

B Y – L A W S

OF

SOMERSET AT CHARLESTON PARK

(A Missouri General Not-For-Profit Corporation)

ARTICLE I - NAME

The name of this Association shall be the Somerset at Charleston Park Homes Association.

ARTICLE II - OBJECTIONS AND PURPOSES

The purpose of this Association is to provide its members with the maintenance, preservation, and architectural control of the subdivision known as Somerset at Charleston Park, located in Lee's Summit, Jackson County, Missouri, and to promote the health, safety and welfare of the lot owners of the residence lots and common areas of Somerset at Charleston Park subdivision in Lee's Summit, Jackson County, Missouri, and to exercise all of the powers and privileges, and to perform all of the duties and obligations of the Association as set forth in the Declaration of Covenants, Conditions and Restrictions filed on the 19th day of February, 1992, as document number 11088987, and recorded in the Office of the Recorder of Deeds for Jackson County, Missouri, at Independence, in Book 12211 at Page P1605.

ARTICLE III - MEMBERSHIP

Section 1 - Class A Members: Every person or entity in good standing who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, including contract sellers, shall be a Class A Member of the Association, with the exception of the Declarant. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No Owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership, but such ownership shall not include Lots held for improvement by Builders and Developers, unless occupied.

Section 2 - Class B Members: The Class B Member shall be Patterson & Peters Land Co. Inc., the Declarant as defined in the Declaration of Covenants, Conditions, and Restrictions of Somerset at Charleston Park subdivision located in Lee's Summit, Jackson County, Missouri. The Class B Member shall continue to act as Declarant so long as they hold ownership in eleven percent (11g) of the preliminarily platted subdivision Lots, provided that the Class

B membership shall cease and be converted to a Class A membership in the event the Class B Member owns less than eleven percent (11%) of all preliminarily platted subdivision Lots.

Section 3 - Termination of Membership: Class A membership in the Association shall be terminated by non-payment of annual assessments of those members required to pay such assessments, or by the sale of the record owner's fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association.

ARTICLE IV – MEETING AND QUOROM

Section 1 - Annual: The Annual Meeting of the Association shall be held on the 2nd Tuesday of the month of November of each' year. At each Annual Meeting of the Members, the Board of Directors shall present an Annual Report. Such report shall be filed with the records of the Association and entered in the minutes of the proceedings of such Annual Meeting of the Members.

Section 2 - Regular: There shall be a regular meeting of the Association on the 2nd Tuesday of the months of May and November during the year.

Section 3 - Special: Special meetings may be held at any time on the call of the Declarant, President, the written request of any three (3) members of the Board of Directors or the Executive Committee, or at the written request of any twenty-five (25) Class A members of the Association.

Section 4 - Quorum:

(a) The presence of Class A members or of proxies entitled to cast forty percent (40%) of the votes of the Class A membership and a representative of the Class B membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the Notice requirement contained herein, and the required quorum at such subsequent meeting shall be one-half (1\2) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting. In the event that the required number of the Class A membership or the Class B membership are not present in person or by proxy, members not present may give their written assent to the action taken thereat.

(b) At all meetings of the membership of the Association, the presence at the commencement of such meetings in person or by proxy, a sufficient percentage of Class A members and Class B members entitled to vote, will be necessary and sufficient to constitute a quorum for the transaction of any business. The withdrawal of Class A members or Class B members after the commencement of a meeting will have no effect on the existence of a quorum, after a quorum has been established at such meeting.

(c) Despite the absence of a quorum at any annual, regular or

special meeting of the Association, the Association, by a majority of the votes cast by the Class A members entitled to vote thereon, may adjourn the meeting.

Section 5 - Place of Meetings: All meetings of the Association will be held at the principal office of the Association, or at such other places as will be designated in the notices or waivers of notice of such meetings.

Section 6 - Notice of Meetings:

(a) Except as otherwise provided by Statute, written notice of each meeting of the Association, whether annual or special, stating the purpose, the time when and the place where the meeting is to be held, will be served either personally or by mail, upon all members not less than thirty (30) or more than sixty (60) days in advance of the meeting. Notice of a special meeting will also state the purpose for which the meeting is called, and will indicate that it is being called at the direction of, or at the request of the person or persons calling the meeting. If mailed, such notice will be directed to each such member at his address, as it appears on the records of the membership of the Association, unless that member will have previously filed with the Secretary of the Association a written request that notices intended for him be mailed to some other address, in which case, it will be mailed to the address designated in such request.

