

Founding By Laws

Approved by the LFA Board on July 19, 2004

ARTICLE I DEFINITIONS

When used in these Bylaws, the terms defined below shall have the meanings specified:

The "Articles" shall mean the Articles of Incorporation of the Corporation, including any and all amendments thereto, as then in effect.

The "Board" shall mean the Board of Directors of the Corporation.

The "Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations thereunder, as from time to time in effect.

The "Corporation" or "LFA" shall mean the Llama Futurities Association, Inc., an Arizona non-profit corporation.

The "Corporation Act" or the "Act" shall mean the Arizona Nonprofit Corporation Act, Title 10 A.R.S. 10-3101 et. seq. of the Arizona non-profit corporation act as then in effect.

The "Member" shall be those individuals meeting the qualifications as provided for herein.

The "State" shall mean the State of Arizona.

ARTICLE II CORPORATE OFFICES

SECTION 2.1 PRINCIPAL OFFICE. The principal office of the Corporation shall be located at N1694 County Road HH, Lyndon Station, WI 53944, or such other place as the Board may designate from time to time.

SECTION 2.2 REGISTERED OFFICE. The registered office of the Corporation shall be at 2394 E. Camelback Road, Phoenix, AZ 85016, or at such other address as the registered agent of the Corporation shall maintain.

SECTION 2.3 OTHER OFFICES. The Corporation may have offices at such other places either within or without the State as the Board may determine or as the business may require.

ARTICLE III PURPOSE

Section 3.1 PURPOSE. The purpose of the Llama Futurities Association is to act on behalf and represent the common business interests of the Members of the Association. To this end, the Association shall direct its efforts toward the improvement of business conditions and education by engaging in activities such as event promotion, the setting of industry standards, the provision of educational resources, and the sponsorship of other activities as designed to improve and promote the common interests of the Association's Membership.

Section 3.2 POWERS. The Corporation shall have all powers authorized to nonprofit corporations by the Arizona Nonprofit Corporation Act, provided that all the assets and income of the Corporation shall be used exclusively for its exempt purposes, and no part thereof shall inure to the benefit of any private individual. Nothing contained herein shall be construed, however, to prevent the payment by the Corporation of reasonable compensation and expenses to directors, officers, employees, or independent contractors of the Corporation.

Section 3.2 DISTRIBUTION ON DISSOLUTION. If the Corporation is dissolved or its legal existence terminated, either voluntarily or involuntarily, or upon final liquidation of the Corporation, none of its assets shall inure to the benefit of any private individual, and all of its assets remaining after payment of all of its liabilities shall be distributed to one or more organizations which the Board then determines is qualified both as an exempt organization under Section 501(c)(6) of the Code, and as an organization engaged in activities substantially similar to those of this Corporation, or an organization which is an otherwise eligible entity under federal tax-exempt law.

ARTICLE IV MEMBERS

Section 4.1 MEMBERS. The organization shall have Members as set forth below. All applicants shall be accepted or rejected for membership by the LFA Board without regard to the applicant's race, sex, creed or national origin. Based solely on membership status, a Member is not personally liable for the acts, debts, liabilities or obligations of the Association.

4.1.1 Requirements for Membership: To become a Member of the Association an individual must have in common with the other Association members an interest in the livestock and agricultural industry particularly in the raising and breeding of llamas and/or other camelids; meet such other LFA eligibility criteria as established by the Board from time to time with input from the LFA Membership; and make timely payment of either the annual or lifetime fees as established by the Board

4.1.2 Categories of Membership. The Association shall maintain four categories of membership, including annual, lifetime honorary and organizational Members.

a. Annual Members are those individuals and organizations meeting the eligibility criteria then in place and electing to renew and pay membership dues on an annual basis;

b. Lifetime Members shall include those individuals and organizations meeting the eligibility criteria then in place and, upon joining have paid the prescribed one-time membership fee as established by

the Board;

c. Honorary Members are those individuals appointed by the Association at a general Membership meeting in recognition of the individual's achievements and/or contributions to the industry. Such Members are eligible to participate in all Association activities, but shall not have the right to vote, hold office or serve as a director.

d. Organizational Members shall include groups, associations and other organizations determined by the Association to have a common business interest and the ability to advance the interests of the Association. Organizational members may join the Association under such terms and conditions as established by the Board from time to time. An organizational member shall exercise its right to vote in connection with membership status through a single organizational identified representative.

