

CRAFT, MAIN AND COMPANY RETAIL COOPERATIVE, Inc. (Craft, Main & Co.)
BYLAWS

ARTICLE I. PURPOSES

Section 1.01. Business.

The primary purpose of the Cooperative is to engage in the business of selling food and other household products to members, who shall be the ultimate consumers of these products. The association is formed for the following purposes: (a) To operate successfully as a leading retailer of locally-made products, and to promote a local sustainability that helps its members enjoy and appreciate their local communities, and serve as stewards of our local environment - both economic and natural. The Co-op provides a broad range of excellent local food and home good products and shares its knowledge and passion for the communities that its members are in, to inspire, educate, and supply them for a lifetime of environment and community stewardship. (b) To fund its capital needs through new member enrollments and profits generated by sound financial management. The Co-op's ability to achieve these goals is enhanced by its efforts to maintain an excellent workplace for its talented and dedicated staff, its commitment to responsible corporate citizenship and adherence to a cooperative spirit in the conduct of its business. (c) To market for its members and other producers any and all local products or any products derived therefrom: to engage in any activity in connection with the production, transporting, storing, financing, advertising, selling, marketing, or distribution of any such products or any products derived therefrom: to purchase for its members.

Section 1.02. Other Objectives.

Other objectives of the Cooperative shall be: (a) Cooperative service for the benefit of members as consumers and the consuming public; (b) Promotion of the cooperative ideal, and affiliation or cooperation with cooperative organizations in the local community, the state, the nation, and other countries; (c) Conducting such other activities as will serve the economic, educational, recreational, and cultural welfare of its members and the public.

ARTICLE II. MEMBERSHIP

Section 2.01. Classification of Members.

The Corporation shall have one (1) class of members.

Section 2.02. Membership Qualifications.

Any person, including any organizations (except a subsidiary of the Corporation) may become and remain a member of this Corporation by:

- (a) Complying with such uniform conditions as may be prescribed by the Board of Directors;
- (b) Making full payment of any nonrefundable membership fee as set forth in Section 2.06 of these Bylaws;
- (c) Making full payment for 1 share; and
- (d) If a natural person, being a resident of the Greater Los Angeles area.

Section 2.03. Membership Application.

An applicant eligible for and desiring admission to membership in the Corporation shall file a written application for admission in whatever form and containing whatever information the Board of Directors shall prescribe.

Section 2.04. Acceptance of Members.

Applications for membership shall be reviewed by the Board of Directors or by a Membership Committee duly authorized by resolution to admit members. The application shall be accepted unless rejected in writing within thirty (30) days for reasons satisfactory to the Board. If accepted, the applicant shall be admitted to membership and shall be allowed to vote and hold office. If rejected, the applicant shall be entitled to a refund of any amounts paid for membership fees and shares.

Section 2.05. Transfers Prohibited.

No member may transfer his or her membership or any right arising therefrom.

Section 2.06. Membership Fee.

A one-time nonrefundable membership fee, in an amount set from time to time by the Board of Directors, may be charged to and collected from each member upon joining the Corporation.

Section 2.07. Bylaws and Articles to Prospective Members.

Each prospective member, upon application for membership, shall receive a copy of the Articles of Incorporation, Bylaws, and disclosure document of the Corporation.

Section 2.08. Shareholders and Members.

"Shareholder" and "member" and their plurals shall be synonymous terms throughout these Bylaws.

ARTICLE III. TERMINATION OF MEMBERSHIP

Section 3.01. Voluntary Withdrawal.

A member shall have the right to resign from the Corporation and terminate his or her membership by filing with the Secretary of the Corporation a written notice of resignation. The resignation shall become effective immediately without any action on the part of the Corporation.

Section 3.02. Death or Dissolution.

A membership shall immediately terminate upon the death of a member or the dissolution of a member that is an organization.

Section 3.03. Expulsion.

