

Draft of 9/17/06 For Discussion Only.

AMENDED BYLAWS
OF
CAPITOL BEACH COMMUNITY ASSOCIATION, INCORPORATED

January ____, 2007

Draft of 9/17/06 For Discussion Only.

TABLE OF CONTENTS

	Page
ARTICLE I. OFFICES	1
SECTION 1. <u>OFFICES</u>	1
SECTION 2. <u>REGISTERED OFFICE</u>	1
ARTICLE II. MEMBERS	1
SECTION 1. <u>MEMBERSHIP CLASSES</u>	1
SECTION 2. <u>REGULAR MEMBERS</u>	1
SECTION 3. <u>NONVOTING MEMBERS</u>	2
SECTION 4. <u>MEETINGS</u>	3
SECTION 5. <u>VOTING</u>	3
SECTION 6. <u>QUORUM</u>	6
SECTION 7. <u>NOTICES</u>	6
SECTION 8. <u>PRIVILEGES AND RESPONSIBILITIES OF</u> <u>MEMBERSHIP</u>	6
SECTION 9. <u>MEMBERSHIP RECORDS</u>	9
ARTICLE III. CHARGES AND LIENS	10
SECTION 1. <u>FISCAL YEAR</u>	10
SECTION 2. <u>MEMBERSHIP CHARGES</u>	10
SECTION 3. <u>LIEN FOR MEMBERSHIP CHARGES</u>	11
ARTICLE IV. BOARD OF DIRECTORS	11
SECTION 1. <u>GENERAL POWERS</u>	11
SECTION 2. <u>NUMBER, TENURE AND QUALIFICATIONS</u>	11
SECTION 3. <u>VACANCIES</u>	12
SECTION 4. <u>MEETINGS</u>	12
SECTION 5. <u>NOTICE</u>	13
SECTION 6. <u>QUORUM</u>	14
SECTION 7. <u>MANNER OF ACTING</u>	14
SECTION 8. <u>PRESUMPTION OF ASSENT</u>	14
SECTION 9. <u>COMMITTEES OF THE BOARD OF DIRECTORS</u>	15
SECTION 10. <u>INFORMAL ACTION BY DIRECTORS</u>	15
SECTION 11. <u>INTEREST OF DIRECTORS IN TRANSACTIONS</u>	16
ARTICLE V. OFFICERS, AGENTS AND EMPLOYEES	17
SECTION 1. <u>NUMBER</u>	17
SECTION 2. <u>ELECTION AND TERM OF OFFICE</u>	17
SECTION 3. <u>REMOVAL</u>	18
SECTION 4. <u>VACANCIES</u>	18
SECTION 5. <u>SCOPE OF DUTIES</u>	18
SECTION 6. <u>AGENTS AND EMPLOYEES</u>	19

Draft of 9/17/06 For Discussion Only.

ARTICLE VI. SEAL 19

ARTICLE VII. AMENDMENTS 19

ARTICLE VIII. INDEMNIFICATION..... 19

Draft of 9/17/06 For Discussion Only.

Draft of 9/17/06 For Discussion Only.

AMENDED BYLAWS
OF
CAPITOL BEACH COMMUNITY ASSOCIATION, INCORPORATED

ARTICLE I. OFFICES

SECTION 1. OFFICES. The corporation may have such offices, both within and without the State of Nebraska, as the Board of Directors may designate or as may from time to time be necessary or convenient for the conduct of its affairs.

SECTION 2. REGISTERED OFFICE. The registered office of the corporation required by the Nebraska Nonprofit Corporation Act to be maintained in the State of Nebraska may be, but need not be, identical with the principal office of the corporation in the State of Nebraska. The registered office of the corporation and the registered agent of the corporation, or both, may be changed from time to time by the Board of Directors.

ARTICLE II. MEMBERS

SECTION 1. MEMBERSHIP CLASSES. Members of the corporation shall be divided into two classes of membership: Regular Members and Nonvoting Members.

