

**BYLAWS**  
**OF**  
**COLONIAL CHAROLAIS ASSOCIATION, INC.**

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**BYLAWS  
OF  
COLONIAL CHAROLAIS ASSOCIATION, INC.**

(A Maryland Nonprofit Corporation)

ARTICLE 1. OFFICES, FISCAL YEAR, AND PURPOSES

Section 1.1 REGISTERED OFFICE.

The location of the registered office of the Corporation shall be established from time to time by action of the Board of Directors.

Section 1.2 OTHER OFFICES.

The Corporation may also have offices at such other places, both in Maryland and elsewhere, as the Board of Directors may from time to time determine or the business of the Corporation may require.

Section 1.3 FISCAL YEAR.

The fiscal year of the Corporation shall be the calendar year unless otherwise determined by the Board of Directors.

Section 1.4 PURPOSES AND POWERS.

(a) The Corporation is incorporated under the corporation law of the State of Maryland, and the purposes for which the Corporation is organized and shall be operated are exclusively agricultural within the meaning of Section 501(c)(5) of the Internal Revenue Code of 1986, as amended, and, in furtherance of these purposes not in limitation thereof, the Corporation may:

- (1) promote the breeding of better Charolais cattle;
- (2) sponsor sales of the Charolais breed of cattle;
- (3) sponsor and promote exhibitions of the Charolais breed of cattle;
- (4) sponsor educational activities for youth participants; and

(5) Do anything and everything necessary, suitable, proper, convenient, and incidental to the aforesaid purposes, and, without otherwise limiting its powers, to exercise all rights and powers conferred by the laws of the State of Maryland upon nonprofit corporations.

(b) The activities of the Corporation shall at all times be so conducted and limited as to enable the Corporation to meet the requirements for:

- (1) A corporation exempt from federal income tax under Section 501(a), as an

organization described in Section 501(c)(5), of the United States Internal Revenue Code of 1986, as amended, or the corresponding provisions of any similar legislation hereinafter enacted (the “Code”).

(2) To the extent applicable, a corporation, the contributions to which are deductible under § 170(c)(2) of the Code.

(c) The activities of the Corporation shall at all times be so conducted and limited as to enable the Corporation to comply with the following requirements:

(1) The Corporation shall not participate or intervene directly or indirectly in any political campaign on behalf of or in opposition to any candidate for political office;

(2) The Corporation shall not devote more than an insubstantial part of its activities attempting to influence legislation by propaganda or otherwise; and

(3) No part of the net earnings of the Corporation shall inure to the benefit of any Director or officer of the Corporation or any private individual (except that reasonable compensation may be paid for services rendered); and no such person shall be entitled to share in the distribution of any of the corporate assets of this Corporation upon dissolution.

## ARTICLE 2. MEETINGS

### Section 2.1 MANNER OF GIVING NOTICE.

(a) *General Rule.*

(1) Any notice required to be given to any person under the provisions of the Corporation Law or by the Articles or these Bylaws shall be given to the person either personally or by sending a copy thereof:

(A) By first class or express mail, postage prepaid, or courier service, charges prepaid, to his or her postal address appearing on the books of the Corporation or, in the case of Directors or Members, supplied by the Director or Member to the Corporation for the purpose of notice. Notice pursuant to this Subsection 2.1(a)(1)(A) shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a courier service for delivery to that person.

(B) By facsimile transmission, e-mail or other electronic communication to his or her facsimile number or address for e-mail or other electronic communications supplied by him or her to the Corporation for the purpose of notice. Notice pursuant to this Subsection 2.1(a)(1)(B) shall be deemed to have been given to the person entitled thereto when sent.

(2) A notice of meeting shall specify the day and hour and geographic location, if any, of the meeting and any other information required by any other provision of the Corporation

Law, the Articles or these Bylaws.

#### Section 2.2 NOTICE OF MEMBERS' MEETINGS.

(a) *General Rule.* Written notice of every meeting of the Members shall be given by, or at the direction of, the Secretary, the President, or other authorized person to each Member of record entitled to vote at the meeting at least ten days prior to the day named for the meeting. If the Secretary, President, or other authorized person neglects or refuses to give notice of a meeting, the person or persons calling the meeting may do so. In the case of a special meeting of Members, the notice shall specify the general nature of the business to be transacted.

(b) *Notice of Action on Bylaws.* In the case of a meeting of Members that has as one of its purposes to consider the adoption, amendment or repeal of any Bylaw of the Corporation, there shall be included in or enclosed with, the notice of such meeting a copy of the Bylaw as proposed to be adopted, amended or repealed or a summary of the changes to be effected.

#### Section 2.3 NOTICE OF DIRECTORS' MEETINGS.

Regular meetings of the Board of Directors according to a schedule established by resolution under Section 4.11 hereof shall not require a separate written notice. Notice of every special meeting of the Board of Directors shall be given to each Director in person, by telephone or in writing at least 24 hours (in the case of notice in person or by telephone, facsimile, e-mail or other electronic communication), 48 hours (in the case of notice by courier service or express mail), or five days (in the case of notice by first class mail), before the time at which the meeting is to be held. Every such notice shall state the time and place of the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in a notice of the meeting, except that if amendment of the Articles of Incorporation ("Articles"), or these Bylaws, or the removal of a Director or officer is to be considered at the meeting, the notice shall set forth such fact and shall include or enclose with the notice a copy of any proposed amendment or a summary of the changes to be effected thereby.

#### Section 2.4 WAIVER OF NOTICE.

(a) *Written Waiver.* Whenever any written notice is required to be given under the provisions of the Corporation Law, the Articles or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of the notice. Except as otherwise required by the Corporation Law, the Articles or these Bylaws, neither the business to be transacted at nor the purpose of a meeting need be specified in the waiver of notice of the meeting.

(b) *Waiver by Attendance.* Attendance of a person at any meeting shall constitute a waiver of notice of the meeting except when the person attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

## Section 2.5 MODIFICATION OF PROPOSAL CONTAINED IN NOTICE.

Whenever the language of a proposed resolution is included in a written notice of a meeting required to be given under the provisions of the Corporation Law, the Articles or these Bylaws, the members of the body considering the resolution may without further notice adopt it with such clarifying or other amendments or modifications as may be determined at the meeting.