4.1.3 In the event another nonprofit organization should merge into the Association, all Members meeting the criteria specified above, shall automatically become Members of the surviving organization upon the effective date of the merger and shall remain Members until new organizational documents are adopted defining membership qualification in the surviving organization.

4.1.4 Membership Rights. Members shall have the following rights:

a. to elect the Association's Board in the manner provided for herein;

b. approve fundamental changes in operations including, but not necessarily limited to, mergers, major affiliations, dissolution and changes in organizational purposes; and

c. act on such other matters as may be presented to the Membership by the Board.

Section 4.2 ANNUAL MEETING. The annual meeting of Members shall be held each year in the month and at a time and place as may be fixed by the Board. The activities to be conducted at the meeting shall include election of the directors, receipt of the annual Board report, and the transaction of such other business as may properly come before the meeting.

Section 4.3 SPECIAL MEETING. A special meeting of the Members may be called by the Board Chair, by a majority vote of the Directors in office or upon the Board's receipt of a written request of twenty percent (20%) of the eligible voting Members. The Board Chair or the Chair's designee shall designate in writing a place and the purpose(s) of the meeting, and only such business as previously noticed may be transacted at the meeting. Special Meetings by teleconference at which a quorum is participating are authorized.

Section 4.4 NOTICE AND WAIVER. Written notice of each meeting of Members, stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be mailed or communicated electronically to each Member of the Association at least ten (10) but not more than sixty (60) days prior to such meeting at the Member's address as it appears on the organizational list of Association Members. A written waiver of notice signed by the Member or Members entitled to such notice, whether before or after the time stated therein, shall constitute a waiver of the Member's objection to the lack of or defective notice. Attendance at a meeting shall also constitute a waiver as to the lack of or defective notice, unless the Member at the beginning of the meeting objects to the holding of the meeting or transaction of business.

Section 4.5 CERTIFICATION AND VOTING LIST. As soon after the close of business on December 31, but no later than April 1, the secretary shall prepare and certify a list of Members of the Association, in accordance with the criteria for Members as specified in Section 3.1.1 of these Bylaws. Members so certified shall receive notice of, and shall have the sole privilege of voting on matters submitted to them at annual and special meetings of the Membership of the Association. A complete and current alphabetical list of Members shall be regularly maintained and kept on file and available for inspection by any Member at the principal office of the Association.

Section 4.6 QUORUM. Twenty percent (20%) of the Members entitled to vote, and present in person or by proxy, shall constitute a quorum for the transaction of any business.

Section 4.7 VOTING. Eligible Members shall be entitled to one (1) vote, in person or by proxy, on all matters submitted by the Board. Except as is otherwise provided by law, by the Articles of Incorporation or by these Bylaws, all action shall be decided by a majority vote of the Members present in person or by proxy.

Section 4.8 VOTING BY MAIL. Any action, including, but not by way of limitation, the election of directors, amendment of the Association's Articles of Incorporation or the approval of a proposed plan of merger, consolidation or dissolution, upon which Members are entitled to vote may be voted upon by mail if written notice of the proposed action is sent to each person known to be entitled to vote. The written notice shall include the following: (a) the name of the Association; (b) the nature of the proposed action to be voted upon; (c) the mailing address where the ballot is returned to register a vote; and (d) the effective voting date, a date no less than ten (10) and no more than sixty (60) days following the date upon the written notice is delivered or mailed to the Members. Each written ballot timely received and properly completed shall be equivalent to attendance at a meeting of the Members by the Member signing the written ballot. The proposed action shall be an action of the Members only if a majority of the Members entitled to vote affirmatively vote in favor of the action. Notwithstanding the foregoing, an affirmative vote of at least two-thirds (2/3) of the Members shall be required for an approval of a proposed plan of merger, consolidation or dissolution.

