

THE NEW YORK
COMMUNITY TRUST



By-Laws of Community Funds, Inc.

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ARTICLE I NAME, SEAL AND OFFICES

Section 1: Name. The name of the corporation shall be Community Funds, Inc. (the "Corporation").

Section 2: Seal. The Board of Directors of the Corporation (hereinafter the "Board") may, at its pleasure, obtain a seal for the Corporation which shall be a device containing the name of the Corporation, the year of its organization and the words "Corporate Seal" and "New York."

Section 3: Offices. The principal office of the Corporation shall be located in the City and County of New York. The Corporation may also have offices at such other places as the Board may from time to time designate or the purposes of the Corporation may require.

ARTICLE II MEMBERS

The Corporation shall have no members.

ARTICLE III BOARD OF DIRECTORS

Section 1: General Powers. The business of the Corporation, except as otherwise expressly provided by law or by the Charter, shall be managed by the Board.

The Board shall have authority and responsibility to make the facilities of the Corporation broadly available so as to receive from a diversity of donors a variety of contributions (deemed by it to be acceptable and conducive to the public interest); to arrange for annual audits of its accounts by certified public accountants; and to disseminate periodical reviews of its activities.

The Board may accept any gift, grant, devise or bequest for charitable, scientific, literary or educational purposes pursuant to any instrument expressing a desire of the maker (a) as to the time when and the purpose for which the principal shall be distributed, and/or (b) as to the purpose for which the income shall be used for a definite or indefinite period, and any such expressed desire of the maker shall be respected and observed, subject, however, in every case to the condition that if and whenever it shall appear to the Directors that circumstances have so changed since the execution of the instrument containing any gift, grant, devise or bequest as to render unnecessary, undesirable, impractical or impossible a literal compliance with the terms of such instrument, the Directors may at any time or from time to time direct the application of such gift, grant, devise or bequest to such other charitable, scientific, literary or educational purpose, as, in their judgment, will most effectually accomplish the general purposes of the Corporation, without regard to and freed from any specific restriction, limitation or direction contained in such instrument.

The Board shall have the power to replace any participating trustee, custodian, or agent for breach of fiduciary duty under the laws of the State of New York, and to replace any participating trustee, custodian, or agent for failure to produce a reasonable (as determined by the Board) return of net income (or appreciation when not inconsistent with the Corporation's need for current income) with due regard to safety of principal, over a reasonable period of time (as determined by the Board). As used in this Section, the phrase "return of net income" shall mean a return

of net income (or appreciation where not inconsistent with the Corporation's need for current income), with due regard to safety of principal, in furtherance of the exempt purposes of the Corporation (except for assets held for the active conduct of the Corporation's exempt activities).

Section 2: Number, Election and Term of Office.

The Board shall have twelve Directors, and shall be composed of the members of the Distribution Committee of The New York Community Trust ("NYCT Distribution Committee"). The term of office of Directors shall be coterminous with that of the NYCT Distribution Committee. Each Director shall hold office until his or her successor shall have been determined and qualified, or until his or her death, resignation, or removal. The number of Directors may be increased within the limit, if any, prescribed by the Charter, or may be diminished to not less than 3, at any meeting of the Directors, for which prior notice of the proposed change has been given, provided such decrease shall not shorten the term of any incumbent Director. In any event, the number of Directors shall be the same as the number of members of the Distribution Committee.

Section 3: Meetings. The annual meeting of the Board shall be held on the first Thursday of June in each year at a time and place fixed by the Board.

A regular meeting of the Board shall be held in February of each year for the election of officers at a date, time, and place fixed by the Board. The Board by resolution may provide for the holding of other regular meetings and may fix the date, time, and place of holding such meetings.

Special meetings shall be held whenever called by the President, or by any Director upon written demand of not less than one-fifth of the entire Board

Section 4: Place of Meetings. The Board may hold its meetings at such place or places, within or without the State of New York, as the Board from time to

time may determine or as may be designated in the respective notices thereof or in the respective waivers of notice thereof and consents thereto signed by all the Directors.

Section 5: Notice of Meetings. Notice need not be given of any regular meeting of the Board if the date, time and place of holding such regular meeting is specified in a resolution of the Board, adopted and incorporated in the minutes of a meeting of the Board at least 10 days prior to the holding of such regular meetings and if notice of the adoption of such resolution is given, in the manner herein provided for giving notice of meetings, to each Director who was absent from the meeting at which such resolution was adopted. Except as otherwise required by law, notice of the date, time and place of each annual and special meeting of the Board shall be mailed to each Director, postage prepaid, addressed to him or her at his or her residence or usual place of business, or at such other address as he or she may have designated in a written request filed with the Secretary, at least 5 days before the day on which the meeting is to be held, or shall be sent to him or her at such address by telegram or cablegram or given personally or by telephone or facsimile, at least 24 hours before the time at which such meeting is to be held. Except as otherwise provided by law or by these By-Laws, notice of a meeting of the Board need not state the purposes thereof.

