



National Association of Surety Bond Producers

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BYLAWS of the

NATIONAL ASSOCIATION OF SURETY BOND PRODUCERS

(As amended by written ballot of the membership on March 4, 2009, amended by vote of the Board of Directors on April 26, 2009 and again on November 6, 2009, and on November 5, 2011)

ARTICLE I

GENERAL

Section 1. **NAME.** The name of this corporation is and shall be known as the "National Association of Surety Bond Producers" (hereinafter referred to as the "Association"), a nonprofit corporation incorporated in the District of Columbia.

Section 2. **LOCATION.** The principal office of the Association shall be located in the District of Columbia or in such other place as the Board of Directors may determine. The Association shall have and continuously maintain in the District of Columbia a registered office and a registered agent whose office is identical with such registered office, as may be required by statute. The address of the registered office of the Association may be changed from time to time by the Board of Directors.

Section 3. **MISSION.** The Association shall have as its mission to strengthen professionalism, expertise, and innovation in surety and to advocate its use worldwide.

Section 4. **RESTRICTIONS.** All policies and activities of the Association shall be consistent with applicable federal, state and local laws, regulations and requirements, including those pertaining to antitrust and trade regulation; and applicable tax laws, regulations and requirements, including the requirement that the Association not be organized for profit and that no part of its net earnings inure to the benefit of any member or individual.

ARTICLE II

DEFINITIONS

These words or phrases shall have the following meanings herein:

The word "applicant" shall refer to any business entity applying for membership in the Association. The word "member" shall refer to both voting and non-voting members of the Association unless otherwise designated in these Bylaws. The phrase "in good standing" shall refer to a member who has provided to the Association all written affirmations and all dues or fees required under these Bylaws.

ARTICLE III

MEMBERS OF THE ASSOCIATION

Section 1. **QUALIFICATIONS.** Partnerships, corporations, companies, and other business entities that engage in or support suretyship and that meet the membership qualifications set forth herein shall be eligible for membership. Any business entity that has a current officer, owner, partner, manager, director, or managing director that has been charged with and duly convicted of a felony involving theft, conversion or fraud, including consumer, wire or mail fraud, in the performance of surety business or other business endeavors shall not be eligible for membership in the Association.

Section 2. **VOTING MEMBERSHIP.** Voting members are those partnerships, corporations, companies, and other business entities, and any qualifying divisions or branch offices thereof, that:

- (a) regularly are engaged on a commission basis as agent-producer or broker of surety bonds;
- (b) represent two or more surety companies that are admitted to conduct surety business in at least one state of the United States of America;
- (c) affirm in writing that they will strive to adhere to the Code of Ethics promulgated by the Association;
- (d) affirm in writing that no current officer, owner, partner, manager, director, or managing director has been charged with and duly convicted of a felony involving theft, conversion or fraud, including consumer, wire or mail fraud, in the performance of surety business or other business endeavors;
- (e) submit proof of the qualifications set forth in this Section 2 as may reasonably be requested by the Association; and
- (f) pay membership dues in an amount as set from time to time by the Board of Directors.

A member in this classification shall be known as a "regular member." Each member in this classification, including any qualifying division and branch office thereof that separately makes application to and becomes a regular member of the Association, shall be entitled to one (1) vote on each matter submitted to a vote of the membership. Officers, principals and full-time employees of a regular member shall be eligible to serve as directors, to hold office, and to chair a committee of this Association.

Section 3. **NON-VOTING MEMBERSHIP.** A. Non-voting members, known as "affiliates," are those partnerships, corporations, companies, and other business entities that:

- (a) are surety companies admitted to conduct surety business in at least one state of the United States of America;
- (b) are reinsurance companies admitted to conduct reinsurance business in at least one state of the United States of America;
- (c) act as a managing general agent for a surety company admitted in at least one state of the United States of America; or
- (d) regularly are engaged on a commission basis as agent-producer or broker of reinsurance;
- (e) affirm in writing that no current officer, owner, partner, manager, director, or managing director has been charged with and duly convicted of a felony involving theft, conversion or fraud, including consumer, wire or mail fraud, in the performance of surety business or other business endeavors;
- (f) submit proof of the qualifications set forth in this Section 3A as may reasonably be requested by the Association; and
- (g) pay membership dues in an amount as set from time to time by the Board of Directors.