Section 4.9 ACTION WITHOUT MEETING. Any action required or permitted to be taken at a meeting of Members may be taken without a meeting if a consent in writing, setting forth the action so taken or to be taken, is approved by a majority of the eligible voting Members, or by their duly authorized attorney-in-fact. Such consent (which may be signed in counterparts) shall have the same force and effect as a vote taken at a meeting of the Members and will be maintained with the Association minutes and/or corporate records. For purposes of this Section, a Member's signature includes a verified electronic signature.

Section 4.10 RESIGNATION AND REMOVAL. A Member may resign from the Association by providing written notice to the organization or automatically by electing not to renew and/or pay annual dues within sixty (60) days of receipt of the Member's annual membership renewal notice. The Board, through a unanimous vote, shall have the authority to suspend or expel any Member who fails to pay dues, no longer meets the qualifications necessary for membership or who otherwise has engaged in conduct or activities detrimental to the Association and/or inconsistent with its best interests.

ARTICLE V

BOARD OF DIRECTORS

Section 5.1 GENERAL POWERS. The business and affairs of the Association shall be managed and directed by, and the control and disposal of the Association's properties and funds shall be vested in, the Board, except as may be otherwise provided for in the Arizona Nonprofit Corporation Act, principles of federal law applicable to tax-exempt organizations, the Association's Articles of Incorporation or these Bylaws.

Section 5.2 NUMBER, TERM AND QUALIFICATIONS. There shall be not less than six (6) and no more than nine (9) directors of the Association. The actual number of directors shall be set from time to time and shall be representative of geographic regions as determined by the Board and approved by the Membership. Except as provided for at the initial election following adoption of these Bylaws, each director shall be elected for a three year term with such terms staggered so as to maintain continuity within the Board representation. For purposes of the initial election, each elected director shall be identified as serving a one, two or three year term based on the number of member votes received by the director. One-third (1/3) of the candidates receiving the highest number of votes will be identified as serving a three (3) year term, the next highest three candidates a two (2) year term with the remaining one-third (1/3) of directors elected a one (1) year term. Such terms shall commence on the 1st day of January following the election. Each director shall hold office until expiration of their term and a successor is elected and qualified, or until the director's death, resignation or removal. At each subsequent annual meeting of Members, the successors of those directors whose term has expired shall be elected to serve for a term of three (3) years and such directors shall serve until their successors are elected and qualified, or until the director's death, resignation or removal. Each director must attend and participate in not less than fifty percent (50%) of all board meetings scheduled in a year. If a director fails to meet this minimum attendance requirement, at the discretion of the Board, the director's seat will be deemed vacant and available for the nominating of an interim director to serve the remaining term.. At the discretion of the Board chair, imposition of this rule may be waived due to extenuating circumstances.

Section 5.3 NOMINATION AND ELECTION OF DIRECTORS. For purposes of the annual election of directors, the Board shall select a Chair of a Nominating Committee who is not currently serving as a member of the Board and, in consultation with the Board, shall be responsible for identifying three to five additional members to serve on the Committee. Such Committee members shall include individuals expressing an interest in the Association and representative of the Association's regional areas and range of Association activities. The Nominating Committee shall be responsible for establishing a procedure to qualify and accept nominees for director positions, obtain Board approval in connection with the procedure and assume responsibility for overseeing the annual election process. Such procedures shall include, but are not limited to, administration of the election through the Association's CPA or such other independent resource as identified by the Committee as having familiarity with corporate governance and the administration of elections in non-profit, tax-exempt organizations.

In connection with the annual election, the Board shall establish the Board size, regional requirements as to representation and such other director qualifications as consistent with the Association's interest. Based on the background information submitted, the Committee shall complete an overall assessment of qualified nominees, identifying not less than two candidates for each vacancy on the Board. For purposes of the initial election following adoption of these Bylaws, all qualified directors currently serving shall automatically be included in the slate of nominees. The Committee shall be responsible for verifying and resolving any questions as to the accuracy of the information provided, obtaining additional information required in making its determinations and

ensuring all eligible candidates have completed a conflict of interest and code of ethics disclosure.