SECTION 2. REGULAR MEMBERS. Every person who is a title holder of a fee or who becomes a title holder of a fee or undivided fee interest in either a vacant lot or a living unit abutting Capitol Beach Lake in Sections 15, 16, 21 and 22 in Township 10 North, Range 6 East of the 6th Prime Meridian in Lancaster County, Nebraska shall be eligible for membership in the corporation. Any such person may become a member of the corporation by signing, acknowledging and delivering to the corporation an application for membership accepting the responsibilities for membership as established by the Board of Directors and submitting such qualifying fee title to these Bylaws and the Protective Covenants filed January 26, 1986 as Instrument No. 86-2301 with the Register of Deeds,

Draft of 9/17/06 For Discussion Only.

or any amendments to said Covenants. Once a lot or living unit abutting Capitol Beach Lake has been submitted to these bylaws and said Protective Covenants, such property shall remain so subject in perpetuity and the fee title holder of such property shall be a regular member of the corporation. Regular membership shall be appurtenant to the property subject to these Bylaws and said Protective Covenants and may not be separated from fee title ownership of such property.

SECTION 3. NONVOTING MEMBERS. The Board of Directors may offer a nonvoting membership to persons who are not eligible for regular membership of the corporation but who own fee title in lots or living units abutting or requiring access on private roads owned by the Corporation. Such nonvoting members shall not be voting members of the Corporation, shall pay dues as provided in Section 8 of this Article, and shall have a right and easement over such private road of the Corporation as provides access to such living unit or lot of the member. The Board shall require as a minimum for such nonvoting membership that the person sign, acknowledge and deliver to the Corporation an application accepting the responsibilities of a nonvoting member and submitting such lot or living unit to these Bylaws and said Protective Covenants in perpetuity. Upon becoming a nonvoting member, the fee title holder of such subject lot or living unit shall be a nonvoting member, with such membership to be appurtenant to the subject lot and inseparable from fee title ownership of such lot or living unit.

SECTION 4. MEETINGS. An annual meeting of the Regular Members shall be held at 2:00 p.m. on the second Sunday in January of each calendar year, at such place as may be determined by the Board of Directors, for the purpose of electing directors of the corporation as provided in these Bylaws and for the transaction of such other business as

Draft of 9/17/06 For Discussion Only.

properly may come before the meeting. Special meetings of the Regular Members may be called by the President, by any two members of the Board of Directors or by 20% of the Regular Members and shall be held at such time and place as may be determined by the person or persons calling the meeting.

SECTION 5. VOTING.

5.1 Each Regular Member of the corporation shall be entitled to all the rights of membership and to one vote for each vacant lot or living unit in which the interest requisite for membership is held. However, no more than one (1) vote shall be cast with respect to any vacant lot or living unit, and no one person shall have more than 5 votes at any one time. *No Regular Member who has not paid all assessments ~~charged~~ currently due and payable shall vote on any matter concerning the Corporation.*¹

5.2² *The Regular Members shall, by majority vote of those voting, present at each annual meeting, either in person or by proxy, and subject to the requirements of section 5.3 below, approve the yearly budget for the Corporation. The Regular Members may, at any special meeting of the members, properly convened, agree to a change in the budget by a majority vote of the Regular Members ~~present and voting~~, either in person or by proxy, and subject to the requirements of section 5.3 below.*

5.3³ *The Regular Members of the Corporation shall have the affirmative right to decide the following issues by two-thirds of the Regular Members entitled to vote, ~~whether~~*

¹Moved from Section 10, last sentence, text changed as indicated.

²Moved from Section 10, text revised as indicated.

³Moved from Section 10, text revised as indicated.

Draft of 9/17/06 For Discussion Only.

~~present in person or by proxy, at a regular meeting of the Regular Members or at a special meeting of the Regular Members, if notice of the special condition or action is contained in the Notice of Special Meeting. The number of affirmative votes required for compliance with this subsection shall be determined without regard for the number of Regular Members present at the meeting, whether in person or by proxy.~~

- A. ~~Any special assessment, other than an annual assessment.~~
- B. Any change in definition of membership or the addition of additional classes of membership.
- C. The addition to or reduction of the Corporation's properties.
- D. The sale or encumbrance of any of the Corporation property, except private roadways.
- E. Any capital improvement to the Corporation property having a value of more than ~~\$7,500~~ \$25,000, unless said expenditure is the replacement or repair of property or equipment presently in place on the Commons which is needed for continuing maintenance thereof.