(a) A member may for failure to comply with these Bylaws, rules, or regulations of the Corporation, for failure to patronize the Corporation during the immediately preceding fiscal year of the Corporation in the amount of at least thirty dollars (\$30.00), or for any other justifiable reason, be expelled from the Corporation by resolution adopted by a two-thirds (2/3) vote of all members of the Board of Directors. Expulsion shall become effective immediately unless the Board shall, in the resolution, fix another time. On expulsion, the name of the member expelled shall be stricken from the membership register and all of his or her rights shall cease except as provided in Section 3.04 of these Bylaws.

(b) Prior to expulsion of a member, the Board of Directors shall give such member at least fifteen (15) days notice prior thereto and the reasons thereof. Such member shall have the opportunity to be heard, orally or in writing, not less than five (5) days before the effective date of expulsion by the Board.

(c) The notice required pursuant to Subsection (b) of this section of these Bylaws may be given by any method reasonably calculated to provide actual notice. Any notice given by mail must be given by first-class or registered mail sent to the last known address of the member shown on the Corporation's records.

ARTICLE IV. MEMBERSHIP MEETINGS AND MEMBERS

Section 4.01. Location.

Meetings of members shall be held at the principal office of the Corporation.

Section 4.02. Regular Annual Meetings.

A regular meeting of members shall be held annually on the first Saturday in May at 3:00 p.m. for the purpose of transacting any proper business, including the election of Directors, that may come before the meeting. If the day fixed for the regular meeting falls on a legal holiday, the meeting shall be held at the same time and place on the next day.

Section 4.03. Special Meetings.

Special meetings of members for any lawful purpose may be called by the Board of Directors, the President, or by five percent (5%) or more of the members.

Section 4.04. Time for Notice of Meetings.

Whenever members are required or permitted to take action at a meeting, a written notice of the meeting shall be given not less than ten (10) nor more than ninety (90) days before the date of the meeting to each member who is entitled to vote on the record date for notice of the meeting. In the case of a specially called meeting of members, within twenty (20) days after receipt of a written request, the Secretary shall cause notice to be given to the members entitled to vote that a meeting will be held at a time fixed by the Board of Directors not less than thirty-five (35) nor more than ninety (90) days after receipt of the request.

Section 4.05. Method of Giving Notice.

Notice shall be given either personally or by mail or other written communication to the address of a member appearing on the books of the Corporation or provided by the member. If no address appears or is given, notice shall be given at the principal office of the Corporation.

Section 4.06. Record Date for Notice.

The record date for determining the members entitled to notice of any meeting of members is thirty (30) days before the date of the meeting.

Section 4.07. Contents of Notice.

The notice shall state the place, date, and time of the meeting. The notice of a regular meeting shall state any matters that the Board of Directors, at the time of giving notice, intends to present for action by the members. The notice of a special meeting shall state the general nature of the business to be transacted. The notice of any meeting at which Directors are to be elected shall include the names of all nominees at the time of giving notice.

Section 4.08. Waivers, Consents, and Approvals.

The transactions of a meeting, whether or not validly called and noticed, are valid if a quorum is present and each of the absent members who is entitled to vote, either before or after the meeting, signs a written waiver of notice, a consent to the holding of the meeting, or an approval of the minutes of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. A member's attendance at a meeting shall constitute a waiver of notice of and presence at the meeting, unless the member objects at the beginning of the meeting. However, attendance at a meeting is not a waiver of any right to object to the consideration of matters required to be included in the notice but not included, if an objection is made at the meeting.

Section 4.09. Quorum at Meeting.

The lesser of fifty (50) members or members representing five percent (5%) of the voting power shall constitute a quorum at a meeting of members. Any Bylaw amendment to increase the quorum may be adopted only by approval of the members. When a quorum is present, the affirmative vote of the majority of the voting power represented at the meeting and entitled to vote shall be the act of the members, unless provided otherwise by these Bylaws or the law. The only matters that may be voted upon at any regular meeting actually attended by less than one-third (1/3) of the voting power are matters notice of the general nature of which was given pursuant to the first sentence of Section 4.04 of these Bylaws.

