# BY-LAWS OF

# LEONA'S ROLLING MEADOWS HOMEOWNERS ASSOCIATION

**Updated, November 9, 2006**

**BY-LAWS**
**OF**
**LEONA'S ROLLING MEADOWS HOMEOWNERS ASSOCIATION**

**INTRODUCTION**
**VARIABLE REFERENCES**

**0.01.** Date of annual members' meeting (See Section 2.01):

| 6:00 PM | Third | Wednesday | January | 2007 |
|---|---|---|---|---|
| (Hour) | (Week) | (Day) | (Month) | (First Year) |

**0.02.** Required notice of members' meeting (See Section 2.04): not less than 10 days.

**0.03.** Authorized number of directors (See Section 3.01): Three (3)

**0.04.** Required notice of directors' meetings (See Section 3.05):

(a) not less than 96 hours if by mail, and
(b) not less than 24 hours if by telegram, telecopy, or personal delivery.

**0.05.** Authorized number of Vice-Presidents (See Section 4.01): One (1)

**0.06.** A quorum is defined to be those qualified voters present.

**0.07.** At a time of his choosing, Developer shall hold first meeting for the sole purpose of electing three (3) directors. These three (3) directors shall organize per the by-laws and prepare for the first annual meeting. They shall serve until the first annual meeting. Developer will contact as many lot owners as possible for this meeting. *[for reference, this meeting was held October 9, 2006]*

## ARTICLE 1. OFFICE

Principal and Business Offices. The Association may have such principal and other business offices as the members may designate or as the business of the Association may require from time to time.

## ARTICLE 2. MEMBERS

2.01. Annual Meeting. The annual meeting of the members shall be held at the date and hour in each year set forth in Section 0.01, or at such other time and date within thirty days before or after said date as may be fixed by or under the authority of the Board of Directors, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day. If the election of directors shall not be held on the day designated herein, or fixed as herein provided, for any annual meeting of the members, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be.

2.02. Special Meeting. Special meetings of the members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or the Board of Directors or by the person designated in the written request of the holders of not less than one-third of all members entitled to vote at the meeting.

2.03. Place of Meeting. The Board of Directors may designate the place of meeting for any annual meeting or for any special meeting. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal business office of the Association or such other suitable place in the county of such principal office as may be designated by the person calling such meeting, but any meeting may be adjourned to reconvene at any place designated by vote of a majority of the members thereat.

2.04. Notice of Meeting. Written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than seven (7) days (unless a longer period is required by law) nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the President, or the Secretary, or other officers or persons calling the meeting, to each member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears in the record books of the Association, with postage thereon prepaid.

2.05. Closing of Transfer Books or Fixing of Record Date. For the purpose of determining members entitled to notice of or to vote at any meeting of members or any adjournment thereof, or in order to

make a determination of members for any other proper purpose, the Board of Directors may provide that the Association's books shall be closed for a stated period but not to exceed, in any case, thirty days. If the Association's books shall be closed for the purpose of determining members entitled to notice of or to vote at a meeting of members, such books shall be closed for at least ten days immediately preceding such meeting. In lieu of closing the Association's books, the Board of Directors may fix in advance a date as the record date for any such determination of members, such date in any case to be not more than fifty days and in case of a meeting of members, not less than ten days prior to the date on which the particular action, requiring such determination of members, is to be taken. If the Association's books are not closed and no record date is fixed for the determination of members entitled to notice of or to vote at a meeting of members, the close of business on the date on which notice of the meeting is mailed shall be the record date for such determination of members. When a determination of members entitled to vote at any meeting of members has been made as provided in this section, such determination shall be applied to any adjournment thereof except where the determination has been made through the closing of the Association's books and the stated period of closing has expired.

2.06. Voting Records. The officer or agent having charge of the Association's books shall, before each meeting of members, make a complete record of the members entitled to vote at such meeting, or any adjournment thereof, with the address of each member. Such record shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any member during the whole time of the meeting for the purposes of the meeting. The original Association's books shall be prima facie evidence as to who are the members entitled to examine such record or books or to vote at any meeting of members. Failure to comply with the requirements of this section shall not affect the validity of any action taken at such meeting.