## Section 2.6 EXCEPTIONS TO NOTICE REQUIREMENTS.

(a) *General Rule.* Whenever any notice or communication is required to be given to any person under the provisions of the Corporation Law, the Articles, these Bylaws or the terms of any agreement, or other instrument, or as a condition precedent to taking any corporate action, and communication with that person is then unlawful, the giving of the notice or communication to that person shall not be required. Any action or meeting that is taken or held without notice or communication to that person shall have the same validity as if the notice or communication had been duly given.

(b) *Members Without Forwarding Addresses.* Notice or communication shall not be required with respect to any Member with whom the Corporation has been unable to communicate for more than 24 consecutive months because communications to the Member are returned unclaimed or the Member has otherwise failed to provide the Corporation with a current address. Whenever the Member provides the Corporation with a current address, the Corporation shall commence sending notices and other communications to the Member in the same manner as to other Members.

## Section 2.7 PARTICIPATION BY CONFERENCE TELEPHONE.

One or more persons may participate in a meeting of the Board of Directors or the Members of the Corporation by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section shall constitute presence in person at the meeting.

## ARTICLE 3. MEMBERS

### Section 3.1 QUALIFICATIONS AND ELECTION OF MEMBERS.

(a) *Qualifications.* Membership in the Corporation shall be restricted to bona fide residents from the Colonial Charolais Association area, and to those non-residents who own and maintain Charolais or Charolais-cross cattle on land located within the boundary of the Association, and to such non-resident Charolais or Charolais-cross breeders in other areas as may be approved by the Board of Directors. Membership in the Corporation shall consist of persons, firms, partnerships, corporations, or other entities, owning one or more Charolais or Charolais-cross cattle, or persons firms, partnerships, corporations, or other entities, who are interested in the promotion of the Charolais breed.

(b) *Election of Members.* Members shall be elected by an affirmative vote of a majority of the Board of Directors.

### Section 3.2 CLASSES OF MEMBERSHIP.

(a) Resident members shall be known as Regular members.

(b) Associate members shall be members who wish to remain as non-voting members of the Corporation. Associate members shall have no consignment privileges to sales sponsored by the Corporation.

(c) Junior members shall be persons under 21 years of age who are interested in Charolais or Charolais-cross breeds of cattle and who at or before admission shall pay annual dues as designated by the Board of Directors.

(d) Lifetime members shall be members for their lifetime unless terminated as provided in these By-Laws.

(e) Honorary membership in this Corporation may be named by the unanimous approval of the Board of Directors.

### Section 3.3 TERM OF OFFICE.

(a) *Term of Office.* Each Member shall serve until his or her death, resignation or removal.

(b) *Resignation.* Any Member may resign at any time upon written notice to the Corporation. The resignation shall be effective upon receipt thereof by the Corporation or at such subsequent time as shall be specified in the notice of resignation. Such resignation shall not relieve the Member so resigning of the obligation to pay any dues, assessments or other charges theretofore accrued and unpaid.

### Section 3.4 REMOVAL OF MEMBERS.

(a) *Removal by the Board of Directors.* The Board of Directors, by affirmative vote of two-thirds of all Directors, may suspend or terminate the membership of any Member for violation of the rules of the Corporation, failure to abide by the Code of Ethics of the AICA, fraudulent or dishonest acts, gross abuse of authority or discretion with reference to the Corporation or its affiliates, or for any other acts or statements that may reflect adversely on the Corporation's or its affiliates' standing in the community, or for conviction of a felony.

(b) *Automatic Removal.* Members shall be automatically removed as Members upon failure to pay dues, fees and assessments within ninety days after written notice thereof.

(c) *Expulsion.*

(1) No Members shall be expelled from the Corporation without notice, and an opportunity to be heard at a meeting designated for such purpose.

(2) Subsection 3.4(c)(1) shall not apply to termination of membership relating to enforcement of payment of fees, dues, and assessments.

(d) *Effect of Termination of Membership.* The right of a Member to vote, and his or her right, title and interest in or to the Corporation or its property, shall cease on the termination of his or her membership.

Section 3.5 PLACE OF MEETINGS.

All meetings of the Members of the Corporation shall be held at the registered office of the Corporation unless another place is designated and stated in the notice of the meeting.

Section 3.6 ANNUAL MEETING.

An annual meeting of the Members shall be held before July 1 each calendar year. The Board of Directors shall fix the date and time of the annual meeting of the Members. At the annual meeting, the Members then entitled to vote shall elect Directors and shall transact such other business as may properly be brought before the meeting. If the annual meeting is not called and held within six months after the designated time, the meeting may be called in accordance with the provisions of Section 3.7 hereof.

Section 3.7 CALL AND NOTICE OF SPECIAL MEETINGS.

Special meetings of the Members may be called at any time by the President or the Board of Directors. The Secretary shall call a special meeting of the Members on the written request of Members entitled to cast at least 25% of all the votes entitled to be cast at the particular meeting. A request for a special meeting shall state the purpose of the meeting and the matters proposed to be acted on at the meeting. The Secretary shall give notice of the meeting to each Member entitled to notice of the meeting. Unless requested by Members entitled to cast a majority of all the votes entitled to be cast at the meeting, a special meeting need not be called to consider any matter which is substantially the same as a matter voted on at any special meeting of the Members held during the preceding 12 months.

Section 3.8 QUORUM AND ADJOURNMENT.

(a) *General Rule.* A meeting of the Members of the Corporation shall not be organized for the transaction of business unless a quorum is present. The presence of Members entitled to cast at least a majority of the votes that all Members are entitled to cast on the matters to be acted upon at the meeting shall constitute a quorum.

(b) *Withdrawal Leaving Less Than Quorum.* The Members present at a duly organized meeting can continue to do business until adjournment notwithstanding the withdrawal of enough Members to leave less than a quorum.

(c) *Adjournment for Lack of Quorum.* If the number of Members present at a properly called meeting of the Members is insufficient to approve a proposed action, another meeting of the Members may be called for the same purpose if, by majority vote, the Members present in person or by proxy call for the additional meeting.

(d) *Notice of Additional Meeting.* Fifteen days notice of the time, place, and purpose of the additional meeting shall be given to all Members in accordance with Sections 2.1 and 2.2 hereof. The notice shall contain the quorum and voting provisions of Subsections 3.8(e) and (f).

(e) *Adjournments Generally.* In the case of any meeting called for the election of Directors, those who attend the second of such adjourned meetings, although less than a quorum as fixed in this Section 3.8, shall nevertheless constitute a quorum for the purpose of election of Directors.

