



NATIONAL ASSOCIATION OF ACTIVE INVESTMENT MANAGERS

**BYLAWS OF THE
NATIONAL ASSOCIATION OF
ACTIVE INVESTMENT MANAGERS**

A corporation chartered under the nonprofit
laws of the State of Michigan

As amended April 27, 2016

**ARTICLE I
NAME, SEAL AND PRINCIPAL OFFICE**

Section 1. Name. The name of the corporation shall be the National Association of Active Investment Managers (hereinafter referred to as the “Corporation”).

Section 2. Seal. The seal of the Corporation shall contain the name of the Corporation and be of such design as the Board of Directors shall approve.

Section 3. Principal Office. The Corporation shall maintain its principal office at such location as the Board of Directors may designate.

**ARTICLE II
NATURE OF THE CORPORATION**

Section 2. Purposes. The purposes of the Corporation are to promote the common interests of those investment advisors who provide active investment management services for clients using mutual funds and other appropriate investment vehicles. “Active investment management services” means taking an active role in investment selection and risk management with the objective of improving a portfolio’s risk/reward relationship. The Corporation will undertake the following activities in pursuit of such purposes:

- a. Educating the public with regard to the concept and benefits of active investment management services and promoting the public’s use of such services;
- b. Keeping its members informed of legislative and administrative changes affecting investment advisory services;
- c. Providing the opportunity to members for the exchange of experiences and opinions through discussions, study and publications;
- d. Representing the interest of its members before appropriate legislative and administrative bodies in the formulation of policy affecting such services;
- e. Developing and encouraging the practice of high standards of personal and professional conduct among members and the public;
- f. Acquiring, preserving and disseminating data and valuable information relative to, or useful in providing, active investment management services;
- g. Doing any other things necessary or proper to forward the interest of investment advisors providing active investment management services.

ARTICLE III MEMBERSHIP

Section 1. Classes of Membership. There shall be the following classes of membership:

- a. regular member
- b. associate member
- c. special member

The term “member” as used throughout these by-laws refers to a person belonging to any of the membership classifications above set forth. “Person” shall include any individual, corporation, partnership, trust or any other type of entity.

Section 2. Eligibility for Regular Membership. Any person who currently is, and for a period of at least one year has been, an investment advisor or investment advisor representative registered with the Securities and Exchange Commission or with any state securities administrator shall be eligible for regular membership.

Section 3. Associate Members. Persons providing products or services to, related to, or investments utilized by regular members may become associate members. For example, without limitation, mutual funds, trust companies, broker-dealers, investment advisors to mutual funds, media, newsletters, performance measurement firms, pension administrators, members of the Market Technicians Association, firms providing professional services to regular members, and such other individuals or firms as the Board of Directors shall designate, may become associate members.

Section 4. Special Members. Special members may be appointed by the board of Directors.

Section 5. Further Requirements. The Membership Committee may establish additional rules, regulations, and requirements for admission to membership, if any, and such additional requirements shall become effective when approved at any regular meeting or any special meeting called for that purpose of the members of the Corporation. All applicants for admission for membership shall have the responsibility of furnishing sufficient evidence of experience to qualify them for admission in one of the three membership classes.

Section 6. Voting Power and Rights. Only Regular Members shall be entitled to vote. Each Regular Member shall be entitled to vote. Each Regular Member shall be entitled to one vote on any and all questions coming before the members. Each member of the Corporation entitled to vote at any meeting of the members may be represented and vote by proxy. If the member is not an individual, an individual employed by the member shall be designated in writing by the member to vote on its behalf.

Section 7. Members’ Standards of Conduct. NAAIM’s Articles of Incorporation and its Bylaws, Code of Ethics, Standards of Performance Measurement and Use, and the Fair Practices Policy (“Governing Documents”) bind all members of NAAIM, by virtue of such membership. The purpose of this Bylaw is to define Professional Misconduct and to provide procedures by which NAAIM may review, investigate and discipline a member respecting any alleged or actual Professional Misconduct with the objective of maintaining confidence of members’ clients and prospective clients and the public in the integrity of NAAIM’s membership in general.

a. Definitions.