Section 4.10. Loss of Quorum at Meeting.

The members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum, if the action taken, other than adjournment, is approved by at least a majority of the members required to constitute a quorum.

Section 4.11. Adjournment for Lack of Quorum.

In the absence of a quorum, any meeting of members may be adjourned by the vote of a majority of the votes represented in person, but no other business may be transacted except as provided in Section 4.10 of these Bylaws.

Section 4.12. Adjourned Meetings.

The corporation may transact any business at an adjourned meeting that could have been transacted at the original meeting. When a meeting is adjourned to another time or place, no notice is required if the time and place are announced at the original meeting. If the adjournment is for more than forty-five (45) days or if a new record date is fixed, a notice of the adjourned meeting shall be given to each member of record entitled to vote at the meeting.

Section 4.13. Voting of Memberships.

- (a) Each member of the Corporation is entitled to one (1) vote on each matter submitted to a vote of the members.
- (b) If a membership stands of record in the names of two (2) or more persons whether fiduciaries, members of a partnership, joint tenants, tenants in common, husband and wife as community property, tenants by the entirety, persons entitled to vote under an agreement, or otherwise, or if two (2) or more persons have the same fiduciary relationship respecting the same membership, unless the Secretary is given written notice to the contrary and furnished with a copy of the instrument or order appointing them or creating the relationship, the vote of one (1) joint holder will bind all, when only one (1) votes, and the vote of the majority will bind all, when more than one (1) joint holder votes.
- (c) The record date for determining the members entitled to vote at a meeting or cast written ballots is twenty (20) days before the date of the meeting or the day on which the first ballot is mailed or solicited.
- (d) Cumulative voting shall not be permitted for any purpose.
- (e) Voting by proxy shall not be permitted for any purpose.

Section 4.14. Use of Written Ballots at Meetings.

A combination of written ballot and personal voting may be used at any regular or special meeting of members, and may be used for the election of Directors. Prior to the meeting, the Board of Directors may authorize distribution of a written ballot to every member entitled to vote. The ballots shall be distributed in a manner consistent with the provisions of Sections 4.05, 4.17(b), and 4.19 of these Bylaws. When ballots are distributed, the number of members voting at the meeting by written ballot shall be deemed

present at the meeting for purposes of determining a quorum but only with respect to the proposed actions referred to in the ballots.

Section 4.15. Contents of Written Ballot Used at Meetings.

Any written ballot used at a meeting shall set forth the proposed action to be taken, provide an opportunity to specify approval or disapproval of the proposed action, and state that unless revoked by the member voting in person, the ballot will be counted if received by the Corporation on or before the time of the meeting.

Section 4.16. Action by Ballot without Meeting.

Any action that may be taken at any regular or special meeting, including election of Directors, may be taken without a meeting through distribution of a written ballot to every member entitled to vote on the matter. The Secretary shall cause a vote to be taken by written ballot on any action or recommendation proposed in writing by at least twenty percent (20%) of the members.

Section 4.17. Written Ballot Used without Meeting.

(a) Any ballot used without a meeting shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Corporation.

(b) The form of written ballot distributed to ten (10) or more members shall afford an opportunity to specify a choice between approval and disapproval of each matter or group of related matters intended, at the time of distribution, to be acted on by the ballot. The form must also provide that whenever the person solicited specifies a choice with respect to any matter, the vote will be cast in accordance with that choice.

(c) A written ballot cannot be revoked. Approval by written ballot shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

Section 4.18. Solicitation of Written Ballots.

Ballots shall be solicited in a manner consistent with Sections 4.05, 4.17(b), and 4.19 of these Bylaws. The solicitations shall indicate the number of responses needed to meet the quorum requirement and specify the time by which the ballot must be received to be counted. Ballots other than for the election of Directors shall state the percentage of approvals necessary to pass the measure.

Section 4.19. Withholding Vote.

In an election of Directors, any form of written ballot, which names the candidates for Director and which the member has marked "withhold" (or otherwise indicated that the authority to vote in the election of Directors is withheld) shall not be used for voting in that election.