(f) *Other Action in Absence of Quorum.* In the case of any meeting called for any other purpose, those who attend the second of such adjourned meetings, although less than a quorum as fixed in this Section 3.8, shall nevertheless constitute a quorum for the purpose of acting upon the proposed action at the additional meeting and may take any other action which could have been taken at the original meeting if a sufficient number of members had been present.

#### Section 3.9 ACTION BY MEMBERS.

Except as otherwise provided in the Corporation Law, the Articles, or these Bylaws, the acts at a duly organized meeting of Members present entitled to cast at least a majority of the votes which all Members present and voting are entitled to cast shall be the acts of the Members.

#### Section 3.10 ORGANIZATION.

At every meeting of the Members, the President, the Vice President, or a person chosen by vote of the Members present, shall act as chairperson of the meeting. The Secretary or, in the absence of the Secretary, an Assistant Secretary, or, in the absence of both the Secretary and Assistant Secretary, a person appointed by the chairperson of the meeting, shall act as secretary.

#### Section 3.11 VOTING RIGHTS OF MEMBERS.

Regular Members and Lifetime Members of the Corporation shall be entitled to one vote each. Jointly owned membership units shall be entitled to one vote.

### Section 3.12 VOTING AND OTHER ACTION BY PROXY.

(a) *General Rule.*

(1) Every Member entitled to vote at a meeting of Members, or to express consent or dissent to corporate action in writing without a meeting, may authorize another person to act for him or her by proxy.

(2) The presence of, or vote or other action at, a meeting of Members, or the expression of consent or dissent to corporate action in writing, by a proxy of an Member shall constitute the presence of, or vote or action by, or written consent or dissent of the Member.

(b) *Minimum Requirements.* Every proxy shall be executed in writing by the Member and shall be filed with the Secretary of the Corporation. A proxy shall be revocable at will, notwithstanding any other agreement or any provision in the proxy to the contrary, but the revocation of a proxy shall not be effective until notice thereof has been given to the Secretary of the Corporation. No unrevoked proxy shall be valid after 11 months from the date of its execution unless a longer time is expressly provided therein, but in no event shall a proxy be voted on after three (3) years from the date of its execution. A proxy shall not be revoked by the death or incapacity of the maker unless, before the vote is counted or the authority is exercised, written notice of such death or incapacity is given to the Secretary of the Corporation.

### Section 3.13 DETERMINATION OF MEMBERS OF RECORD.

(a) *Fixing Record Date.* The Board of Directors may fix a time, not more than 70 days prior to the date of any meeting of Members or any adjournment thereof, as a record date for the determination of the Members entitled to notice of, or to vote at, such meeting. In such case, only Members of record on the date so fixed shall so be entitled to vote, notwithstanding any increase or other change in membership on the books of the Corporation after any record date fixed as aforesaid. The Board of Directors may similarly fix a record date for the determination of Members of record for any other purpose.

(b) *Determination When No Record Date Is Fixed.* If no record date is fixed:

(1) The record date for determining Members entitled to notice of, or to vote at, a meeting of Members shall be at the close of business on the day next preceding the day on which notice of the meeting is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

(2) The record date for determining Members entitled to express consent or dissent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent or dissent is expressed.

(3) The record date for determining Members for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

### Section 3.14 JUDGES OF ELECTION.

(a) *Appointment.* In advance of any meeting of Members, the Board of Directors may appoint judges of election, who need not be Members, to act at such meeting or any adjournment thereof. If judges of election are not so appointed, the presiding officer of any such meeting may, and on the request of any Member shall, make such appointment at the meeting. The number of judges shall be one or three. No person who is a candidate for office shall act as a judge.

(b) *Vacancies.* In case any person appointed as judge fails to appear or fails or refuses to act, the vacancy may be filled by appointment made by the Board of Directors in advance of the convening of the meeting, or at the meeting by the presiding officer thereof.

(c) *Duties.* The judges of election shall determine the number of Members of record and the voting power of each, the Members present at the meeting, the existence of a quorum, the authenticity, validity, and effect of proxies, receive votes or ballots, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes, determine the result, and do such acts as may be proper to conduct the election, or vote with fairness to all Members. The judges of election shall perform their duties impartially, in good faith, to the best of their ability, and as expeditiously as is practical. If there are three judges of election, the decision, act or certificate of a majority shall be effective in all respects as the decision, act or certificate of all.

(d) *Report.* On request of the presiding officer of the meeting, or of any Member, the judges shall make a report in writing regarding any challenge or question or matter determined by them. Any report made by them shall be prima facie evidence of the facts stated therein.

### Section 3.15 CONSENT OF MEMBERS IN LIEU OF MEETING.

Any action which may be taken at a meeting of the Members, or of a class of Members, may be taken without a meeting, if a consent or consents in writing, setting forth the actions so taken, shall be signed by all of the Members who would be entitled to vote at a meeting for such purpose and shall be filed with the Secretary of the Corporation.

### Section 3.16 DUES.

(a) *Annual Dues.* The Board of Directors may determine from time to time the amount of initiation fees, if any, and annual dues payable to the Corporation by Members of any one or more classes.

(b) *Payment of Dues.* Dues shall be payable in advance on the first day of January in each calendar year.

## ARTICLE 4. BOARD OF DIRECTORS

### Section 4.1 POWERS.

Unless otherwise provided by statute, all powers vested by law in the Corporation shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board of Directors.

### Section 4.2 STANDARD OF CARE AND JUSTIFIABLE RELIANCE.

(a) *Directors.* A Director shall stand in a fiduciary relation to the Corporation and shall perform his or her duties as a Director, including duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner the Director reasonably believes to be in the best interests of the Corporation, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, a Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(1) One or more officers or agents of the Corporation whom the Director reasonably believes to be reliable and competent in the matters presented.

(2) Counsel, certified public accountants or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such person.

(3) A committee of the Board upon which the Director does not serve, duly designated as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

(b) *Effect of Actual Knowledge.* A Director shall not be considered to be acting in good faith if the Director has knowledge concerning the matter in question that would cause his or her reliance to be unwarranted.

### Section 4.3 PERSONAL LIABILITY OF DIRECTORS.

(a) *General Rule.* To the fullest extent that the laws of the State of Maryland, as now in effect or as amended, permit elimination or limitation of the liability of Directors, a Director shall not be personally liable, as such, for monetary damages for any action taken unless:

(1) the Director has breached or failed to perform the duties of his or her office under this Section; and

(2) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

(b) *Exception.* The provisions of Subsection 4.3(a) shall not apply to the

responsibility or liability of a Director pursuant to any criminal statute, or the liability of a Director for the nonpayment of taxes pursuant to local, state or federal law.

