

**BY-LAWS**  
**OF**  
**NORTH CREEK VILLAGE HOMEOWNERS ASSOCIATION**

**ARTICLE I**

**Definitions**

Capitalized terms used in these Bylaws that are not defined within the text have the meanings set out in the North Creek Village Declaration of Covenants, Conditions, Restrictions and Easements, dated June 3, 2003, and recorded on June 18, 2003, in the records of Platte County, Missouri, as Document No. 16545, at Book 1006, Page 439 (as it may at any time be amended, "Declaration").

**ARTICLE II**

**Offices; Registered Agent**

Section 1. **Principal Office.** The principal office of the North Creek Village Homeowners Association ("Association") in the State of Missouri will be located in the City of Kansas City, Missouri. The Association may have such other offices either within or without the State of Missouri, as the Association's business may require.

Section 2. **Registered Office.** The Association's registered office required by the Missouri Nonprofit Corporation Act to be maintained in the State of Missouri may be, but need not be, identical with the Association's principal office in the State of Missouri, and the address of the registered office may be changed from time to time by the Board of Directors.

Section 3. **Registered Agent.** The Association's registered agent in the State of Missouri is the registered agent identified in the Articles of Incorporation, unless changed by the Board of Directors.

**ARTICLE III**

**Members**

Section 1. **Membership.** Each Owner will be a Class A Member of the Association. Class A membership is appurtenant to and cannot be separated from Unit ownership. The Declarant is the Class B Member. Class B membership terminates and converts to Class A membership on the Turnover Date.

Section 2. Voting Rights. Class A Members are entitled to one vote for each Unit owned, but if more than one person owns any Unit, all such persons will be Class A Members, but can cast only one vote for the Unit in such manner as they may determine among themselves. In no event can more than one vote be cast with respect to each Unit. The Class B Member is entitled to four votes for each Unit that it owns. From and after the Turnover Date, the Class B Member becomes a Class A Member and receives one Class A vote for every four Class B votes outstanding on the Turnover Date.

Section 3. Representatives. If a Unit is owned by a corporation, partnership or other entity, the entity will designate a person who is entitled to vote for such Unit and to serve, if elected or appointed, as a director, such designation to be made in writing filed with the Secretary.

Section 4. Suspension of Voting Rights. The Board of Directors may suspend the right of any Class A Member to vote with respect to his, her or its Unit for failure to pay Assessments when due, or for failure to observe the Covenants or the rules and regulations adopted by the Board of Directors. The Board of Directors is the sole judge of each Member's qualifications to vote and such Member's rights to participate in the Association's meetings and proceedings.

Section 5. Annual Meeting. Until the Turnover Date, at the Declarant's option, no annual meeting of the Members is required to be held. Beginning with the calendar year after the Turnover Date, an annual meeting of the Association's Members will be held at 7:00 p.m. on the second Tuesday of February of each year at the Association's clubhouse, or such other place convenient to the Members in the City of Kansas City, Missouri, or Platte County, Missouri, as the Board of Directors determines.

Section 6. Special Meetings. Special meetings of the Members may be called by or at the request of the President, any two directors, or at least 25% of each class of Members. The person or persons authorized to call special meetings of the Members may fix any place within the City of Kansas City, Missouri, or Platte County, Missouri, as the place for holding any special meeting of the Members called by them.

Section 7. Notice. Notice of any annual or special meeting of the Members will be given not less than 10 days nor more than 30 days before the meeting by written notice delivered personally or mailed to each Member at the Member's address as shown by the Association's records. If mailed, the notice will be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed with postage prepaid. Any Member may waive notice of any meeting. The attendance of a Member at any meeting will constitute a waiver of notice of such meeting, except where a Member attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the Members need be specified in the notice or waiver of notice of such meeting, except as provided in these Bylaws.