1. “Complaint” is a written communication alleging Professional Misconduct of a Covered Person addressed to the President or the Board of Directors. A Complaint shall set forth clearly and with reasonable particularity the factual basis alleged to constitute Professional

Misconduct of a Covered Person and, to the extent reasonably possible, shall be accompanied by copies of any documentary evidence which supports the factual allegations.

2. “Covered Person” means a member, and includes an individual member who is a natural person and an entity member, and also includes an owner, principal, director or officer (including all persons who perform similar functions within an entity whether or not formally designated) of an entity. The acts or omissions of a Covered Person are attributed to the entity with which the Covered Person is associated.

3. “Serious Crime” includes any of the following relating to conduct as an investment advisor (aa) any felony; (bb) any lesser crime, a necessary element of which as determined by its statutory or common law definition, involves misrepresentation, fraud, extortion, misappropriation or theft and/or (cc) an attempt or conspiracy to commit such crime, or solicitation of another to commit such crime.

b. Professional Misconduct. The following constitute Professional Misconduct by a Covered Person:

1. Conviction of, or plea of guilty or no contest to, any indictment or charge of a Serious Crime.

2. Entry of an order by any court or administrative agency having jurisdiction, with or without consent of the Covered Person, enjoining, suspending or barring (for a time certain, indefinitely or permanently) the Covered Person from conducting business as, or from association with, a broker/dealer, investment advisor or financial planner.

3. Fines, required restitution, or censure imposed, with or without consent of the Covered Person, by the Securities and Exchange Commission, the security regulators of any State, or any public or private self regulatory organization with jurisdiction over investment related activities including securities, commodities, insurance, financial planning, or investment management.

4. Any violation of the Governing Documents by a Covered Person which involves breach of fiduciary duties to clients or members of the public or conduct which impugns or draws into question the reputation or integrity of NAAIM and its members.

5. Failure or refusal to cooperate with a duly appointed Inquiry Panel in connection with any investigation of allegations pertaining to the matters described in subparagraphs b.1 through b.4 above.

c. Self-Policing of Professional Standards. Membership in NAAIM shall constitute a continuing representation of the member to NAAIM and its members that such member and Covered Persons associated with such member are without knowledge of the existence with respect to such member or Covered Person, of any fact or state of facts which constitute Professional Misconduct as defined in this Bylaw. A member shall have the continuing obligation to report to the Board of Directors any fact or state of facts which would make the foregoing representation materially false. A member also has the continuing obligation to deal promptly and effectively within its own

organization with any instance of Professional Misconduct by Covered Persons. Membership is conditioned upon the delivery by each member of an annual statement of adherence to the Governing Documents in the form prescribed by the Board of Directors.

d. Procedure for Imposing Discipline.

1. Inquiry. An Inquiry shall be initiated upon receipt of a Complaint or if the Board of Directors, acting without a formal Complaint and by a disinterested majority, determines to initiate an Inquiry. The Inquiry is initiated when the Board of Directors delivers the Complaint and/or other written allegations to the Inquiry Panel.

2. Inquiry Panel. The Board of Directors shall appoint an Inquiry Panel composed of three (3) disinterested members, one of whom shall be a member of the Board of Directors. The Inquiry Panel shall elect a Chairperson from its membership.

3. Notification. The Inquiry Panel shall, within ten (10) days after its appointment, deliver to the Covered Person who is the subject of the Inquiry a Notice of Inquiry, furnishing to the Covered Person a complete copy of all written allegations filed with or specified by the Board of Directors, together with a copy of any documentary evidence received by the Board of Directors or Inquiry Panel.

4. Opportunity to Respond. The Covered Person shall have twenty (20) days following receipt of a Notice of Inquiry to take one of the following actions:

(aa) File with the Inquiry Panel a Statement of No Contest. A Statement of No Contest does not constitute a legal admission of any of the allegations but for purposes of the Inquiry and determining its recommendations respecting any discipline, the Inquiry Panel may treat any of the allegations as admitted.

(bb) File with the Inquiry Panel a Response to the allegations, placing in issue any one or more of the allegations that are disputed by the Covered Person and admitting all those allegations that are not disputed by the Covered Person. A Response shall set forth clearly and with reasonable particularity the factual basis for disputing the allegations and, to the extent reasonably possible, shall be accompanied by copies of any documentary evidence that supports the Covered person's position.