5.4 Action by Written Consent.⁴

Action required or permitted by the Nebraska Nonprofit Corporation Act to be approved by the Regular Members may be approved by written consent signed by

⁴New, based on Neb. Rev. Stat. § 21-1954 (1997).

Draft of 9/17/06 For Discussion Only.

the Regular Members as provided by Nebraska law without a meeting, subject however to all other requirements of these bylaws.

SECTION 6. QUORUM. Regular Members holding 25% of the votes of the Regular Members of the corporation shall constitute a quorum for the transaction of business at any meeting of the Regular Members ~~but if less than such number of Regular Members is present at a meeting, then a majority of the Regular Members present may adjourn the meeting from time to time without further notice until a quorum is present.~~

SECTION 7. NOTICES. Written or printed 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 10 nor more than 50 days before the date of any meeting of the Regular Members, either personally, electronically, or by mail, by or at the direction of the President, the Secretary or the persons calling the meeting, to each Regular 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's ~~at his~~ address as it appears on the records of the corporation, with postage thereon prepaid. Electronic delivery may be made to an email address or fax number supplied by the Regular Member.

SECTION 8. PRIVILEGES AND RESPONSIBILITIES OF MEMBERSHIP.

8.1 Each regular member of the corporation shall have the right to use and enjoy all properties owned by the corporation and shall have an easement upon the properties for the use thereof, which shall be appurtenant to the interest requisite for regular membership. Each nonvoting member of the corporation shall have the right to use for ingress and egress any private road owned by the corporation necessary for access to

Draft of 9/17/06 For Discussion Only.

such member's lot and shall have an easement upon such roads, for the use thereof, which shall be appurtenant to the interest requisite for membership. Nonvoting members shall not have any right of access to nor right to use the lake property of the corporation.

8.2 Each member of the corporation, whether regular or nonvoting, by the acceptance of a deed or other instrument by which the interest requisite for membership is acquired, shall be deemed to covenant to maintain the properties owned by the Corporation, which covenant by the members shall be satisfied by the payment of annual and special assessments for the administration, maintenance or improvements of the properties. Nonvoting members obligation for maintenance shall be limited to the property to which they have an easement hereunder.

8.3 Annual and special assessments, except for private roads and street lights, shall be uniform as to each vacant lot or living unit with regular membership rights. Annual and special assessments for the maintenance of the corporation private roadways and street lights shall be uniform as to each lot or living unit which has access to a street by way of a private road, whether such lot or living unit is subject to regular member rights or nonvoting member rights.

8.4 Each assessment shall be the personal obligation of the member who is, or was, the titleholder of the lot or living unit assessed at the time of the assessment, and shall bear interest at the rate of 12% per annum until paid, and when shown of record shall be a lien upon the vacant lot or living unit assessed. In addition, the corporation may suspend the use and enjoyment of corporate property by a member for any period during which an assessment remains unpaid and for a period not to exceed one year for any infraction of the published rules and regulations governing the use of the properties.

Draft of 9/17/06 For Discussion Only.

8.5 Each member shall agree to abide by the rules and regulations of the corporation as to the maintenance and safety of the properties and structures upon the property of the Corporation, and the payment of annual and special assessments.

8.6 The properties of the Corporation shall be for the exclusive use of the members and their guests, except as otherwise provided herein or in the Protective Covenants. The Corporation shall have the right to limit the number of guests of members and to adopt reasonable regulations applicable to use by guests. Any member may delegate ~~the his or her~~ right of enjoyment and use of the properties to the members tenant residing in the living unit or to a contract purchaser residing in the living unit, provided that the member shall not be entitled to such use during the period of such delegation. Such delegation or the revocation thereof shall only be effective upon written notice to the Corporate secretary.