Section 6: Waiver of Notice. Notice of any meeting need not be given to any Director who submits a signed waiver of notice, whether before or after the meeting. The attendance of any Director at a meeting without protesting lack of notice, prior to the conclusion of the meeting, shall constitute a waiver of notice.

Section 7: Quorum and Manner of Acting. At all meetings of the Board, a majority of the entire Board

shall be present in person to constitute a quorum for the transaction of business thereat, and (except as otherwise provided by law, or by the Charter, or by these By-Laws) the act of a majority of the Directors present at any such meeting at which a quorum is present shall be the act of the Board. Directors may participate in and act at any meeting through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can communicate with each other, and such participation shall constitute attendance in person. Any action which may be taken at a meeting of the Directors may be taken without a meeting and without a vote, if a consent in writing, setting forth the action, shall be signed by all of the Directors. Whether or not there is a quorum at any meeting, a majority of the Directors who are present may adjourn the meeting from time to time to a day certain. No notice of an adjourned meeting need be given.

Section 8: Organization. At each meeting of the Board, the Chairman of the Board shall act as chairman. Notwithstanding Section 6 of Article IV of these By-Laws, in his or her absence, the President, or, in his or her absence, a chairman chosen by the vote of a majority of the Directors present, shall act as chairman. The Secretary of the Corporation shall act as secretary of each meeting of the Board. In the absence of the Secretary from any such meeting, the chairman of such meeting shall appoint some other person to act as secretary of the meeting.

Section 9: Resignations. Any Director may resign at any time by giving written notice to the President or to the Secretary of the Corporation or to the Board. Such resignation shall take effect at the time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Resignation from the NYCT Distribution Committee shall effect a simultaneous resignation from the Board.

Section 10: Removal. Any Director may be removed, either with or without cause, at any time, by the affirmative vote of a majority of the entire Board, at any meeting of the Board. Unexcused absence from three consecutive regular meetings of the Board shall constitute cause for removal of any Director. Removal from the NYCT Distribution Committee shall be deemed to be removal from the Board.

Section 11: Vacancies. Except as otherwise provided by law or by the Charter, any vacancy in the Board arising at any time from any cause, shall be filled as the corresponding vacancies on the NYCT Distribution Committee are filled. Any Director so determined shall hold office until his or her successor has been duly determined and qualified, or until his or her death, resignation, or removal.

Section 12: Compensation. Directors shall serve without fixed salary for their services as such. Directors shall be allowed reimbursement for reasonable expenses, on resolution of the Board. The Board shall have the power, in its sole discretion, to contract with any Director for services rendered to the Corporation (not including services rendered in his or her capacity as Director) and to pay said Director compensation appropriate to the value of such services.

ARTICLE IV OFFICERS

Section 1: Appointment, Term of Office and Qualifications. The Board shall elect from among the Directors, a Chairman of the Board, a Vice Chairman and a President of the Corporation. Upon the advice and recommendation of the President, the Board shall elect one or more Vice Presidents, a Secretary, a Treasurer, and such other officers as the Board may deem necessary or advisable. The officers of the Corporation shall be elected by a vote of the

majority of the Directors present and voting at the February meeting of the Board. Each of such officers shall hold office until the next annual election and until his or her successor is chosen and qualified. One person may hold, and perform the duties of, any two of said offices except those of President and Vice President and President and Secretary. No person may hold more than two of said offices. No instruments required to be signed by more than one officer shall be signed by the same individual in more than one capacity.

Section 2: Removal. Any officer may be removed, either with or without cause, at any time, by resolution adopted by a majority of the entire Board, at any meeting of the Board.

Section 3: Resignations. Any officer may resign at any time by giving written notice to the President or to the Secretary or to the Board. Any such resignation shall take effect at the time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4: Vacancies. A vacancy in any office arising from any cause shall be filled for the unexpired portion of the term in the manner prescribed in these By-Laws for regular appointment to such office.

Section 5: Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board, and shall, subject to the approval of the Board, make appointments to committees of the Board. The Chairman shall perform such other duties as from time to time may be assigned to him or her by the Board.

Section 6: Vice Chairman. At the request of the Chairman, or in his or her absence or disability, the Vice Chairman shall act in place of the Chairman unless or until the Board determines otherwise. The Vice Chairman shall perform such other duties as

from time to time may be assigned to him or her by the Board.

