

# Articles of Association

of the WGLi  
Wohnungsgenossenschaft Lichtenberg eG



**Issuer**

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**Articles of Association of the  
WGLi Wohnungsgenossenschaft Lichtenberg eG**

**Register Entry**

These Articles of Association were adopted by the Assembly of Representatives on 26 September 1990. On 27 November 1991, the Articles of Association were registered with the Register Court of the Charlottenburg District Court under No. 94 GnR 459 Nz. They were amended on 22 April 1991, 29 June 1992, 10 June 1993, 30 June 1994,

28 January 1997 and 26 June 1997 (new version of the Articles of Association of WGLi Wohnungsgenossenschaft Lichtenberg e.G. as a property-oriented cooperative). This new version of the Articles of Association was registered with the Register Court on 5 August 1997. It was amended on 25 June 1998 and 29 June 2000. The last amendment, which abandoned its property orientation, was adopted on 28 June 2007 and registered with the Register Court on 19 November 2007.

# **I. Company Name and Registered Office of the Cooperative**

## **§ 1**

### **Company Name and Registered Office**

The company

WGLi

Wohnungsgenossenschaft Lichtenberg eG.

runs the Cooperative. It has its registered office in Berlin-Lichtenberg.

# **II. Object of the Cooperative**

## **§ 2**

### **Object**

- (1) The purpose of the Cooperative is to support its Members, primarily by providing good, safe and socially responsible housing.
- (2) The Cooperative may manage, construct, acquire and caretake buildings in all legal and utilisation forms. It can take on all tasks arising in the field of housing and real estate management, urban development and infrastructure. This includes community facilities and follow-up facilities, shops and spaces for commercial enterprises, social, economic and cultural facilities and services. Investments are permissible if they serve the Cooperative's non-profit endeavours.
- (3) The Cooperative may issue bearer bonds and grant profit participation rights to its Members.
- (4) The extension of business operations to non-members is permitted. Transactions with non-members may not contradict the Cooperative's promotional mission pursuant to (1) and shall be conducted in particular to increase the economic efficiency of its business operations, to avoid vacancies and to improve the Cooperative's position in the housing and real estate market.

### **III. Membership**

#### **§ 3**

##### **Members**

Members can be

- a) individuals and
- b) partnerships under commercial law as well as legal entities under private and public law.

#### **§ 4**

##### **Acquisition of Membership**

- (1) The acquisition of membership shall require an unconditional Declaration of Membership to be signed by the applicant and to be approved by the Cooperative. The Management Board shall decide on the approval (Article 23 (2) d).
- (2) The applicant shall be provided with a copy of these Articles of Association in their current version before submitting their Declaration of Membership.
- (3) The Management Board shall be responsible for maintaining a List of Members.

#### **§ 5**

##### **Admission Fee**

- (1) An admission fee of EUR 110.00 shall be paid cashlessly at the time of admission.
- (2) The admission fee shall be waived
  - a) for the spouse or registered partner
  - b) for the heirs continuing the membership and
  - c) for minors.

#### **§ 6**

##### **Conclusion of Membership**

Membership can be concluded

- a) by Notice of Termination,
- b) transfer of business assets,
- c) death,
- d) dissolution or extinction of a partnership under commercial law or a legal entity under private or public law,
- e) exclusion.

## § 7

### Termination of Membership

- (1) A Member may resign from the Cooperative at the end of a financial year by giving Notice of Termination.
- (2) Notice of termination must be given in writing six months before the end of the financial year.
- (3) The Member shall have an extraordinary right of termination limited to one month in accordance with s. 67a GenG if the Assembly of Representatives decides
  - a) on a significant change in the object of the Cooperative,
  - b) an increase in the share(s),
  - c) the extension of a compulsory participation with several shares,
  - d) the extension of the obligation of the Members to make additional contributions,
  - e) the prolongation of the notice period beyond two years,
  - f) the introduction or extension of an obligation to use facilities or other services of the Cooperative or to provide material or other services

## § 8

### Transfer of Credit Balance

- (1) A Member may at any time transfer his credit balance to someone else by written agreement and thereby withdraw from the Cooperative without division. The transfer shall require the consent of the Management Board, which may only refuse consent for good cause. The date of withdrawal shall be the date of entry in the List of Members.
- (2) A Member may partially transfer his credit balance without leaving the Cooperative and thereby reduce the number of his shares, unless he is obliged to participate with several shares
  - a) according to these Articles of Association or an agreement with the Cooperative or the participation
  - b) with several shares is not a prerequisite for a benefit of the Cooperative claimed by the Member.The requirements of (1) shall apply accordingly.
- (3) If the acquirer is not a Member of the Cooperative, he must acquire membership. If the acquirer is already a Member, the credit balance of the withdrawing or transferring Member shall be attributed to his credit balance. If the amount of the shares acquired so far is exceeded by this allocation, the acquirer has to acquire one or more shares according to the amount of the new credit balance.
- (4) The membership and the membership number as well as the rights resulting therefrom are not transferable.

## **§ 9**

### **Termination of Membership due to Death**

- (1) Upon the death of a Member, membership shall pass to his heir(s). However, it shall end at the latest at the end of the financial year in which the succession occurred.
- (2) Members of the community of heirs may only make effective declarations to the Cooperative and in the exercise of their membership rights through a joint representative. This representative shall be named to the Cooperative in writing without delay upon the occurrence of the case of succession. The continuation of membership with an heir whose person or conduct would entitle the Cooperative to exclusion in accordance with Article 11 of these Articles of Association shall be excluded.

## **§ 10**

### **Termination of Membership through Dissolution or Cessation of a Partnership under Commercial Law or a Legal Entity under Private or Public Law**

If a partnership under commercial law or a legal entity under private or public law is dissolved or ceases to exist, membership shall end at the close of the financial year in which the dissolution or cessation took effect. If the dissolution or cessation results in a universal succession, the universal successor shall continue the membership until the end of the financial year.

## **§ 11**

### **Expulsion of a Member**

- (1) A Member may be expelled at the end of a financial year if he
  - a) intentionally or through gross negligence damages or attempts to intentionally damage the facilities or assets of the Cooperative and thereby endangers the existence of the Cooperative,
  - b) if he has moved to an unknown address or his whereabouts have been unknown for more than three years,
  - c) if the statutory requirements for admission to the Cooperative (Articles 3 and 4) were not met or are no longer met,
  - d) the user relationship has been terminated by the Cooperative with legally binding effect and without notice,
  - e) insolvency proceedings have been instituted against his assets or an application for the institution of insolvency proceedings has been filed.
- (2) The exclusion shall be effected by resolution of the Management Board.