8.7⁵ The right to use and enjoyment of the corporate properties shall be suspended, together with the suspension of any obligation to pay dues or annual assessments, during such period as a lot remains vacant of a single family dwelling after its initial 12 months of being subject to these Bylaws and the Protective Covenants; provided that in the event of the partial or total destruction of a dwelling so as to cause it to be uninhabitable under Lincoln building codes, then such suspension shall be for the period that no habitable dwelling complying with the Protective Covenants exists on the lot after 6 months from the event causing the destruction. Upon commencement of construction or reconstruction of a single family dwelling, such suspension of use, rights and obligations

⁵ Word annual inserted before assessments to make it clear that the obligation to pay special assessments is not suspended.

Draft of 9/17/06 For Discussion Only.

shall be lifted unless such residence is not completed within six months of commencement, at which time the suspension shall be reimposed until a certificate of occupancy is issued. The right to use and enjoyment of the corporate properties shall be suspended, together with suspension of any obligation to pay dues or assessments during such period as a dwelling is not in compliance with the covenants or these Bylaws.

SECTION 9. MEMBERSHIP RECORDS. The corporation shall maintain a written record of memberships in the corporation in such form as the Board of Directors may prescribe from time to time) and only members of record shall be entitled to be recognized as members of the corporation. The corporation may, in the discretion of the Board of Directors, issue certificates or other documents evidencing membership in the corporation. The Board of Directors shall keep, at registered office of the corporation a correct set of rules and regulations of the Corporation, and shall, in even numbered years, publish and distribute a copy thereof to each Regular Member.

ARTICLE III. CHARGES AND LIENS⁶

SECTION 1. FISCAL YEAR. The fiscal year shall begin the first day of January each year and end on the last day of December in the immediately succeeding year.

SECTION 2. MEMBERSHIP CHARGES. ~~The Board of Directors shall thirty (30) days prior to the beginning of each fiscal year, set a schedule of assessment of dues~~ At the Annual Meeting, the Regular Members shall set the annual assessments and any

⁶Text moved from Article VI, changed as indicated.

Draft of 9/17/06 For Discussion Only.

special assessments to be paid by each vacant lot or living unit on Capitol Beach Lake in Lancaster County, Nebraska and each lot or living unit having access by the Corporation's private roads. Special assessments may also be set at a special meeting of the Regular Members called for that purpose. Notice of said assessments shall be sent by United States mail, postage prepaid, and shall be deposited in the United States Mail ~~at least thirty (30) days before the beginning of each fiscal year.~~ no later than thirty (30) days after approval. The members owning each such lot or residential living unit shall pay such assessment according to regulations approved by the Board of Directors. Such assessment shall constitute a personal obligation and debt to the Corporation from the member involved, and such obligation and debt shall be enforced and collected by the Corporation by a suit at law against such member, in addition to and not to the exclusion of any other remedy or means of collection that may be available to the Corporation under these bylaws or otherwise.

SECTION 3. LIEN FOR MEMBERSHIP CHARGES. A failure on the part of any member, Regular or Nonvoting, to pay an assessment as required by these bylaws, or by restrictive covenants signed by said member, or such member's predecessor in title, shall entitle the Corporation to the rights and remedies as set out in these Bylaws and the restrictive covenants signed by the member or the member's predecessor in title.

ARTICLE IV. BOARD OF DIRECTORS

SECTION 1. GENERAL POWERS. The affairs of the Corporation shall be managed by its Board of Directors. The Board of Directors shall have power to approve regulations from time to time pertaining to the use, occupancy and safety of the commons so long as such regulations do not conflict with the Protective Covenants or Bylaws.

Draft of 9/17/06 For Discussion Only.

SECTION 2. NUMBER. TENURE AND QUALIFICATIONS. The initial directors of the Corporation shall be the persons named as such in the Articles of Incorporation of this Corporation. Thereafter, the Board of Directors shall consist of eleven (11) persons who are Regular Members of the Corporation, and such other Regular Members who serve as the chair of any committee appointed by the Board of Directors for the purposes of boating safety, lake maintenance, social events, special projects, and other special committees of Regular Members of the Corporation who are not members of the Board of Directors. These committee chairs shall be ex officio members of the Board of Directors, without vote. Each member of the Board of Directors shall serve for three (3) years, or until ~~a his or her~~ successor is elected, appointed and qualified, except that in order to stagger the terms, at the first annual members' meeting at which these bylaws become effective, the members shall elect 4 directors for 1 year terms, 4 directors for 2 year terms and 3 directors for 3 year terms.