(b) Notice of any meeting need not be given to any person who may become a Class A member or Class B member of record after the mailing of such notice and prior to the meeting, or to any member who attends such meeting, in person or by proxy, or to any member who, in person or by proxy, submits a signed waiver of notice either before or after such meeting. Notice of any adjourned meeting of shareholders need not be given, unless otherwise required by statute.

Section 7 - Meetings and Order of Business:

(a) Meetings of the members shall be presided over by the following officers, in order of seniority: the Chairman of the Board and President, Executive Vice-President, Vice-President, or, if none of the foregoing is in office or present at the meeting, by a Chairman to be chosen by a majority of the members in attendance. The Secretary or an Assistant Secretary of the Association shall act as Secretary of every meeting. When neither the Secretary nor an Assistant Secretary is available, the Chairman may appoint a Secretary of the meeting.

(b) The order of business at every annual, regular or special meeting of the Association shall be as follows:

- Record Attendance;
- Reading of the minutes of the preceding meeting;
- Report of the Executive Committee;
- Report of Standing and Other Committees;
- Old Business; and
- Such other matters as may properly come before the meeting.

This order of business may be changed by a vote of the majority of the Class A members present at any meeting. Robert's Rules of Order, Newly Revised, shall govern the procedure of all meetings, except as otherwise herein provided.

Section 8 - Voting:

(a) Except as otherwise provided by the Articles of Incorporation, any Association action to be taken by a vote of the Class A membership and Class B membership, will be authorized by a majority of votes cast at a meeting of members by the members in good standing entitled to vote therein.

(b) A member in good standing will be entitled to vote at any meeting of the Association in which the business of the Association is being conducted. A "member in good standing" is defined as a Class A member who has paid any and all annual assessments and special assessments at the time such assessments became due and payable to the Association.

(b) At each meeting of the Association, each Class A member in good standing entitled to vote thereat, will be entitled to one vote for each Lot in which they hold the interest required for membership pursuant to Article V of the Articles of Incorporation of the Association. When more than one person holds such interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

(c) At each meeting of the Association, each Class B member shall be entitled to approve and to exercise a veto power in conjunction with all votes by the Association members, including all votes by the members of the Board of Directors, either of the members or Board of Directors, so long as the Class B member holds ownership in eleven percent (11%) of the preliminarily platted subdivision Lots, provided that the Class B membership shall cease and be converted to a Class A membership in the event the Class B member owns less than eleven percent (11%) of all preliminarily platted subdivision Lots.

(d) Each member entitled to vote or to express consent or dissent without a meeting, may do so by proxy; provided, however, that the instrument authorizing such proxy to act will have been executed in writing by the member himself, or by his attorney-in-fact thereunto duly authorized in writing. No proxy will be valid after the expiration of ninety (90) days from the date of its execution. Such instrument will be exhibited to the Secretary at the meeting and will be filed with the records of the Association.

ARTICLE V - BOARD OF DIRECTORS

Section 1 - Number, Election and Term of office:

(a) The number of the directors of the Association will be five (5). The Class B member shall sit as ex-official members of the Board of Directors pursuant

to the Articles of Incorporation. Subject to such limitation, the number of Directors shall be fixed by the By-Laws, except as to the number of the first Board of Directors which number shall be fixed by the Articles of Incorporation. The number of Directors may be increased or decreased from time to time by amendment to the By-Laws.

(b) The Directors constituting the first Board of Directors shall be named in the Articles of Incorporation and shall hold office until the first organizational meeting of the Association. Thereafter, Directors shall be elected or appointed in the manner and for the terms provided in the Articles of Incorporation or the By-Laws.

(c) The members of the Board of Directors of the Association, shall be Class A members in good standing and will be elected by a majority of the votes cast at a meeting of Association, by the members, present in person or by proxy, entitled to vote in the election.

