

ARTICLE VII
Indemnification of Directors and Officers

Section 1. Indemnification.

Each Director and officer of the Association now or hereafter serving as such shall be indemnified by the Association against any and all claims and liabilities to which he/she has or shall become subject while, or after, serving by reason of serving as Director or officer, or by reason of any action alleged to have been taken, omitted or neglected by him/her as such Director or officer; and the Association shall reimburse each such person for all legal expenses reasonably incurred by him/her in connection with, any claim or liability; provided, however that no such person shall be indemnified against, or be reimbursed for any expenses incurred connection with, any such claim or liability arising out of his/her own willful misconduct or gross negligence.

[Bylaws, March 4, 1995]

Section 2. Rights of the Association.

The right of any person to be indemnified shall be subject to written notice being given by the person to the Association upon becoming aware of the existence of the claims and shall be further subject to the right of the Association upon the determination of the Board of Directors, in lieu of such indemnity, to settle any such claim, action, suit, or proceeding at the expenses incurred in connection therewith. If settlement is determined by the Directors to be advisable but the Director or officer elects to reject the settlement proposal, the Association shall not be obligated further under these indemnity provisions.

[Bylaws, March 4, 1995]