An applicant in this membership class that conducts no business within a state of the United States shall not have to affirm or demonstrate that the applicant is admitted to conduct business in at least one state of the United States.

B. Non-voting members, known as "associates," are those partnerships, corporations, companies, and other business entities that:

- (a) provide accounting, legal, banking, technology or other business or professional services to regular members or affiliates or their clients;
- (b) affirm their commitment to the Mission of the Association;
- (c) affirm in writing that no current officer, owner, partner, manager, director, or managing director has been charged with and duly convicted of a felony involving theft, conversion or fraud, including consumer, wire or mail fraud, in the performance of surety business or other business endeavors;
- (d) submit proof of the qualifications set forth in this Section 3B as may reasonably be requested by the Association; and
- (e) pay membership dues in an amount as set from time to time by the Board of Directors.

C. Non-voting members shall have no vote, and their officers, principals and full-time employees shall be ineligible to serve as directors, to hold office, and to chair a committee of this Association.

Section 4. **OTHER MEMBERSHIP CLASSES.** The Board of Directors may establish other membership classes so long as a member of any such class shall have no vote and its officers, principals and full-time employees are ineligible to serve as directors, to hold office, and to chair a committee of this Association.

Section 5. **APPOINTMENT OF REPRESENTATIVE.** Each member shall appoint in writing to the Association a person to be its representative, known as the "key contact," to the Association, who shall receive communications from the Association and who shall act on behalf of the member. If at any time the designated representative shall be unable to act on behalf of the member, the member shall have the right to designate an alternate representative, provided that the member provides written notification of the appointment of its alternate representative to the Chief Staff Executive of the Association, or to such other person as the board of directors may direct.

Section 6. **APPLICATION.** Application for membership in the Association shall be made on the proper written form supplied by the Association. The application shall include the affirmation of the applicant regarding its officers, owners, partners, managers, directors, managing directors and full-time employees and agreement by the applicant to pay dues assessed, to abide by the Bylaws of the Association, and to strive to adhere to the Code of Ethics of the Association if applicable to the membership class to which the applicant is applying.

Section 7. **ELIGIBILITY.** Each applicant that meets the eligibility requirements as set forth in these Bylaws and has paid the required dues and fees is eligible for membership in the Association. The Board of Directors may reject an applicant for membership for failure of the applicant to meet eligibility requirements.

Section 8. **TERMINATION OF MEMBERSHIP.** Membership shall terminate automatically upon receipt by the Association of the resignation of the member in writing; non-payment of dues (1) within ninety (90) days after the date on which they are due or (2) within two (2) weeks of the first day of the Annual Meeting, whichever is later; or conviction of a current officer, owner, partner, manager, director, or managing director of a member for a felony involving theft, conversion or fraud, including consumer, wire or mail fraud, in the performance of surety business or other business endeavors. A member may be terminated for violation of these Bylaws or of any lawful rule or practice duly adopted by the Association, subject to a determination by the Board of Directors. Before terminating a member for violation of these Bylaws or of any lawful rule or practice duly adopted by the Association, the member charged with such violation shall receive written notice, which shall specify the reasons for the proposed termination. In accordance with procedures adopted by the Board, the member shall be given

an opportunity to respond and to provide information on its behalf to the Board prior to the Board's vote to terminate. The Board's decision of termination of membership shall be final and shall not be subject to appeal.