(d) The Board of Directors elected at the organizational meeting of the Association shall consist of three (3) directors elected for two (2) year terms and two (2) directors elected for one year terms. Thereafter, the Directors of the Association shall be elected for two (2) year terms with two (2) Directors being elected the following year and three (3) Directors being elected on alternating years thereafter. Each director will hold office until the annual meeting of the shareholders next succeeding his election, and until his successor is elected and qualified, or until his prior death, resignation or removal.

Section 2 - Duties and Powers: The Board of Directors will be responsible for the control and management of the affairs, property and interests of the Association, and may exercise all powers of the Association, except as are in the Certificate of Incorporation or by statute expressly conferred upon or reserved to the members.

Section 3 - Annual and Regular Meetings; Notice:

(a) A regular annual meeting of the Board of Directors will be held following the annual meeting of the Association, at a place so designated by the Board of Directors.

(b) The Board of Directors, from time to time, may provide by resolution for the holding of other regular meetings of the Board of Directors, and may fix the time and place thereof.

(c) Notice of any regular meeting of the Board of Directors will not be required to be given and, if given, need not specify the purpose of the meeting; provided, however, that in case the Board of Directors will fix or change the time or place of any regular meeting, notice of such action will be given to each director who will not have been present at the meeting at which such action was taken within the time limited, and in the manner set forth in paragraph (b), Section 4 of Article III, with respect to special meetings, unless such notice will be waived in the manner set forth in paragraph (c) of such Section 4.

Section 4 - Special Meetings; Notice:

(a) Special meetings of the Board of Directors will be held whenever called by the President, by one of the Directors, or by

the Class B member, at such time and place as may be specified in the respective notices or waivers of notice thereof.

(b) Except as otherwise required by statute, notice of special meetings will be mailed directly to each director, addressed to him at his residence or usual place of business, at least two (2) days before the day on which the meeting is to be held, or will be sent to him at such place by telegram, radio or cable, or will be delivered to him personally or given to him orally, not later than the day before the day on which the meeting is to be held. A notice, or waiver of notice, except as required by Section 8 of Article III, need not specify the purpose of the meeting.

(c) Notice of any special meeting will not be required to be given to any director who will attend such meeting without protesting prior thereto or at its commencement, the lack of notice to him, or who submits a signed waiver of notice, whether before or after the meeting. Notice of any adjourned meeting will not be required to be given.

Section 5 - Chairman: At all meetings of the Board of Directors, the Chairman of the Board, if any and if present, will preside. If there will be no Chairman, or he will be absent, then the President will preside, and in his absence, a Chairman chosen by the directors will preside.

Section 6 - Quorum and Adjournments:

(a) At all meetings of the Board of Directors, the presence of a majority of the entire Board will be necessary and sufficient to constitute a quorum for the transaction of business, except as otherwise provided by law, by the Certificate of Incorporation, or by these By-Laws.

(b) A majority of the directors present at the time and place of any regular or special meeting, although less than a quorum, may adjourn the same from time to time without notice, until a quorum will be present.

Section 7 - Manner of Acting:

(a) At all meetings of the Board of Directors, each director present will have one vote.

(b) Except as otherwise provided by statute, by the Certificate of Incorporation, or by these By-Laws, the action of a majority of the Directors present at any meeting at which a quorum is present will be the act of the Board of Directors. Any action authorized, in writing, by all of the directors entitled to vote thereon and filed with the minutes of the corporation will be the act of the Board of Directors with the same force and effect as if the same had been passed by unanimous vote at a duly called meeting of the Board.

Section 8 - Vacancies: Any vacancy in the Board of Directors occurring by reason of an increase in the number of Directors, or by reason of the death, resignation, disqualification, removal

(unless a vacancy created by the removal of a Director by the members will be filled by the Class A members in good standing at the meeting at which the removal was effected) or inability to act of any director, or otherwise, will be filled for the unexpired portion of the term by a majority vote of the remaining Directors, though less than a quorum, at any regular meeting or special meeting of the Board of Directors called for that purpose.

Section 9 - Resignation: Any director may resign at any time by giving written notice to the Board of Directors, the President or the Secretary of the Association. Unless otherwise specified in such written notice, such resignation will take effect upon receipt thereof by the Board of Directors, or such officer, and the acceptance of such resignation will not be necessary to make it effective.