2.07. Quorum. A majority of the members entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of members. If a quorum is present, the affirmative vote of the majority of the members represented at the meeting and entitled to vote on the subject matter shall be the act of the members. Though less than a quorum of the outstanding members are represented at a meeting, a majority of the members so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

2.08. Conduct of Meetings. Except to the extent the Board of Directors may otherwise provide, the President, and in his absence, a Vice-President in the order provided under Section 4.07, and in their

absence, any person chosen by the members present shall call the meeting of the members to order and shall act as chairman of the meeting, and the Secretary of the Association shall act as secretary of all meetings of the members, but, in the absence of the Secretary, the presiding officer may appoint any other person to act as secretary of the meeting.

2.09. Proxies. At all meetings of members, a member entitled to vote may vote in person or by proxy appointed in writing by the member or by his duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the Association before or at the time of the meeting. Unless otherwise provided in the proxy, a proxy may be revoked at any time before it is voted, either by written notice filed with the Secretary or the acting secretary of the meeting or by oral notice given by the member to the presiding officer during the meeting. The presence of a member who has filed his proxy shall not of itself constitute a revocation. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy. The Board of Directors shall have the power and authority to make rules establishing presumptions as to the validity and sufficiency of proxies.

2.10. Waiver of Notice by Members. Whenever any notice whatever is required to be given to any member of the Association under the by-laws or any provision of law, a waiver thereof in writing, signed at any time, whether before or after the time of meeting, by the member entitled to such notice, shall be deemed equivalent to the giving of such notice and shall contain the same information as would have been required to be included in such notice, except the time and place of meeting.

2.11. Unanimous Consent without Meeting. Any action required or permitted by the by-laws or any provision of law to be taken at a meeting of the members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof.

## ARTICLE 3. BOARD OF DIRECTORS

3.01. General Powers and Number. The business and affairs of the Association shall be managed by its Board of Directors. The number of directors of the Association shall be as provided in Section 0.03.

3.02. Tenure and Qualifications. Each director shall hold office until the next annual meeting of members and until his successor shall have been elected, or until his prior death, resignation or removal. A director may be removed from office by affirmative vote of a majority of the members entitled to vote for the election of such director, taken at a meeting of members called for that purpose. A director may resign at any

time by filing his written resignation with the Secretary of the Association. Directors need not be members of the Association.

3.03. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this by-law immediately after the annual meeting of members, and each adjourned session thereof. The place of such regular meeting shall be the same as the place of the meeting of members which precedes it, or such other suitable place as may be announced at such meeting of members. The Board of Directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution.

3.04. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President, Secretary or any two directors. The President or Secretary calling any special meeting of the Board of Directors may fix any place as the place for holding any special meeting of the Board of Directors called by them, and if no other place is fixed the place of meeting shall be the principal business office of the Association.

3.05. Notice; Waiver. Notice of each meeting of the Board of Directors (unless otherwise provided in or pursuant to Section 3.03) shall be given by written notice delivered personally or mailed or given by telecopy or telegram to each director at his business address or at such other address as such director shall have designated in writing filed with the Secretary, in each case not less than that number of hours prior thereto as set forth in Section 0.04. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by telecopy or telegram, such notice shall be deemed to be delivered when the telecopy is received or when the telegram is delivered to the telegraph company. Whenever any notice whatever is required to be given to any director of the Association under the by-laws or any provision of law, a waiver thereof in writing, signed at any time, whether before or after the time of meeting, by the director entitled to such notice, shall be deemed equivalent to the giving of such notice. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting and objects thereat to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

3.06. Quorum. Except as otherwise provided by law or these by-laws, a majority of the number of directors as provided in Section 0.03 shall constitute a quorum for the transaction of business at any meeting

of the Board of Directors, but a majority of the directors present (though less than such quorum) may adjourn the meeting from time to time without further notice.

3.07. Manner of Acting. The act of the 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 these by-laws.

3.08. Conduct of Meetings. The President, and in his absence, a Vice-President in the order provided under Section 4.07, and in their absence, any director chosen by the directors present, shall call meetings of the Board of Directors to order and shall act as chairman of the meeting. The Secretary of the Association shall act as secretary of all meetings of the Board of Directors, but in the absence of the Secretary, the presiding officer may appoint any Assistant Secretary or any director or other person present to act as secretary of the meeting.