(c) *Insurance.* Directors and officers' liability insurance shall be maintained by the Corporation in such amounts and with such insurers as the Board of Directors shall determine from time to time.

#### Section 4.4 NOTATION OF DISSENT.

A Director who is present at a meeting of the Board of Directors, or of a committee of the Board, at which action on any corporate matter is taken on which the Director is generally competent to act, shall be presumed to have assented to the action taken unless he or she announces his or her dissent at the meeting and his or her dissent is entered in the minutes of the meeting, the Director files a written dissent to the action with the secretary of the meeting before the adjournment thereof, or transmits the dissent in writing to the Secretary of the Corporation within 24 hours after the meeting is adjourned, by certified mail, return receipt requested, bearing a postmark from the United States Postal Service. The right to dissent shall not apply to a Director who voted in favor of the action or failed to make his or her dissent known at the meeting. Nothing in this Section shall bar a Director from asserting that minutes of the meeting incorrectly omitted his or her dissent if, promptly upon receipt of a copy of such minutes, the Director notifies the Secretary, in writing, of the asserted omission or inaccuracy.

#### Section 4.5 QUALIFICATIONS AND ELECTION OF DIRECTORS.

(a) *Qualifications.* Each Director of the Corporation shall be a natural person eighteen (18) years of age or older who need not be a resident of Maryland.

(b) *Election of Directors.* Election or reelection to the Board of the Corporation shall be by majority vote of the Members present and voting at any meeting of the Members at which a quorum is present.

#### Section 4.6 NUMBER AND TERM OF OFFICE.

(a) *Number.* The Board of Directors shall consist of such number of Directors, not less than five (5) nor more than thirteen (13), as may be determined from time to time by resolution of the Board of Directors. The Board of Directors shall include the President, the Vice President, the Secretary-Treasurer, and the immediate Past President of the Corporation.

(b) *Term of Office.* Each Director shall hold office until the expiration of the term for which he or she was selected and until a successor has been selected and qualified or until his or her earlier death, resignation or removal. Each Director, other than those serving for the balance of an unexpired term, shall be elected for a term of three (3) years.

(c) *Resignation.* Any Director may resign at any time upon written notice to the Corporation. The resignation shall be effective upon receipt thereof by the Corporation or at such subsequent time as shall be specified in the notice of resignation.

#### Section 4.7 VACANCIES.

Vacancies in the Board of Director, except for vacancies resulting from an increase in the number of Directors, may be filled by a majority vote of the remaining members of the Board though less than a quorum, or by a sole remaining Director. Vacancies resulting from an increase in the number of Directors may be filled by a majority of the entire Board of Directors. Each person so selected shall be a Director to serve until the next annual meeting of Members, and until a successor has been selected and qualified or until his or her earlier death, resignation or removal.

#### Section 4.8 REMOVAL OF DIRECTORS.

(a) *Removal by the Members.* The entire Board of Directors, or any number of the Board, or any individual Director may be removed from office, without assigning any cause, by the vote of Members entitled to cast at least a majority of the votes which all Members of the Corporation would be entitled to cast at any annual or other regular election of the Directors. In case the Board or any one or more Directors be so removed, new Directors may be elected at the same meeting.

(b) *Removal by the Board.* The Board of Directors may declare vacant the office of a Director if he or she is declared of unsound mind by an order of court or is convicted of a felony or if, within 60 days after notice of his or her election, the Director does not accept the office either in writing or by attending a meeting of the Board of Directors.

(c) *Removal as an Officer.* Resignation or removal as a Director shall also constitute resignation or removal of that individual as an officer of the Corporation.

#### Section 4.9 PLACE OF MEETINGS.

Meetings of the Board of Directors may be held at such place in Maryland or elsewhere as the Board of Directors may from time to time determine and as may be designated in the notice of the meeting.

#### Section 4.10 ORGANIZATION OF MEETINGS.

At every meeting of the Board of Directors, the President, or, in the case of a vacancy in the office or absence of the President, one of the following officers present in the order stated: the Vice President, or a person chosen by a majority of the Directors present, shall act as Chairperson of the meeting. The Secretary or, in the absence of the Secretary, an Assistant Secretary, or, in the absence of the Secretary and the Assistant Secretaries, any person appointed by the Chairperson of the meeting, shall act as Secretary.

#### Section 4.11 REGULAR MEETINGS.

Regular meetings of the Board of Directors shall be held at such times and places as shall be designated from time to time by resolution of the Board of Directors.

#### Section 4.12 SPECIAL MEETINGS.

Special meetings of the Board of Directors shall be held whenever called by the President, or by a majority of the Directors then in office.

#### Section 4.13 QUORUM FOR ACTION BY DIRECTORS.

(a) *General Rule.* A majority of the Directors of the Corporation then in office shall be necessary to constitute a quorum for the transaction of business, and the acts of a majority of the Directors present and voting at a meeting at which a quorum is present shall be the acts of the Board of Directors.

(b) *Action by Written Consent.* Any action which may be taken at a meeting of the Board of Directors may be taken without a meeting, if a consent or consents in writing setting forth the action so taken shall be signed by all of the Directors in office and shall be filed with the Secretary of the Corporation.

#### Section 4.14 INTERESTED DIRECTORS OR OFFICERS; QUORUM.

(a) *General Rule.* No contract or transaction between the Corporation and one or more of its Directors or officers or between the Corporation and another corporation, partnership, association, or other organization in which one or more of its Directors or officers are directors, trustees or officers, or have a financial interest, shall be void or voidable solely for such reason, or solely because the Director or officer is present at or participates in the meeting of the Board of Directors which authorizes the contract or transaction, or solely because his, her or their votes are counted for such purpose, if:

(1) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors and the Board in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested Directors even though the disinterested Directors are less than a quorum; or

(2) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors.

(b) *Quorum.* Interested Directors may be counted in determining the presence of a quorum at a meeting of the Board which authorizes a contract or transaction described in Subsection 4.14(a).

#### Section 4.15 COMPENSATION.

Directors shall receive no compensation for any services rendered in their capacities as Directors or committee members. However, nothing contained in these Bylaws shall be construed to preclude any Director or committee member from receiving compensation from the Corporation for other services actually rendered or for expenses incurred in serving the Corporation as a Director or

committee member or in any other capacity.