Section 4.20. Appointment of Inspectors of Election.

In advance of any meeting of members, the Board of Directors may appoint inspectors of election to act at the meeting and any adjournment. If inspectors are not appointed or if any appointed persons fail to appear or refuse to act, the chairperson of the meeting may and, on the request of any member, shall, appoint inspectors at the meeting.

Section 4.21. Duties of Inspectors of Election.

The inspectors shall determine the number of memberships outstanding and the voting power of each, the number represented at the meeting, and the existence of a quorum. They shall receive votes, ballots, and consents, hear and determine all challenges and questions regarding the right to vote, count and tabulate all votes and consents, determine when the polls will close, and determine the result. They may do those acts which are proper to conduct the election or vote with fairness to all members. The inspectors shall perform these duties impartially, in good faith, to the best of their ability, and as expeditiously as is practical.

ARTICLE V. DIRECTORS

Section 5.01. Number.

The corporation shall have nine (9) Directors, collectively known as the Board of Directors. Each year three Directors shall be elected. Each director shall serve for a three-year term, or until a successor is installed. The term of Board members shall begin July 1.

Section 5.02. Qualifications/Eligibility

(a) The Directors of the Corporation shall be residents of the Greater Los Angeles area.

(b) Any natural person who is a shareholder in good standing, and who has been a member in good standing for the whole of each of the nine months immediately previous to the first day of the election, and who is not disqualified by any other provision of these Bylaws, is eligible to serve on the Board of Directors.

(c) A maximum of two eligible shareholders who are paid employees of the Cooperative may serve as members of the Board (whether as two directors, two alternates, or one of each) at any one time, if they are not disqualified by any other provision of these Bylaws.

(d) The following are excluded from serving on the Cooperative's Board of Directors: (1) The General Manager of the Cooperative. (2) Members of the household or immediate family of the General Manager or of a director serving a concurrent term.

Section 5.03. Nomination.

(a) The Board of Directors shall prescribe reasonable nomination and election procedures for the election of Directors given the nature, size, and operations of the Corporation. The procedures shall include: (1) a reasonable means of nominating persons for election as Directors, (2) a reasonable opportunity for a nominee to communicate the nominee's qualifications and the reasons for the nominee's candidacy to the members, (3) a reasonable opportunity for all nominees to solicit votes, (4) a reasonable opportunity for all the members to choose among the nominees.

(b) When the Corporation distributes any material soliciting a vote for any nominee for Director in any publication owned or controlled by the Corporation, it shall make available to each other nominee, in the same material, an equal amount or space with equal prominence to be used by the nominee for a purpose reasonably related to the election. The Corporation shall mail within ten (10) business days to all members any material related to the election which a nominee for Director has furnished, upon written request and payment of mailing costs by the nominee, or allow the nominee to obtain the names, addresses, and voting rights of members within five (5) business days after the request.

Section 5.04. Election.

The Directors shall be elected at the annual meetings or by written ballot in accordance with Sections 4.16–4.19 of these Bylaws. The candidates receiving the highest number of votes up to the number of Directors to be elected shall be elected.

Section 5.05. Terms of Office.

The terms of office for Directors shall be one (1) year. Each Director shall hold office until the expiration of the term for which elected and until the election and qualification of a successor.

Section 5.06. Compensation.

The Directors shall serve without compensation except that they shall be paid in advance or reimbursed by the Corporation for their actual and reasonable expenses incurred in the performance of their duties as Directors of the Corporation. Officers of the Corporation may also be paid in advance or reimbursed for such expenses.

Section 5.07. Call of Meetings.

Meetings of the Board of Directors may be called by the President, any Vice-President, the Secretary, or any two Directors.

Section 5.08. Place of Meetings.

Meetings of the Board of Directors may be held at any place designated in the notice of the meeting, or, if not stated in a notice, by resolution of the Board.

Section 5.09. Presence at Meetings.