SECTION 3. VACANCIES. Any vacancy occurring other than by reason of an increase in the number of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors. A director elected or appointed to fill a vacancy shall be elected for the unexpired term of ~~the~~ his predecessor in office.

SECTION 4. MEETINGS. An annual meeting of the Board of Directors shall be held within 45 days following each annual meeting of the Regular Members at a place directed by the President. The Board of Directors may provide, by resolution, the time and place for the holding of regular meetings without notice other than such resolution. Special meetings of the Board of Directors may be called by the President or any two directors. The person

Draft of 9/17/06 For Discussion Only.

or persons calling a special meeting of the Board of Directors may designate any place as the place for such special meeting.

SECTION 5. NOTICE. Notice of the time and place of an annual meeting of the Board of Directors shall be given by the Secretary of the Corporation at least five days before the date of such meeting. Notice of the time and place of a special meeting of the Board of Directors shall be given by or at the direction of the person or persons calling such special meeting at least three days prior to such special meeting by written notice delivered personally or mailed to each director or by electronic means telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director's ~~at his~~ business address, with postage thereon prepaid. If given by ~~telegram~~ electronic means, such notice shall be deemed to be delivered when the ~~telegram is delivered to the telegraph company~~ email or facsimile is sent. Any Director by a signed writing may waive notice of any meeting either before or after such meeting. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting 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 annual, regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

SECTION 6. QUORUM. Board members may participate in meetings by attending in person or by telephone. A majority of the number of regular directors fixed pursuant to these Bylaws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors; but if less than such number is ~~present at~~ participates in a meeting,

Draft of 9/17/06 For Discussion Only.

a majority of the directors ~~present~~ participating may adjourn the meeting from time to time without further notice until a quorum is available ~~present~~.

SECTION 7. MANNER OF ACTING. The act of the majority of the directors ~~present at~~ participating in a meeting at which a quorum is ~~present~~ available shall be the act of the Board of Directors.

SECTION 8. PRESUMPTION OF ASSENT. A director of the Corporation who is ~~present at~~ participates in a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless ~~his~~ the director's dissent shall be entered in the minutes of the meeting or unless ~~he~~ the director shall file ~~his~~ a 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 Corporation immediately after adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

SECTION 9. COMMITTEES OF THE BOARD OF DIRECTORS. The Board of Directors, by resolution adopted by a majority of the directors then in office, may designate and appoint one or more committees of the Board of Directors each of which shall consist of two or more directors, which committees, to the extent provided in such resolution, shall have and exercise the authority of the Board of Directors in the management of the Corporation. No such committee, however, shall have the authority of the Board of Directors in reference to amending, altering, or repealing the Bylaws of the Corporation; electing, appointing or removing any member of any such committee or any director or officer of the Corporation; amending the Articles of Incorporation of the Corporation; adopting a plan of merger or adopting a plan of consolidation with another corporation;

Draft of 9/17/06 For Discussion Only.

authorizing the sale, lease, exchange or mortgage of all or substantially all of the property and assets of the Corporation; authorizing the voluntary dissolution of the Corporation or revoking proceedings therefor; adopting a plan for the distribution of the assets of the Corporation. The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual director, of any responsibility imposed ~~upon it or him~~ by law.

SECTION 10. INFORMAL ACTION BY DIRECTORS. Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, 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 of the Board of Directors or of such committee, as the case may be, entitled to vote with respect to the subject matter thereof.