Following its review, the Committee will submit a written slate of candidates to the Membership for consideration. Such slate, including pictures and biographical data of all candidates, shall be provided not less than sixty (60) days prior to the election. In addition to the names presented by the Committee, a qualified Member may petition to run by submitting to the Chair of the Committee a written petition signed by not less than ten (10%) percent of the membership. A Member nominated through the petition process shall be added to the slate and included in all election activities as if otherwise qualified by the Committee.

Section 5.4 VACANCIES. Any director may resign at any time by giving written notice to the Board Chair or the Secretary of the Association. Such resignation shall take effect at the time specified in the notice and unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective. Any vacancy occurring in the Board for any reason may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum. A director elected to fill a vacancy shall be elected until the next annual meeting or until the director's death, resignation or removal.

Section 5.5 REGULAR MEETINGS. A regular annual meeting of the Board shall be held within ninety (90) days after the annual meeting of the Members at the time and place, determined by the Board. The purpose of this meeting shall be the election of officers and the transaction of such other business as may come before the meeting. There shall be no less than four (4) regular meetings, including any annual meeting, of the Board in each twelve (12) month period commencing January 1 in each year, and the Board Chair shall provide by notice the time and place for the holding of such additional regular meetings. Minutes of all Board meetings shall be made available to the Membership via the Association's website. The Board, in its discretion, may elect to discuss matters affecting the privacy of individuals and institutions, or legal issues on a confidential basis.

Section 5.6 SPECIAL MEETINGS. The Board Chair may call a special meeting of the Board whenever he or she deems it necessary, or must call such a meeting upon receipt of a signed written request from three (3) or more directors. The Board Chair shall fix the place for holding any special meeting of the Board. Notice of a special meeting stating the purpose, place, day and hour of the meeting shall be given to each director at his or her last known business or home address at least five (5) days prior thereto by the mailing of written notice, or not less than two (2) days prior by personal delivery of written notice, telephonic or electronic notice. The method of notice need not be the same to each director. If mailed, such notice shall be deemed to be given when deposited in the United States mail, with postage prepaid.

Section 5.7 WAIVER OF NOTICE. Any director may waive notice of any meeting before, at, or after such meeting. The attendance of a director at a meeting shall automatically constitute a waiver of such notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the holding of the meeting or the transaction of any business because the meeting is not lawfully called or convened.

Section 5.8 QUORUM AND VOTING. A majority of the directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board. Each director shall be entitled to one (1) vote and the vote of a majority of the directors present in person or by telephonic conference at a meeting at which a quorum is present shall be the act of the Board unless a greater number is specifically required by these Bylaws, by the Association's Articles of Incorporation or by law. If less than a quorum is present at a meeting, a majority of the directors present may adjourn the meeting

from time to time without further notice other than announcement at the meeting, until a quorum shall be present. No director may vote or act by proxy at any meeting of directors.

Section 5.9 REMOVAL. Any director elected by the membership may be removed by the Members with or without cause upon recommendation from the Board whenever in the judgment of the remaining directors such removal is in the best interests of the Association. Such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment as a director shall not in itself create contract rights. Interim directors appointed by the Board may be removed with or without cause by the Board consistent with the best interests of the Association.

Section 5.10 COMPENSATION. Directors shall not receive compensation for their services as such, although the reasonable expenses of directors for attendance at board meetings may be paid or reimbursed by the Association. Subject to approval consistent with the Association's conflict of interest policy, Directors shall not be disqualified to receive reasonable compensation for services rendered to or for the benefit of the Association in any other capacity.

Section 5.11 MEETINGS BY TELEPHONE. Members of the Board or any committee thereof may participate in a meeting of the board or committee by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute attendance at the meeting.

