

THE GREEN ASSOCIATION

AMENDMENT OF BYLAWS

Approved, July 29, 2001

Article V - Indemnification

Section 1

In this Article:

“applicant” means the person seeking indemnification pursuant to this Article.

“association” means the unincorporated association of the Green.

“executive Committee” means the governing board.

“expenses” include the counsel fees.

“liability” means the obligation to pay a judgement, settlement, penalty, fine, including any exercise tax assessed with respect to an employee benefit plan, or reasonable expenses incurred with respect to a proceeding.

“party” includes an individual who was, is, or is threatened to be made a named defendant or respondent in a proceeding.

“proceeding” means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal.

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Section 2

In any proceeding brought by or in the right of the Association or brought by or on behalf of Co-owners of the Association, no member of the Executive Committee or officer of the Association shall be liable to the Association or its co-owners for monetary damages with respect to any transaction, occurrence or course of conduct, whether prior or subsequent to the effective date of this Article, except for liability resulting from such person's having engaged in willful misconduct or a knowing violation of the criminal law.

Section 3

The Association shall indemnify any person who was or is a party to any proceeding, including a proceeding brought by a co-owner in the right of the Association or brought by or on behalf of co-owners of the Association, by reason of the fact that he is or was a member of the Executive Committee or officer of the Association against any liability incurred by him in connection with such proceeding unless he engaged in willful misconduct or a knowing violation of the criminal law. The Executive Committee is hereby empowered, by a majority vote of a quorum of its disinterested members, to enter into a contract to indemnify any of its members or officer in respect of any proceedings arising from any act or omission, whether occurring before or after the execution of such contract.

Section 4

The provisions of this Article shall be applicable to all proceedings commenced after the adoption hereof by the co-owners of the Association, arising from any act or omission, whether occurring before or after such adoption. No amendment or repeal of this Article shall have any effect on the rights provided under this Article with respect to any act or omission occurring prior

to such amendment or repeal. The Association shall promptly take all such actions, and make all such determinations, as shall be necessary or appropriate to comply with its obligation to make any indemnity under this Article and shall promptly pay or reimburse all reasonable expenses, including attorneys' fees, incurred by any such member of the Executive Committee or officer in connection with such actions and determinations or proceedings of any kind arising therefrom.

Section 5

The termination of any proceeding by judgement, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the applicant did not meet the standard of conduct described in section (2) or (3) of this Article.

Section 6

Any indemnification under section (3) of this Article (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the applicant is proper in the circumstances because he has met the applicable standard of conduct set forth in section (3).

The determination shall be made:

- (a) By the Executive Committee by a majority vote of a quorum consisting of members not at the time parties to the proceeding;
- (b) If a quorum cannot be obtained under subsection (a) of this section, by majority vote of a committee duly designated by the Executive Committee (in which designation members who are parties may participate), consisting solely of two or more members not at the time parties to the proceeding;
- (c) By special legal counsel:

- (i) Selected by the Executive Committee or its committee in the manner prescribed in subsection (a) or (b) of this section; or
- (ii) If a quorum of the Executive Committee, cannot be obtained under subsection (a) of this section and a committee cannot be designated under subsection (b) of this section, selected by majority vote of the full Executive Committee, in which selection members who are parties may participate; or
- (d) By the council of co-owners, but co-owners who are at the time parties to the proceeding may not be voted on the determination.

Any evaluation as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is appropriate, except that if the determination is made by special legal counsel, such evaluation as to reasonableness of expenses shall be made by those entitled under subsection (c) of this section (6) to select counsel.

Notwithstanding the foregoing, in the event there has been a change in the composition of a majority of the Executive Committee after the date of the alleged act or omission with respect to which indemnification is claimed, any determination as to indemnification and advancement of expenses with respect to any claim for indemnification made pursuant to this Article shall be made by special legal counsel agreed upon by the Executive Committee and the applicant. If the Executive Committee and the applicant are unable to agree upon such special legal counsel the Executive Committee and the applicant each shall select a nominee, and the nominees shall select such special legal counsel.

Section 7

(a) The Association may pay for or reimburse the reasonable expenses incurred by any applicant who is a party to a proceeding in advance of final disposition of the proceeding or the making of any determination under section (6) if the applicant furnishes the Association:

(i) a written statement of his good faith belief that he has met the standard of conduct described in section (3); and

(ii) a written undertaking, executed personally or on his behalf, to repay the advance if it is ultimately determined that he did not meet such standard of conduct.

(b) The undertaking required by paragraph (ii) of subsection (a) of this section shall be an unlimited general obligation of the applicant but need not be secured and may be accepted without reference to financial ability to make repayment.

(c) Authorizations of payments under this section shall be made by the persons specified in section (6).

Section 8

The Executive Committee is hereby empowered, by majority vote of a quorum consisting of disinterested members to cause the Association to indemnify or contract to indemnify any person not specified in section (2) or (3) of this Article who was, is or may become a party to any proceeding, by reason of the fact that he is or was an employee or agent of the Association, or is or was serving at the request of the Association as director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, to the same extent as if

such person were specified as one to whom indemnification is granted in section (3). The provisions of sections (4) through (7) of this Article shall be applicable to any indemnification provided hereafter pursuant to this section (8).

Section 9

The Association may purchase and maintain insurance to indemnify it against the whole or any portion of the liability assumed by it in accordance with this Article and may also procure insurance, in such amounts as the Executive Committee may determine, on behalf of any person who is or was a member of the Executive Committee, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against any liability asserted against or incurred by him in any such capacity or arising from his status as such, whether or not the Association would have power to indemnify him against such liability under the provisions of this Article.

Section 10

Every reference herein to members of the Executive Committee, directors, officers, employees or agents shall include former members, directors, officers, employees and agents and their respective heirs, executors and administrators. The indemnification hereby provided and provided hereafter pursuant to the power hereby conferred by this Article on the Executive Committee shall not be exclusive of any other rights to which any person may be entitled, including any right under policies of insurance that may be purchased and maintained by Association or others, with respect to claims, issues or matters in relation to which the Association would not have the power to

indemnify such person under the provisions of this Article. Such rights shall not prevent or restrict the power of the Association to make or provide for may further indemnity, or provisions for determining entitlement to indemnity, pursuant to one or more indemnification agreements, bylaws, or other arrangements (including, without limitations, creation of trust funds or security interests funded by letters of credit or other means) approved by the Executive Committee (whether or not any of the member of the Executive Committee shall be a party to or beneficiary of any such agreements, bylaws or arrangements); provided, however, that any provisions of such agreements, bylaws or other arrangements shall not be effective if and to the extent that it is determined to be contrary to this Article or applicable laws of the Commonwealth of Virginia.

Section 11

Each provision of this Article shall be severable, and an adverse determination as to any such provision shall in no way affect the validity of any provisions.