- (3) The Member to be excluded shall be given the opportunity to comment on the intended exclusion within a reasonable period of time.
- (4) The decision to exclude a Member shall be communicated to the excluded Member immediately by the Management Board by registered letter.
- (5) The excluded person may appeal against the exclusion within one month after receipt of the exclusion decision by sending a registered letter to the Management Board. The Supervisory Board shall decide on the appeal.
- (6) The parties involved shall be heard in these proceedings before the Supervisory Board, Minutes shall be taken of the hearing and the decision. The Supervisory Board shall decide by a majority of the votes cast. Reasons shall be provided for the decision. The Minutes and the resolution shall be signed by the Chairperson and at least two Members. The decision shall be communicated to the parties involved by registered letter.
- (7) In the case of an exclusion procedure according to Article 11 (1) b, the regulations according to Article 11 (3) to (6) do not apply. The exclusion procedure shall be accompanied by uninterrupted proof of the Member's unknown whereabouts for a period of more than three years.
- (8) A member of the Management Board may only be excluded if the Assembly of Representatives has resolved to revoke the appointment (Article 34 h).

## **§ 12**

### **Division**

- (1) The Cooperative shall deal with the departed Member. The Annual Accounts adopted for the financial year at the end of which the Member departed shall be decisive (Article 34 b).
- (2) The departed Member may only claim his credit balance, not a share in the reserves and other assets of the Cooperative as well. The settlement balance shall be calculated on the basis of the Member's credit balance (Article 17 (9)). The Cooperative shall be entitled to set off the claim due to it against the departed Member against the settlement balance. The Member shall be liable with his settlement balance to the Cooperative for any default, in particular in the event of insolvency proceedings of the Member.
- (3) The assignment and pledging of the settlement balance to third parties shall be inadmissible and invalid vis-à-vis the Cooperative. The Member shall not be permitted to set off the settlement balance against his liabilities towards the Cooperative.

- (4) The settlement balance shall be paid out to the departed Member within six months of the end of the financial year in which the Member left the Cooperative; however, payment shall not be made before the end of the user relationship. The payment shall be made within six weeks of the adoption of the Annual Accounts (sub-paragraph 1). However, the departed Member may not demand payment before the expiry of six months after his departure and not before the adoption of the Annual Accounts and not before the termination of the user relationship. The claim for payment shall become statute-barred after three years.

## **IV. Rights and Obligations of Members**

### **§ 13**

#### **Rights of Members**

- (1) All Members have equal rights.
- (2) The Members shall exercise their rights in the affairs of the Cooperative as Members by electing Representatives to the Assembly of Representatives and, insofar as they are elected as Representatives, jointly in the Assembly of Representatives by passing resolutions. In this way, they ensure that the Cooperative can fulfil its tasks.
- (3) The tasks of the Cooperative result in particular in the right of each Member to be provided with housing through the use of a Cooperative flat and the utilisation
- a) of services and facilities of the Cooperative in accordance with the provisions made for this purpose, as well as the right to
  - b) participate in other benefits granted by the Cooperative to its Members in accordance with the following provisions of these Articles of Association and the principles established pursuant to Article 28.
- (4) On the basis of membership, the Member shall be entitled in particular:
- a) to voluntarily acquire further shares (Article 17 (6)),
  - b) to elect Representatives to the Assembly of Representatives as well as to be elected himself,
  - c) to demand in a petition submitted in text form by one tenth of the Members that an Assembly of Representatives be convened or that items be announced for resolution at an Assembly of Representatives that has already been convened, insofar as these are within the competence of the Assembly of Representatives (Article 32 (4)),

- d) to attend an Assembly of Representatives convened in accordance with Article 32 (4) and to exercise the right to propose motions and speak here by proxy, insofar as it is one of the Members at whose request the Assembly of Representatives was convened (Article 32 (5)),
- e) to request the convening of a General Assembly to abolish the Assembly of Representatives in a petition submitted in text form by one tenth of the Members (Articles 32 and 33 shall apply mutatis mutandis),
- f) to request the appointment or dismissal of liquidators in a petition to the court signed by one tenth of Members (Article 44),
- g) to inspect the summarised result of the Audit Report,
- h) to request a copy of the List of Elected Representatives or elected substitute representatives,
- i) to participate in the balance sheet profit of the Cooperative (Article 40),
- j) to transfer his credit balance in whole or in part to another person by written agreement,
- k) to withdraw from the Cooperative (Article 7),
- l) to terminate further shares acquired in accordance with Article 18,
- m) to demand payment of his settlement balance in accordance with Article 12,
- n) to inspect the Minutes of the resolutions of the Assembly of Representatives and to demand a copy of the Minutes as well as to demand a copy of the Annual Accounts, the Management Report and the report of the Supervisory Board, which are available at the office,
- o) to inspect the List of Members,
- p) to participate in (neighbourhood) forums of the Cooperative.

## **§ 14**

### **Residential Care for Members**

- (1) The right to use a Cooperative flat as well as the use of care and services shall primarily belong to Members of the Cooperative.
- (2) The Cooperative shall establish reasonable prices for the granting of the use of Cooperative flats in order to enable the coverage of costs and expenses, including adequate interest on equity, as well as the sufficient formation of reserves, taking into account the overall profitability of the Cooperative.
- (3) A claim of the individual Member cannot be derived from these provisions.

## **§ 15**

### **Transfer of Flats**

- (1) The transfer of a Cooperative flat shall constitute a permanent right of use for the Member.
- (2) The license to use a Cooperative flat may only be terminated during the existence of the membership under the conditions stipulated in the Contract of Use. If the Member leaves the Cooperative, the right to use the flat shall expire at the latest on the day on which his membership ends.

