

BY LAWS
OF
SRI LANKA ASSOCIATION OF GREATER WASHINGTON, INC.

(A nonstock Corporation formed under the general laws
of the State of Maryland)

ARTICLE I

Offices

Section 1.01 Location. The principal office of the Sri Lanka Association of Greater Washington Inc. (hereinafter called the "Association") shall be located within the State of Maryland, at such place as is designated in the Articles of Incorporation. The Association may maintain additional offices at such other places within or without the State of Maryland as the Board of Directors may designate.

ARTICLE II

Members

Section 2.01 Who Shall Be Members. The members of the Association shall consist of any person(s) over eighteen years of age resident in the United States of America and of such other persons as may be elected to membership from time to time. The classes of members and the dues for each class shall be as follows:

- (a) There will be eight classes of members defined as follows:
 - (i) **Individual Members:** Single persons eligible for membership.
 - (ii) **Family Members:** A member, his/her spouse and dependent children under the age of 18 years.
 - (iii) **Life Members:** Eligible members who pay dues in lump sum amounts, as determined by the Board of Directors from time to time.
 - (iv) **Youth Members:** Eligible members, such as students, whose membership will be based on the payment of reduced annual dues, for a period not exceeding one year.
 - (v) **Honorary Members:** The Board of Directors may invite any person eligible for membership to be an Honorary Member of the Association in recognition of their outstanding services to the Association, subject to ratification by the members of the Association. Honorary members shall be exempt from the payment of annual dues, but a spouse of an honorary member will not be exempt from the payment of annual dues.

- (vi) **Associate Members:** Any person who is temporarily in the United States as a visitor, or on any other short-term assignment of less than one year, may join the Association, subject to the Board of Directors approval, as an Associate Member. Such members do not have the right to vote or hold office. The Board will determine the duration of the particular associate membership. The Secretary shall maintain a list of such members.
 - (vii) **Sustaining Members** – Life Members who continue to pay annual dues shall be designated as Sustaining Members.
 - (viii) **Donor Members** – Any member who contributes funds to the Association above a certain threshold level for the calendar year, the amount(s) which shall be determined by the Board of Directors, shall be designated as Donor Members.
- (b) The membership dues shall be fixed by the Board of Directors and may be changed from time to time, as necessary, by a majority vote of the entire Board. The Board shall notify the membership of any change in the dues and the effective date.
 - (c) All members other than Associate Members will have the same voting rights and privileges.

Section 2.02 Duration of Membership. The term of membership of any member shall be as defined in Section 2.01, subject to the payment of dues, where relevant. Notwithstanding the foregoing, any member may resign at any time by mailing or delivering written notice to the Secretary of the Association (any resignation to take effect as specified therein or, if not specified, upon receipt of the Secretary), and any member may be removed at any time, with or without cause, by majority vote of the other members. Members who fail to renew their membership prior to the annual meeting of the ensuing year, will lose their membership and may rejoin as new members.

The Board of Directors may, after due process, terminate the membership of a person on finding that such person has acted contrary to the purposes and interests of the Association. Before such termination, the Board shall inform the person in writing the reasons therefor, and such person shall have the opportunity to respond in writing within a period of two weeks after the receipt of such notice. The decision of the Board shall be final and conclusive.

Section 2.03 Annual Meeting. An annual meeting will be held in the month of March each year. Such meeting will be held for: (a) the election of the Board of Directors comprising eleven directors; (b) election of the President, the President-Elect, the Secretary, the Assistant Secretary and Treasurer, SLAWDC and Treasurer, SLAGW, from amongst the directors and (c) the transaction of other business as may properly come before the members.

At the annual meeting, the membership shall elect one member who is not a member of the Board of Directors to audit the accounts of the Association. Any member so elected, who is unable to serve as Auditor during the course of the year shall, for the rest of the period, be replaced by another member, appointed by the Board of Directors to audit the accounts of the Association.