Section 5.12 ACTION WITHOUT A MEETING. Any action required or permitted to be taken at a meeting of the directors or any committee thereof may be taken without a meeting if a consent in writing, setting forth the action so taken or to be taken, is signed by all of the directors or committee Members entitled to vote upon such action at a meeting, or by their duly authorized attorney-in-fact. Such consent (which may be signed in counterparts) shall have the same force and effect as a unanimous vote of the directors or committee Members. For purposes of this section, a director's signature includes a verified electronic signature.

ARTICLE VI

OFFICERS AND AGENTS

Section 6.1 NUMBER AND QUALIFICATIONS. The officers of the Association shall consist of the Board Chair (who shall also serve as President of the Association), in the discretion of the Board, one or more vice chairs; a secretary; a treasurer, and such other officers as may be deemed necessary or desirable by the Association's directors. One person may hold more than one office at a time, except that no person may simultaneously hold the offices of Chair and secretary.

Section 6.2 ELECTION AND TERM OF OFFICE. The officers of the Association shall be elected by the directors at the annual meeting of the Board, for a term commencing on January 1 next succeeding the date of the annual meeting of Members. Each officer shall hold office for a term of one (1) year or until a successor has been duly elected and qualified, or until the officer's earlier death, resignation or removal.

Section 6.3 REMOVAL. Any officer or agent may be removed with or without cause by the Board whenever in the judgment of the directors such removal is in the best interests of the Association. Such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Election or appointment of an officer or agent shall not in itself create contract rights.

Section 6.4 VACANCIES. Any officer may resign at any time, subject to any rights or obligations under any existing contracts between the officer and the Association, by giving written notice to the Board Chair. An officer's resignation shall take effect at the time specified in such notice, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. A vacancy in any office, however occurring, may be filled for the unexpired portion of the term by action of the Board if the vacant position is normally held by a director, with the advice and counsel of the Board Chair, if the vacant office is an administrative position.

Section 6.5 AUTHORITY AND DUTIES OF OFFICERS. The officers of the Association shall have the authority and the responsibility to perform the duties specified below and such other duties as may be additionally specified by the Board Chair, the Board or these Bylaws, or as may be required by law.

6.5.1 Board Chair. The Board Chair shall oversee the general affairs of the Association. It shall be the Chair's duty to preside at all regular and special meetings of the Association, present at the annual membership meeting a report on the Association activities, oversee the carrying out of all orders and resolutions of the Board, and generally perform all such other duties as are incident to the office and as may be required by the Bylaws or the Board. The Chair or the Chair's designee may, but is not required to, serve as an ex-officio Member of all Association committees.

6.5.2 Vice Chairs(s). If elected, a vice chair shall assist the Chair in carrying out the purposes of the Association. In the event of the prolonged absence or disability of the Chair, the Board vice chair with an affirmative vote of the Board occurring at the time of the vacancy may act as Chair, and as such, the acting Chair shall have all the authority and duties vested in the Chair.

6.5.3 Secretary. The Secretary shall attend all Association meetings, and shall record upon the books and records of the Association the proceedings of the respective meetings. The Secretary shall provide for notification of the Members and directors of the Association of their respective meetings in accordance with these Bylaws shall be the custodian of the corporate records and seal and shall perform such other duties as may be required by these Bylaws, assigned by the Board, or as may be required by law.

6.5.4 Assistant Secretary. If elected, the assistant secretary, in the absence of the secretary, shall have all the authority and duties vested in the secretary.

6.5.5 Treasurer. The Treasurer shall be the financial officer of the Association. As such, the Treasurer shall receive and deposit in a bank or banks to be approved by the Board all monies of the Association and keep an accurate account thereof, make disbursements subject to such guidance, as may be determined from time to time by the Board, and make reports of the finances of the Association annually or as otherwise may be reasonably requested. The Treasurer shall perform all other duties required by these Bylaws, assigned by the Board or as may be required by law. At the end of the Treasurer's term, all books, monies, and other property of the Association then in the Treasurer's possession shall be delivered to his or her successor. The Board may, but is not mandated, to require the Treasurer to give such security as may be consistent with industry and routine corporate practices.

6.5.6 Assistant Treasurer. If elected, the assistant treasurer, in the absence of the treasurer, shall

have all the authority and duties vested in the treasurer.