## **§ 16**

### **Duties of Members**

- (1) All Members have the same obligations.
- (2) Membership results in the obligation to contribute to raising the equity capital required by the Cooperative to fulfil its tasks by:
  - a) acquiring shares in accordance with Article 17 and timely payment thereof,
  - b) participation in losses (Article 41),
  - c) further payment in accordance with the resolution of the Assembly of Representatives after the dissolution of the Cooperative in the case of Members who have not yet fully paid up their share (Article 87a GenG).
- (3) Members are obliged to observe the prohibitions of discrimination of the General Equal Treatment Act (AGG).
- (4) Members are obliged to provide community assistance for the establishment and maintenance of the cooperative property in accordance with guidelines that are decided by the Assembly of Representatives.
- (5) For the use of services provided by the Cooperative, the Member shall pay a fee determined by the Management Board in accordance with the principles of proper management, fulfil the agreements made and pay a fixed financial contribution.
- (6) If a Member is temporarily unable to meet his payment obligations, the Management Board shall be entitled to conclude deferment and instalment payment agreements upon application and after examination.
- (7) In the event of a change of residential address, this change of address shall be notified to the Cooperative without delay.
- (8) When fulfilling obligations and exercising rights, including those arising from contracts concluded, the interests of the Members as a whole shall be given due consideration within the framework of the Cooperative's duty of loyalty.

## V. Shares, Credit Balance and Liability Sum

### § 17

#### Shares and Credit Balance

- (1) Members shall participate in the Cooperative on the basis of a written, unconditional Declaration of Membership by acquiring shares. A share shall be set at 160.00 euros. As a basic principle, shares shall be paid for cashlessly.
- (2) Each Member shall be obliged to acquire at least three shares and, upon joining or in the case of Members who have not yet been provided for, to pay on demand cashlessly as a basic principle.
- (3) Each Member to whom a flat is given for initial or new supply must make an appropriate contribution to raising their personal contributions by acquiring further shares (compulsory shares). For every five square metres of living space or part thereof, one share must be acquired and paid for.
- (4) Members who took over shares for a Cooperative flat before 1 July 1990 in accordance with the rules in force at that time as a Member of AWG "Elektrokohle" shall be exempted from the application of the provision made in Article 17 (3) in the event that they are provided with a flat of the same size or smaller than the Cooperative flat previously used, provided that this burdens them and if they have made uninterrupted use of the housing provision by the Cooperative. Insofar as the Member has already voluntarily taken over further shares (Article 17 (6)), these shall be credited against the compulsory shares.
- (5) Members who have taken over the full amount of shares for a Cooperative flat in accordance with the rules of these Articles of Association applicable at the time of the provision of housing shall be exempted from the application of the provision made in Article 17 (3) in the event of the provision of a larger Cooperative flat than the one previously used if the increase in living space results only from the addition of a creditable balcony or loggia area.
- (6) In addition to their compulsory shares, Members may voluntarily acquire further shares if the previous shares, with the exception of the last new share acquired, are fully paid up and the Management Board has approved the acquisition. They must be paid up in full in the event of a permitted acquisition.
- (7) As long as compulsory shares are not fully paid up, the profit share shall be added to the reserve fund. The same shall apply to each further voluntarily acquired share which has not yet been fully paid up.
- (8) The number of further voluntarily acquired shares with which a Member may participate is unlimited.

- (9) Payments on these shares, increased by attributed profit shares, reduced by depreciated loss shares, form a Member's credit balance.
- (10) The assignment and pledging of the credit balance to third parties shall be inadmissible and invalid vis-à-vis the Cooperative. A set-off by the Member against his liabilities towards the Cooperative is not permitted. Article 12 of these Articles of Association shall apply to the settlement credit.

## **§ 18**

### **Termination of Shares**

- (1) The Member may terminate his participation with one or more of his further shares within the meaning of Article 17 (3) at the end of a financial year by written declaration, insofar as he is not obliged to participate with several shares according to an agreement with the Cooperative by virtue of a benefit claimed by the Cooperative. The same shall apply to the termination of shares voluntarily acquired beyond the additional shares within the meaning of Article 17 (6).
- (2) In the event of share termination, Article 7 (2) and Article 16 (2) are to be observed.
- (3) A Member who has terminated individual shares may only claim that part of his credit balance which exceeds the payments made on the remaining shares, increased by profit shares written up, reduced by loss shares written off. Article 12 shall apply mutatis mutandis to the determination of the portion of the credit balance to be paid out. Insofar as a remaining share has not yet been fully paid up (Article 17 (3) to (6)), the disburseable part of the credit balance shall be offset against this.

## **§ 19**

### **Exclusion of the Obligation to Make Additional Contributions**

The Members shall be liable to the Cooperative up to a maximum of the amount of the compulsory shares (Article 17 (2) and (3)). In the event of the insolvency of the Cooperative, they shall not be required to make any additional contributions.

## **VI. Governing Bodies of the Cooperative**

### **§ 20**

#### **Governing Bodies**

- (1) The Governing Bodies of the Cooperative are the Management Board, the Supervisory Board, and the Assembly of Representatives.
- (2) The Governing Bodies of the Cooperative are obligated to align the costs of its business operations in accordance with the principles of proper management on a performance-related basis.
- (3) Members of the Management Board and the Supervisory Board may only engage in activities that are profitable for them in the affairs of the Cooperative if the Supervisory Board and the Management Board have so decided.
- (4) Members of the Management Board and their spouses, registered partners and/or other close relatives may only enter into transactions and legal transactions with the Cooperative with the prior consent of the Supervisory Board; members of the Supervisory Board and their spouses, registered partners and/or other close relatives may only enter into such transactions with the prior consent of the Management Board and the Supervisory Board. This shall also apply to unilateral legal transactions and to the amendment and termination of contracts. The persons concerned shall have no voting rights in the adoption of resolutions. The approval of the Supervisory Board is also required for the commercial or freelance activities of the above-mentioned group of persons in the same business sector as that of the Cooperative.
- (5) Legal declarations and contracts within the meaning of (4) shall be signed on behalf of the Cooperative by the Management Board and the Chairperson of the Supervisory Board or his/her deputy. The persons concerned shall be excluded from co-signing.
- (6) Sub-paragraph 4 shall also apply to legal transactions between the Cooperative and partnerships under commercial law as well as legal entities under private and public law in which a Member of the governing body or his/her relatives mentioned in (4) have an interest or on which they have a significant influence.

### **§ 21**

#### **Management Board**

- (1) The Management Board shall consist of at least two persons. They must be Members of the Cooperative and natural persons.