Directors may participate at meetings of the Board through the use of conference telephone or other communications equipment, as long as all participating Directors can hear one another. Participation by communications equipment constitutes presence at the meeting.

Section 5.10. Regular Meetings.

Regular meetings of the Board of Directors shall be held, without call or notice, at the principal office of the Corporation immediately following the annual meeting of members, as set forth in Section 4.02 of these Bylaws.

Section 5.11. Special Meetings and Notice.

Special meetings shall be held on four (4) days' notice by first-class mail or forty-eight (48) hours notice delivered personally or by telephone or telegraph. Notice of regular or special meetings need not be given to any Director who signs a waiver of notice, a written consent to holding the meeting, or an approval of the minutes (either before or after the meeting), or who attends the meeting without protesting prior thereto or at its commencement, the lack of notice to that Director. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meetings.

Section 5.12. Quorum at Meetings.

A majority of the authorized number of Directors constitutes a quorum for the transaction of business.

Section 5.13. Acts of Board at Meetings.

Unless provided otherwise in the Articles of Incorporation, these Bylaws, or by law, every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present is the act of the Board. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for the meeting or a greater number required by the Articles, these Bylaws, or by law.

Section 5.14. Adjournment of Meetings.

A majority of the Directors present, whether or not a quorum is present, may adjourn to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of the adjournment shall be

given prior to the time of the adjourned meeting to the Directors who were not present at the time of adjournment.

Section 5.15. Action without Meeting.

Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all Directors individually or collectively consent in writing to the action. The consents shall be filed with the minutes of the proceedings of the Board. Action by written consent has the same force and effect as a unanimous vote of the Directors.

Section 5.16. Executive Committees.

(a) The Board of Directors may create one or more committees to serve at its pleasure by resolution adopted by a majority of the number of Directors then in office when a quorum is present. Each committee shall consist of two (2) or more Directors appointed by a majority vote of the Directors then in office.

(b) Any executive committee, to the extent provided in the resolution of the Board, shall have all the authority of the Board, except with respect to the following actions: (1) The approval of any action for which the approval of the members or a majority of all members is required by law; (2) The filling of vacancies on the Board or in any committee that has the authority of the Board; (3) The fixing of compensation of the Directors for serving on the Board or on any committee; (4) The amendment or repeal of Bylaws or the adoption of new Bylaws; (5) The amendment or repeal of any resolution of the Board which by its express terms are not amendable or repealable; (6) The appointment of committees of the Board or the members of such committees; (7) The expenditure of corporate funds to support a nominee for Director after there are more people nominated for Director than can be elected.

Section 5.17. Resignation of Directors.

Any Director may resign effective upon written notice to the President, the Secretary, or the Board of Directors, unless the notice specifies a later time for the effectiveness of the resignation. If a resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective.

Section 5.18. Removal of Directors.

Any or all Directors may be removed without cause by the members. If the Corporation has fewer than fifty (50) members, the removal shall be approved by an affirmative vote or written ballot of a majority of all the votes entitled to be cast. If the Corporation has fifty (50) or more members, the removal shall be approved or ratified by the affirmative vote of a majority of all the votes represented and voting at a duly held meeting at which a quorum is present, or by written ballot, or by the affirmative vote or written ballot of any greater proportion of the votes as required in these Bylaws or by law.

Section 5.19. Cause of Vacancies on Board.

Vacancies on the Board of Directors shall exist on the death, resignation, termination of membership, or removal of a Director; whenever the authorized number of Directors is increased; whenever the Board declares an office vacant pursuant to Section 5.20 of these Bylaws; and on the failure of the members to elect the full number of Directors authorized.

Section 5.20. Declaration of Vacancies.

The Board of Directors may declare vacant the office of any Director whose eligibility for election has ceased, who has been declared of unsound mind by a final order of court, who is convicted of a felony, or who has not attended three (3) or more consecutive regular or special meetings of the Board.

Section 5.21. Filling Vacancies on Board.