Section 2.04 Special Meetings. Special meetings of the members may be called at any time by the President, the Secretary, or by the Board of Directors. Special meetings shall also be

called by the Secretary on the written request of members entitled to cast at least twenty-five percent (25%) of all the votes entitled to be cast at such meeting. Such written request to the Secretary shall state the purpose of the meeting and the matters proposed to be acted on at such meeting; provided, however, that a special meeting need not be called to consider any matter which is substantially the same as a matter voted on at any special meeting of the members held during the preceding twelve (12) months, unless requested by members entitled to cast a majority of all vote entitled to be cast at the meeting. Upon receiving the written request, the Secretary shall inform the members who make the request of the reasonably estimated cost of preparing and mailing a notice of the meeting, and upon payment of these costs to the Association, the Secretary shall notify each member entitled to notice of the meeting.

Section 2.05 Place and Time of Meetings. Meetings of members may be held at any place in the United States and at such hour as may be set by the Board of Directors in the notice of the meeting. If no place and hour are so set, meetings of members shall be held at the principal office of the Association in the State of Maryland, at a time set by the Board of Directors.

Section 2.06 Notice and Conduct of Annual and Special Meetings. Notice of each meeting of the members shall be given in writing by or at the direction of the President, the Secretary, or the persons calling the meeting, shall state the place, date and hour of the meeting and, unless it is an annual meeting, shall indicate the purpose or purposes for which the meeting is being called.

A copy of the notice of any meeting shall be given, personally or by mail, to each member entitled to vote at such meeting. The notice shall be given not less than ten (10) nor more than ninety (90) days before the date of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid, directed to the member at his address as it appears on the records of the Association.

Unless otherwise specified in the Articles of Incorporation and these By Laws, All decisions at a meeting of members shall be made by a majority of those voting. At a meeting of members, voting shall be as follows:

- (i) Voting by show of hands;
- (ii) Voting for a contested issue shall be by secret ballot, and
- (iii) Proxy voting shall be by a member mailing his/her vote to the Secretary, which shall reach the Secretary at least three days before the meeting. All votes cast by proxy shall indicate the specific items on which the vote is to be cast.

At a meeting of members, voting shall be confined to the purposes for which it was convened.

When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting in which the adjournment is taken. At the adjourned meeting the Association may transact any business that might have been transacted at the original meeting.

Section 2.07 Waivers of Notice. Notice of any meeting need not be given to any member who: (1) before or after the meeting, signs a waiver of notice, which is filed with the records of meetings of members; or (2) is present at the meeting in person or by proxy.

Section 2.08 Quorum. Members entitled to cast one-fourth of the total number of votes entitled to be cast, represented in person or by proxy shall constitute a quorum at a meeting of members for the transaction of any business.

Section 2.09 Proxies. Every member entitled to vote at a meeting of members or to express consent or dissent without a meeting may authorize another person or persons to act for him by proxy, but no person other than a member shall be so authorized.

Every proxy must be signed by the member or such member's duly authorized attorney-in-fact. Every proxy shall be revocable at the pleasure of the member executing it, except as otherwise provided by law.

Whenever any corporate action is to be taken by vote of the members, it shall, except as otherwise required by law or by the Articles of Incorporation, be authorized by a majority of the votes cast at a meeting of members by the members entitled to vote thereon.

Voting on all matters, including the election of directors or officers, may be conducted by mail.

Section 2.10 Election Rules and Procedures. The following rules and procedures shall be adopted in the conduct of elections:

- (a) The Secretary shall receive from the Election Committee the report containing the list of duly proposed and seconded nominees for office, at least 30 days in advance of the annual meeting. The Secretary shall transmit this list to the Board of Directors. The Chairman of the Election Committee, or anyone elected from the floor of the house, may function as Chairman pro-tem for conducting the election.
- (b) The Secretary shall mail the list of prospective nominees so received to all the members of the Association at least 14 days in advance of the annual meeting. The Secretary shall also mail to all the members of the Association, a list of members who have paid their dues for the current year and are otherwise eligible to vote and be candidates for election at the annual meeting. Only those members who have paid their dues at least 14 days in advance of the annual meeting are eligible to nominate or be nominated to the Board of Directors. The Secretary shall also inform the membership that members may nominate candidates from the floor at the annual meeting.
- (c) The Secretary's list of eligible members as mailed shall be definitive.