## ARTICLE 5. OFFICERS

### Section 5.1 OFFICERS GENERALLY.

(a) *Number, Qualifications and Designation.* The officers of the Corporation shall be a President, a Vice President, a Secretary-Treasurer, and such other officers as may be elected in accordance with the provisions of Section 5.3. Other than the President, Vice President, and Secretary-Treasurer, who shall be Directors, such other officers may but need not be Directors of the Corporation. Any number of subordinate officers under Section 5.3 may be held by the same person.

(b) *Resignations.* Any officer may resign at any time upon written notice to the Corporation. The resignation shall be effective upon receipt thereof by the Corporation or at such subsequent time as may be specified in the notice of resignation.

(c) *Bonding.* The Corporation may secure the fidelity of any or all of its officers by bond or otherwise.

(d) *Standard of Care.* An officer shall perform his or her duties as an officer in good faith, in a manner he or she reasonably believes to be in the best interests of the Corporation and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. A person who so performs his or her duties shall not be liable by reason of having been an officer of the Corporation.

### Section 5.2 ELECTION AND TERM OF OFFICE.

The officers of the Corporation, except those subordinate officers elected by the Board of Directors pursuant to Section 5.3, shall be elected by the Members at the annual meeting, or other meeting of the Members called for that purpose. Each such officer shall be elected to office for a term of one (1) year and until a successor has been elected and qualified or until his or her earlier death, resignation or removal. Officers may be elected to successive terms.

### Section 5.3 SUBORDINATE OFFICERS, COMMITTEES AND AGENTS.

The Board of Directors may from time to time elect such other officers and appoint such committees or other agents as the business of the Corporation may require, including one or more Assistant Secretaries, and one or more Assistant Treasurers, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these Bylaws or as the Board of Directors may from time to time determine. The Board of Directors may delegate to any officer or committee the power to retain or appoint other agents, or subcommittees thereof, and to prescribe the authority and duties of such subordinate committees or other agents.

#### Section 5.4 REMOVAL OF OFFICERS AND AGENTS.

Any officer or agent of the Corporation appointed or elected by the Board of Directors may be removed by the Board of Directors if the Board of Directors in its judgment finds that the best interests of the Corporation will be served thereby. Any officer elected by the Members may be removed by a majority vote of all Members of the Corporation entitled to vote thereon.

#### Section 5.5 VACANCIES.

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause, shall be filled by the Board of Directors or by the officer or committee to which the power to fill such office has been delegated pursuant to Section 5.3, as the case may be, and if the office is one for which these Bylaws prescribe a term, shall be filled for the unexpired portion of the term.

#### Section 5.6 AUTHORITY.

All officers of the Corporation, as between themselves and the Corporation, shall have such authority and perform such duties in the management of the Corporation as may be provided by or pursuant to resolutions or orders of the Board of Directors or, in the absence of controlling provisions in the resolutions or orders of the Board of Directors, as may be determined by or pursuant to these Bylaws.

#### Section 5.7 PRESIDENT.

The President shall be the chief executive officer of the Corporation. He or she shall have general and active management of the affairs of the Corporation; shall see that all orders and resolutions of the Board are carried into effect, subject, however, to the right of the Directors to delegate any specific powers, except such as may be by statute exclusively conferred on the President, or any other officer or officers of the Corporation. The President shall execute bonds, deeds, mortgages and other documents requiring a seal, under the seal of the Corporation and shall have the general powers and duties of supervision and management usually vested in the office of President. The President shall also: act as the duly authorized representative of the Board and the Corporation in all matters in which the Board has not formally designated some other person to act, report as directed to the Board at each meeting, preside at all meetings of the Board of Directors and of the Members, and have such other duties and responsibilities as shall be delegated to him or her by these Bylaws and by the Board from time to time.

#### Section 5.8 VICE PRESIDENT.

The Vice President shall perform the duties of the President in the absence of the President, or if the office of the President should become vacant, as well as such duties as may from time to time be assigned by the Board of Directors or the President.

#### Section 5.9 SECRETARY-TREASURER.

(a) The Secretary or an Assistant Secretary shall attend all meetings of the Board of Directors and Members and shall record all the votes of the Directors and Members and the minutes of the meetings of the Board of Directors, the Members and of committees of the Board in a book or books to be kept for that purpose; shall see that notices are given and records and reports properly kept and filed by the Corporation as required by law; shall be the custodian of the seal of the Corporation and see that it is affixed to all documents to be executed on behalf of the Corporation under its seal; and, in general, shall perform all duties incident to the office of Secretary and such other duties as may from time to time be assigned by the Board of Directors or the President.

(b) The Treasurer or an Assistant Treasurer shall have or provide for the custody of the funds or other property of the Corporation; shall collect and receive or provide for the collection and receipt of moneys earned by or in any manner due to or received by the Corporation; shall deposit all funds in his or her custody as Treasurer in such banks or other places of deposit as the Board of Directors may from time to time designate; shall, whenever so required by the Board of Directors, render an account showing all transactions as Treasurer and the financial condition of the Corporation; and, in general, shall discharge such other duties as may from time to time be assigned by the Board of Directors or the President.

#### Section 5.10 COMPENSATION.

Compensation, if any, of an officer, and/or reimbursement of expenses incurred by the officer, may be authorized from time to time by the Board of Directors. No officer shall be prevented from receiving such compensation by reason of the fact that the officer is also a Director of the Corporation.

### ARTICLE 6. INDEMNIFICATION

#### Section 6.1 SCOPE OF INDEMNIFICATION.

(a) *Definitions.* In this Article the following words have the meanings indicated:

(1) "Corporation" includes any domestic or foreign predecessor entity of a corporation in a merger, consolidation, or other transaction in which the predecessor's existence ceased upon consummation of the transaction.

(2) "Director" means any person who is or was a Director of the Corporation and any person who, while a Director of the Corporation, is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, other enterprise, or employee benefit plan.

(3) "Expenses" include attorney's fees.

(4) "Official capacity" means the following:

(A) When used with respect to a Director, the office of Director in the Corporation; and

(B) When used with respect to a person other than a Director as contemplated in Section 6.6, the elective or appointive office in the Corporation held by the officer, or the employment or agency relationship undertaken by the employee or agent on behalf of the Corporation.