A failure by the Covered Person to respond to the Notice of Inquiry or any other request from the Inquiry Panel for information relating to the Inquiry shall constitute grounds for finding a violation of Subparagraph b.5 of Professional Misconduct.

5. Hearing. All hearings of the Inquiry Panel shall be conducted by conference telephone call. Either the Inquiry Panel or the Covered person may require the holding of a hearing respecting the disputed allegations. The presentation of testimony and other evidence at a hearing shall not be required to meet any of the standards for admission of evidence in a legal proceeding. The Covered Person shall not be required to answer any question posed by the Inquiry Panel but the failure to answer may be considered by members of the Inquiry Panel along with all the evidence.

6. Findings of Fact and Recommendation. At the conclusion of the hearing or at any time after the expiration of the period of response specified in d.4, if no hearing is requested, the Inquiry Panel shall prepare written findings which shall constitute the Panel's majority finding of the facts. A minority position is permitted. In addition, the Panel shall specify in writing any discipline that it recommends should be imposed upon the Covered Party. The Findings of Fact, Recommendation on Discipline, and any minority position shall be delivered to the Board of Directors.

7. Board Action. The Board of Directors, upon receipt of the Findings of Fact, Recommendation on Discipline and minority position, if any, shall convene in any regular or special meeting called for the purpose of considering the matter. At the meeting the Board will consider the matter and shall, by a vote of two thirds of the disinterested directors, make a final determination of the facts and determine the discipline, if any, to be imposed. The determination by the Board shall be communicated to the Covered Person and the person filing the Complaint, and in accord with this Bylaw the discipline, if any, shall be imposed forthwith.

e. **Permitted Discipline.**

1. Private Censure. A written communication to the Covered Person that is not publicly available, specifying the violation established by the Inquiry and containing a reprimand and a warning concerning the consequences of repeated violation. Notice may be given to the Complainant that a Private Censure has been made.

2. Public Censure. The same communication as in e.1 except that a copy is communicated to all members of NAAIM and to any person outside NAAIM who may have made the Complaint.

3. Suspension for a Time Certain or Indefinitely. Suspension of all rights and privileges of the Covered Person as a member, including the right to publicly advertise membership in NAAIM, for such period of time or indefinitely as the Board of Directors shall determine.

4. Expulsion. Expulsion of a Covered Person constitutes permanent revocation of membership. The Board of Directors shall impose Expulsion for any established instance described in Subparagraphs b.1 or b.2 of Professional Misconduct. The Board may impose Expulsion for any established instance described in Subparagraph b.3 of Professional Misconduct or for any repeated instance of Professional Misconduct.

ARTICLE IV DIRECTORS

Section 1. Number and Authority. The affairs of the corporation shall be conducted and managed by a Board of Directors (herein sometimes referred to as the "Board") consisting of the officers of the Corporation and seven (7) Directors. Beginning in 1996, a majority of the Board of Directors may at any time increase or decrease the number of Directors authorized to thereafter serve on the board, and set the term of office of such Directors. The Directors shall act only as a Board and individual Directors shall have not power as such.

Section 2. Qualification and Authority. Members of the Board of Directors shall be limited to individuals employed by paid-up regular members. They shall be elected for a term of three (3) years unless sooner removed, and until their successors are duly elected and qualified. At each annual meeting of the Corporation members shall elect a number of Directors equal to the number of vacancies resulting from expired terms, enlargement of the Board or any other reason. Beginning with Directors elected in 1990, no non-officer Director shall serve more than two (2) consecutive terms. Any Director who has served two (2) consecutive terms and who does not serve on the Board of Directors for one (1) year thereafter is again eligible for election. In the Corporation's initial full year of existence, two (2) directors shall be elected for one (1) year terms; two (2) directors shall be elected for two (2) year terms; and three directors shall be elected for three (3) year terms. Thereafter, sufficient directors shall be elected to fill any positions being vacated.

Section 3. Removal of Directors. Any member of the Board of Directors may be removed without cause by a vote of three-fourths of the members of the Board at a meeting of the Board.