Section 8. Quorum. No business may be transacted at any meeting of the Members at which there is not a quorum. Members in attendance, either in person or by proxy, at the beginning of any meeting representing at least 51% of the votes of each class of Members eligible to vote at the time of the meeting constitutes a quorum for the transaction of business at any meeting of the Members. If proper notice is given and a meeting called at which the proposed business cannot be conducted because of failure to achieve a quorum, then the person or persons calling the meeting may either: (i) give another notice of the meeting indicating the proposed business or purpose and, if such meeting is held within 30 days of the date for the first meeting at which there was no quorum, then there will be no quorum requirement to transact the proposed business at such second meeting; or (ii) take a vote of the Members on any proposed business by written ballot in lieu of a meeting.

Section 9. Manner of Acting. Any action or proposal to be approved by the Members will require approval by a majority of the votes cast.

Section 10. Proxies. All proxies must be in writing on a form approved by the directors and filed with the Secretary before the start of any meeting at which the proxy will vote. Each proxy will be revocable and will automatically cease to be effective, if not sooner terminated by its terms or revoked, upon the expiration of eleven months from the date of its issuance or upon conveyance by the Member of his or her Unit, whichever event first occurs.

Section 11. Action by Consent in Lieu of Meeting. Any action required or permitted to be taken by approval of the Members may be taken without a meeting of the Members if the action is approved by Members holding at least 80% of the voting power. The action must be evidenced by one or more written consents, signed by Members representing at least 80% of the voting power and delivered to the Board of Directors. The written consents must be filed by the Secretary with the Association's records and will have the same force and effect as a vote at a meeting duly called and held. Written notice of the action taken by written consent must be given to all Members who have not signed a written consent.

## **ARTICLE IV**

### **Board of Directors**

Section 1. Powers. The Board of Directors will have authority to exercise for the Association all powers, duties and authority vested in or delegated to the Association by the Declaration, the Articles or Incorporation, these Bylaws, or applicable law, and not reserved to the Members or Declarant, including, but not limited to, the following:

a. As more fully provided in the Declaration, provide for the levying of Assessments and take all actions necessary or appropriate to collect the same.

b. Adopt and publish rules and regulations governing the use of the Common

Areas and the personal conduct of the Members and their guests thereon, and to establish fines and penalties for the infraction thereof.

c. Cause the Association to perform its maintenance obligations set out in the Declaration.

d. Cause to be kept a complete record of all its acts and of the Association's corporate affairs, and to present reports thereof to the Members.

e. Issue, or cause an appropriate officer to issue, upon demand by a Member, a certificate stating whether or not an Assessment has been paid, and charge a reasonable fee for the issuance of such certificate.

f. Procure and maintain all insurance coverages required or permitted by the Declaration with such coverages and in such sums as may be required by the Declaration or deemed appropriate by the Board of Directors.

g. Employ agents, independent contractors, managers and employees, and prescribe their duties, supervise them and see that their duties are properly performed.

Section 2. Number. Until the Turnover Date (defined in the Declaration), the initial Board of Directors will be at least three in number. From and after the Turnover Date, number of directors of the Association will not be less than six. The Members, to the extent permitted and in the manner required by applicable law, the Declaration, or the Articles of Incorporation, will have the power to change the number of directors.

Section 3. Qualifications. Each director must be over the age of 18 and a Member (as defined in the Declaration).

Section 4. Term of Initial Directors. The term of each member of the Association's initial Board of Directors begins on the date the Association's Certificate of Incorporation is issued by the Secretary of State of Missouri and ends when the new Board of Directors has been elected after the Turnover Date, as provided in the Declaration. If the term of a member of the initial Board of Directors is terminated by death, resignation or removal, the provisions of Section 6 of this Article IV will apply.

Section 5. Term. The term of each director elected after the Turnover Date will begin on the day the director is elected to office and end when such director's successor is duly elected and qualified.

Section 6. Death, Resignation or Removal. In the event of the death, resignation or removal of a director, his or her successor will be selected by the remaining members of the Board of Directors and will serve for the unexpired term of his or her predecessor. A director may be

removed upon the vote of a majority of the Members entitled to vote. A director may not vote on such director's own removal.

Section 7. Compensation. Directors, as such, will not receive any stated salaries for their services, but by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board of Directors. Nothing herein contained will be construed to preclude any director from serving the Association in any other capacity and receiving compensation therefor.