Except for vacancies created by removal of a Director pursuant to Section 5.18 of these Bylaws, vacancies may be filled by a majority of the Directors then in office, whether or not less than a quorum, or by a sole remaining Director. Vacancies created by the removal of a Director may be filled only by approval (as defined by Section 12224 of the California Corporations Code) of the members. The members may elect a Director at any time to fill any vacancy not filled by the Directors.

ARTICLE VI. OFFICERS/MANAGEMENT

Section 6.01. Management, Duties and Fees

This corporation is to be managed by the following companies, the founders of which, are this corporation's incorporators: (1) Craft & Main.Co LLC, which operates from 11646 ½ Chandler Blvd, Valley Village CA 91601, is responsible for digital operations which includes site maintenance, marketing and advertising. The fees to these services are to be determined and reviewed on an annual basis by the Board. (2) barrio partners LLC, which operates from 2728 Federal Avenue, Los Angeles CA 90064, is responsible for fulfillment and customer service which includes inventory management, storage, packaging and shipping. The fees to these services are to be determined and reviewed on an annual basis by the Board.

Section 6.02. Titles.

The officers of the Corporation upon startup shall be the managers from the companies as set forth in Section 6.01 of these bylaws. The President, Secretary, Chief Financial Officer, and any other officers with such titles and duties may be determined by the Board of Directors and as may be necessary enable it to sign instruments. The President may be a member of the management, or a member of the board. In the latter case, the President will be the liaison between the Board of Directors and the management.

Section 6.03. Management's Conduct.

The manager or managers shall conduct the business of the Cooperative in conformity with the Articles of Incorporation, the Bylaws, and policies determined by the Board of Directors and the membership and in accordance with regulations and instructions of the Board of Directors as the administrative agency of the Cooperative.

Section 6.04. Reports to Board; Financial Report.

The manager or managers shall attend meetings of the Board of Directors and shall make reports as requested by the Board. He or she shall submit a monthly financial report to the Board.

Section 6.05. Report to Membership.

The manager or managers shall attend membership meetings and make such reports as are requested by the President or by action taken in membership meetings. At the membership meetings, he or she shall present a statement of operations and a balance sheet with copies available for any members.

Section 6.06. Change in Management.

Any or both Companies as set forth in Section 6.01 may be removed without cause by the members. If the Corporation has fewer than fifty (50) members, the removal shall be approved by an affirmative vote or written ballot of a majority of all the votes entitled to be cast. If the Corporation has fifty (50) or more members, the removal shall be approved or ratified by the affirmative vote of a majority of all the votes represented and voting at a duly held meeting at which a quorum is present, or by written ballot, or by the affirmative vote or written ballot of any greater proportion of the votes as required in these Bylaws or by

law. The management shall be the responsibility of the officers chosen from among the Directors elected by the membership of the Corporation.

ARTICLE VII. CORPORATE RECORDS AND REPORTS

Section 7.01. Required Records.

The Corporation shall keep adequate and correct books and records of account and minutes of the proceedings of its members, Board of Directors, and committees of the Board. It shall also keep a record of the members, including the names, addresses, and number of shares held by each. The minutes shall be kept in written form. Other books and records shall be kept either in written form or in any other form capable of being converted into written form.

Section 7.02. Annual Report.

(a) For fiscal years in which the Corporation has, at any time, more than twenty-five (25) members, the Corporation shall notify each member yearly of the member's right to receive an annual financial report. The Board of Directors shall promptly cause the most recent annual report to be sent to a member on written request. The annual report shall be prepared no later than one hundred twenty (120) days after the close of the Corporation's fiscal year.

(b) The annual report shall contain in appropriate detail all of the following: (1) a balance sheet as of the end of the fiscal year, an income statement, and a statement of changes in financial position for the fiscal year; (2) a statement of the place where the names and addresses of the current members are located; and (3) the statement required by Section 7.03 of these Bylaws.

(c) The annual report shall be accompanied by any pertinent report by independent accountants, or, if there is no such report, by the certificate of an authorized officer of the Corporation that the statements were prepared without audit from the books and records of the Corporation.

