The committee members shall be appointed by the Board of Directors on an annual basis, to serve until the next annual meeting of the Board. A vacancy on this committee may be filled by the Board of Directors at any time. The committee shall be responsible for identifying and recruiting prospective directors 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 Chairs of the operating committees.

### **Section 7.4 Finance Committee**

The Finance Committee shall be chaired by the Treasurer, and shall include two other members appointed by the Chair. The Finance Committee shall meet monthly to review the financial situation of the Corporation. The Committee shall also assist the Chief Executive Officer with the Annual Audit, the annual budget, and fundraising activities.

### **Section 7.5 Fundraising Committee**

The Fundraising Committee shall be chaired by a member of the Board of Directors, and shall include the Vice Chair. The committee shall include both Board and non-Board members. The committee shall have the responsibility for creating, supporting, and soliciting funding for HFHSLOCO's fundraising events and activities, assisting with preparing the annual budget for Board approval, and providing a financial summary for the Board's review of HFHSLOCO's fundraising events and activities.

### **Section 7.6 Gift Acceptance Committee**

The Gift Acceptance Committee shall be chaired by the Chair of the Board of Directors and shall include the Treasurer, the Chair of the Fundraising Committee, HFHSLOCO's Legal Counsel, and other members as appointed by the Board of Directors and the Chief Executive Officer. The Committee is charged with the responsibility of reviewing gifts made to HFHSLOCO, properly screening and accepting those gifts, and making recommendations to the Board of Directors on gift acceptance issues when appropriate.

### **Section 7.7 Operating Committees**

The Board of Directors may create one or more operating committees and delegate non-Board functions to such committees. Operating committees may include both Board and non-Board members, and may not exercise the authority of the Board. The Chair of each committee shall consult with the Chief Executive Officer about recruiting and appointing committee members. New committee members may be appointed at any time. The Chief Executive Officer shall attend all meetings of the committees, review the committees' policies and guidelines, and oversee the committee's activities and work. The operating committees shall perform the functions described below and such other functions as the Board of Directors shall designate.

**Public Relations Committee:** This committee shall be responsible for assisting HFHSLOCO in promoting its activities, programs, and construction activities, as well as educating and informing the public about its mission, the need for better and more affordable housing in the county, and the steps being taken by HFHSLOCO to meet this need, to the local media, including press, radio, and television, as well as to local businesses and community partners

**Family Selection Committee:** This committee shall be responsible for assisting HFHSLOCO with selecting families for the homes that it builds. This will include assisting HFHSLOCO with processing application forms, screening and interviewing applicants, and making recommendations to the Board of Directors for prospective homeowners.

**Family Services Committee:** This committee shall be responsible for assisting HFHSLOCO in providing Habitat homeowners and prospective homeowners with a support group, homeownership and financial education opportunities, and a forum for discussions pertaining to home ownership. .

**Community Development Committee:** This committee shall be responsible for assisting HFHSLOCO with identifying the area or areas of the county in which the Habitat projects can be developed, investigating and researching the availability 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.

**Building Committee:** This committee shall assist HFHSLOCO with planning and implementing its construction projects. The committee shall assist in developing or obtaining possible house plans, review and critique existing plans for homes scheduled to be built, reviewing construction budgets and evaluate the costs of property development, soliciting professional help and donations of building materials, and assisting with construction as needed. .

## ARTICLE VIII

### Chief Executive Officer

The Chief Executive Officer shall be the Chief Executive Officer of the corporation, shall report director to the Board of Directors, and shall have the necessary authority and ultimate responsibility for the effective operation and administration of the corporation, including compliance with all applicable federal, state, and local laws and regulations. Duties of the Chief Executive Officer shall include, but are not limited to: (a) coordinating the activities of the committees; (b) representing HFHSLOCO in the community; (c) overseeing HFHSLOCO's building projects; (d) supervising the administrative functions of the corporation; (e) oversight of the property, records, and assets of the corporation; and (f) in general, performing such other duties as may be assigned from time to time by the Chair or the Board of Directors. The Chief Executive Officer shall have the authority to sign all documents and obligations within the parameters and budget approved by the Board of Directors. The Chief Executive Officer and any other two (2) officers shall have the authority to sign for all disbursements of the funds of the corporation. The Board of Directors may approve compensation and benefits for the Chief Executive Officer. The Chief Executive Officer serves as an ex officio member of the Board and all committees with a vote, and shall not be counted in determining the existence of a quorum.