- (2) Members of the Management Board cannot be the spouses, registered partners or other close relatives of a member of the Management Board or Supervisory Board.
- (3) Former members of the Supervisory Board shall not be appointed to the Management Board before two years have elapsed after they have left office following the granting of discharge. Article 24 (7) of these Articles of Association shall remain unaffected.
- (4) Full-time members of the Management Board may be appointed by the Supervisory Board for a term of five years, part-time members of the Management Board for a term of three years. Their reappointment is permissible. The appointment of full-time members of the Management Board shall end at the latest with the calendar year in which the member of the Management Board reaches statutory retirement age or in the event of occupational disability. The appointment may only be revoked prematurely by the Assembly of Representatives (Article 34 i).
- (5) The Supervisory Board may temporarily remove members of the Management Board from office pending a decision by the Assembly of Representatives. The resolution requires a majority of three quarters of all members of the Supervisory Board. The Assembly of Representatives shall be convened without delay. The members of the Management Board who have been provisionally relieved of their office shall be given a hearing at the Assembly of Representatives.
- (6) Employment contracts with full-time and part-time members of the Management Board shall be concluded for the duration of their appointment. The Chairperson of the Supervisory Board shall sign the employment contracts with the members of the Management Board on behalf of the Cooperative. The Supervisory Board, represented by its Chairperson(s), shall be responsible for terminating the employment of a member of the Management Board in compliance with the contractual or statutory notice period and for concluding termination agreements.

## **§ 22**

### **Management and Representation of the Cooperative**

- (1) The Management Board shall manage the Cooperative under its own responsibility. It shall only observe such restrictions as are laid down by law and these Articles of Association.
- (2) The Cooperative shall be represented by a member of the Management Board together with another member of the Management Board or together with an authorised signatory.
- (3) Members of the Management Board shall sign for the Cooperative by adding their name signature to the name of the Cooperative or



the name of the Management Board. Authorised signatories shall sign in such a way that they add to the company name a suffix indicating their procuration.

- (4) If a declaration of intent is to be made vis-à-vis the Cooperative, it shall suffice to make it vis-à-vis a member of the Management Board or an authorised signatory.
- (5) Members of the Management Board who are authorised to act as joint representatives may authorise individual members of the Management Board to carry out certain transactions or certain types of transactions. This shall apply mutatis mutandis to members of the Management Board who represent the Cooperative together with an authorised signatory (proxy).
- (6) The Management Board shall manage the business of the Cooperative on the basis of its resolutions, which shall be adopted by a majority of the votes cast. More than 50% of its members shall constitute a quorum. Minutes of resolutions shall be signed by all. The completeness and availability of the Minutes shall be ensured.
- (7) The Management Board shall adopt rules of procedure which shall be signed by each member of the Management Board and confirmed by the Supervisory Board.

## § 23

### **Duty of Care, Tasks and Duties of the Management Board**

- (1) The members of the Management Board shall exercise the due diligence of a prudent and conscientious manager of a Cooperative in the conduct of their business. They shall maintain secrecy about confidential information and secrets of the Cooperative, namely company or business secrets, which have become known to them through their activities on the Management Board, even after leaving office.
- (2) In particular, the Management Board shall be obliged
  - a) to manage the business in accordance with the Cooperative's objectives,
  - b) to plan and implement in good time the personnel, material and organisational measures necessary for proper business operations,
  - c) to ensure proper accounting in accordance with Article 37 et seq. of these Articles of Association,
  - d) to decide on the admission of Members and on participation with further shares,
  - e) to maintain the List of Members in accordance with the Cooperatives Act,
  - f) to remedy any deficiencies recorded in the Audit Report and to report thereon to the auditing association.

- (3) The Management Board shall report to the Supervisory Board in a timely and comprehensive manner on the intended business policy and other fundamental issues of corporate planning (in particular financial, investment and personnel planning). The Management Board shall submit the Annual Accounts and the Management Report to the Supervisory Board immediately after their preparation. Article 25 (3) shall be observed.
- (4) Members of the Management Board who violate their duties shall be jointly and severally liable to compensate the Cooperative for the resulting damage. They shall prove that they have exercised the diligence of a prudent and conscientious manager of a Cooperative.
- (5) The obligation to compensate the Cooperative shall not apply if the action is based on a lawful resolution of the Assembly of Representatives. On the other hand, the obligation to pay compensation shall not be excluded by the fact that the Supervisory Board has approved the act.

## **§ 24**

### **Supervisory Board**

- (1) The Supervisory Board shall consist of at least nine and at most twelve members. The members of the Supervisory Board must be Members of the Cooperative in person. Election or re-election shall in principle only take place before the age of 73.
- (2) Members of the Supervisory Board may not at the same time be members of the Management Board or permanent representatives of members of the Management Board. They may also not be employed by the Cooperative as members of the Supervisory Board. Members of the Supervisory Board may not be the spouses, registered partners or close relatives of a member of the Management Board or Supervisory Board or of an employee of the Cooperative.
- (3) Former members of the Management Board may only be elected to the Supervisory Board two years after they have left office following the granting of discharge.
- (4) The members of the Supervisory Board shall be elected by the Assembly of Representatives for a term of three years. Their term of office ends at the close of the Assembly of Representatives which decides on the discharge for the second business year after the election. The financial year in which the Supervisory Board Member is elected shall not be counted. The shortfall in the number of Supervisory Board members resulting from the resignation shall be compensated for by a new election. The re-election of retired members is permissible.

- (5) If members have retired prematurely in the course of their term of office, the Supervisory Board shall consist only of the remaining members until the next ordinary Assembly of Representatives. Elections of substitutes by an extraordinary Assembly of Representatives shall only be necessary if the number of members of the Supervisory Board falls below five (less than half).
- (6) Supervisory Board members who are permanently prevented from attending shall be recalled by the Assembly of Representatives and replaced by new elections.
- (7) Only for a period limited in advance may the Supervisory Board appoint individual members of the Supervisory Board to represent members of the Management Board who are prevented from attending. During this period and until the discharge has been granted, they may not exercise any activity as a member of the Supervisory Board because of their activity on the Management Board.
- (8) The Supervisory Board shall elect a Chairperson, a secretary and their deputies from among its members. This shall also apply if its composition has not changed as a result of elections.
- (9) The members of the Supervisory Board shall serve in an honorary capacity. They shall be entitled to an appropriate remuneration. In addition, the reimbursement of cash expenses, including the reimbursement of any travel expenses, is permissible on the occasion of Supervisory Board work.
- (10) The Supervisory Board shall adopt its own rules of procedure.