3.09. Vacancies. Any vacancy occurring in the Board of Directors, including a vacancy created by an increase in the number of directors, may be filled until the next succeeding annual election by the affirmative vote of a majority of the directors then in office, though less than a quorum of the Board of Directors; provided, that in case of a vacancy created by the removal of a director by vote of the members, the members shall have the right to fill such vacancy at the same meeting or any adjournment thereof.

3.10. Presumption of Assent. A director of the Association who is present at a meeting of the Board of Directors or a committee thereof of which he is a member at which action on any matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

3.11. Committees. The Board of Directors by resolution adopted by the affirmative vote of a majority of the number of directors as provided in Section 0.03 may designate one or more committees, each committee to consist of three or more directors elected by the Board of Directors, which to the extent provided in said resolution as initially adopted, and as thereafter supplemented or amended by further resolution adopted by a like vote, shall have and may exercise, when the Board of Directors is not in session, the powers of the Board of Directors in the management of the business and affairs of the Association, except election of the principal officers or the filling of vacancies in the Board of Directors or committees created pursuant to this section. The Board of Directors may elect one or more of its members as alternate members

of any such committee who may take the place of any absent member or members at any meeting of such committee, upon request by the President or upon request by the chairman of such meeting. Each such committee shall fix its own rules governing the conduct of its activities and shall make such reports to the Board of Directors of its activities as the Board of Directors may request.

3.12. Unanimous Consent without Meeting. Any action required or permitted by these by-laws or any provision of law to be taken by the Board of Directors at a meeting or by resolution may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors then in office.

## ARTICLE 4. OFFICERS

4.01. Number. The principal officers of the Association shall be a President, the number of Vice-Presidents as provided in Section 0.05, a Secretary, and a Treasurer, each of whom shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary and the offices of President and Vice-President.

4.02. Election and Term of Office. The officers of the Association to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected or until his prior death, resignation or removal.

4.03. Removal. Any officer or agent may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment shall not of itself create contract rights.

4.04. Vacancies. A vacancy in any principal office because of death, resignation, removal, disqualification or otherwise, shall be filled by the Board of Directors for the unexpired portion of the term.

4.05. President. The President shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. He shall, when present, preside at all meetings of the members and of the Board of Directors.. He shall have authority to sign, execute and acknowledge, on behalf of the Association, all deeds, mortgages, contracts, leases, reports and all other documents or instruments necessary or proper to be

executed in the course of the Association's regular business, or which shall be authorized by resolution of the Board of Directors; and, except as otherwise provided by law or the Board of Directors, he may authorize any Vice-President or other officer or agent of the Association to sign, execute and acknowledge such documents or instruments in his place and stead. In general he shall perform all duties incident to the office of the chief executive officer and such other duties as may be prescribed by the Board of Directors from time to time.

4.06. The Vice-President. In the absence of the President or in the event of his death, inability or refusal to act, or in the event for any reason it shall be impracticable for the President to act personally, the Vice-President (or in the event there be more than one Vice-President, the Vice-Presidents in the order designated by the Board of Directors, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice-President shall perform such duties and have such authority as from time to time may be delegated or assigned to him by the President or by the Board of Directors. The execution of any instrument of the Association by the Vice-President shall be conclusive evidence, as to third parties, of his authority to act in the stead of the President.

4.07. The Secretary. The Secretary shall:

(a) Keep the minutes of the meetings of the members and of the Board of Directors in one or more books provided for that purpose;

(b) See that all notices are duly given in accordance with the provisions of these by-laws or as required by law;

(c) Be custodian of the Association's records;

(d) Keep or arrange for the keeping of a register of the post office address of each member which shall be furnished to the Secretary by such member;

(f) Have general charge of the Association's books; and

(g) In general perform all duties and exercise such authority as from time to time may be delegated or assigned to him by the President or by the Board of Directors.