- (d) All classes of members except Associate members may propose or second candidates for the Board of Directors or officers. Such nominations should be in writing and should contain the consent of the nominee.
- (e) In the event of a contest, any candidate receiving a simple majority shall be declared elected. Members unable to attend such meeting may vote by mail proxy, provided the Chairman Election Committee receives such votes at least three days in advance of the annual meeting. All votes cast by proxy shall indicate the name of the nominee and the position for which the vote is to be cast.
- (f) Upon election of the Board of Directors and officers, the newly elected President shall preside at the meeting.
- (g) No person who has been convicted of a criminal offense shall be eligible for election to the Board of Directors.

Section 2.11 Presiding Officer and Secretary. At any meeting of the members, if neither the President, nor the President-Elect, nor a person designated by the Board to preside at the meeting shall be present, the members present shall appoint a presiding officer for the meeting. If neither the Secretary nor an Assistant Secretary is present, the appointee of the person presiding at the meeting shall act as secretary of the meeting.

Section 2.12 Informal Action by Members; Meetings by Conference Telephone. Unless otherwise restricted by the Articles of Incorporation or these Bylaws, any action required or permitted to be taken by the members at any annual or special meeting may be taken without a meeting if an unanimous written consent which sets forth the action signed by each member entitled to vote on the matter is filed with the records of members' meetings.

Unless otherwise restricted by the Articles of Incorporation or these Bylaws, members may vote by mail without a meeting on a stated proposal or for the election of directors or any officers who are elected by the members.

Except as otherwise required by law or restricted by the Articles of Incorporation or these Bylaws, the members may participate in a meeting of the members by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time, and such participation shall constitute presence in person at the meeting.

ARTICLE III

Board of Directors

Section 3.01 Power of the Board. The business and affairs of the Association shall be managed under the direction of the Board of Directors. The Board of Directors shall:

- (a) Conduct all affairs of the Association.
- (b) Appoint committee to perform lawful functions of the Association as the Board of Directors may delegate to them.

- (c) Decide questions of policy, which are not expressly reserved to the members of the Association.
- (d) Allocate amongst directors the following positions: Social Events Director, Cultural Events Director, Sports Events Director, Communications Director, Youth Affairs Director, and Membership Services Director. The Board shall designate the responsibilities of these various Directors and is vested with the discretion to change the title of the positions and responsibilities.
- (e) The Directors shall strive to create committees for all major activities of the Association, and promote more active participation in these events by the general membership. The Board shall designate one or more members of the Board to coordinate the activities of each committee.

Section 3.02 Number of Directors. The number of directors constituting the entire Board of Directors shall be not less than one (1) nor more than eleven (11). The number of directors may be increased or decreased by amendment of the By Laws, or by action of the Board as hereinafter provided. A majority of the entire Board of Directors may alter the number of directors set by the Articles of Incorporation or these By Laws, provided that no decrease shall affect the tenure of office of any incumbent director at all times.

Section 3.03 Chairman of the Board and Vice Chairman. The director who has been elected the President shall be the Chairman of the Board and shall preside at all board meetings. The director who has been elected the President-Elect shall be the Vice Chairman of the Board.

Section 3.04 Election and Term of Directors.