Section 10 - Removal: Any director may be removed with or without cause at any time by the affirmative vote of Class A members in good standing of the Association at a special meeting of the members called for that purpose, and may be removed for cause by action of the Board.

Section 11 - Salary: No salary will be paid to the Directors of the Association.

Section 12 - Contracts:

(a) No contract or other transaction between this Association and any other Association will be impaired, affected or invalidated, nor will any Director be liable in any way by reason of the fact that any one or more of the Directors of this Association is or are interested in, or is a Director or officer, or are Directors or officers of such other Association; provided, that such facts are disclosed or made known to the Board of Directors.

(b) Any Director, personally and individually, may be a party to or may be interested in any contract or transaction of this Association, and no Director will be liable in any way by reason of such interest; provided, that the Board of Directors will authorize, approve or ratify such contract or transaction by the vote (not counting the vote of any such Director) of a majority of a quorum, notwithstanding the presence of any such Director at the meeting at which such action is taken. Such Director or Directors may be counted in determining the presence of a quorum at such meeting. This Section will not be construed to impair or invalidate or in any way affect any contract or other transaction which would otherwise be valid under the law (common, statutory or otherwise) applicable thereto.

Section 13 - Committees: The Board of Directors, may from time to time designate from among its members an Executive Committee and such other committees, and alternate members thereof, as they may deem desirable, each consisting of three or more

members, with such powers and authority (to the extent permitted by law) as may be provided in such resolution. Each such committee will serve at the pleasure of the Board.

ARTICLE VI - OFFICERS

Section 1 - Number, Qualifications, Election and Terms of Office:

(a) The officers of the Association will consist of a President, an Executive Vice-President, a Secretary, a Treasurer and such other officers, including one or more Vice-Presidents, as the Board of Directors may from time to time deem advisable. Any officer other than the Chairman of the Board of Directors may be, but is not required to be, a Director of the Association. Any two or more offices may be held by the same person.

(b) The officers of the Association will be elected by the Board of Directors at the regular annual meeting of the Board. (c) Each officer will hold office until the annual meeting of the Board of Directors next succeeding his election, and until his successor will have been elected and qualified, or until his death, resignation or removal.

Section 2 - Resignation: Any officer may resign at any time by giving written notice of such resignation to the Board of Directors, or to the President or the Secretary of the Association. Unless otherwise specified in such written notice, such resignation will take effect upon receipt thereof by the Board of Directors or by such officer, and the acceptance of such resignation will not be necessary to make it effective.

Section 3 - Removal: Any officer may be removed, either with or without cause, and a successor elected by a majority vote of the Board of Directors at any time.

Section 4 - Vacancies: Vacancy in any office by reason of death, resignation, removal, inability to act, disqualification, or any other cause, may at any time be filled for the unexpired portion of the term by a majority vote of the Board of Directors.

Section 5 - Duties of Officers: Officers of the Association will, unless otherwise provided by the Board of Directors, each have such powers and duties as generally pertain to their respective offices as well as such powers and duties as may be set forth in these by-laws, or may from time to time be specifically conferred or imposed by the Board of Directors. The terms of all officers shall commence as of the conclusion of the Annual Meeting of the Association each year. No person shall hold the office of President, Executive Vice-President, Vice-President, Secretary, or Treasurer concurrently.

Section 6 - The President: The President will be the chief executive officer and Chairman of the Board of Directors of the Association, and, subject to the direction and under the supervision of the Board of Directors, will have general charge of the business, affairs and property of the Association and control over its officers, agents and employees; will preside at all meetings of the members and of the Board of Directors at which he is present, will be and perform such other duties and may exercise such other powers as from time to time may be assigned to him by these by-laws or by the Board of Directors, and shall appoint members, and designate the Chairman of all standing and special committees, as may, from time to time, be deemed necessary.

Section 7 - The Executive Vice-President: At the request of the President or in the event of his absence, disability or refusal to act, the Executive Vice-President will perform all the duties of the President, and, when so acting, will have all the powers of, and be subject to all the restrictions upon the President. The Executive Vice-President will also be a signatory on the checking account of the Association and will be required to execute jointly with the Treasurer any documents of disbursement of funds of the Association. Further, the Executive Vice-President will have such powers and discharge such duties as may be assigned to him from time to time by the President of the Board of Directors.