4.08. The Treasurer. The Treasurer shall:

(a) Have charge and custody of and be responsible for all funds and securities of the Association;

(b) Receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such banks, trust companies or other depositaries as shall be selected in accordance with the provisions of Section 5.04; and

(c) In general perform all of the duties and exercise such other authority as from time to time may be delegated or assigned to him by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine.

4.09. Other Assistants and Acting Officers. The Board of Directors shall have the power to appoint any person to act as assistant to any officers, or as agent for the Association in his stead, or to perform the duties of such officer whenever for any reason it is impracticable for such officer to act personally, and such assistant or acting officer or other agent so appointed by the Board of Directors shall have the power to perform all the duties of the office to which he is so appointed to be assistant, or as to which he is so appointed to act, except as such power may be otherwise defined or restricted by the Board of Directors.

## ARTICLE 5. CONTRACTS, LOANS, CHECKS AND DEPOSITS: SPECIAL CORPORATE ACTS

5.01. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute or deliver any instrument in the name of and on behalf of the Association, and such authorization may be general or confined to specific instances. In the absence of other designation, all deeds, mortgages and instruments of assignment or pledge made by the Association shall be executed in the name of the Association by the President or the Vice-President and by the Secretary, or assistant Secretary, the Treasurer or an Assistant Treasurer; and when so executed no other party to such instrument or any third party shall be required to make any inquiry into the authority of the signing officer or officers.

5.02. Loans. No indebtedness for borrowed money shall be contracted on behalf of the Association and no evidences of such indebtedness shall be issued in its name unless authorized by or under the authority of a resolution of the Board of Directors. Such authorization may be general or confined to specific instances.

5.03. Check, Drafts, etc. All checks, drafts or other 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, agent or agents of the Association and in such manner as shall from time to time be determined by or under the authority of a resolution of the Board of Directors.

5.04. Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositaries as may be selected by or under the authority of a resolution of the Board of Directors.

## ARTICLE 6. OFFICERS AND DIRECTORS: LIABILITY: TRANSACTIONS WITH ASSOCIATION

6.01. Liability of Directors and Officers. No person shall be liable to the Association for any loss or damage suffered by it on account of any action taken or omitted to be taken by him as a director or officer of the Association in good faith, if such person (a) exercised and used the same degree of care and skill as a prudent man would have exercised or used under the circumstances in the conduct of his own affairs, or (b) took or omitted to take such action in reliance upon advise of counsel for the Association or upon statements made or information furnished by officers of the Association which he had reasonable grounds to believe to be true. The foregoing shall not be exclusive of other rights and defenses to which he may be entitled as a matter of law.

6.02. Indemnity of Officers and Directors. Every person who is or was a director or officer of the Association shall (together with the heirs, executors and administrators of such person) be indemnified by the Association against all costs, damages and expenses asserted against, incurred by or imposed upon him in connection with or resulting from any claim, action, suit or proceeding, including criminal proceedings, to which he is made or threatened to be made a party by reason of his being or having been such director or officer, except in relation to matters as to which a recovery shall be had against him by reason of his having been finally adjudged in such action, suit or proceeding to have been guilty of fraud in the performance of his duty as such officer or director. This indemnity shall include reimbursement of amounts and expenses incurred and paid in settling any such claim, action, suit or proceeding. In the case of a criminal action, suit or proceeding, a conviction or judgment (whether based on a plea of guilty or nolo contendere or its equivalent, or after trial) shall not be deemed an adjudication that such director or officer is guilty of fraud in the performance of his duties, if such director or officer was acting in good faith in what he considered to be the best interests of the corporation and with no reasonable cause to believe that the action was illegal.

## ARTICLE 7. INDEMNIFICATION

7.01. Indemnification for Successful Defense. Within 20 days after receipt of a written request pursuant to Section 7.03, the Association shall indemnify a director or officer, to the extent he has been successful on the merits or otherwise in the defense of a proceeding, for all reasonable expenses incurred in the proceeding if the director or officer was a party because he is a director or officer of the Association.