## **§ 25**

### **Tasks and Duties of the Supervisory Board**

- (1) The Supervisory Board shall promote, advise and supervise the Management Board in its management of the business. The rights and duties of the Supervisory Board are limited by law and these Articles of Association.
- (2) The Supervisory Board represents the Cooperative vis-à-vis the members of the Management Board in and out of court. The Assembly of Representatives shall decide on the conduct of legal proceedings against members of the Management Board.
- (3) The Supervisory Board may at any time request information from the Management Board on the affairs of the Cooperative and for this purpose may inspect and examine the books and records of the Cooperative as well as the the Cooperative's treasury holdings and the stocks of securities and goods. An individual member of the Supervisory Board may only request information to the entire Supervisory Board. Each member of the Supervisory Board shall

have the right and the duty to take note of the submissions of the Management Board. Each member of the Supervisory Board has the duty to take note of the contents of the Audit Report.

- (4) The Supervisory Board shall examine the Annual Accounts, the Management Report and the proposals of the Management Board for the appropriation of a net profit for the year or the coverage of a net loss for the year and shall report thereon to the Assembly of Representatives prior to the adoption of the Annual Accounts.
- (5) The Supervisory Board may appoint committees from among its members, in particular to prepare its discussions and resolutions or to supervise their implementation.
- (6) Members of the Supervisory Board and its committees may not delegate their duties to other persons. The Supervisory Board may avail itself of the assistance of expert third parties in order to fulfil its supervisory duty.
- (7) Resolutions of the Supervisory Board shall be executed by the Chairperson.

## **§ 26**

### **Duty of Care of the Supervisory Board**

The members of the Supervisory Board shall exercise the diligence of a prudent and conscientious member of the Supervisory Board of a Cooperative in their activities. They shall maintain secrecy about all confidential information and secrets of the Cooperative as well as of the Members and of third parties which have become known to them through their activities on the Supervisory Board. This shall also apply after they have left office. Furthermore, according to s. 41 GenG, s. 34 GenG applies analogously to the duty of care and responsibility of the members of the Supervisory Board.

## **§ 27**

### **Deliberations of the Supervisory Board**

- (1) The Supervisory Board shall hold deliberations as required. It must meet four times per calendar year. The joint deliberations of the Supervisory Board and the Management Board pursuant to Article 29 shall also be considered deliberations of the Supervisory Board. The meetings shall be convened and chaired by the Chairperson of the Supervisory Board. The rules of procedure shall determine the details.
- (2) As a rule, the Supervisory Board shall invite the Management Board to its deliberations. The Management Board shall participate in the deliberations without voting rights.

- (3) The Chairperson of the Supervisory Board shall convene the Supervisory Board without delay if one third of the members of the Supervisory Board or the Management Board so request, stating the purpose and the reasons.
- (4) The Supervisory Board shall constitute a quorum if more than half of its members participate in the deliberations and are present when the resolution is adopted. It shall pass its resolutions by a majority of the votes cast; in the event of a tie, a motion shall be deemed rejected.
- (5) Resolutions of the Supervisory Board may be passed in writing (e.g. by email, fax or post) and resolutions may be passed by circulation.
- (6) Minutes shall be taken of the resolutions and shall be signed by the Chairperson and the Secretary. The completeness and availability of the Minutes shall be ensured.
- (7) Resolutions of the Supervisory Board shall be represented by the Chairperson. He/she shall supervise their execution.

## **§ 28**

### **Items of the Joint Deliberations of the Supervisory Board and the Management Board**

The Supervisory Board and the Management Board shall decide, after joint deliberation and by separate vote, on

- a) the preparation of the building programme
- b) and its implementation in terms of time, the principles for the allocation of Cooperative flats and for the use of Cooperative facilities,
- c) the principles for the provision of self-help,
- d) the principles for the construction of flats for permanent use by Members, for the implementation of renovation and development measures and for the management of third-party flats,
- e) the principles according to which loans can be issued,
- f) the principles for the implementation of housing management,
- g) the granting of procuration and on employment contracts with authorised signatories,
- h) operating agreements,
- i) the measures to be taken as a result of the Report on the Statutory Audit,
- j) the allocation to and withdrawal from revenue reserves when preparing the Annual Accounts, and on the proposal for the appropriation of the annual surplus or the coverage of the annual deficit (Article 34 (b), (c) and (d)),

- k) the preparation of all submissions to the Assembly of Representatives,
- l) the appointment of members of the honorary Election Committee,
- m) the lump-sum attendance fees for the members of the Election Committee,
- n) the formation of electoral districts as well as on the provisions regarding the election procedure for the election of Representatives to the Assembly of Representatives and they shall determine the place and time of the election if the election is held by voting in the voting room (ballot box election) and they shall determine the period of the election, if the election is held as a postal vote,
- o) the distribution of a cooperative dividend,
- p) the principles for the investment of own funds and the borrowing of funds,
- q) the principles for the sale of flats, developed and undeveloped land,
- r) the principles for non-member transactions,
- s) shareholdings,
- t) the principles for bearer bonds,
- u) the principles for the granting of profit participation rights.

## § 29

### **Joint Deliberations of the Supervisory Board and the Management Board**

- (1) Joint deliberations of the Supervisory Board and the Management Board shall be held regularly four times per calendar year. As a rule, the deliberations shall be convened and chaired by the Chairperson of the Supervisory Board at the proposal of the Management Board. At the request of the auditing association, a joint meeting of the Supervisory Board and the Management Board shall be convened.
- (2) In order to constitute a quorum for these joint deliberations, each of the Governing Bodies must have a quorum for itself. Each governing body shall pass resolutions separately. Proposals whose adoption is not duly decided by each of the two Governing Bodies shall be deemed to have been rejected. Proposals for resolutions to establish and amend the electoral regulations for the Assembly of Representatives must be adopted unanimously by the Management Board. This also applies to the granting of procuration and to employment contracts with authorised signatories.
- (3) Minutes of the resolutions of the joint deliberations shall be prepared by the Secretary of the Supervisory Board and shall be signed by

the Chairperson, the Secretary and a member of the Management Board. The completeness and availability of the Minutes shall be ensured.