Section 8. Nomination. Nominations for election to the Board of Directors may be made in writing delivered to the Secretary in advance of the annual meeting of the Members or from the floor at such annual meeting.

Section 9. Election. Election to the Board of Directors will be by written ballot. At any such election, the Members entitled to vote, or their proxies, may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of Article III above. The persons receiving the largest number of votes will be elected. Cumulative voting is not permitted.

Section 10. Commencement of Term of Office. A director will be deemed elected at the time of his or her election, but he or she will not be deemed to have commenced his or her term or office or to have any of the powers or responsibilities of a director until he accepts the office of director either by written acceptance or by participating in the affairs of the Association at a meeting of the Board of Directors.

Section 11. Advisory Board. During the period before the Turnover Date, the initial Board of Directors may appoint an advisory board of Class A Members, whose number is at the discretion of the initial Board of Directors. The advisory board's purpose is to report to and/or advise the initial Board of Directors concerning the status and operation of the Property. The advisory board may hold informal meetings of the Class A Members if so desired, but such meetings are not required.

Section 12. Newly Created Directorships. Newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, unless otherwise provided in the Declaration, Articles of Incorporation or these Bylaws. The directors so chosen will hold office until the next annual meeting of the Members and their successors are duly elected and qualified, or until their earlier death, resignation or removal.

Section 13. Committees. The Board of Directors may appoint one or more committees, which will be composed of at least one director and any other Members as the Board of Directors designates. A quorum of any committee will consist of at least 50% of the total number of Members appointed to such committee. The Board of Directors may designate one or more Members as alternate members of any committee, who may replace any absent or disqualified

Member at any meeting of the committee.

## **ARTICLE V**

### **Meetings of Board of Directors**

Section 1. Annual Meeting. The annual meeting of the Board of Directors will be held immediately following the annual meeting of the Members, for the purpose of electing officers and transacting such other business as may come before the meeting.

Section 2. Regular Meetings. The Board of Directors will hold regular meetings at such times and places within the City of Kansas City, Missouri, or Platte County, Missouri, as mutually agreed by the Board of Directors, and such regular meeting may be held without any notice other than this provision.

Section 3. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place within the City of Kansas City, Missouri, or Platte County, Missouri, as the place for holding any special meeting of the Board of Directors called by them.

Section 4. Notice. Notice of any special meeting of the Board of Directors will be given at least three days before the meeting by written or oral notice delivered personally or mailed to each director at the director's address as shown by the Association's records. If mailed, the notice will be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed with postage prepaid. Any director may waive notice of any special meeting. The attendance of a director at any special meeting will constitute a waiver of notice of such meeting, except where a director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting, except as provided in these Bylaws.

Section 5. Quorum. A majority of the Board of Directors will constitute a quorum for the transaction of business at any meeting of the Board of Directors. If less than a majority of the directors are present at said meeting, in person or by proxy, a majority of the directors at that meeting will have the power successively to adjourn the meeting, without notice other than announcement at the meeting, to a specified date.

Section 6. Manner of Acting. The act of the majority of the directors present, in person or by proxy, at a meeting of the directors at which a quorum is present constitutes the act of the Board of Directors, except that no director will be removed by a vote of less than a majority of the full Board of Directors.

Section 7. Voting. Each director will have one vote. Each director must be present, in person or by proxy, at any meeting of the Board of Directors in order to cast his or her vote.

Section 8. Proxies. Any designation of a proxy must be in writing on a form approved by the directors and filed with the Secretary at least 24 hours before any meeting at which the proxy will vote. Only another director may be the proxy for a director. Each proxy must be revocable and is valid only for the meeting at which the proxy will vote.

Section 9. Meetings by Conference Telephone or Similar Communications Equipment. Members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or committee by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and participation in a such a meeting constitutes presence in person at the meeting.

Section 10. Action Taken Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors, or any committee designated by the Board of Directors, may be taken without a meeting if written consent thereto is signed by all directors or members of such committee, as the case may be, and the written consent is filed with the minutes of proceedings of the Board of Directors or committee.