ARTICLE VII

COMMITTEES OF THE BOARD

Section 7.1 DESIGNATION OF COMMITTEES. The Board may designate one or more standing or special committees as necessary to direct the business of the Association. Each committee may exercise the authority granted to them by the Board except that no such committee shall have the authority of the Board to amend, alter or repeal organizational documents; elect, appoint or remove any Member of any such committee or any officer or director of the Association. The designation and appointment of any such committee and the delegation of authority to any such committee shall not operate to relieve the Board or any director from any responsibility imposed by law. Rules governing procedures for meetings of any committee of the Board shall be as established by the Board, or in the absence thereof, by the committee itself. Each such committee shall consist of one (1) or more directors and, if appointed by the Board, such other persons who need not be Members of the Board.

Section 7.2 COMMITTEE MEETINGS. Meetings of the committees of the Board may be called by the respective chairs, who shall be appointed by the Board Chair. At all meetings of any committee, a majority of the Members of the committee shall constitute a quorum for the transaction of business, and the act of a majority of the Members of the committee present shall be the act of the committee, except as may be otherwise specifically provided for by these Bylaws.

ARTICLE VIII

INDEMNIFICATION

Section 8.1 INDEMNIFICATION PERMITTED.

8.1.1 The Association may indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association), by reason of the fact that he or she is or was a director, officer, employee, fiduciary or agent of the Association or is or was serving at the request of the Association as a director, officer, employee, fiduciary or agent of another organization, partnership, joint venture, trust or other enterprise, against expenses (including attorney fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by the indemnified party in connection with such action, suit or proceeding. Such indemnification is permitted only in such cases where a Board determination has been made that the person to be indemnified has acted in good faith, in a manner reasonably believed to be in the best interests of the Association and, with respect to any criminal action or proceeding had no reasonable cause to believe the conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create an automatic presumption the person acted in good faith or otherwise in a manner reasonably believed to be in the best interests of the Association, and with respect to any criminal action or proceeding was lawful.

8.1.2 No indemnification shall be made with respect to any claim, issue, or matter as to which such

person has been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Association unless and only to the extent that the court in which such action or suit was brought determines upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses which such court deems proper.

Section 8.2 DETERMINATION OF PERMITTED INDEMNIFICATION. Any indemnification under Section 8.1 of this Article (unless ordered by a court), and as distinguished from Section 8.3 of this Article, shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director, officer, employee, fiduciary or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth above. Such determination shall be made by the board of directors of the Association by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or, if such a quorum is not obtainable, or even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or by the Members of the Association.

Section 8.3 INDEMNIFICATION REQUIRED. Only as legally required under ____ A.R.S. §____, and to the extent a director, officer, employee, fiduciary or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 8.1 of this Article, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorney fees) actually and reasonably incurred by him or her in connection therewith.

Section 8.4 ADVANCEMENT OF EXPENSES. Expenses (including attorney fees) incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding upon receipt from the director, officer, employee, fiduciary or agent of a written affirmation of his or her good faith belief that he or she has met the standard of conduct set forth above, and upon receipt of an undertaking by, or on behalf of, the director, officer, employee, fiduciary or agent to repay such amount unless it is ultimately determined that he or she is entitled to be indemnified by the Association as authorized in this Article.

Section 8.5 OTHER INDEMNIFICATION RIGHTS. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of Members of the Association or disinterested directors or otherwise, and any procedure provided for by any of the foregoing, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee, fiduciary or agent and shall inure to the benefit of heirs, executors and administrators of such a person. In addition to indemnification rights granted under this Article, and not in lieu hereof, those indemnified hereunder shall be entitled to the same rights with respect to indemnification as are provided by statute under federal or state law.

Section 8.6 INSURANCE. By action of the Board, notwithstanding any interest of the directors in such action, the Association shall purchase and maintain directors and officers liability insurance, in such amounts as the Board may deem appropriate. The Association may also purchase and maintain insurance, in such amounts as the Board deems appropriate to insure the Association against any liability, including without limitation, any liability for the indemnifications provided in this Article.