SECTION 11. INTEREST OF DIRECTORS IN TRANSACTIONS. In the absence of fraud, no contract or other transaction between the Corporation and any other person, corporation, firm, syndicate, association, trust, partnership or joint venture shall be wholly or partially invalidated or otherwise affected by reason of the fact that one or more of the directors of the corporation are or become directors or officers of such other corporation, firm, syndicate or association, or trustees of such trust, or members of such partnership or joint venture, or are pecuniarily or otherwise interested in such contract or transaction; provided, that the fact such director or directors of the Corporation are so situated or so interested or both, shall be disclosed or shall have been known to the Board of Directors of the Corporation. Any director of the Corporation who is also a director or officer of such other corporation, firm, syndicate or association, or a trustee of such trust, or a member of such partnership or joint venture, or pecuniarily or otherwise interested in such contract or

Draft of 9/17/06 For Discussion Only.

transaction, may be counted for the purpose of determining the existence of a quorum at any meeting of the Board of Directors of the Corporation which shall authorize any such contract or transaction; and, in the absence of fraud and as long as he a director acts in good faith, any such director may vote thereat to authorize any such contract or transaction, with like force and effect as if he the director were not a director or officer of such other corporation, firm, syndicate or association, or a trustee of such trust, or a member of such partnership or joint venture, or pecuniarily or otherwise interested in such contract or transaction.

Under no circumstances, however, shall any of the Corporation's net earnings inure to the benefit of any person, including a member of the Board of Directors, having a personal or private interest in the activities of the Corporation. This requirement conforms with and is meant to enforce the requirements of Section 501(c)(7) of the Internal Revenue Code of 1988, as amended.

ARTICLE V. OFFICERS, AGENTS AND EMPLOYEES

SECTION 1. NUMBER. The officers of the Corporation shall consist of a President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary, and a Treasurer, each of whom shall be elected by majority vote of the Directors present at their annual Board meeting. All of the officers shall be members of the Regular Members. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. The Board of Directors may in its discretion elect from its members a Chairman of the Board of Directors who shall have such duties as may be assigned to him from time to time by the Board of Directors.

Draft of 9/17/06 For Discussion Only.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers of the Corporation shall be elected by the Directors at the Board's annual meeting. If the election of officers shall not be held at such a meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office for a term of one year and until the end of the meeting at which ~~his~~ a successor shall have been elected and qualified or until ~~his~~ an earlier resignation or removal in the manner provided in these Bylaws.

SECTION 3. REMOVAL. Any member elected or appointed may be removed by the Board of Directors or by the Regular Members whenever it is in the best interests of the Corporation, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed. Any officer may be removed by a two-thirds vote of the Board of Directors or the Regular Members of the Corporation at a regularly scheduled annual, regular or specially called meeting of either the Regular Members or the Board of Directors.

SECTION 4. VACANCIES. A vacancy in an office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the unexpired portion of the term of such office.

SECTION 5. SCOPE OF DUTIES. Subject to the control of the Board of Directors, the officers of the Corporation shall have the powers and rights and be charged with the duties and obligations usually vested in or appurtenant to their respective offices or which are from time to time assigned to them by the Board of Directors.

SECTION 6. AGENTS AND EMPLOYEES. The officers of the Corporation may from time to time appoint, discharge, engage and remove such additional agents and employees as such officers may find to be appropriate, convenient or necessary for the proper conduct of the affairs of the Corporation.

Draft of 9/17/06 For Discussion Only.

ARTICLE VI. SEAL

The Corporation shall have a corporate seal which shall be circular in form and shall have inscribed thereon the name of the corporation, the state of its incorporation and the words "Corporate Seal."

ARTICLE VII. AMENDMENTS

These Bylaws may be amended or repealed and new Bylaws may be adopted at any time by the affirmative vote of at least two-thirds of the Regular Members of the Corporation entitled to vote at an annual or special meeting of the Corporation, if the Notice of said Special Meeting includes the proposed Bylaws change.

ARTICLE VIII. INDEMNIFICATION

In absence of fraud or willful misconduct, Capitol Beach Community Association Incorporated shall indemnify and save harmless all persons who serve or may serve as directors, officers or employees of Capitol Beach Community Association, Incorporated against liability or loss in connection with the performance of their duties as such director, officer or employee.

DATED this ____ day of January, 2007.

Secretary of the Corporation