- (a) (i) Office Bearers/Directors must be elected at the Annual General Meeting.
- (ii) The President, President-Elect, Secretary, Assistant Secretary, and Treasurer shall be elected for a period of two years. Other Directors shall be elected for a period of one year. The President-Elect shall automatically succeed to the office of President once the preceding President relinquishes the office.
- (iii) A vacancy occurring during the term of an elected office bearer or director shall be filled by the Board. Those appointees shall serve until the next Annual General Meeting.
- (iv) If the vacancy which occurs in the circumstance referred to in Paragraph (iii) above is for the position of President, the President-Elect shall automatically succeed as President. For other positions the Board shall appoint a suitable member of the Association. If vacancies for the positions of President or President-Elect occur at the same time, the Board shall appoint to those positions, two Board Members.
- (v) Members holding the positions of President, President Elect, Secretary, Assistant Secretary, and Treasurer shall not be eligible to hold their respective positions for more than two consecutive years.
- (vi) For the purpose of computing the two-year time period, time served as office bearer or director in the circumstance referred to in Paragraphs (iii) and (iv) above, shall not be counted.

- (vii) To qualify as a candidate for election, or selection by the Board, as President or President-Elect, a member must have served on the Board of Directors for at least one year. Where there is no member of the Board who satisfies this requirement, an exception may be made to this provision.
- (viii) An outgoing President shall not be eligible to be a candidate for a position on the Board for one year after he ceases to be President.
- (b) (i) Candidates for all offices to be filled by the Association at each annual election shall be placed in nomination, either on a report submitted at least 30 days in advance of the annual meeting of an Election Committee, which shall consist of three members appointed by the Board of Directors at its first meeting after election, or by a petition signed by not less than two members of the Association containing the written consent of the nominee to stand for election, and submitted from the floor of the house.
- (ii) The Board of Directors at its first meeting shall appoint an Election Committee consisting of three (3) members. No Officer or Director shall serve on the Election Committee. The Election Committee shall hold office until a new Election Committee is appointed in the aforesaid manner. All disputes regarding the interpretation of the Constitution and the By Laws relating to the elections, must be referred for decision to the Election Committee.
- (iii) The Election Committee shall not choose, propose or second any candidates for any office sua sponte. Its function shall be to receive nominations and to transmit a complete list of candidates to the Board of Directors after ascertaining that the proposer, seconder and candidates are members in good standing (good standing is defined in Article Three - Membership of the Constitution and Article I – Membership and Dues in (a) of the By Laws), that the candidates have given their consent to stand for election, and are eligible for the positions for which they are candidates.
- (c) Where a position on the Board of Directors is filled by election, it shall be filled by vote of the majority of members. Voting shall be by secret ballot. All votes cast by proxy shall indicate the name of nominee and the position for which the vote is to be cast.
- (d) The Election Committee shall ensure the transfer of records and property of the Association, from the outgoing members of the Board of Directors to the newly constituted Board of Directors. The transfer shall occur no later than two weeks after the appointment of the new Board of Directors.
- (e) Any member of the Board of Directors may be removed from his/her position by an affirmative vote of the Board of Directors, or by a majority of members voting at a general meeting, provided due process has been observed.
- (f) No more than one immediate family member of any family shall at any given time serve on the Board.

Section 3.05 Conflict of Interest. All or any part of the Association's earnings or funds may not inure directly or indirectly to the benefit of any member or of any family member of a member, or any person having a personal or private interest in the activities of the Association, nor to the benefit of any other person in circumstances where there is a conflicting interest

Section 3.06 Quorum of Directors and Action by the Board. Unless a greater proportion is required by law or by the Articles of Incorporation, a majority one-third of the entire Board of Directors shall constitute a quorum for the transaction of business, and, except as otherwise provided by law or by the Articles of Incorporation or these Bylaws, the action of a majority of the directors present at a meeting at which a quorum is present, shall be the action of the Board.

Section 3.07 Meetings of the Board. An annual meeting of the Board of Directors shall be held each year within four weeks after the annual meeting of the members at such time and place as shall be fixed by the Board of Directors, and for the transaction of such business as may properly come before the meeting.

Regular meetings of the Board shall be held at such times as may be fixed by the Board. Special meetings of the Board may be held at any time whenever called by the Chairman of the Board, the Vice-Chairman of the Board, or any two directors.

Meetings of the Board of Directors may be held at any place in or out of the State of Maryland as may be fixed in the notice of meeting for regular or special meetings.