7.02. Other Indemnification.

(a) In cases not included under Section 7.01, the Association shall indemnify a director or officer against all liabilities and expenses incurred by the director or officer in a proceeding to which the director or officer was a party because he is a director or officer of the Association, unless liability was incurred because the director of officer breached or failed to perform a duty he owes to the Association and the breach or failure to perform constitutes any of the following:

(1) A willful failure to deal fairly with the Association or its members in connection with a matter in which the director or officer has a material conflict of interest.

(2) A violation of criminal law, unless the director or officer had reasonable cause to believe his conduct was lawful or no reasonable cause to believe his conduct was unlawful.

(3) A transaction from which the director or officer derived an improper personal profit.

(4) Willful misconduct.

(b) Determination of whether indemnification is required under this Section shall be made pursuant to Section 7.05.

(c) The termination of a proceeding by judgment, order, settlement or conviction, or upon a plea of no contest or an equivalent plea, does not, by itself, create a presumption that indemnification of the director or officer is not required under this Section.

7.03. Written Request. A director or officer who seeks indemnification under Sections 7.01 or 7.02 shall make a written request to the Association.

7.04. Nonduplication. The Association shall not indemnify a director or officer under Sections 7.01 or 7.02 if the director or officer has previously received indemnification or allowance of expenses from any person, including the Association, in connection with the same proceeding. However, the director or officer has no duty to look to any other person for indemnification.

7.05. Determination of Right to Indemnification.

(a) Unless otherwise provided by the written agreement between the director or officer and the Association, the director or officer seeking indemnification under Section 7.02 shall select one of the following means for determining his right to indemnification:

(1) By a majority vote of a quorum of the board of directors consisting of directors not at the time parties to the same or related proceedings. If a quorum of disinterested directors cannot be obtained, by a majority vote of a committee duly

appointed by the board of directors and consisting solely of 2 or more directors not at the time parties to the same or related proceedings. Directors who are parties to the same or related proceedings may participate in the designation of members of the committee.

(2) By independent legal counsel selected by a quorum of the board of directors or its committee in the manner prescribed in subsection (1) or, if unable to obtain such a quorum or committee, by a majority vote of the full board of directors, including directors who are parties to the same or related proceedings.

(3) By a panel of three arbitrators consisting of one arbitrator selected by those directors entitled under subsection (2) to select independent legal counsel, one arbitrator selected by the director or officer seeking indemnification and one arbitrator selected by the two arbitrators previously selected.

(4) By an affirmative vote of the majority of members represented at a meeting of members at which a quorum is present. Members or proxies of members who are at the time parties to the same or related proceedings, whether as plaintiffs or defendants or in any other capacity, may not be voted in making the determination.

(5) By a court under Section 7.08.

(6) By any other method provided for in any additional right to indemnification permitted under Section 7.07.

(b) In any determination under (a), the burden of proof is on the Association to prove by clear and convincing evidence that indemnification under Section 7.02 should not be allowed.

(c) A written determination as to a director's or officer`s indemnification under Section 7.02 shall be submitted to both the Association and the director or officer within 60 days of the selection made under (a).

(d) If it is determined that indemnification is required under Section 7.02, the Association shall pay all liabilities and expenses not prohibited by Section 7.04 within 10 days after receipt of the written determination under (c). The Association shall also pay all expenses incurred by the director or officer in the determination process under (a).

7.06. Advance Expenses. Within 10 days after receipt of a written request by a director or officer who is a party to a proceeding, the Association shall pay or reimburse his reasonable expenses as incurred if the director or officer provides the Association with all of the following:

(a) A written affirmation of his good faith belief that he has not breached or failed to perform his duties to the Association.

(b) A written undertaking, executed personally or on his behalf, to repay the allowance to the extent that it is ultimately determined under Section 7.05 that indemnification under Section 7.02 is not required and that indemnification is not ordered by a court under Section 7.08(b)(2). The undertaking under this Subsection shall be an unlimited general obligation of the director or officer and may be accepted without reference to his ability to repay the allowance. The undertaking may be secured or unsecured.

7.07. Nonexclusivity.

(a) Except as provided in (b), Sections 7.01, 7.02 and 7.06 do not preclude any additional right to indemnification or allowance of expenses that a director or officer may have under any of the following:

(1) A written agreement between the director or officer and the Association.