(C) "Official capacity" does not include service for any other foreign or domestic corporation or any partnership, joint venture, trust, other enterprise, or employee benefit plan.

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

(6) "Proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative.

(b) *Permitted indemnification of Director.*

(1) The Corporation may indemnify any Director made a party to any proceeding by reason of service in that capacity unless it is established that:

(A) The act or omission of the Director was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty; or

(B) The Director actually received an improper personal benefit in money, property, or services; or

(C) In the case of any criminal proceeding, the Director had reasonable cause to believe that the act or omission was unlawful.

(2) Indemnification may be against judgments, penalties, fines, settlements, and reasonable expenses actually incurred by the Director in connection with the proceeding. However, if the proceeding was one by or on behalf of the Corporation, or in its right, indemnification may not be made in respect of any proceeding in which the Director shall have been adjudged to be liable to the Corporation.

(3) The termination of any proceeding by judgment, order, or settlement does not create a presumption that the Director did not meet the requisite standard of conduct set forth in Subsection 6.1(b). The termination of any proceeding by conviction, or a plea of nolo contendere or its equivalent, or an entry of an order of probation prior to judgment, creates a rebuttable presumption that the Director did not meet that standard of conduct.

(4) The Corporation may not indemnify a Director or advance expenses under this Article 6 for a proceeding brought by that Director against the Corporation, except for a proceeding brought to enforce indemnification under this Article 6, or if the Articles or Bylaws of the Corporation, a resolution of the Board of Directors of the Corporation, or an agreement approved by the Board of Directors of the Corporation to which the Corporation is a party expressly provide otherwise.

(c) *No indemnification of a Director liable for improper personal benefit.* A Director may not be indemnified under Subsection 6.1(b) in respect of any proceeding charging improper personal benefit to the Director, whether or not involving action in the Director's official capacity, in which the Director was adjudged to be liable on the basis that personal benefit was improperly received.

(d) *Required indemnification against expenses incurred in successful defense.* Unless limited by the Articles:

(1) A Director who has been successful, on the merits or otherwise, in the defense of any proceeding referred to in Subsection 6.1(b), or in the defense of any claim, issue, or matter in the proceeding, shall be indemnified against reasonable expenses incurred by the Director in connection with the proceeding, claim, issue, or matter in which the Director has been successful.

(2) A court of appropriate jurisdiction, upon application of a Director and such notice as the court shall require, may order indemnification in the following circumstances:

(A) If it determines a Director is entitled to reimbursement under Subsection 6.1(d)(1), the court shall order indemnification, in which case the Director shall be entitled to recover the expenses of securing such reimbursement; or

(B) If it determines that the Director is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not the Director has met the standards of conduct set forth in Subsection 6.1(b) or has been adjudged liable under the circumstances described in Subsection 6.1(c), the court may order such indemnification as the court shall deem proper. However, indemnification with respect to any proceeding by or on behalf of the Corporation, or in its right, or in which liability shall have been adjudged in the circumstances described in Subsection 6.1(c) shall be limited to expenses.

(3) A court of appropriate jurisdiction may be the same court in which the proceeding involving the Director's liability took place.

(e) *Determination that indemnification is proper.*

(1) Indemnification under Subsection 6.1(b) may not be made by the Corporation unless authorized for a specific proceeding after a determination has been made that indemnification of the Director is permissible in the circumstances because the Director has met

the standard of conduct set forth in Subsection 6.1(b).

(2) Such determination shall be made:

(A) By the Board of Directors by a majority vote of a quorum consisting of Directors not, at the time, parties to the proceeding, or, if such a quorum cannot be obtained, then by a majority vote of a committee of the Board consisting solely of one or more Directors not, at the time, parties to such proceeding and who were duly designated to act in the matter by a majority vote of the full Board in which the designated Directors who are parties may participate;

(B) By special legal counsel selected by the Board of Directors or a committee of the Board by vote as set forth in Subsection 6.1(e)(2)(A), or, if the requisite quorum of the full Board cannot be obtained therefor and the committee cannot be established, by a majority vote of the full Board in which Directors who are parties may participate; or

(C) By the Members.

(3) Authorization of indemnification and determination as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible. However, if the determination that indemnification is permissible is made by special legal counsel, authorization of indemnification and determination as to reasonableness of expenses shall be made in the manner specified in Subsection 6.1(e)(2)(B) for selection of such counsel.

(4) Directors who are parties to the proceeding may not vote as Members on the subject matter under Subsection 6.1(e).

#### Section 6.2 ADVANCING EXPENSES.

(a) Reasonable expenses incurred by a Director who is a party to a proceeding may be paid or reimbursed by the Corporation in advance of the final disposition of the proceeding upon receipt by the Corporation of:

(1) A written affirmation by the Director of the Director's good faith belief that the standard of conduct necessary for indemnification by the Corporation as authorized in this Article 6 has been met; and

(2) A written undertaking by or on behalf of the Director to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

(b) The undertaking required by Subsection 6.2(a)(2) shall be an unlimited general obligation of the Director but need not be secured and may be accepted without reference to financial ability to make the repayment.

(c) Payments under this Section shall be made as provided by the Articles, Bylaws, or

contract or as specified in Subsection 6.1(e).

### Section 6.3 SCOPE OF ARTICLE.

The indemnification and advancement of expenses provided or authorized by this Article 6 may not be deemed exclusive of any other rights, by indemnification or otherwise, to which a Director may be entitled under the Articles, the Bylaws, a resolution of Members or Directors, an agreement or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office.

### Section 6.4 REIMBURSEMENT OF DIRECTOR'S EXPENSES INCURRED WHILE APPEARING AS WITNESS.

This Article 6 does not limit the Corporation's power to pay or reimburse expenses incurred by a Director in connection with an appearance as a witness in a proceeding at a time when the Director has not been made a named defendant or respondent in the proceeding.

### Section 6.5 DIRECTOR'S SERVICE TO EMPLOYEE BENEFIT PLAN.

For purposes of this Article 6:

(a) The Corporation shall be deemed to have requested a Director to serve an employee benefit plan where the performance of the Director's duties to the Corporation also imposes duties on, or otherwise involves services by, the Director to the plan or participants or beneficiaries of the plan;

(b) Excise taxes assessed on a Director with respect to an employee benefit plan pursuant to applicable law shall be deemed fines; and

(c) Action taken or omitted by the Director with respect to an employee benefit plan in the performance of the Director's duties for a purpose reasonably believed by the Director to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the Corporation.