Section 7: President. The President shall be the chief executive officer of the Corporation and shall have general supervision of the business of the Corporation, and over its several officers, subject, however, to the control of the Board. In the absence of the Chairman of the Board, the President shall preside at all meetings of the Board. In general, the President shall perform all duties incident to the office of President, and such other duties as from time to time may be assigned to him or her by the Board or by any committee thereunto authorized.

Section 8: Vice Presidents. At the request of the President, or in his or her absence or disability, a Vice President designated by the President or by the Board shall perform all the duties of the President, and, when so acting, shall have all the powers of the President; and such Vice President shall perform such other duties as from time to time may be assigned to him or her by the Board or by any committee thereunto authorized.

Section 9: Secretary. The Secretary shall:

- (a) keep the minutes of all meetings of the Board in books to be kept for such purpose;
- (b) see that all notices are duly given in accordance with these By-Laws or as required by law;
- (c) be custodian of the records (other than financial) and have charge of the seal of the Corporation and see that it is used upon all papers or documents whose execution in behalf of the Corporation under its seal is required by law or duly authorized in accordance with these By-Laws;
- (d) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the Board or by the President.

Section 10: Assistant Secretaries. At the request of the Secretary, or in his or her absence or disability, an Assistant Secretary appointed by the President, subject to the approval of the Board, shall perform all the duties of the Secretary, and when so acting, shall have all the powers of the Secretary. Each Assistant Secretary shall perform such other duties as from time to time may be assigned to him or her by the President or the Secretary or by the Board.

Section 11: Treasurer. The Treasurer, if required by the Board, shall give a bond for the faithful discharge of his or her duty, in such sum and with such surety or sureties as the Board shall require. The Treasurer shall:

- (a) have charge and custody of, and be responsible for, all funds and securities of the Corporation and deposit all such funds in the name of the Corporation in such depositories as shall be designated by the Board;
- (b) exhibit at all reasonable times the books of account and records to any of the Directors of the Corporation upon application during business hours at the office of the Corporation where such books and records are kept;
- (c) render a statement of the condition of the finances of the Corporation at all regular meetings of the Board and a full financial report at the annual meeting of the Board;
- (d) receive, and give receipt for, moneys due and payable to the Corporation from any source whatsoever and, subject to the direction of the Board or of any committee thereunto authorized or of the President, pay out and supervise the disbursement of moneys of the Corporation;
- (e) in general, perform all the duties incident to the office of Treasurer, and such other duties as from time to time may be assigned to him or her by the President or by the Board.

Section 12: Assistant Treasurers. At the request of the Treasurer, or in his or her absence or disability, an Assistant Treasurer appointed by the President, subject to the approval of the Board, shall perform all the duties of the Treasurer, and, when so acting, shall have all the powers of the Treasurer. Each Assistant Treasurer shall perform such other duties as from time to time may be assigned to him or her by the President or Treasurer or by the Board. Each Assistant Treasurer, if required so to do by the Board, shall give bond for the faithful discharge of his or her duty, in such sum or in such surety or sureties as the Board shall require.

ARTICLE V COMMITTEES

Section 1: Executive and Standing Committees. The Board, by resolution adopted by a majority of the entire Board, may designate from among its members an executive and other standing committees as it may from time to time deem appropriate, each consisting of three or more Directors, and each of which, to the extent prescribed in the resolution, shall have all the authority of the Board to the full extent permitted by law. The Board may designate one or more Directors as alternate members of any such committee, who may replace any absent member or members at any meeting of such committee. The executive and each standing committee shall serve at the pleasure of the Board.

Section 2: Special Committees. The Board, by resolution adopted by a majority of the entire Board, may create such special committees as may be deemed desirable. Each special committee shall serve at the pleasure of the Board.

ARTICLE VI CONTRACTS, BANK ACCOUNTS, CHECKS AND SECURITIES

Section 1: Contracts, etc., How Executed. The Board, except as otherwise provided in these By-Laws, may authorize any officer or officers, agent or agents to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 2: Deposits. Funds of the Corporation may be deposited from time to time to the credit of the Corporation with such depositaries as may be selected by the Board.

Section 3: Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes, acceptances, or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, agent or agents of the Corporation, and in such manner, as shall be determined from time to time by resolution of the Board. Unless otherwise provided by resolution of the Board, endorsements for deposit to the credit of the Corporation in any of its duly authorized depositaries may be made, without countersignature, by the President or any Vice President or the Treasurer, or by any other officer or agent of the Corporation to whom such power shall have been delegated by the Board, or may be made by hand-stamped impression in the name of the Corporation.

Section 4: Sale or Transfer of Securities. Stock certificates, notes, bonds or other securities held or owned by the Corporation may be sold, transferred

or otherwise disposed of when endorsed for transfer by such officer or officers, agent or agents of the Corporation, and in such manner, as shall be determined from time to time by resolution of the Board.