Section 7.03. Annual Statement of Transactions and Indemnifications.

In addition to the annual report described in Section 7.02 of these Bylaws, the Corporation shall furnish annually (pursuant to Section 12592 of the California Corporations Code) to its members and Directors a statement of the transactions and indemnifications to interested persons. If the Corporation does not issue an annual report pursuant to Section 7.02 of these Bylaws, such statement shall be mailed or delivered to members within one hundred twenty (120) days after the close of the fiscal year.

ARTICLE VIII. INSPECTION RIGHTS

Section 8.01. Articles and Bylaws.

The corporation shall keep at its principal office in California the original or a copy of its Articles of Incorporation and Bylaws as amended to date, which shall be open to inspection by the members at all reasonable times during office hours. If the Corporation has no office in California, it shall furnish on the written request of any member a copy of the Articles or Bylaws as amended to date.

Section 8.02. Books and Records.

The accounting books and records and minutes of proceedings of the members, the Board of Directors, and committees of the Board shall be open to inspection on the written demand of any member at any reasonable time, for a purpose reasonably related to that person's interests as a member. Every Director has the absolute right at any reasonable time to inspect and copy all books, records, and documents of every kind, and to inspect the physical properties of the Corporation.

Section 8.03. Inspection of Membership List.

(a) Subject to the Corporation's right to set aside a member's demand for inspection pursuant to Section 12601 of the California Corporations Code and the power of the court to limit inspection rights pursuant to Section 12602 of the California Corporations Code, and unless the Corporation provides a reasonable alternative pursuant to Section 8.03(c) of these Bylaws, a member may do either or both of the following: (1) Inspect and copy the record of all the members' names, addresses, and voting rights, at reasonable times, on making a written demand five (5) business days in advance which states the purpose for which the inspection rights are requested; (2) Obtain from the Secretary, upon written demand and tender of a reasonable charge, a list of names, addresses, and voting rights of those members entitled to vote for the election of Directors, as of the most recent record date for which it has been compiled, or as of a date specified by the member subsequent to the date of demand. The demand shall state the purpose for which the list is requested. The membership list shall be made available on or before the later of ten (10) business days after the demand is received or after the date specified as the date as of which the list is to be compiled.

(b) The rights set forth in Subsection (a) of this Bylaw section may be exercised by any member or members possessing five percent (5%) or more of the voting power for a purpose reasonably related to the members' interest as members. The Corporation may deny access to the membership list where it reasonably believes that the information therein will be used for another purpose or where the Corporation provides a reasonable alternative pursuant to Section 8.03(c) of these Bylaws.

(c) The Corporation may within ten (10) days after receiving a demand, deliver a written offer of an alternative method of achieving the purpose identified in the demand without providing access to or a copy of the membership list. An alternative method that reasonably and in a timely manner accomplishes the proper purpose set forth in a demand made pursuant to Section 8.03(a) of these Bylaws shall be a reasonable alternative, unless the Corporation fails to do the things that it offered to do within a reasonable time after acceptance of the offer. Any rejection of the offer shall be in writing and indicate the reasons the proposed alternative does not meet the proper purpose of the demand.

ARTICLE IX. SURPLUS ALLOCATIONS AND DISTRIBUTIONS

Section 9.01. Fiscal Year.

The fiscal year of the Corporation shall end at the close of the business day on the last day of the month of January of each year.

Section 9.02. Surplus and Patronage Defined.

(a) "Surplus" shall be defined as the excess of revenues and gains over expenses and losses for a fiscal year. Such surplus shall be determined in accordance with generally accepted accounting principles and shall be computed without regard to any patronage refunds, capital allocations, dividends, or income taxes. (b) "Patronage" shall be defined as refund issued to those who purchase goods or services from a cooperative, and is calculated based upon the amount that each patron spends at the cooperative in a given taxable year.

Section 9.03. Annual Allocations and Distributions of Surplus.