## ARTICLE VI

### **Officers and Their Duties**

Section 1. Number. The officers of the Association will be a President, one or more Vice-Presidents (the number to be determined by the Board of Directors), a Treasurer, a Secretary and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers, employees and agents as it deems desirable; such officers, employees and agents will have the authority and duties prescribed by the Board of Directors. Any two or more offices may be held by the same person, except the office of President and Secretary.

Section 2. Powers and Duties Generally. All officers, employees and agents of the Association, as between themselves and the Association, will have such authority and perform such duties in the management of the property and affairs of the Association as may be provided in the Bylaws, or in the absence of such provision, as may be determined by resolution of the Board of Directors.

Section 3. Election and Term of Office. Before the Turnover Date, the officers will be elected by the initial Board of Directors at its annual meeting, to serve at the pleasure of the Board of Directors until first annual meeting of the Board of Directors held after the Turnover Date. From and after the Turnover Date, the officers will be elected at the Board of Directors' annual meeting. If the election of officers is not held at the annual meeting, the election will be held as soon

thereafter as conveniently may be accomplished. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors. Each officer will hold office until his or her successor has been duly elected and qualified, or until his or her death, resignation, or removal in the manner provided in these Bylaws. An officer will be qualified when he or she enters upon the duties of the office to which he or she has been elected or appointed and furnishes any bond required by the Board of Directors or these Bylaws. The Board of Directors may also require of each person his or her written acceptance and promise to faithfully discharge the duties of his or her office.

Section 4. Resignation; Removal. Any officer may resign at any time by giving written notice to the Board of Directors through the President or Secretary. Such resignation will be effective on the date of receipt of the notice by the Board of Directors or at any later date specified in the notice and, unless otherwise specified therein, the acceptance of such resignation will not be necessary to make it effective. Any officer may be removed by the Board of Directors whenever, in its judgment, the best interests of the Association would be served thereby. Any such resignation or removal will be without prejudice to the contract rights, if any, of the person so removed.

Section 5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the unexpired portion of the term at any time. The officer elected to fill such vacancy will serve for the remainder of the term of the officer he or she replaces.

Section 6. President. The President is the Association's principal executive officer and will, in accordance with the directives of the Board of Directors, supervise, direct and control the Corporation's business and affairs. The President will preside at all meetings of the Members and the Board of Directors. The President will be a non-voting ex-officio member of all standing committees. The President may sign, with the Secretary or Treasurer, or any other officer authorized by the Board of Directors to do so, any deeds, mortgages, bonds, contracts, or other instruments that the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof is expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Association, or is required by law to be otherwise signed or executed. In general, the President will perform all duties incident to that office and such other duties as may be prescribed by the Board of Directors from time to time or by these Bylaws.

Section 7. Vice-Presidents. In the absence of the President or in the event of the President's inability or refusal to act, the Vice President will perform the duties of the President, and when so acting, will have all the powers of, and be subject to all the restrictions upon, the President. The Vice President will perform such other duties as from time to time may be assigned to the Vice President by the President or by the Board of Directors.

Section 8. Secretary. The Secretary will: (a) keep the minutes of the meetings of the Members and the Board of Directors in one or more books provided for that purpose; (b) see that notices of meetings are given in accordance with the provisions of these Bylaws or as required by



law; (c) be custodian of the Association's records; (d) keep appropriate current records showing the Members of the Association and their addresses; and (e) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the President or by the Board of Directors.

Section 9. Treasurer. The Treasurer will: (a) have charge and custody of and be responsible for all funds and securities of the Association; (b) receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such banks, trust companies or other depositaries as are selected in accordance with the provisions of Article VIII of these Bylaws; (c) keep or cause to be kept full and accurate accounts of receipts and disbursements and such other books of account and accounting records as may be appropriate; and (d) 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 the Treasurer by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer will give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors determines.

Section 10. Compensation. The Association's officers will not receive compensation or salary for their services as officers, but may be reimbursed for their reasonable out-of-pocket expenses incurred in the performance of the duties of their offices.