A notice, or waiver of notice, need not state the business to be transacted at or the purpose of any regular or special meeting of the Board of Directors.

Notice of a meeting of the Board of Directors need not be given to any director who: (1) signs a waiver of the notice which is filed with the records of the meeting; or (2) is present at the meeting.

Section 3.08 Informal Action by Directors; Meetings by Conference Telephone. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if a unanimous written consent which sets forth the action is 1) signed by each member of the Board of Directors, and 2) filed with the minutes of proceedings of the Board.

Members of the Board may participate in a meeting by means of conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by such means shall constitute presence in person at the meeting.

Section 3.09 Compensation of Directors. The Association shall not pay any compensation to directors for services rendered to the Association, except that directors may be reimbursed for expenses incurred in the performance of their duties to the Association, in reasonable amounts as approved by a majority of the entire Board.

ARTICLE IV

Committees

Section 4.01 Committees. The Board of Directors shall establish a Board of Advisors. The Board of Advisors shall consist of five people of good standing, of whom a majority shall be members of the Sri Lanka Association of Washington D.C. Members of the Board of Advisors shall serve for three years and their tenure shall be staggered so that some members are replaced each year.

The Board of Advisors will:

- (a) assist the Board of Directors to develop strategies to fulfill the objectives of the Mission Statement, and to implement specific items therein including ethical and financial issues;
- (b) serve as visionaries, generate new ideas to motivate the membership and help in the growth of the Sri Lanka Association of Washington D.C;
- (c) assist to liaise with government, university and sister organizations in the United States of America and elsewhere to establish contact for mutual benefit;
- (d) assist to ensure the dissemination of information via newsletters, cyberspace and other media; and
- (e) assist to ensure the retention of institutional memory, cataloguing of established policies and custody of the Association's equipment and records including historical documents and photos.

Section 4.02 Committee Rules. Unless the Board of Directors otherwise provides, each committee designated by the Board may make, alter and repeal rules for the conduct of its business. In the absence of a contrary provision by the Board of Directors or in rules adopted by such committee, a majority of the entire authorized number of members of each committee shall constitute a quorum for the transaction of a business, the vote of a majority of the members present at a meeting at the time of such vote if a quorum is then present shall be the act of such committee, and each committee shall otherwise conduct its business in the same manner as the Board of Directors conducts its business under Article III of these Bylaws.

Unless otherwise restricted by the Articles of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of such committee may be taken without a meeting of a written unanimous consent which sets forth the action taken is: (1) signed by each member of the committee; and (2) filed with the minutes of proceedings of such committee.

Members of a committee of the Board may participate in a meeting of the committee by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by such means constitutes presence in person at the meeting.

Section 4.03 Service of Committees. Each committee of the Board of Directors shall serve at the pleasure of the Board.

The appointment of any committee, the delegation of authority to it, or action by it under that authority does not constitute, of itself, compliance by any director, not a member of the committee, with the standard provided in § 2-405.1 of the Maryland General Association Law for the performance of duties of directors.

Section 4.04 Records. Minutes shall be kept of each meeting of each committee. Copies of the minutes of each such meeting shall be filed with the corporate records.

ARTICLE V

Officers, Agents and Employees

Section 5.01 Officers. Members of the Association shall elect from among the directors, the President, the President Elect, the Secretary, the Assistant Secretary, the Treasurer, and other officers, and may give of them such further designation or alternate titles as it considers desirable. Any two or more offices except those of President and President-Elect may be held by the same person.

Section 5.02 Resignation. Any officer may resign at any time by giving written notice to the Association. Unless otherwise specified in the written notice, the resignation shall be effective upon delivery to the Secretary of the Association.

Section 5.03 Powers and Duties of Officers. Subject to the control of the Board of Directors, all officers as between themselves and the Association shall have such authority and perform such duties in the management of the Association as may be provided by the Board, and, to the extent not provided, as generally pertain to their respective offices.