ARTICLE VII FISCAL YEAR

The fiscal year of the Corporation shall be the calendar year.

ARTICLE VIII ANNUAL REPORTS

At each annual meeting of the Board, the President and the Treasurer shall present a report verified by the President and the Treasurer or by a majority of the Directors, or certified by an independent public or certified public accountant or a firm of such accountants selected by the Board, showing in appropriate detail the assets and liabilities, including the trust funds, of the Corporation as of the end of the twelve-month fiscal period terminating not more than six months prior to said meeting; the principal changes in assets and liabilities, including trust funds, during the year immediately preceding the date of the report; the revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the year immediately preceding the date of the report; and the expenses or disbursements of the Corporation, for both general and restricted purposes, during the year immediately preceding the date of the report. Said annual report shall be filed with the minutes of the proceedings of the annual meeting of the Board.

ARTICLE IX LIABILITY AND INDEMNIFICATION

Section 1: Liability. Except as otherwise provided by law, no Director or officer of the Corporation serving without compensation shall be liable to any person other than the Corporation based solely on such Director's or officer's conduct in the execution of such office unless such conduct constituted gross negligence or was intended to cause the resulting harm.

Section 2: Indemnification and Advances. Except as provided in Section 3 of this Article IX, the Corporation shall indemnify, to the fullest extent now or hereafter permitted by the Not-for-Profit Corporation Law of the State of New York, any person made, or threatened to be made, a party to any action or proceeding, whether civil or criminal, by reason of the fact that such person, or such person's testator or intestate, is or was a Director, officer, or employee of the Corporation or, at the request of the Corporation, serves or served any other corporation, or any partnership, joint venture, trust, employee benefit plan or other enterprise, in any capacity. The right of indemnification herein provided for shall be in addition to any and all rights to which any Director or officer of the Corporation otherwise might be entitled, and the provisions hereof shall neither impair nor adversely affect such rights. In addition, the Corporation shall advance such person's related and reasonable expenses, including attorneys', experts' and consultants' fees, upon receipt of an undertaking by or on behalf of such person to repay such advancement if such person is ultimately found not to be entitled to indemnification hereunder.

Section 3: Exceptions to Indemnification. Notwithstanding the foregoing, the Corporation shall not indemnify any person described in Section 2 of this Article IX if an adjudication adverse to such person establishes that the acts of such person or such person's testator or intestate were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that such person or such person's testator or intestate personally gained a financial profit or other advantage to which he or she was not legally entitled.

Section 4: Insurance. The Corporation shall have the power to purchase and maintain insurance to indemnify the Corporation and its Directors, officers, and employees to the full extent such insurance is permitted by law.

ARTICLE X AMENDMENTS

The By-Laws of the Corporation may be adopted, amended, or repealed at any meeting of the Board by the affirmative vote of a majority of the entire Board, provided in any case that notice of the proposed amendment or amendments shall have been given in the notice of such meeting.

ARTICLE XI LIMITATIONS

Section 1: Exempt Activities. Notwithstanding any other provision of these By-Laws, no Director, officer, employee or representative of the Corporation shall take any action or carry on any activity by or on behalf of the Corporation not permitted to be taken or

carried on by an organization (i) exempt from Federal income taxation under Code Section 501(a), as an organization described in Code Section 501(c)(3), and (ii) contributions to which are deductible under Code Section 170(c)(2).

Section 2: Prohibition Against Sharing in Corporate Earnings. No Director, officer or employee of, or other person connected with, the Corporation, or any other private individual, shall receive at any time any of the net earnings or pecuniary profit from the operations of the Corporation, provided that this shall not prevent either the payment to any such person of reasonable compensation for services rendered to or for the benefit of the Corporation or the reimbursement of expenses incurred by any such person on behalf of the Corporation, in connection with effecting any of the purposes of the Corporation; and no such person or persons shall be entitled to share in the distribution of any of the corporate assets upon the dissolution of the Corporation. All such persons shall be deemed to have expressly consented and agreed that upon such dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation, after all debts have been satisfied, then remaining in the hands of the Board, shall be distributed, transferred, conveyed, delivered and paid over, in such amounts as the Board may determine, or as may be determined by a court of competent jurisdiction upon the application of the Board, exclusively to charitable, religious, scientific, literary or educational organizations (i) which then qualify for exemption from Federal income taxation under the provisions of Code Section 501(c)(3) and the Treasury Regulations thereunder (as they now exist or as they hereafter may be amended), and (ii) contributions to which are deductible under Code Section 170(c)(2) and the Treasury Regulations thereunder (as they now exist or as they hereafter may be amended).