Section 9. **REINSTATEMENT OR RECONSIDERATION OF MEMBERSHIP:**

A. Any former member who resigned while in good standing may be reinstated by applying in writing to the Chief Staff Executive, provided there has been no change in membership category.

B. Any former member whose membership terminated as a result of non-payment of dues may be reinstated by applying in writing to the Chief Staff Executive, if, in the discretion of the Chief Staff Executive, an amount representing outstanding dues is paid.

C. Any former member whose membership terminated by reason of a violation of these Bylaws or of a lawful rule or practice duly adopted by the Association may apply in writing to the Board of Directors for reinstatement. Reinstatement of such former member only may be considered upon a finding by the Board of Directors that extenuating circumstance exist or the subsequent record of the entity favors reinstatement and shall require an affirmative majority vote of the Directors present at the next Board of Directors meeting following receipt of the request for reinstatement. The Board's decision on any request for reinstatement of membership shall be final and shall not be subject to appeal.

D. Any applicant denied membership may apply in writing to the Board of Directors for reconsideration of the application. Approval of the application shall require an affirmative majority vote of the Directors present at the next Board of Directors meeting following receipt of the request for reconsideration. The Board's decision on any request for reconsideration of denial of membership shall be final and shall not be subject to appeal.

ARTICLE IV

MEETING OF MEMBERS

Section 1. **ANNUAL MEETINGS:** The Association shall conduct an annual meeting for the purpose of electing Officers and Directors and for the transaction of such other business as may come before the meeting. Notice of the time and place of such annual meeting shall be given to each member of the Association.

Section 2. **NOTICE OF MEETING:** Written notice stating the place, day and hour of any meetings of members shall be delivered personally or by postal delivery, or by other delivery including by electronic means if permitted under the District of Columbia Nonprofit Corporation Act, to each member entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President, or the officers, or the regular members calling the meeting.

Section 3. **QUORUM:** The regular members holding ten percent (10%) of the votes which may be cast in any meeting shall constitute a quorum at such meeting. If a quorum is not present at any meeting of the members, a majority of the members present may adjourn the meeting from time to time without further notice.

Section 4. **VOTING:** Election of Directors or Officers may be conducted by such manner as the Board of Directors shall determine, except that any election of Directors or Officers shall not be conducted in such manner as to permit a regular member to vote by proxy.

ARTICLE V

BOARD OF DIRECTORS

Section 1. **GENERAL POWERS:** The governing body of the Association shall be the Board of Directors, which has the authority and the responsibility for the general management of the Association. The Board of Directors shall establish the policies of the Association and monitor the implementation of policies by the staff of the Association under the direction of the Chief Staff Executive.

Section 2. **COMPOSITION OF THE BOARD:** The Board of Directors shall consist of persons who are officers, principals or full-time employees of regular members of the Association in good standing. The Board of Directors consists of the following: the Officers of the Association as defined in Article VI, Section 1; twelve (12) Regional Directors, each representing one geographic region of NASBP, formerly known as "Regional Vice Presidents;" and sixteen (16) Directors-At-Large. [changes to twelve (12) Directors-At-Large, effective April 29, 2012].

Section 3. **TERMS:** The President, First, Second and Third Vice Presidents, and the Immediate Past President serve one (1) year terms; Regional Directors serve one (1) year terms; and Directors-At-Large serve three (3) year terms. The terms of Directors-At-Large shall be staggered so that at least four (4) such members of the Board shall be elected each year. No Director-At-Large may serve consecutive terms.

Section 4. **NOMINATION OF DIRECTORS:** Each year the Board of Directors shall appoint a nominating committee at least ten (10) days before the Mid-Year meeting of the Association, consisting of not fewer than five (5) or more than eight (8) persons from regular members in good standing for the purpose of nominating Regional Directors and Directors-At-Large for the ensuing term. In the appointment of such committee, the Board of Directors shall give due consideration to geographic representation. The nominating committee, so appointed, shall confer and nominate a number of candidates equal to the number of Directors whose terms are expiring at the Annual Meeting of the Association, the nominating committee shall report its nominations to the President of the Association, as the Chair of the Board of Directors.