## ARTICLE VII

### Committees

Section 1. Executive Committee. The Board of Directors, by resolution adopted by a majority of the directors present at a meeting at which a quorum is present, may designate an executive committee, which will consist of three or more directors, which committee, to the extent provided in such resolution, will have and exercise the authority of the Board of Directors in the management of the Association; but the designation of such committee and the delegation of authority thereto will not operate to relieve the Board of Directors, or any individual director, of any responsibility imposed on the Board of Directors or any individual director by law.

Section 2. Architectural Review Committee. The Architectural Review Committee will regulate the external design, appearance, use, location and maintenance of any Owner-occupied Unit and of Dwellings or other improvements on Units in such a manner to preserve and enhance the value of all Units within the Property and to maintain a harmonious relationship among the structures and the Property's natural vegetation and topography. The initial Architectural Review Committee will be appointed by the Class B Member. From and after the Turnover Date, the Architectural Review Committee will have a minimum of three persons appointed by the Board of Directors or the President from among the Members. The Class B Member may develop such rules, regulations and guidelines ("Design Guidelines") as it deems necessary to preserve the values, appearance and purposes of the Property as they may be defined in the Declaration. The

Class B Member has the sole right and authority to modify, alter, amend, rescind and augment the Design Guidelines until the Turnover Date. From and after the Turnover Date, the Architectural Review Committee will have the authority to amend the Design Guidelines, subject to approval by the Board of Directors. Any amendment to the Design Guidelines is prospective only and will not apply to require modification to or removal of structures previously approved once the approved construction or modification has begun.

Section 3. Other Committees. Other committees not having and exercising the authority of the Board of Directors in the management of the Association may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each such committee will be appointed by the Board of Directors or the President. Any member thereof may be removed by the person or persons authorized to appoint such member whenever, in their judgment, the best interests of the Association will be served by such removal. Any such committee member need not be a director.

## ARTICLE VIII

### Contracts, Loans, Checks, Deposits and Gifts

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans may be contracted on the Association's behalf and no evidences of indebtedness issued in its name unless authorized by a specific resolution of the Board of Directors.

Section 3. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the Association's name, must be signed by such officer or officers, agent or agents of the Association and in such manner as authorized by resolution of the Board of Directors.

Section 4. Deposits. All funds of the Association not otherwise employed will be deposited from time to time to the Association's credit in such state or national bank protected by the Federal Deposit Insurance Corporation as the Board of Directors may select.

Section 5. Gifts. The Board of Directors may accept, on the Association's behalf, any contribution, gift, bequest, or devise for any of the Association's purposes.

## ARTICLE IX

### **Books and Records**

Correct and complete books and records of account will be kept by, or under the direction of, the Treasurer. Minutes of the proceedings of the Members and Board of Directors will be kept by the Secretary. All committees created by authority of these Bylaws will make a record of their activities and deliver it to the Secretary. A copy of the register of the names and post office addresses of each Member and director will be maintained at the Association's principal office. All books and records of the Association may be inspected by any Member or any Member's agent or attorney for any proper purpose at any reasonable time. The Declaration, Articles of Incorporation and these Bylaws will be available during reasonable hours for inspection by any Member.

## ARTICLE X

### **Fiscal Year**

The Association's fiscal year will begin on the first day of January in each year and end on the last day of December in each year.

## ARTICLE XI

### **Corporate Seal**

If adopted by the Board of Directors, the Association's corporate seal will be in circular form with the Association's name and the words "Corporate Seal - Missouri" inscribed thereon. Any corporate seal may be used by causing it or a facsimile thereof to be impressed, affixed, reproduced or otherwise attached. The Secretary will have custody of the Association's corporate seal, if any.

## ARTICLE XII

### **Waiver of Notice**

Whenever any notice is required to be given under the provisions of the Missouri Nonprofit Corporation Act, or the Articles of Incorporation, or these Bylaws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, will be deemed equivalent to the giving of notice and will have the same force and effect as notice provided by said law, Articles of Incorporation or Bylaws. Attendance of a person at a meeting will constitute a waiver of notice of such meeting, unless the person is attending for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Members, directors or any committee need

be specified in any written waiver of notice unless required by the Articles of Incorporation or these Bylaws.