### Section 6.6 OFFICERS, EMPLOYEES OR AGENTS.

Unless limited by the Articles:

(a) An officer of the Corporation shall be indemnified as and to the extent provided in Subsection 6.1(d) for a Director and shall be entitled, to the same extent as a Director, to seek indemnification pursuant to the provisions of Subsection 6.1(d);

(b) The Corporation may indemnify and advance expenses to an officer, employee, or agent of the Corporation to the same extent that it may indemnify Directors under this Article 6; and

(c) The Corporation, in addition, may indemnify and advance expenses to an officer,

employee, or agent who is not a Director to such further extent, consistent with law, as may be provided by the Articles, Bylaws, general or specific action of its Board of Directors, or contract.

#### Section 6.7 SECURING OF INDEMNIFICATION OBLIGATIONS.

(a) The Corporation may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee, or agent of the Corporation, or who, while a Director, officer, employee, or agent of the Corporation, is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, other enterprise, or employee benefit plan against any liability asserted against and incurred by such person in any such capacity or arising out of such person's position, whether or not the Corporation would have the power to indemnify against liability under the provisions of this Article 6.

(b) The Corporation may provide similar protection, including a trust fund, letter of credit, or surety bond, not inconsistent with this Article 6.

(c) The insurance or similar protection may be provided by a subsidiary or an affiliate of the Corporation.

#### Section 6.8 REPORT OF INDEMNIFICATION TO MEMBERS.

Any indemnification of, or advance of expenses to, a Director in accordance with this Article, if arising out of a proceeding by or in the right of the Corporation, shall be reported in writing to the Members with the notice of the next Members' meeting or prior to the meeting.

#### Section 6.9 INTERPRETATION.

The provisions of this Article are intended to constitute Bylaws authorized by Michie's Md. Code Ann. Corps. & Ass'ns. § 2-418.

### ARTICLE 7. COMMITTEES

#### Section 7.1 ESTABLISHMENT OF COMMITTEES.

(a) *Establishment and Powers.* The Board of Directors may, by resolution adopted by a majority of the Directors in office, establish one or more committees to consist of one or more Directors of the Corporation, and may include such other persons as non-voting members of the committee as the Board may deem appropriate. The resolution of the Board of Directors shall appoint the members of the committee, alternate members if any, and shall appoint the Chairperson of the committee. Any committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all of the powers and authority of the Board of Directors except that a committee shall not have any power or authority as to the following:

(1) The submission to the Members of any action requiring approval of Members

under the Corporation Law;

- (2) The filling of vacancies in the Board of Directors.
- (3) The adoption, amendment or repeal of these Bylaws.
- (4) The amendment or repeal of any resolution of the Board that by its terms is amendable or repealable only by the Board.
- (5) Action on matters committed by a resolution of the Board of Directors to another committee of the Board.

(b) *Alternate Committee Members.* The Board may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she, or they constitute a quorum, may unanimously appoint another Director to act at the meeting in the place of any such absent or disqualified member.

#### Section 7.2 TERM OF OFFICE.

(a) *Term of Office.* Each committee member is appointed by the Board until the next annual election of Directors and until a successor has been selected and qualified or until his or her earlier death, resignation or removal. A member of a Board committee may succeed himself or herself.

(b) *Resignation.* Any committee member may resign at any time upon written notice to the Corporation. The resignation shall be effective upon receipt thereof by the Corporation or at such subsequent time as shall be specified in the notice of resignation.

#### Section 7.3 REMOVAL OF COMMITTEE MEMBERS.

(a) *Removal by the Board.* Any member of a Board committee may be removed at any time by a resolution adopted by a majority of the Directors then in office.

(b) *Automatic Removal.* If a committee member is absent for more than one-half (1/2) of the regular or special meetings of the committee during the Corporation's fiscal year or fails to attend three regular meetings in succession, the chairperson of the committee shall give written notice to the committee member of the member's failure to attend and upon issuance of that notice the committee member shall be automatically removed from office unless within thirty (30) days of the notice a written request is made by the committee member to the chairperson to be reinstated. The remaining members of the committee shall have complete discretion to accept or reject the committee member's request for reinstatement to the committee.

#### Section 7.4 MEETINGS.

Meetings of a Board committee may be called by the Chairperson of the Board of Directors, the chairperson of the committee, the President, or any two of the committee's voting members. Each committee shall meet as often as is necessary to perform its duties.

#### Section 7.5 QUORUM OF AND ACTION BY COMMITTEE MEMBERS.

(a) *General Rule.* A majority of the members of a committee shall be necessary to constitute a quorum for the transaction of business, and the acts of a majority of the members of a committee present and voting at a meeting at which a quorum is present shall be the acts of the committee.

(b) *Action by Written Consent.* Any action which may be taken at a meeting of a committee may be taken without a meeting, if a consent or consents in writing setting forth the action so taken shall be signed by all of the members of the committee and shall be filed with the Secretary of the Corporation.

(c) Except where otherwise specified by the Board of Directors, actions of a Board committee are effective when taken or at such later date as the committee specifies, but are subject to Board ratification. Board rescission of any action taken by a Board committee shall not affect the rights of third parties accruing prior to such rescission.

### ARTICLE 8. DISSOLUTION OR LIQUIDATION OF THE CORPORATION

#### Section 8.1 DISSOLUTION OR LIQUIDATION.

Upon dissolution or liquidation of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all liabilities of the Corporation, distribute all assets of the Corporation to one or more exempt organizations under Section 501(c)(5) of the United States Internal Revenue Code of 1986, as amended, or the corresponding provisions of any similar legislation hereinafter enacted, which, in the sole judgment of the Corporation's Board of Directors, have purposes most closely allied with those of the Corporation. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction exclusively for such exempt purposes to such organization or organizations as said court shall determine, which are organized and operated exclusively for such purposes.

### ARTICLE 9. MISCELLANEOUS

#### Section 9.1 CORPORATE SEAL.

The Corporation shall have a corporate seal in the form of a circle containing the name of the Corporation, the year of incorporation and such other details as may be approved by the Board of Directors.

## Section 9.2 CHECKS.

All checks, notes, bills of exchange or other orders in writing shall be signed by such person or persons as the Board of Directors or any person authorized by resolution of the Board of Directors may from time to time designate.