- (a) The President shall be the chief executive officer of the Association and the Chairman of the Board of Directors. The President shall preside at meetings of the members of the Association and of the Board of Directors. The President shall have general charge and supervision of all officers and employees of the Association, and in all cases where the duties of other officers and agents of the Association are not specifically prescribed by the Bylaws or by resolutions of the members, or where their duties are not prescribed by the Board of Directors, they shall follow the general instructions of the President.
- (b) The President-Elect shall discharge the duties of the President whenever the President, for any reason, cannot discharge the duties of the office. In addition, the President-Elect shall have such other powers and perform such other duties as shall be prescribed by the Board of Directors.
- (c) In the absence of the President and the President-Elect, the Board of Directors shall elect a member of the Board to act for the President.
- (d) The Secretary shall give, or cause to be given, notice of all meetings of the members and of the Board of Directors, and all other meetings required by these bylaws. The Secretary shall attend all meetings of the members and the Board of Directors and shall keep on record all votes and the minutes of all proceedings. The Secretary shall perform such other

duties as may be prescribed by these Bylaws or the Board of Directors, and render an annual report at the annual meeting.

- (e) The Assistant Secretary shall perform, such functions designated by the Board of Directors or the Secretary. The Assistant Secretary shall assume all duties of the Secretary as described in (d) above whenever the Secretary is unable to perform his functions.
- (f) The Treasurer shall receive and bank all monies due to the Association within 14 days of the receipt of the same. The Treasurer shall pay all debts of the Association and make other disbursements authorized by the Board, by checks signed in amounts not exceeding \$150.00, and by checks signed by the Treasurer and countersigned by the President in amounts exceeding \$150.00. The Treasurer shall transmit to the Secretary, at least 21 days prior to the annual meeting, a duly audited financial statement, which shall be mailed to the general membership together with the agenda for the annual meeting at least 14 days prior to the meeting.
- (g) The Treasurer, in conjunction with the rest of the Board of Directors, shall develop an annual budget for the Association's activities and operational costs. The Board shall also seek to establish, and maintain, a cash reserve of \$4,000, or 20 percent of the Annual Budget, whichever is greater for the Association's operating expenses. The Treasurer shall have the custody of, and be reasonable for, all funds and securities of the Association. He shall keep or cause to be kept accurate accounts of the Association, and shall deposit all monies and other valuable property of the Association in the name and to the credit of the Association in such banks or depositories as the Board of Directors may designate. Whenever required by the Board of Directors, the Treasurer shall render a statement of accounts. He shall at all reasonable times exhibit the books and accounts to any officer or director of the Association, and shall perform all duties incident to the office of Treasurer, subject to the supervision of the Board of Directors, and such other duties as shall from time to time be assigned by the Board of Directors.

Section 5.04 Agents and Employees. The Board of Directors may appoint agents and employees who shall have such authority and perform such duties as may be prescribed by the Board. The Board may remove any agent or employee at any time with or without cause. Removal without cause shall be without prejudice to such person's contract rights, if any, and the appointment of such person shall not itself create contract rights.

Section 5.05 Compensation of Agents and Employees. The Association may pay compensation in reasonable amounts to officers for services rendered, such amounts to be fixed by a majority of the entire Board of Directors.

The Association may pay compensation in reasonable amounts to agents and employees for services rendered, such amount to be fixed by the Board or, if the Board delegates power to any officer or officers, then by such officer or officers.

The Board may require officers, agents or employees to give security for the faithful performance of their duties.

ARTICLE VI

Miscellaneous

Section 6.01 Fiscal Year. The fiscal year of the Association shall be from February 1 of each year to January 31 of the following year. The membership year shall be from January 1 to December 31, of each year

Section 6.02 Corporate Seal. The corporate seal shall be circular in form, shall have the name of the Association inscribed thereon and shall contain the words "Corporate Seal" and "Maryland" and the year the Association was formed in the center, or shall be in such form as may be approved from time to time by the Board of Directors.