Section 5. **ELECTION OF DIRECTORS:** The report of the nominating committee shall be read at the annual meeting of the Association. Additional nominations will be permitted only if such nominations are submitted in writing to the Association at least ten (10) days prior to the annual meeting and if such nomination is endorsed in writing by not less than twenty (20) regular members in good standing. A regular member or a division, branch office, or other entity of a member having voting rights may cast only one (1) vote for any one (1) candidate and may not cast more votes than the number of vacancies to be filled on the Board. The persons receiving the greatest number of votes shall be declared by the President to be Directors and shall take office immediately on the close of the annual meeting.

Section 6. **EXECUTIVE COMMITTEE:** The Executive Committee of the Board of Directors of this Association, except as provided below, shall be vested with full power to conduct the business of the Association and to exercise all corporate powers in the interim between meetings of the membership of the Association and between meetings of the Board of Directors of the Association. The Executive Committee shall consist of five (5) members: the President of the Association, the Immediate Past President of the Association, provided that such Immediate Past President shall continue as a regular member of the Association in good standing, and the First, Second and Third Vice Presidents of the Association. The Executive Committee shall include two (2) non-voting members: one (1) Regional Director and one (1) Director-At-Large, who may participate in all meetings and discussions, except for executive sessions, and shall have no authority to vote in Executive Committee matters. The two (2)

non-voting members of the Executive Committee shall be elected by majority vote of the Regional Directors and of the Directors-At-Large respectively for one year terms. Only Directors serving at least one (1) year as a Director shall be eligible to serve as such non-voting members of the Executive Committee. At least three (3) votes shall be required for action by the Executive Committee. Any action which may be taken at a meeting of the Executive Committee may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed or otherwise assented to by all of the Members of the Executive Committee.

Section 7. **REGULAR MEETINGS:** A regular meeting of the Board of Directors shall be held without notice, other than this Bylaw, immediately before, and at the same place as, the annual meeting of the members of the Association. The Board of Directors may provide by resolution, the time and place, either within or without the District of Columbia, for the holding of additional regular meetings of the Board without other notice than by such resolution.

Section 8. **FAILURE TO ATTEND REGULAR MEETINGS:** In any case where a Director fails to attend two (2) consecutive regular meetings of the Board of Directors, the Board may, at the second consecutive meeting and by vote of a majority of the then Board of Directors, declare the office of such Director vacant and elect a new Director in accordance with Section 13 of this Article.

Section 9. **SPECIAL MEETINGS:** Special meetings of the Board of Directors may be called by or at the request of the President, any other Officer, or any three Regional Directors or Directors-At-Large, or combination of such Directors. The person or persons authorized to call special meetings of the Board may fix any place, either within or without the District of Columbia, as the place for holding any special meeting of the Board called by them.

Section 10. **NOTICE OF SPECIAL MEETINGS:** Notice of any special meeting of the Board of Directors shall be given at least five (5) days previously thereto by written notice delivered by postal or other delivery or by electronic means to each Director at his address as shown by records of the Association. Neither the business to be transacted at nor the purpose of any regular or special meeting of the Board need be specified in the notice of such meeting, unless specifically required by law or these Bylaws.

Section 11. **QUORUM:** A majority of the Board of Directors shall constitute a quorum for the transaction of the business at any meeting of the Board; but if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 12. **MANNER OF ACTING:** The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these Bylaws.

Section 13. **VACANCIES:** Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of Directors shall be filled by the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of the vacant office.

Section 14. **COMPENSATION:** Directors shall not receive compensation for their services but may be reimbursed, in whole or in part, for their reasonable travel and lodging expenses on a case by case basis as determined by majority vote of the Executive Committee.