ARTICLE IX

CONFLICT OF INTEREST

Section 9.1 CONFLICT DEFINED. A conflict of interest may exist when the interests or concerns of any director or officer may be seen as competing with the interests or concerns of this Association.

Section 9.2 DISCLOSURE REQUIRED. Any possible conflict of interest shall be disclosed to the Board by the person concerned.

9.2.1 When any conflict of interest is relevant to a matter requiring action by the Board, the interested person shall call it to the attention of the Board or its appropriate committee and such person shall not vote on the matter; provided however, any director disclosing a possible conflict of interest may be counted in determining the presence of a quorum at a meeting of the Board or a committee thereof.

9.2.2 The person having the conflict shall retire from the room in which the Board or its committee is meeting and shall not participate in the final deliberation or decision regarding the matter under consideration. However and upon request, that person shall provide the Board or committee with any and all relevant information.

Section 9.3 MINUTES. The minutes of the meeting of the Board or committee shall reflect that the conflict of interest was disclosed and that the interested person was not present during the final discussion or vote and did not vote. When there is doubt as to whether a conflict of interest exists, the matter shall be resolved by a vote of the Board or its committee, excluding the person concerning whose situation the doubt has arisen.

Section 9.4 ANNUAL REVIEW. A copy of this conflict of interest statement shall be furnished each director, officer and who is presently serving the Association. Any new directors, officers or interested parties shall be advised of this policy and shall complete an annual disclosure statement upon undertaking the duties of such office.

ARTICLE X **MISCELLANEOUS**

Section 10.1 ACCOUNT BOOKS AND MINUTES. The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board membership and committee meetings. All books and records of the Association may be inspected by any director or his or her accredited agent or attorney, for any proper purpose at any reasonable time.

Section 10.2 FISCAL YEAR AND AUDIT. The fiscal year of the Association shall be January 1 through December 31, inclusive. After the close of each fiscal year of the Association, financial transactions of the Association for the preceding fiscal year shall be audited by certified public accountants, as directed by the Board.

Section 10.3 CONVEYANCES AND ENCUMBRANCES. Property of the Association may be assigned, conveyed or encumbered by such officers of the Association as may be authorized to do

so by the board of directors, and such authorized persons shall have power to execute and deliver any and all instruments of assignment, conveyance and encumbrance; however, the sale, exchange, lease or other disposition of all or substantially all of the property and assets of the Association shall be authorized only in the manner prescribed by the applicable law.

Section 10.4 DESIGNATED CONTRIBUTIONS. The Association may accept any designated contribution, grant, bequest or devise consistent with its general tax exempt purposes, as set forth in the Association's Articles of Incorporation. And these Bylaws. As so limited, donor designated contributions will be accepted for special funds, purposes or uses, and such designation generally will be honored. However, the Association shall reserve all right, title and interests in and to, and control of, such contributions, as well as full discretion as to the ultimate expenditure or distribution thereof in connection with any special fund, purpose or use. Further, the Association shall retain sufficient control over all donated funds (including designated contributions) to assure that such funds will be used to carry out the Association's tax exempt purposes.

Section 10.5 LOANS TO DIRECTORS AND OFFICERS PROHIBITED. No loans shall be made by the Association to any of its directors or officers. Any director or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until it is repaid.

Section 10.6 REFERENCES TO INTERNAL REVENUE CODE. All references in these Bylaws to provisions of the Internal Revenue Code are to the provisions of the Internal Revenue Code of 1986, as amended, and shall include the corresponding provisions of any subsequent federal tax laws.

Section 10.7 SEVERABILITY. The invalidity of any provision of these Bylaws shall not affect the other provisions hereof, and in such event these Bylaws shall be construed in all respects as if such invalid provisions were omitted.

Section 10.8 AMENDMENT OF BYLAWS. These Bylaws may be amended, repealed or modified, and new Bylaws adopted, by the affirmative vote of a majority of the directors then in office. Any notice of a meeting at which these Bylaws are to be amended, repealed or modified shall include notice of such proposed action and the text of the proposed new or amended Bylaw.