### **ARTICLE XIII**

#### **Limitation of Activities of Association**

No part of the Association's net earnings will inure to the benefit of, or be distributable to, its directors, officers, or other private persons, except that the Association is authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set out in the Article VIII of the Articles of Incorporation. No substantial part of the Association's activities will be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Association will not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these Bylaws, the Association will not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under § 501(c)(3) of the Internal Revenue Code, or corresponding section of any future Federal tax code, or (b) by a corporation, contributions to which are deductible under § 170(c)(2) of the Internal Revenue Code, or corresponding section of any future Federal tax code.

### **ARTICLE XIV**

#### **Ratification - Dissolution**

Section 1. Bylaws. These Bylaws will become operative upon their ratification by the majority of the members of the initial Board of Directors.

Section 2. Dissolution. Upon dissolution of the Association, assets will be distributed for one or more exempt purposes within the meaning of § 501(c)(3) of the Internal Revenue Code, or corresponding section of any future Federal tax code, or will be distributed to the Federal government, or to a state or local government, for a public purpose. Any assets not so disposed of will be disposed of by the Circuit Court of the county in which the principal office of the Association is then located, exclusively for such purposes or to such organization or organizations, as the Court determines, which are organized and operated exclusively for such purposes.

### **ARTICLE XV**

#### **Indemnification of Officers and Directors**

Each director and officer of the Association will be indemnified by the Association against all reasonable costs and expenses, including attorneys' fees, actually and necessarily incurred by or imposed upon the director or the director's estate in connection with the defense of any action, suit

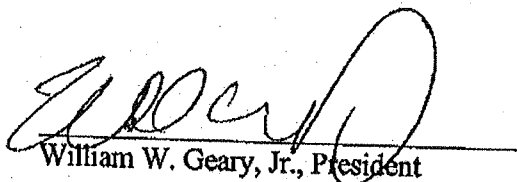
or proceeding to which the director or the director's estate is made a party by reason of being or having been a director or officer of the Association (whether or not the director continues to be a director or officer at the time such costs or expenses are incurred), except in relation to any matter as to which the director is adjudged in any such action, suit or proceeding, without such judgment being reversed, to have been liable for negligence or misconduct in the performance of his or her duties as a director or officer of the Association. In the event of the settlement of any such action, suit or proceeding prior to the final judgment, the Association will also make reimbursement for payment of the costs, expenses and amounts paid or to be paid in settling any such action, suit or proceeding when such settlement is determined by the majority of the directors who are not involved, or if all are involved, in the opinion of independent legal counsel selected by the Board of Directors to be in the Association's best interests. No director or officer of the Association will be liable to any other director or officer or other person for any action taken or refused to be taken by him or her as director or officer with respect to any matter within the scope of his or her official duties unless such action or neglect or failure to act will constitute negligence or misconduct in the performance of the duties of that director or officer.

#### ARTICLE XVI

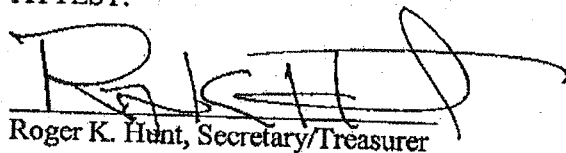
##### **Amendment of Bylaws**

These Bylaws may be altered, amended, or repealed and new Bylaws adopted by a majority of the Members voting at any annual, regular or special meeting at which a quorum is present. Notwithstanding any other provision of these Bylaws, notice of a meeting at which alteration, amendment or repeal of these Bylaws is to be considered must state that purpose; this notice, however, may be waived in the manner provided elsewhere in these Bylaws for waivers of notice.

Adopted on August 23, 2003.

  
William W. Geary, Jr., President

ATTEST:

  
Roger K. Hunt, Secretary/Treasurer