Section 15. **INFORMAL ACTION:** Any action required by law to be taken at a meeting of Directors, or any action which may be taken at a meeting of Directors, may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

ARTICLE VI

OFFICERS

Section 1. **OFFICERS:** The Officers of this Association shall be the President, the Immediate Past President, the First Vice President, the Second Vice President, the Third Vice President, the Treasurer, the Secretary, and the Chief Staff Executive. All Officers of the Association, with the exception of the Chief Staff Executive and the Secretary, shall automatically become members of the Board of Directors at the time they assume office. The office of the Treasurer may be held by a Vice President.

Section 2. **NOMINATING COMMITTEE FOR OFFICERS:** The nominating committee for Directors shall also act as the nominating committee for Officers. The nominating committee, so appointed, shall confer and nominate candidates for the offices that are to be filled for the ensuing year. The nominating committee shall report its nominations to the President of the Association at least ten (10) days before the annual meeting of the Association.

Section 3. **ELECTION OF OFFICERS:** The report of the nominating committee shall be read at the annual meeting of the Association. A regular member or a division, branch office, or other entity of a regular member may cast only one (1) vote for any one (1) candidate and may not cast more votes than the number of vacancies to be filled. The persons receiving the greatest number of votes shall be declared to be Officers and shall take office immediately following the close of the annual meeting.

Section 4. **REMOVAL:** Any Officer elected or appointed may be removed by a two-thirds (2/3) vote of the Board of Directors whenever in its judgment the best interests of the Association would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the Officer so removed.

Section 5. **VACANCIES:** If a vacancy occurs in the office of President, the First Vice President shall assume the office of the President, the Second Vice President shall assume the office of First Vice President, the Third Vice President shall assume the office of the Second Vice President, and the office of the Third Vice President shall be filled by a person appointed by the Board of Directors, in consultation with the Nominating Committee, for the unexpired term of that office.

Section 6. **PRESIDENT:** The President shall be the Chair of the Board of Directors, shall preside at all meetings of the members, of the Executive Committee, and of the Board of Directors, and, in general, shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 7. **VICE PRESIDENT:** In the absence of the President or in event of his or her inability or refusal to act, the First Vice president shall perform the duties of President, and when so acting, shall have all the powers of and be subject to all the restrictions on the President. Any Vice President shall perform such other duties as from time to time may be assigned by the President or by the Board of Directors.

Section 8. **TREASURER:** The Treasurer shall be responsible for the funds and financial records of the Association and shall collect and report, or supervise the collection and reporting, of all income and expenditures, and shall establish proper accounting procedures for the handling of the funds in financial institutions approved by the Board of Directors. The Treasurer shall report on the financial condition of the Association at meetings of the Board of Directors and at other times when called upon by the President.

Section 9. **SECRETARY:** The Secretary shall be responsible for the corporate records of the Association and shall prepare, or caused to be prepared, minutes properly recording the proceedings of the Executive Committee and of the Board of Directors, see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law, act as custodian of the corporate records and of the records management program of the Association, and, in general, perform all duties incident to the office of Secretary and such other duties as may be assigned by the President or by the Board of Directors. The Secretary shall be appointed annually by the President and shall have a voice but no vote with the Executive Committee and the Board of Directors.

Section 10. **CHIEF STAFF EXECUTIVE:** The Chief Staff Executive shall be the chief employed staff person for the Association and shall manage the Association under the direct supervision of the President. The Chief Staff Executive, known as the "Chief Executive Officer" of the Association, shall meet with and attend meetings of the Executive Committee and of the Board of Directors. The Chief Staff Executive shall have a voice but no vote with the Executive Committee and the Board of Directors. The Chief Staff Executive shall manage the day-to-day affairs of the Association, including providing supervision of staff activities and programs; maintaining information flow between the Board of Directors and the membership; establishing, recording and maintaining such books and records as the Board of Directors may from time to time determine; recommending and implementing procedures, practices and programs for furthering the interests and aims of the Association; assisting the President and the Executive Committee with carrying out their respective duties; serving as the chief representative of the Association to government, business, and association communities; and fulfilling such other duties as may be determined from time to time by the President or by the Executive Committee. The Chief Staff Executive is engaged, supervised, and reviewed by the Executive Committee. The Chief Staff Executive engages, directs and supervises the staff of the Association. No members of the Board of Directors, including Officers, Regional Directors or Directors-At-Large, or Committee Chairs and Vice Chairs shall direct or supervise any staff of the Association except through the Chief Staff Executive.