Section 8 - The Vice Presidents: At the request of the Executive Vice-President or in the event of his absence, disability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order of their election) will perform all the duties of the President, and, when so acting, will have all the powers of, and be subject to all the restrictions upon the President. Each Vice President will have such powers and discharge such duties as may be assigned to him from time to time by the President of the Board of Directors.

Section 9 - The Secretary: The Secretary will keep the minutes of the Association and of the Board of Directors' meetings in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these by-laws or as required by law; be custodian of the Corporate records and of the seal of the Association and see that the seal of the Association is affixed to all documents of the Association, the execution of which is on behalf of the Association and under its seal duly authorized; maintain a complete list of all members entitled to vote at Association meetings and have said list available for inspection by any member who may be present at such meetings; in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 10 - The Treasurer: The Treasurer will have supervision of the funds, securities, receipts and disbursements of the Association; cause all monies and other valuable effects of the Association to be deposited in its name and to its

credit in such depositories as will be selected by the Board of Directors if pursuant to authority conferred by the Board of Directors; cause to

be kept at the accounting office of the Association correct books of account, proper vouchers and other papers pertaining to Association business; render to the President or the Board of Directors, annually and whenever requested, an account of the financial condition of the Association, which accounts shall be audited at least annually,

Section 11 - Salaries: No salary will be paid to the Officers of the Association.

Section 12 - Executive Committee: The management of the affairs of the Association shall be vested in the Executive Committee. The voting members of the Executive Committee shall be the President, Executive Vice-President, Vice-President as selected by the Board of Directors, Secretary and Treasurer, each of whom shall serve during his term as such officer. The Past President and Class B member shall sit as ex-official members of the Executive Committee pursuant to the Articles of Incorporation.

ARTICLE VII - CONTRACTS LOANS CHECKS, AND DEPOSITS

Section 1 - Contracts: The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association and such authority may be general or confined to specific instances.

Section 2 - Loans: No loans will be contracted on behalf of the Association and no evidences of indebtedness will be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3 - Checks, Drafts, Etc.: All checks, drafts or other order for the payment of money, notes or other evidences of indebtedness issued in the name of the Association will be signed by such officer or officers, agent or agents of the Association and in such manners as will from time to time be determined by resolution of the Board of Directors.

Section 4 - Deposits: All funds of the Association not otherwise employed will be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE VIII - ELECTIONS

Section 1 - Election of Directors: The qualifications of the candidates for Directors shall be that such candidates must be a regular voting member in good standing of the Association. The elections shall be held at the annual meeting of the members of the Association on the 2nd Tuesday of November each year.

Section 2 - Proposed Candidates: The President of the Association shall provide for consideration a list of the names and addresses of the members of the Association who have been nominated for positions on the Board of Directors for the forthcoming year to Association members fifteen (15) days prior to the annual meeting. Other nominations for the Board of Directors may be made from the floor at the annual meeting by members of the Association.

Section 3 - Contested Elections: In contested elections, ballots shall be cast in person by the members of the Association at the annual meeting.

ARTICLE IX – MEMBERSHIP DUES

Section 1 - Assessment and Payment: The annual dues of all Class A members, shall be fixed, from time to time, by the Executive Committee, and shall be payable in advance for each calendar year. The annual dues shall be pro-rated in the amount of \$20. per month on all closings which occur on or after the 1st day of September of each calendar year.

Section 2 - Procedure for Increase: The annual dues for the succeeding calendar year may be increased by a majority vote of the Directors of the Board of Directors at a regular or special meeting of the Board of Directors. The Board of Directors shall publicly declare the amount of said increase, either at a regular or special meeting of the members at which a quorum is present, or by a Notice mailed to all members affected by said increase, all on or before the first day of November of the current calendar year. The action of the Board of Directors increasing the annual dues shall be conclusive unless within ten (10) calendar days following the public declaration of said dues increase, a referendum petition signed by at least twenty-five (25%) percent of the members affected by said dues increase is presented to the Board of Directors. In that event, and upon determining that sufficient, valid signatures are affixed to the referendum petition, the members affected by said dues increase shall be permitted to vote at a special or regular meeting of members at which a quorum is present, to be held on or before the 15th day of December of the current calendar year, to approve or to disapprove the actions of the Board of Directors increasing the annual dues, and the majority of the votes cast shall control the issue. Prior to the vote, proponents of the dues increase, through their previously designated spokesman shall be granted time to present their side of the issue, and the opponents of the dues increase, through their previously designated spokesman, shall be granted time to present their side of the issue.