## **ARTICLE IX**

### **GENERAL PROVISIONS**

#### **Section 9.1 Corporate Seal**

The corporation seal of the corporation shall be in such form as the Board of Directors may from time to time determine.

#### **Section 9.2 Amendments**

These bylaws may be amended or repealed and new bylaws may be adopted by the Board of Directors. The corporation shall provide at least seven (7) days written notice to all directors, of any meeting of directors at which an amendment is to be approved, unless notice is waived. 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 9.3 Fiscal Year**

The fiscal year of the corporation shall begin on July 1 and end on June 30 of each year.

#### **Section 9.4 Financial Reports**

The financial books of HFHSLOCO shall be kept using an accrual basis of accounting. The books shall be closed as of the end of the fiscal year and financial statements shall be prepared and submitted to the Board of Directors. At the discretion of the Board of Directors, HFHSLOCO may engage an independent certified public accountant to audit or review the financial statements.

#### **Section 9.5 Board and Executive Committee Minutes**

HFHSLOCO shall keep as permanent records, minutes of all meetings of its Board of Directors, and 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. HFHSLOCO shall keep a copy of the following records at its principle 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 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 California Nonprofit Corporation Code. 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 application law, HFHSLOCO shall make available for inspection during regular business hours by any individual, copies of: (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; or (ii) a corporation, contributions to which are deductible under Section 501(c)(3) 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 California Nonprofit Benefit Corporation Code.

## **Section 9.6 Investments**

HFHSLOCO shall have the right to retain all or 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 judgment of the Board of Directors without being restricted to the class of investments that a director or trustee is or may be 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 9.7 Checks and Drafts**

All checks, drafts or other orders for the payment of money issued in the name of HFHSLOCO 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; provided, that any check, draft or other order for the payment of an amount in excess of ten thousand (\$10,000) shall require two (2) authorized signatures.

## **Section 9.8 Prohibited Activities**

HFHSLOCO is organized as a nonprofit public benefit 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 trustees, directors, officers, or other private persons, except that HFHSLOCO shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in the articles of incorporation. No substantial part of HFHSLOCO's activities shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and HFHSLOCO 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, HFHSLOCO 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 501(c)(3) 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 California Nonprofit Benefit Corporation Code.

## **Section 9.9 No Loans To or Guaranties for Directors or Officers**

HFHSLOCO may not lend money to or guarantee the obligation of a director or officer, but the fact that a loan or guaranty is made in violation of this section does not affect the borrower's liability of the loan.

## **Section 9.10 Indemnification**

To the extent that a person who is, or was a director, officer, employee or other agent of HFHSLOCO has been successful on the merits in defense of any civil, criminal, administrative or investigative proceeding brought to procure a judgment against such person by reason of the fact that he or she is, or was an agent of HFHSLOCO, or has been successful in defense of any claim, issue or matter, such person shall be indemnified against expenses actually and reasonably incurred by the person in connection with such proceeding. If such proceeding either settles any

such claim or sustains a judgment against him or her, then indemnification against expenses, judgments, fines, settlements and any other amounts reasonably incurred in connection with such proceedings shall be provided by HFHSLOCO, but only to the extent allowed by law and in accordance with the requirement of Section 52389 of the California Nonprofit Public Benefit Corporation Law.

**Section 9.11 Dissolution**

Upon the dissolution or winding up of HFHSLOCO, its assets remaining after payment, or provision for payment, of all debts and liabilities shall be distributed to a nonprofit fund, foundation, or corporation that is organized and operated exclusively for charitable purposes, meeting the requirements for exemption provided by section 214 of the California Revenue and Taxation Code, and that has established its tax exempt status under section 501(c)(3) of the Internal Revenue Code. In the event that any of the assets of this corporation are not disposed of, or that the corporation shall fail to act within a reasonable time in the manner provided in section, a court of San Luis Obispo County shall, upon application of one or more persons having real interest in the corporation or its assets, make such distributions as provided in this section.

Approved: May 26, 2015

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Zeljka Howard, Secretary