### **§ 30**

#### **Election and Composition of the Assembly of Representatives and Position of the Representatives**

- (1) The Assembly of Representatives shall consist of at least 50 Representatives elected by the Members of the Cooperative. The Representatives must be Members of the Cooperative in person. They may not be members of the Management Board or the Supervisory Board and may not be represented by proxy.
- (2) The Representatives shall be elected by universal, direct, equal and secret ballot. One Representative shall be elected for every 150 Members or part thereof. There shall be one additional Representative for each remaining Member. The number of substitute representatives to be elected shall not exceed the number of representatives. If the number of Members falls to such an extent that the minimum number of 50 representatives would no longer be achieved if the key figure of 150 were applied, the number 150 shall be replaced by the next lowest number divisible by ten which is required to reach 50 representatives. Postal voting shall be permitted.
- (3) More detailed provisions on the election procedure, including the determination of the election result, shall be laid down in an Election Regulation.
- (4) The election shall be held in electoral districts to be decided by the Supervisory Board and the Management Board and only to be changed by a new resolution. The election shall be prepared, conducted and evaluated by an Election Committee working on a voluntary basis. Its composition shall be regulated in the Election Regulations. A lump-sum attendance fee may be reimbursed for the activities of the Election Committee, the amount of which shall be decided by the Supervisory Board and the Management Board in joint consultation.
- (5) The term of office of the Representatives shall begin with the acceptance of the election, but not before the end of the term of office of the previous Representatives. The term of office of a substitute representative shall begin when a Representative ceases to be elected. The term of office of a Representative ends with the conclusion of the Assembly of Representatives that resolves on the discharge of the members of the Management Board

and the Supervisory Board for the fourth financial year after its commencement. The financial year in which the term of office begins shall not be counted. The term of office of a substitute representative shall expire upon the expiry of the original term of office of the Representative whom he replaces after the expiry.

- (6) The new election of the Representatives and the substitute representatives must in each case be carried out at the latest by the Assembly of Representatives which resolves on the discharge of the members of the Management Board and the Supervisory Board for the fourth business year after the beginning of the term of office of the Representatives.
- (7) Each Member shall have one vote in the election of the respective Representative to be elected.
- (8) The Member or his legal representative may grant a proxy in writing. A proxy may not represent more than two Members. Proxies may only be Members of the Cooperative or spouses, registered partners, parents and children of full age of the Member. The authorisation of persons who offer themselves in a business-like manner to exercise the voting right is excluded.
- (9) Persons without legal capacity and persons with limited legal capacity as well as legal entities shall exercise their right to vote through their legal representative, partnerships through a partner authorised to represent them. Several heirs of a deceased Member may only exercise their right to vote through a joint representative.
- (10) Only natural persons who have full legal capacity may be elected as Representatives or substitute representatives. If a Member of the Cooperative is a legal entity under private or public law or a partnership under commercial law, natural persons who are authorised to legally represent them may be elected as Representatives.
- (11) The office of the Representative shall expire prematurely if a Representative resigns from office, becomes legally incapable or leaves the Cooperative. If the office of the Representative expires prematurely, a substitute representative shall take the place of the Representative who has resigned. The electoral regulations may stipulate that the substitute already takes office if an elected Representative ceases to be elected before the election is accepted.
- (12) By way of derogation from (6), new elections to the Assembly of Representatives must be held immediately if the number of Representatives, taking into account the substitute representative taking the place of a withdrawing Representative, falls below the minimum number provided for by law ((1) 1).



- (13) A list with the names and addresses of the elected Representatives and the substitute representatives shall be made available for inspection by Members for at least two weeks at the offices of the Cooperative. The display shall be publicly announced in the daily newspaper "Berliner Zeitung" or a similar daily newspaper with regional circulation and using the Cooperative's media. The display period shall begin with the announcement in the daily newspaper.
- (14) Upon request, a copy of the list shall be handed out to each Member without delay; reference shall be made to this in the announcement of the display of the list.

## **§ 31**

### **Assembly of Representatives**

- (1) The ordinary Assembly of Representatives must be held by 30 June of each year at the latest.
- (2) The Management Board shall present the Annual Accounts (balance sheet, profit and loss account and notes) as well as the Management Report and the Report of the Supervisory Board to the ordinary Assembly of Representatives.
- (3) The Supervisory Board and the Management Board shall report to the Assembly of Representatives on their activities.
- (4) Extraordinary Assemblies of Representatives shall be convened, apart from the cases expressly stipulated in the Cooperatives Act or in these Articles of Association, if it is necessary in the interests of the Cooperative. This shall be assumed in particular if the auditing association deems it necessary to convene the meeting to discuss the results of the audit or to discuss the situation of the Cooperative.
- (5) Members of the Management Board and the Supervisory Board shall participate in the Assembly of Representatives without voting rights.
- (6) The Assembly of Representatives may adopt rules of procedure for itself.

## **§ 32**

### **Convening the Assembly of Representatives**

- (1) The Assembly of Representatives shall normally be convened by the Chairperson of the Supervisory Board. The statutory right of the Management Board to convene the Assembly of Representatives shall not be affected thereby.
- (2) The invitation to the Assembly of Representatives shall be made by written notice sent to the Representatives, stating the items on the agenda. The invitation shall be issued by the Chairperson of the Supervisory Board or by the Management Board if the

latter convenes the Assembly of Representatives. There must be a period of at least two weeks between the date of the Assembly of Representatives and the date of receipt of the written invitation.

- (3) The participating Members shall exercise their right to speak and make motions at the Assembly of Representatives through a proxy to be elected from among them.
- (4) The Assembly of Representatives must be convened without delay if the tenth part of the Members or the third part of the Representatives demand this in a petition submitted in text form, stating the purpose and the reasons. If the tenth part of the Members or the third part of the Representatives similarly demands that a resolution be passed on specific items falling within the competence of the Assembly of Representatives, these must be placed on the agenda.
- (5) Members at whose request an Assembly of Representatives is convened in accordance with (4) or who have requested that resolutions be passed on specific items at an Assembly of Representatives may attend these meetings. The participating Members shall exercise their right to speak and make motions at the Assembly of Representatives through a proxy to be elected from among them.
- (6) Resolutions may only be passed on items on the agenda. Subsequent motions for resolutions may be included insofar as they fall within the competence of the Assembly of Representatives.
- (7) Items on the agenda must be announced in good time before the Assembly of Representatives by means of a written notice sent to the Representatives. There must be a period of at least one week between the date of the Assembly of Representatives and the date of receipt of the written notification. The same shall apply to motions of the Management Board or the Supervisory Board. Motions concerning the conduct of the Assembly of Representatives as well as the motion to convene an extraordinary Assembly of Representatives made in the Assembly of Representatives do not need to be announced.