ARTICLE VII

COMMITTEES

Section 1. **STANDING COMMITTEES:** The Board of Directors shall establish standing committees, each of which shall consist of a Chair, one or more Officers, and such other persons appointed by the President. In addition to the Executive Committee, permanent standing committees of the Association are the Ethics, Finance, Governance, and Membership Committees, each of which shall perform the functions and duties prescribed by the Board of Directors.

Section 2. **OTHER COMMITTEES:** Other committees may be designated by a resolution adopted by a majority vote of the Directors, or may be designated by a resolution adopted by a majority of the Executive Committee of the Board of Directors, subject to Article V, Section 6. Except as otherwise provided in such resolution, members of such committees shall be officers, principals or full-time employees of regular members in good standing, and the President of the Association shall appoint the members thereof. 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 shall be served by such removal. Officers, principals, or full-time employees of affiliates and associates may serve on committees at the discretion of the President. Affiliates and associates may participate in committee meetings and activities but shall not be entitled to vote on committee matters.

Section 3. **TERM OF OFFICE:** Each member of a committee shall be appointed annually by the President.

Section 4. **CHAIRS:** One (1) member of each committee shall be appointed Chair and Vice Chair by the President.

Section 5. **QUORUM:** Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be an act of the committee.

Section 6. **RULES:** Each committee may adopt rules for its own governance and operation not inconsistent with these Bylaws or with rules adopted by the Board of Directors.

ARTICLE VIII

CONTRACTS, CHECKS, DEPOSITS AND FUNDS

Section 1. **CONTRACTS:** The Board of Directors may authorize such Officer or Officers, including the Chief Staff Executive, or such other person or persons to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association as the Board of Directors may from time to time designate.

Section 2. **CHECKS, DRAFTS, ETC.:** All checks, drafts, electronic funds transfers, or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by such Officer or Officers, including the Chief Staff Executive, or such other person or persons as the Board of Directors may from time to time designate.

ARTICLE IX

BOOK AND RECORDS

The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, Board of Directors and committees having any authority of the Board of Directors, and shall keep at the registered or principal office, a record giving the names and addresses of the members entitled to vote. All books and records may be inspected by any Director or regular member or his agent or attorney for any proper purpose at any reasonable time.

ARTICLE X

FISCAL YEAR

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

ARTICLE XI

DUES

Section 1. **ANNUAL DUES:** The Board of Directors, by majority vote, may determine from time to time the amount of annual dues payable by members to the Association.

Section 2. **PAYMENT OF DUES:** Dues shall be payable in advance on the first day of January in each fiscal year. Dues of a new regular, affiliate or associate membership shall be prorated from the first day of the month in which such new member has fulfilled all applicant requirements and has been notified by the Association of its membership status, for the remainder of the fiscal year of the Association.

Section 3. **RESIGNATION OF MEMBERSHIP:** Resignation of a member does not relieve that member of liability for paying dues or other obligations accrued and unpaid as of the date of resignation.

Section 4. **REFUNDS:** No dues shall be refunded to any member whose membership terminates for any reason.

ARTICLE XII

WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of the statutes of the District of Columbia under the provisions of the articles of incorporation or the Bylaws of this Association, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XIII

CODE OF ETHICS

The Board of Directors shall prescribe a Code of Ethics to which each regular member shall acknowledge and will strive to adhere, and which may be amended from time to time by the Board of Directors.