Section 4. Vacancies. Any interim vacancy occurring for any reason in the Board of Directors shall be filled by the majority vote of the remaining members of the Board. The term of any Director elected to fill a vacancy shall expire when the term of the person whom such Director replaced would otherwise have expired.

Section 5. Chairman of the Board. The immediate past president of the Corporation shall serve as the Chairperson of the Board and as a voting member of the Board of Directors ex officio.

Section 6. Other Ex Officio Members. In addition to the ex officio member provided in Section 5 hereof, all past presidents of the Corporation shall serve ex officio on the Board of Directors. However, only the Chairperson shall be entitled to vote.

ARTICLE V EXECUTIVE COMMITTEE; OTHER COMMITTEES

Section 1. Designation of Executive Committee. The Board of Directors, by resolution adopted by a majority of the entire Board of Directors, may designate not less than three Directors to constitute the Executive Committee, such designates shall include the President of the Corporation. The designation of such Executive Committee, and the delegation of authority to such Executive Committee, shall not operate to relieve the Board of Directors or any member thereof of any responsibility imposed on it or him by law. No member of the Executive committee shall continue to be a member thereof after he/she ceases to be a Director of the Corporation. The Board of Directors shall have the power at any time to increase or decrease the number of members of the Executive Committee, to fill any vacancies thereon, to change any members thereof, and to change the functions or terminate the existence thereof.

Section 2. Powers of the Executive Committee. During the intervals between meetings of the Board of Directors, and subject to such limitations as may be required by law, by these By-Laws, or by resolution of the Board of Directors, the Executive Committee shall have and may exercise all the authority of the Board of Directors in the management of the corporation. Reasonable efforts will be made to contact the Board of Directors, however, whenever possible. The Executive Committee may also from time to time formulate and recommend to the Board of Directors for approval general policies regarding the management of the affairs of the Corporation.

Section 3. Designation of Nominating Committee/Powers. The Nominating Committee shall consist of five (5) regular members of the Corporation chosen by the President representing geographic regions. In addition to the appointed members, the outgoing President (if he/she is not a candidate for reelection) shall serve on and shall be chairperson of the Nominating Committee. The Committee shall have the power to nominate members of the Board of Directors as well as officers of the Corporation taking into account the need for balanced representation of the membership at large.

Section 4. Establishment of Other Committees. The President of the Corporation, with the concurrence of a majority of the Board of Directors, shall establish and appoint members to such other committees as may be required for the purposes of the Corporation. All committees shall report to the Board, and their action shall be subject to approval by the Board.

ARTICLE VI OFFICERS OF THE CORPORATION

Section 1. Elected Officers. The officers of the Corporation shall be a President, a Vice President, a Secretary, a Treasurer, and such other officers, assistant officers, and agents, as the Board of Directors may from time to time deem necessary. Any two or more offices may be held by the same person. Two or more officers in more than one capacity shall execute, acknowledge, or verify any instrument required by law, the Articles, or these By-Laws, to be executed, acknowledged or verified.

Section 2. Duties of Elected Officers. The elected officers shall have such authority and perform such duties in the management of the Corporation's affairs and activities as usually pertain to the offices they hold, as may be assigned to them by the Board, or as may be otherwise provided by these By-Laws, including but not by way of limitation the following:

- a. **President.** The President shall be the chief executive officer of the Corporation. He/she shall preside at all meetings of the members and shall have general and active management of the affairs of the Corporation and shall see that all orders and resolutions of the Board are carried into effect. He/she shall execute in the corporate name all authorized deeds mortgages, bonds, contracts, or other instruments requiring a seal under the seal of the Corporation, except in cases in which the signing or execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation, and shall have power and authority to perform all other duties usually incident to such office. No person shall serve as President for more than one consecutive one year term.
- b. **Vice President.** The Vice President shall, in the temporary absence or disability of the President, perform the duties of the President and such other duties as the Board of Directors shall prescribe.
- c. **Secretary.** The Secretary shall attend all meetings of the Board of Directors and record all votes and the minutes of all meetings in a book to be kept for that purpose. In the absence or disability of the Secretary, the President may appoint an Acting Secretary to perform these functions. The Secretary shall keep in safe custody the seal of the Corporation, and, when authorized by the Board of Directors, affix the seal to any instrument requiring it, and, when so affixed, it shall be attested by his/her signature or the signature of the Treasurer.
- d. **Treasurer.** The Treasurer shall have custody of the funds and securities of the Corporation. He/she shall keep a full and accurate record of all monies received and paid out and of all vouchers and receipts given therefore, in books belonging to the Corporation. The Treasurer shall deposit all monies and other valuable effects in the name and to the credit of the corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and