### **§ 33**

#### **Chairmanship of the Assembly of Representatives and Passing of Resolutions**

- (1) The Assembly of Representatives shall be chaired by the Chairperson of the Supervisory Board or, if he/she is unable to do so, by the Deputy Chairperson. If both are unable to attend, a member of the Management Board shall chair the Assembly. The Chairperson of the Assembly shall appoint a secretary and the scrutineers.

- (2) Voting shall be by show of hands or by standing at the discretion of the Chairperson. Upon request, the Assembly of Representatives may decide by simple majority to vote by secret ballot.
- (3) In the Assembly of Representatives, each Representative shall have one vote, which shall not be transferable.
- (4) Members of the Management Board and the Supervisory Board shall participate in the Assembly of Representatives without voting rights.
- (5) Only votes cast shall be counted in determining the proportion of votes. Abstentions and invalid votes shall not be taken into account. In the event of a tie, a motion shall be deemed rejected, subject to the regulations for elections to the Supervisory Board pursuant to (6).
- (6) Elections to the Supervisory Board shall be held on the basis of individual nominations to be made at the Assembly of Representatives. List proposals shall not be admissible. If the election is held by ballot paper, the eligible voter shall indicate on his ballot paper the candidates he wishes to elect. Only one vote may be cast for each candidate. Each person entitled to vote shall have at most as many votes as there are members of the Supervisory Board to be elected. The candidates who have received more than half of the validly cast votes shall be elected according to the number of votes cast. If the election is held without a ballot paper, the persons to be elected shall be voted on individually. If the candidates do not receive more than half of the votes cast in the first ballot, the candidates who receive the most votes shall be elected in the second ballot. In the event of a tie, the Chairperson of the Assembly shall draw lots to decide. The elected person shall declare without delay whether he/she accepts the election.
- (7) Minutes shall be taken of the resolutions of the Assembly of Representatives. They shall contain the place and date of the Assembly, the name of the person chairing the Assembly as well as the type and result of the vote and the determination of the resolution. In the case of elections, the names of the persons proposed and the number of votes cast for them shall be stated. It is not necessary to keep the ballot papers. The Minutes shall be signed by the Chairperson of the Assembly and the members of the Management Board present. The records of the meeting shall be attached as annexes. Each Member shall be allowed to inspect the Minutes and shall be provided with a copy of the Minutes without delay upon request. The Minutes shall be kept by the Cooperative.
- (8) If an amendment to these Articles of Association is resolved which concerns

- the increase of the share,
  - the introduction or extension of a compulsory participation with several shares,
  - the introduction or extension of Members' obligations to make additional contributions,
  - the extension of the notice period to a longer period than six months or a matter pursuant to
  - s. 16 (3) GenG, a list of the Representatives present with a note of the number of votes
- shall also be attached to the Minutes.

## § 34

### Competence of the Assembly of Representatives

- (1) The Assembly of Representatives shall be responsible for passing resolutions
- a) on amendments to these Articles of Association,
  - b) the adoption of the Annual Accounts (balance sheet and profit and loss account, notes),
  - c) the appropriation of the balance sheet profit,
  - d) the coverage of the balance sheet loss,
  - e) the use of the legal reserve for the purpose of covering losses,
  - f) the discharge of the Supervisory Board and the Management Board,
  - g) the election of members of the Supervisory Board,
  - h) the revocation of the appointment of members of the Management Board,
  - i) exclusion of members of the Management Board and Supervisory Board from the Cooperative,
  - j) approval of guidelines for joint benefits,
  - k) the conduct of legal proceedings against members of the Management Board and Supervisory Board who are in office and have left office because of their position on the Governing Bodies,
  - l) the conversion of the Cooperative through merger, demerger, transfer of assets or change of legal form,
  - m) the dissolution of the Cooperative and the election of liquidators,
  - n) the obligation of Members to make further payments to cover a deficit in accordance with Article 19,
  - o) the approval of election regulations for the election of Representatives to the Assembly of Representatives or their amendment (s. 43a (4) GenG),
  - p) other items for which the passing of resolutions by the Assembly of Representatives is prescribed by law,

- q) the restrictions required in accordance with s. 49 GenG,
  - r) the issue of bearer bonds,
  - s) the granting of profit participation rights,
  - t) the formation of an arbitration or conciliation commission or arbitration board.
- (2) The Assembly of Representatives shall discuss the
- a) Management Report of the Board of Directors,
  - b) the Report of the Supervisory Board,
  - c) the Report on the Statutory Audit in accordance with s. 59 GenG.

## **§ 35**

### **Majority Requirements**

- (1) The resolutions of the Assembly of Representatives shall be adopted by a majority of the votes cast, unless a larger majority or further requirements are stipulated by law or these Articles of Association.
- (2) Resolutions of the Assembly of Representatives
- a) on amendments to these Articles of Association,
  - b) the conversion of the Cooperative through merger, demerger, transfer of assets or change of legal form,
  - c) the revocation of the appointment of members of the Management Board, or
  - d) the dissolution of the Cooperative shall require a majority of three quarters of the votes cast in order to be valid.
- (3) Resolutions on dissolution in accordance with sub-paragraph 2 (d) can only be passed if at least half of all Representatives are present. If this is not the case, a further Assembly of Representatives shall be convened after a minimum of two and a maximum of four weeks, observing the notice period, which may pass the relevant resolutions with a majority of three quarters of the votes cast, irrespective of the number of Representatives present. This must be expressly pointed out in the invitation.
- (4) Resolutions introducing or extending an obligation on Members to use facilities or other services of the Cooperative or to provide goods or services shall require a majority of at least nine tenths of the votes cast.
- (5) If a General Assembly has been convened to abolish the Assembly of Representatives, resolutions on the abolition of the Assembly of Representatives may only be passed if at least three tenths of all Members are present or represented.

## § 36

### **Right to Information**

- (1) Each Representative shall be provided with information on the affairs of the Cooperative by the Management Board or the Supervisory Board upon request at the Assembly of Representatives, insofar as this is necessary for the proper assessment of the item on the agenda. The information must comply with the principles of conscientious and faithful accountability.
- (2) The information may be refused if,
  - a) according to reasonable commercial judgement, it is likely to cause the Cooperative a not inconsiderable disadvantage,
  - b) the provision of the information would be punishable or would violate a legal, statutory or contractual secrecy,
  - c) the request for information concerns the personal or business circumstances of a third party,
  - d) it concerns agreements under labour law with members of the Board of Directors or employees of the Cooperative,
  - e) the reading out of documents would lead to an unreasonable prolongation of the Assembly of Representatives.
- (3) If a Representative is refused information, he may request that his question and the reason for which the information was refused be recorded in the Minutes.