Section 6.03 Checks, Notes, Contracts. The Board of Directors shall determine who shall be authorized from time to time on the Association's behalf to sign checks, drafts, or other orders for payment of money; to sign acceptances, notes, or other evidences of indebtedness; to enter into contracts; or to execute and deliver other documents and instruments.

Section 6.04 Books and Records. The Association shall keep at its office correct and complete books and records of account, the activities and transactions of the Association, minutes of the proceedings of the Board of Directors and any committee of the Association, and a current list of the members, directors and officers of the Association and their residence addresses. Any of the books, minutes and records of the Association may be in written form or in any other form capable of being converted into written form within a reasonable time.

Section 6.05 Amendment of Articles of Incorporation and Bylaws. The Articles of Incorporation of the Association may be adopted, amended or repealed in whole or in part by a majority vote of the directors then in office. The Bylaws of the Association may be adopted, amended or repealed in whole or in part by a two-thirds majority vote of the members voting at the annual meeting, or at a special meeting, provided such amendment is on the agenda for the meeting.

Section 6.06 Indemnification and Insurance. The Association may indemnify any director, or any former director, any person who may while a director of the Association, have served at its request as a director, officer, partner, employee or agent of another foreign or domestic Association, partnership, joint venture, trust or other enterprise and may, by resolution of the Board of Directors, indemnify any officer, employee or agent against any and all expenses and liabilities actually and necessarily incurred by him or imposed on him in connection with any threatened, pending or completed action, suit, or proceeding (whether civil, criminal, administrative, or investigative) to which he may be or is made a party by reason of being or having been such director, officer, employee or agent; subject to the limitation, however, that there shall be no indemnification in relation to matters as to which it shall be proved that the act or omission of the director, officer, employee or agent was material to the cause of action adjudicated in the proceeding and was either (1) committed in bad faith or was the result of active and deliberate dishonesty, or (2) the director, employee or agent actually received an improper personal benefit in money, property or services, or (3) in the case of any criminal proceeding, the director, officer, employee or agent had reasonable cause to believe that the act or omission was unlawful.

Amounts paid in indemnification of expenses and liabilities may include, but shall not be limited to, judgments, penalties, fines, settlements and reasonable expenses actually incurred by such director, officer, employee or agent. The Association may pay or reimburse reasonable expenses in advance of the

final disposition of the proceeding upon written receipt by the Association of a written affirmation by the director of the director's good faith belief that the standard of conduct necessary for indemnification by the Association has been met, and a written undertaking by or on behalf of the director to repay that amount if it shall ultimately be determined that the standard of conduct has been met.

The provisions of this Article shall be applicable to claims, actions, suits, or proceedings made or commenced after the adoption hereof, whether arising from acts or omissions to act occurring before or after adoption hereof.

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which such director, officer, employee or agent may be entitled under any statute, Bylaw, agreement, vote of the Board of Directors, or otherwise and shall not restrict the power of the Association to make any indemnification permitted by law.

The Board of Directors may authorize the purchase of insurance on behalf of any director, officer, employee, or agent of the Association, or who while a director, officer, employee or agent of the Association is or was serving at the request of the Association as a director, officer, partner, employee or agent or another foreign or domestic Association, partnership, joint venture, trust, other enterprise, or employee benefit plan against any liability asserted against and incurred by him arising out of such person's position, whether or not the Association would have the power to indemnify such person against that liability under law.

In no case, however, shall the Association indemnify, reimburse, or insure any person for any taxes imposed on such individual under chapter 42 of the Internal Revenue Code of 1986, as now in effect or as may hereafter be amended ("the Code"). Further, if at any time the Association is deemed to be a private foundation within the meaning of § 509 of the Code then, during such time, no payment shall be made under this Article if such payment would constitute an act of self-dealing or a taxable expenditure, as defined in §§ 4941(d) or 4945(d), respectively, of the Code.

If any part of this Article shall be found in any action, suit, or proceeding to be invalid or ineffective, the validity and the effectiveness of the remaining parts shall not be affected.