(2) A resolution of the board of directors.

(b) Regardless of the existence of an additional right under (a), the Association shall not indemnify a director or officer, or permit a director or officer to retain any allowance of expenses unless it is determined by or on behalf of the Association that the director or officer did not breach or fail to perform a duty he owes to the Association which constitutes conduct under Subsection 7.02(a)(1), (2), (3) or (4). A director or officer who is a party to the same or related proceeding for which indemnification or an allowance of expenses is sought may not participate in a determination under this Subsection.

(c) Sections 7.01 and 7.11 do not affect the Association's power to pay or reimburse expenses incurred by a director or officer in any of the following circumstances.

(1) As a witness in a proceeding to which he is not a party.

(2) As a plaintiff or petitioner in a proceeding because he is or was a director or officer of the Association.

7.08. Court-Ordered Indemnification.

(a) Except as provided otherwise by written agreement between the director or officer and the Association, a director or officer who is a party to a proceeding may apply for indemnification to the court conducting the proceeding or to another court of competent jurisdiction. Application may be made for an initial determination by the court under Subsection 7.05.(a)(5) or for review by the court of an adverse determination under Subsection 7.05.(a)(1), (2), (3), (4) or (6). After receipt of an application, the court shall give any notice it considers necessary.

(b) The court shall order indemnification if it determines any of the following:

(1) That the director or officer is entitled to indemnification under Sections 7.01 or 7.02.

(2) That the director or officer is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, regardless of whether indemnification is required under Section 7.02.

(c) If the court determines under (b) that the director or officer is entitled to indemnification, the Association shall pay the director's or officer's expenses incurred to obtain the court-ordered indemnification.

7.09. Insurance. The Association may purchase and maintain insurance on behalf of an individual who is a director or officer of the Association against liability asserted against or incurred by the individual in his capacity as a director or officer, regardless of whether the Association is required or authorized to indemnify or allow expenses to the individual against the same liability under Sections 7.01, 7.02 and 7.06.

7.10. Liberal Construction. In order for the Association to obtain and retain qualified directors and officers, the foregoing provisions shall be liberally administered in order to afford maximum indemnification of directors and officers and, accordingly, the indemnification above provided for shall be granted in all cases unless to do so would clearly contravene applicable law, controlling precedent or public policy.

7.11. Definitions Applicable to this Article.

(a) " Association " means the Leona's Rolling Meadows Homeowners Association.

(b) "Director or Officer" means any of the following:

(1) A natural person who is or was a director or officer of this Association.

(2) Unless the context requires otherwise, the estate or personal representative of a director or officer.

(c) "Expenses" include fees, costs, charges, disbursements, attorney fees and other expenses incurred in connection with a proceeding.

(d) "Liability includes the obligation to pay a judgment, settlement, penalty, assessment, forfeiture or fine and reasonable expenses.

(e) "Party" includes a natural person who was or is, or who is threatened to be made, a named defendant or respondent in a proceeding.

(f) "Proceeding" means any threatened, pending or completed civil, criminal, administrative or investigative action, suit, arbitration or other proceeding, whether formal or informal, which involved foreign, federal, state or local law and which is brought by or in the right of the corporation or by any other person.

## ARTICLE 8. AMENDMENTS

8.01. By Members. These by-laws may be altered, amended or repealed and new by-laws may be adopted by the members by affirmative vote of not less than a majority of the members present or represented at any annual or special meeting of the members at which a quorum is in attendance.

8.02. By Directors. These by-laws may also be altered, amended or repealed and new by-laws may be adopted by the Board of Directors by affirmative vote of a majority of the number of directors present at any meeting at which a quorum is in attendance; but no by-law adopted by the members shall be amended or repealed by the Board of Directors if the by-law so adopted so provides.

8.03. Implied Amendments. Any action taken or authorized by the members or by the Board of Directors, which would be inconsistent with the by-laws then in effect but is taken or authorized by affirmative vote of not less than the number of members or the number of directors required to amend the by-laws so that the by-laws would be consistent with such action, shall be given the same effect as though the by-laws had been temporarily amended or suspended so far, but only so far, as is necessary to permit the specific action so taken or authorized.