## **VII. Financial Reporting**

### § 37

#### **Financial Year and Preparation of the Annual Accounts**

- (1) The financial year shall be the calendar year.
- (2) The Management Board shall ensure that the accounting system and the operational organisation guarantee the fulfilment of the tasks of the Cooperative. The Guidelines of the auditing association shall be observed.
- (3) The Management Board shall prepare Annual Accounts (balance sheet and profit and loss account and notes) after the end of each financial year. The Annual Accounts must comply with the legal provisions on valuation and the legal provisions on the structure of the balance sheet and profit and loss account. The prescribed forms shall be used.
- (4) Together with the Annual Accounts, the Management Board shall prepare a Management Report. The Management Report shall at least describe the course of business and the situation of the

- Cooperative in such a way that a true and fair view is conveyed.
- (5) The Annual Accounts and the Management Report, together with the proposal for the appropriation of the annual surplus or balance sheet profit or for the coverage of an annual deficit or balance sheet loss, shall be submitted to the Supervisory Board for examination immediately after their preparation and shall then be sent to each Representative together with the report of the Supervisory Board no later than two weeks before the Assembly of Representatives.

### **§ 38**

#### **Preparation of the Resolution on the Annual Accounts**

The Annual Accounts (balance sheet and profit and loss account, notes) audited by the Supervisory Board and the Management Report of the Management Board with the report of the Supervisory Board shall be made available for inspection by the Members or otherwise brought to their attention at the latest one week before the Assembly of Representatives at the Cooperative's office.

## **VIII. Reserves, Distribution of Profits and Coverage of Losses**

### **§ 39**

#### **Reserves**

- (1) A legal reserve shall be established. It is intended exclusively to cover any loss arising from the Annual Accounts.
- (2) At least ten per cent of the annual surplus less any loss carried forward shall be allocated to the legal reserve until the legal reserve has reached 50 % of the total amount of the credit balances shown in the annual balance sheet. The legal reserve shall be established when the Annual Accounts are drawn up.
- (3) In addition, other revenue reserves may be created when the Annual Accounts are prepared.

### **§ 40**

#### **Appropriation of Profits**

- (1) The balance sheet profit can be distributed among the Members as a share of the profit, it can be used to form other revenue reserves or carried forward to new account. The profit share shall be calculated in such a way that the Cooperative can permanently fulfil its tasks within the framework of its promotional purpose.

- (2) The profit share may not exceed four per cent of business assets. Other pecuniary advantages which are not to be regarded as appropriate consideration for special monetary benefits may not be given to the Members.
- (3) The distribution as a share of the profits shall be made in proportion to the credit balance at the beginning of the business year for which the Annual Accounts have been drawn up. The profit shares are due six weeks after the Assembly of Representatives.
- (4) Due profit shares shall be transferred to the Members' personal accounts.
- (5) As long as a share in the business is not fully reached, the share in the profits shall not be paid out, but shall be credited to the legal reserve. This shall also apply if the credit balance has been reduced to cover a loss.

#### **§ 41**

##### **Covering Losses**

If a net loss for the year or a balance sheet loss is reported, the Assembly of Representatives shall decide on the coverage of the loss, in particular on the extent to which the loss is to be eliminated by reducing the credit balances or by drawing on the statutory reserve. If the credit balances are used to cover the loss, the share of the loss shall not be calculated on the basis of the existing credit balances but on the basis of the ratio of the statutory compulsory payments at the beginning of the financial year for which the Annual Accounts are prepared, even if these are still in arrears.

## **IX. Announcements**

#### **§ 42**

##### **Announcements**

- (1) Announcements shall be published under the name of the Cooperative; they shall be signed in accordance with Article 22 (2) & (3). Announcements of the Supervisory Board shall be signed by the Chairperson and, if he/she is prevented from doing so, by his/her deputy, naming the Supervisory Board.
- (2) Announcements required by law or by these Articles of Association to be published in a public gazette shall be published in the organ of the umbrella organisation "Die Wohnungswirtschaft". The accounting documents requiring disclosure shall be published in the electronic Federal Gazette. Section 339 of the German Commercial Code (HGB) shall be observed.



## **X. Audit of the Cooperative, Auditing Association**

### **§ 43**

#### **Audit**

- (1) The operational organisations, the asset situation and the management of the Cooperative shall be audited in each business year in accordance with the provisions of the Cooperatives Act and other laws in order to determine the financial situation and the regularity of the management. As part of this audit, the Annual Accounts shall be examined, including the bookkeeping and the Management Report as well as the keeping of the List of Members.
- (2) The Cooperative shall be audited by the auditing association to which it belongs. It is a member of the Association of Berlin-Brandenburg Housing Companies (Verband Berlin-Brandenburgischer Wohnungsunternehmen e.V.).
- (3) The auditing association may also conduct special audits at the Cooperative's request.
- (4) The Management Board of the Cooperative is obliged to prepare the audit carefully. It shall provide the auditors with all documents and requested clarifications needed to conduct the audit.
- (5) The Board of Directors of the Cooperative shall immediately submit to the auditing association the Annual Accounts and the Management Report adopted by the Assembly of Representatives together with the comments of the Supervisory Board and its report.
- (6) The Supervisory Board and the Management Board shall decide on the result of the audit in joint consultation immediately after receipt of the Audit Report. The auditing association shall be entitled to attend the meeting. The Governing Bodies of the Cooperative shall be obliged to comply with the objections and requirements of the auditing association.
- (7) The auditing association shall be entitled to attend the Assemblies of Representatives of the Cooperative and to take the floor at any time. It shall therefore be invited to all Assemblies of Representatives in due time.

## **XI. Dissolution and Liquidation**

### **§ 44**

#### **Dissolution**

- (1) The Cooperative shall be dissolved
  - a) by resolution of the Assembly of Representatives,
  - b) by the opening of insolvency proceedings,
  - c) by resolution of the court if its number of Members is less than three,
  - d) by the other cases specified in the Cooperatives Act.
- (2) The provisions of the Cooperatives Act shall be decisive for the liquidation.