(a) Before any dividends or patronage refunds are distributed for each fiscal year, any surplus should first be allocated to any deficit in the accounting of "retained earnings" of the Corporation.

(b) After any deficit in retained earnings has been eliminated, the Board of Directors may declare a dividend upon shares at a rate not to exceed any maximum rate established by Section 12451 of the California Corporations Code (taking into account any other "distributions" as defined by Section 12235 of the California Corporations Code). No such dividends shall be cumulative.

(c) The Directors may then uniformly distribute all the remaining surplus attributed to patronage of the members of the Corporation to such members as described in the following paragraphs of this

subsection of these Bylaws. For the purposes of this subsection of the Bylaws, the remaining patronage surplus shall be computed consistent with Subchapter T of the Internal Revenue Code, related Treasury Regulations, and related court and other relevant interpretations. (1) Any remaining patronage surplus attributed to the members and to be distributed to them shall be the total remaining patronage surplus attributed to both member and nonmember business (not reduced by dividends on shares but reduced by allocations to eliminate a deficit in retained earnings) multiplied by the ratio of member patronage to total patronage. (2) A member is entitled to a patronage refund in the amount of the remaining patronage surplus, as determined by Paragraph (1) of this subsection of these Bylaws, multiplied by the ratio of such member's patronage with the Corporation to the patronage of all members with the Corporation. (d) For the purpose of allocating and distributing any annual surplus, the entire operations of the Corporation shall be considered as a unit; provided that by resolution of the Board of Directors, the Corporation may distribute patronage refunds on the basis of the business transacted by each of the departments or divisions into which the operations of the Corporation shall be divided by the Board for the purpose of such allocation.

Section 9.04. Patronage Refund Consent.

(a) Each person who becomes a member of this Corporation consents to include in his or her gross income for federal income tax purposes the amount of any patronage refund paid to him or her by this Corporation in money or by written notice of allocation (as defined in the Internal Revenue Code), except to the extent that such a patronage refund is not income to the member because (i) it is attributable to the purchase of personal, living, or family items, or (ii) it should properly be treated as an adjustment to the tax basis of property previously purchased. The term "patronage refund," as used herein, shall have the same meaning as the term "patronage dividend," as used in the Internal Revenue Code.

(b) The patronage refund would thus be taxable to an owner only if his or her purchases related to the operation of a trade or business or other income-producing activities. In effect, the consent provision is of no significance to owners of the Co-op, except as to organizational owners and except where the purchases of owners who are natural persons are for business or income-producing purposes.

ARTICLE X. BYLAW CHANGES

Section 10.01 Bylaw Changes by the Board.

The Bylaws shall be adopted, amended, or repealed by the Board of Directors unless the action would: (a) materially and adversely affect the rights or obligations of members as to voting, dissolution, redemption transfer, distributions, patronage distributions, patronage, property rights, or rights to repayment of contributed capital; (b) increase or decrease the number of members or shares authorized in total or for any class; (c) effect an exchange, reclassification, or cancellation of all or part of the memberships or shares; (d) authorize a new class of memberships or shares; (e) change the number of Directors or establish a variable number of Directors; (f) extend the term of a Director beyond that for which the Director was elected or increase the terms of the Directors; (g) allow all or any portion of the Directors to hold office by virtue of designation or selection rather than by election by the members; and (h) allow the Board to fill vacancies occurring in the Board by reason of the removal of Directors.

Section 10.02. Bylaw Changes by the Members.

Where the Board of Directors is denied the right to adopt, amend, or repeal these Bylaws pursuant to Section 10.01 of these Bylaws, these Bylaws shall be adopted, amended, or repealed by approval of the members.

CERTIFICATE OF SECRETARY OF CRAFT, MAIN AND COMPANY

I hereby certify that I am the duly elected and acting Secretary of this Corporation and that the foregoing Bylaws constitute the Bylaws of this Corporation, as duly adopted by the Board of Directors on

_____, 20___. Dated: _____, 20__.

[signature]

[typed name], Secretary