## Section 9.3 CONTRACTS.

(a) *General Rule.* The Board of Directors may authorize any officer or agent to enter into any contract or to execute or deliver any instrument on behalf of the Corporation, and such authority may be general or confined to specific instances.

(b) *Statutory Form of Execution of Instruments.* Any note, mortgage, deed, evidence of indebtedness, contract or other document, or any assignment or endorsement thereof, executed or entered into between the Corporation and any other person, when signed by one or more officers or agents having actual or apparent authority to sign it, or by the President or Vice President and Secretary or Assistant Secretary or Treasurer or Assistant Treasurer of the Corporation, shall be held to have been properly executed for and in behalf of the Corporation, without prejudice to the rights of the Corporation against any person who shall have executed the instrument in excess of his or her actual authority.

## Section 9.4 DEPOSITS.

All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may approve or designate, and all such funds shall be withdrawn only upon checks signed by such one or more officers as the Board of Directors shall from time to time determine.

## Section 9.5 CORPORATE RECORDS.

(a) *Required Records.* The Corporation shall keep an original or duplicate record of the proceedings of the Members, Directors and of any other body exercising powers or performing duties authorized by the Corporation Law, the Articles, these Bylaws or the Board of Directors, and the original or a copy of these Bylaws, including all amendments thereto to date, certified by the Secretary of the Corporation. The Corporation shall also keep a membership register containing the names and addresses of all Members and other details of the Membership of each. The Corporation shall also keep appropriate, complete and accurate books or records of account. The records provided for in this Section shall be kept at either the registered office of the Corporation in Maryland, at its principal place of business wherever situated, or any actual business office of the Corporation.

(b) *Right of Inspection.* Every Member shall, upon written verified demand stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business for any proper purpose, the membership register, books and records of account, and records of the proceedings of the Members, Directors and any other body, and to

make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to the interest of the person as a Member. In every instance where an attorney or other agent is the person who seeks the right of inspection, the demand shall be accompanied by a verified power of attorney or other writing that authorizes the attorney or other agent to so act on behalf of the Member. The demand under oath shall be directed to the Corporation at its registered office in Maryland, at its principal place of business wherever situated or in care of the person in charge of an actual business office of the Corporation.

#### Section 9.6 INFORMATION RIGHTS OF A DIRECTOR.

To the extent reasonably related to the performance of the duties of a Director, including those arising from service as a member of a committee of the Board of Directors, a Director is entitled:

(a) in person or by any attorney or other agent, at any reasonable time, to inspect and copy Corporate books, records and documents and, in addition, to inspect, and receive information regarding, the assets, liabilities and operations of the Corporation and any affiliates or subsidiaries of the Corporation that are controlled directly or indirectly by the Corporation; and

(b) to demand that the Corporation exercise whatever rights it may have to obtain information regarding any other affiliates or subsidiaries of the Corporation.

#### Section 9.7 FINANCIAL REPORTS.

(a) *Contents.* The Board of Directors shall present annually to the Members a report, verified by the President and Secretary-Treasurer or by a majority of the Directors, showing in appropriate detail the following:

(1) The assets and liabilities, including any trust funds, of the Corporation as of the end of the fiscal year immediately preceding the date of the report;

(2) The principal changes in assets and liabilities, including trust funds, during the year immediately preceding the date of the report;

(3) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the year immediately preceding the date of the report, including separate data with respect to each trust fund held by or for the Corporation;

(4) The expenses or disbursements of the Corporation, for both general and restricted purposes, during the year immediately preceding the date of the report, including separate data with respect to each trust fund held by or for the Corporation; and

(5) The number of Members of the Corporation as of the date of the report, together with a statement of increase or decrease in such number during the year immediately preceding the date of the report, and a statement of the place where the names and addresses of the

current Members may be found.

(b) *Place of Filing.* The annual financial report and/or audit shall be filed with the minutes of the meeting of the Members.

#### Section 9.8 PURCHASE, SALE, MORTGAGE AND LEASE OF REAL PROPERTY.

No purchase of real property shall be made by the Corporation and the Corporation shall not sell, mortgage, lease away or otherwise dispose of its real property, unless authorized by a vote of two-thirds (2/3) of the Board of Directors and notice is given pursuant to Section 2.3 hereof. No application to or confirmation of any court shall be required. If the real property is subject to a trust the conveyance away shall be free of trust and the trust shall be impinged upon the proceeds of such conveyance.

#### Section 9.9 INCOME FROM CORPORATE ACTIVITIES.

Whenever the lawful activities of the Corporation involve, among other things, the charging of fees or prices for its services or products, it shall have the right to receive such income and, in so doing, may make an incidental profit. All such incidental profits shall be applied to the maintenance and operation of the lawful activities of the Corporation, and in no case shall be divided or distributed in any manner whatsoever among the Members, Directors or officers of the Corporation.

#### Section 9.10 DISTRIBUTIONS PROHIBITED; COMPENSATION AND CERTAIN PAYMENTS AUTHORIZED.

(a) *General Rule.* The Corporation shall not distribute any part of its income or profits to its Members, Directors or officers.

(b) *Reasonable Compensation for Services.* The Corporation may pay compensation in a reasonable amount to Directors and officers for services rendered.

(c) *Certain Payments Authorized.* The Corporation may confer benefits upon Members or nonmembers in conformity with its purposes and may redeem its subvention certificates or evidences of indebtedness, as authorized by the Corporation Law, except when the Corporation is currently insolvent or would thereby be made insolvent or rendered unable to carry on its corporate purposes, or when the fair value of the assets of the Corporation remaining after such conferring of benefits, payment or redemption would be insufficient to meet its liabilities.

#### Section 9.11 CORPORATION LAW.

As used in these Bylaws, the term "Corporation Law" shall refer to the Maryland Corporation Law, Michie's Md. Code Ann. Corps. & Ass'ns. §§ 1-101 *et seq.*, as in effect from time to time.

Section 9.12 AMENDMENTS.

These Bylaws may be amended or repealed, or new bylaws may be adopted, by majority vote of the Members at any duly organized annual or special meeting of Members at which a quorum is present. Any change in these Bylaws shall take effect when adopted unless otherwise provided in the resolution effecting the change.

Adopted by the Members by duly adopted resolution on May 29, 2009.

ATTEST: COLONIAL CHAROLAIS ASSOCIATION, INC.

By \_\_\_\_\_  
Eileen Kennedy  
Secretary

By \_\_\_\_\_  
David Clark  
President