ARTICLE XIV

INDEMNIFICATION

Section 1. **GENERAL:** The Association shall indemnify any individual who: (1) is a present or former Director, officer, or employee of the Association, (2) receives favorable disposition in the defense of any proceeding, whether civil, criminal, administrative or investigative; and (3) is a party by reason of service in that capacity, against reasonable expenses incurred by the individual in connection with the proceeding to the full extent permitted under the District of Columbia Nonprofit Corporation Act.

Section 2. **ADVANCEMENT OF EXPENSES:** Reasonable expenses incurred by a Director, officer, or employee who is a party to any proceeding, whether civil, criminal, administrative or investigative, may be paid or reimbursed by the Association, upon the approval of the Board of Directors, for the costs and expenses incurred by such person in connection with such proceeding in advance of the final disposition of the proceeding upon receipt by the Association of: (1) a written affirmation by the party seeking indemnification that he or she has a good faith belief that the standard of conduct necessary for indemnification by the Association as authorized herein has been met; and (2) a written undertaking by or on behalf of the party seeking indemnification to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

Section 3. **EXCLUSIVITY:** The rights of indemnification and advancement of expenses provided by these Bylaws shall not be deemed exclusive of any other rights to which a person seeking

indemnification or advancement of expenses may be entitled under any law (common or statutory) or agreement, both as to action in his official capacity and as to action in another capacity while holding office or while employed by or acting as agent for the Association, and such rights shall continue in respect of all events occurring while a person was a Director, officer, or employee and shall inure to the benefit of the estate, heirs, executors and administrators of such person. All rights to indemnification and advancement of expenses under these Bylaws shall be deemed to be a contract between the Association and each Director, officer, or employee of the Association who serves or served in such capacity at any time while this Article is in effect. Nothing herein shall prevent the amendment of this Article, provided that no such amendment shall diminish the rights of any person hereunder with respect to events occurring or claims made before its adoption or as to claims made after its adoption in respect of events occurring before its adoption. Any repeal or modification of this Article shall not in any way diminish any rights to indemnification or advancement of expenses of such Director, officer, or employee or the obligations of the Association arising hereunder with respect to events occurring, or claims made, while this Article, or any provision hereof, is in force.

ARTICLE XV

AUDIT

An annual audit of the financial records of the Association shall be made by a Certified Public Accountant to be retained by the Board of Directors.

ARTICLE XVI

RULES OF ORDER

The rules contained in Robert's Rules of Order, Newly Revised, or as it may be amended from time to time, shall govern Association meetings in all cases in which they are applicable and in which they are not inconsistent with these Bylaws. All questions regarding interpretations of Bylaws shall be decided by the Board of Directors.

ARTICLE XVII

AMENDMENTS TO THE BYLAWS

Section 1. **AMENDMENTS TO BYLAWS:** These Bylaws may be altered, amended, or repealed and new Bylaws may be adopted by a two-thirds (2/3) affirmative vote of the Board of Directors at any regular or special meeting of the Board of Directors if a quorum is present, or, alternatively, these Bylaws may be altered, amended, or repealed and new Bylaws may be adopted by a two-thirds (2/3) affirmative vote of the entire Board of Directors conducted by postal or other delivery or by electronic means in such manner as the Board of Directors shall determine.

Section 2. **PROPOSING AN AMENDMENT:** A proposed amendment to these Bylaws first must be submitted in writing to the Executive Committee, which shall promptly notify the Board of Directors of the proposal and shall include a statement about the proposal in any subsequent meeting notice. The Executive Committee shall then consider the proposal and make a written recommendation concerning it to the Board of Directors at least ten (10) days prior to the date of the meeting at which the proposal is to be considered by the Board of Directors.

Section 3. **PUBLICATION:** The text of any approved amendment shall be made known to the Members, along with an explanation of its basis, in the Association's newsletter or other periodic communication with the Members.