

RESOLUTION OF THE BOARD OF DIRECTORS WITH RESPECT TO THE CONDITIONS OF CLASS “A” PREFERRED SHARES

WHEREAS the **Coopérative de solidarité en environnement la Maison verte** is governed by the *Cooperatives Act* (R.S.Q. c. C-67.2);

WHEREAS article 46 of the *Cooperatives Act* allows the issuance of preferred shares and prescribes the conditions of such an issuance;

WHEREAS the first general assembly of the Cooperative adopted regulation number 3.6 authorizing the board of directors to issue preferred shares and to determine the conditions of such shares;

BE IT RESOLVED that the resolution of the board of directors with respect to the conditions of class “A” preferred shares be adopted.

1. The board of directors is authorised to issue an unlimited number of class “A” preferred shares with a nominal value of one hundred dollars (\$100) each.
2. These shares shall be issued in series. Shares issued over different fiscal years shall correspond to different series.
3. Only members of the cooperative may acquire these shares.

WHERE the holders of these preferred shares are entitled to receive, when declared by the board of directors that the financial situation of the cooperative permits it, a non-cumulative rate of interest of 1.5% per year on the amount paid. The board of directors may determine as of which date, at what time and how the interest will be paid. This interest shall be paid before the declaration or payment of interest on all other classes of shares. No disbursement of funds may be earmarked for the cash payment of dividends in a fiscal year for which interest on class “A” preferred shares will not be paid or for which such interest has been declared but has yet to be paid.

4. These shares may be redeemed at their nominal value plus the unpaid declared interest upon decision of the board of directors after 5 years from the date of issuance. The redemption of these shares is made according to the chronological order of issuance of the series. In the event of an incomplete redemption of a series, the redemption shall be prorated among the holders of the series.
5. In the event of the dissolution, liquidation or other distribution of the cooperative’s assets, the holders of class “A” preferred shares are entitled, prorated among them, to payment of the amount paid on these shares and of the unpaid declared interest, before any other amount is paid to holders of preferred shares of any other class.
6. In accordance with article 38 of the *Cooperatives Act*, no repayment or redemption of class “A” preferred shares nor any payment of interest on such shares shall be made in the event that the cooperative is insolvent or would become insolvent as a result of the repayment, redemption or

payment, if the board of directors shows that the repayment, redemption or payment could adversely affect the financial stability of the cooperative or if the cooperative would be unable to fulfil the undertakings made with any third party that grants it financial assistance.

7. Subject to the conditions set out in the previous article and notwithstanding the provisions of article 5, the shares of holders who have died or who have become disabled and for which a request is made may be redeemed in preference and in anticipation upon decision of the board of directors. The provisions of the present article must not be interpreted as an obligation of the cooperative to redeem preferred shares at any time but rather as a preference to be given to concerned holders when the occasional redemption is decreed by the cooperative.
8. Class "A" preferred shares may not be converted nor may preferred shares ranking equally or in priority of class "A" shares be created nor may the above provisions which apply to class "A" preferred shares be modified nor may the provisions which apply to the shares of other classes be modified in such a way as to confer on those shares rights or privileges greater than those attached to class "A" preferred shares unless the creation, conversion or modification is confirmed by two thirds (2/3) of the votes cast by the holders of class "A" preferred shares present at a special general meeting called for that purpose in addition to any other formalities authorized by law.
9. A copy of this by-law shall be remitted to any eligible purchaser to whom the cooperative offers to purchase the shares covered by this by-law.

ATTESTATION

This resolution was adopted at a meeting of the Board of Directors regularly convened and held the _____ at _____.

Secretary

Date