Section 3 - Notice and Delinquency: Statements for the annual dues shall be mailed or delivered by the Treasurer during the month of December, and any member whose assessment is not paid within sixty (60) days after the due date, shall be considered delinquent,

and shall be deemed not in good standing. In order for a member not in good standing to be reinstated to the status of member in good standing with the Association, he must pay the delinquent annual or special assessment together with such interest, late fees, costs and a reasonable attorney's fees as may apply.

Section 4 - Assessments: No member of this Association shall be subject to any assessment or obligated to pay any sum in addition to the annual dues herein, unless specifically voted on and approved by the Class A members of the Association.

ARTICLE X - OFFICES AND EMPLOYEES

Section 1 - Offices: The Association may maintain suitable office space as may be deemed necessary by the Executive Committee.

Section 2 - Employees: The Association shall have such employees as may be deemed necessary who shall be selected by and serve at the pleasure of the Executive Committee. The Executive Committee shall determine the salaries and duties of all employees of the Association.

ARTICLE XI - COMMITTEES

Section 1 - Establishment: In addition to the Executive Committee, the Association shall have such other committees as the President, from time to time, may deem necessary, and as approved by the Executive Committee.

Section 2 - Membership: Members of all committees, other than the Executive Committee, shall be appointed by the President, with the advice and consent of the Executive Committee.

Section 3 - Terms and Reports: Members and chairmen of all committees shall hold office until their successors are duly designated and appointed as herein provided. Committee chairmen may submit written reports of their year's activities to the Executive Committee prior to the annual meeting.

ARTICLE XII – FISCAL YEAR

The fiscal year of the Association will be fixed by the Board of Directors from time to time, subject to applicable law.

ARTICLE XIII - AMENDMENTS

Section 1 - By Class A Members: All By-Laws of the Association will be subject to alteration or repeal, and new bylaws may be made, by the affirmative

vote of the members in good standing entitled to vote in the election of Directors at any annual or special meeting of the members; provided that the notice or waiver of notice of such meeting will have summarized or set

forth in full therein, the proposed amendment.

Section 2 - By Directors: The Board of Directors will have power to make, adopt, alter, amend and repeal, from time to time, By-Laws of the Association; provided, however, that the Class A members entitled to vote with respect thereto as in Section 1 above-provided may alter, amend or repeal by-laws made by the Board of Directors, except that the Board of Directors will have no power to change the quorum for meetings of members or of the Board of Directors, or to change any provision of the by-laws with respect to the removal of Directors or the filling of vacancies in the Board resulting from the removal by the members. If any by-law regulating an impending election of Directors is adopted, amended or repealed by the Board of Directors, there will be set forth in the notice of the next meeting of Association for the election of Directors, the by-law so adopted, amended or repealed, together with a concise statement of the changes made.

ARTICLE XIV - INDEMNITY

(a) Any person made a party to any action, suit or proceeding, by reason of the fact that he, his testator or intestate representative is or was a director, officer or employee of the Association, or any Association in which he served as such at the request of the Association, will be indemnified by the Association against the reasonable expenses, including attorney's fees, actually and necessarily incurred by him in connection with the defense of such action, suit or proceedings, or in connection with any appeal therein, except in relation to matters as to which it will be adjudged in such action, suit or proceeding, or in connection with any appeal therein that such officer, director or employee is liable for negligence or misconduct in the performance of his duties.

(b) The foregoing right of indemnification will not be deemed exclusive of any other rights to which any officer, director or employee may be entitled apart from the provisions of this Section.

(c) The amount of indemnity to which any officer or any Director may be entitled will be fixed by the Board of Directors, except that in any case where there is no disinterested majority of the Board available, the amount will be fixed by arbitration pursuant to the then existing rules of the American Arbitration Association.