shall render an account of all his/her transactions as Treasurer and of the financial condition of the Corporation whenever called upon to do so. If required by the Board of Directors, he/she shall give the Corporation a Bond in such form and penalty, and with such surety or sureties as the Board of Directors may prescribe. In the absence of the Treasurer, his/her duties shall be performed by the Assistant Treasurer.

Section 3. Election of Officers. The officers of the Corporation shall be chosen at the annual membership meeting by votes cast, and may succeed himself/herself in office. Unless otherwise sooner removed by the Board of Directors, the officers of the Corporation shall serve for a term of one (1) year and until their successors are elected and shall qualify. In the case of any vacancy in any office, including a permanent vacancy in the office of President, of the Corporation, the vacancy shall be filled by the Board of Directors.

ARTICLE VII MEETINGS

Section 1. Meeting of the Members of the Corporation. Annual Meetings of the members of the Corporation shall be held at such time and place as may be designated by the Board of Directors. The meeting shall be held for the election of Directors and any other business which may be properly brought before it.

Section 2. Other Regular Meetings of the Corporation. In addition to the regular Annual Meeting of the members of the Corporation, other regular meetings shall be held at such times and places as may be established by the Board of Directors. At any regular meeting any matter may be brought before the meeting which is within the purposes and powers of the Corporation and in accordance with the articles and By-Laws, without special notice having been given as otherwise herein provided.

Section 3. Special Meetings of the Corporation. Special meetings of the members of the Corporation may be called by the President, a majority of the Executive Committee or a majority of the Board of Directors or at the request of twenty-five (25%) percent of the members.

Section 4. Meetings of the Board of Directors.

a. **Annual Meeting.** Annual Meetings of the Board of Directors shall be held prior to the annual meeting of members at such place and time as may be fixed by the President.

b. **Regular Meetings.** Regular meetings of the Board of Directors shall be held at such time and in such place as the Board may establish. At any regular meeting any matter may be brought before the meeting which is within the purposes and powers of the Board and in accordance with the articles and By-Laws, without special notice having been given as otherwise herein provided.

c. **Other Meetings.** Other meetings of the Board of Directors shall be held at any time and at any place as may be from time to time determined by the President, or upon the request of three (3) members of the Board.

d. **Telephone Action.** A member of the Board may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other.

e. **Informal Action.** Any action required or permitted to be taken at any meeting of the board of Directors, or of the Executive Committee of the Board, may be taken without a meeting if written

consent to such action is signed by all of the members of the Board or of the Executive Committee, as the case may be, and such written consent is filed in lieu of minutes of such meetings.

Section 5. Notice of Meetings. Written notice of all regular and special meetings of the members of the Corporation shall be sent to all members at least ten (10) days prior to the date thereof, specifying the time and place. Notice of the exact date, hour, and place of Annual Meeting of the Board of Directors shall be given to each member of the Board of Directors not less than ten (10) days prior to the date of such meeting. Other meetings of the Board of Directors shall be preceded by written notice not later than ten (10) days prior to the date of such meetings. Meetings of the Executive Committee shall be preceded by the giving of informal notice in such manner as the Executive Committee may by resolution determine to be reasonable. Notice of special meetings shall state the purpose of such meetings.

Section 6. Quorum. The members present in person or by proxy at any regular or special meeting of the members of the Corporation shall constitute a quorum. At the meetings of the Board of Directors, the majority of the entire Board of Directors shall constitute a quorum for the transaction of business. A majority of the entire Executive Committee shall be necessary to constitute a quorum for the transaction of any business of the Executive Committee.

Section 7. Voting. Only paid-up members of the Corporation shall be entitled to vote at a meeting of the members of the Corporation. A vote of a majority of those present in person or by proxy shall be sufficient to take any action. No proxy shall be deemed operative unless and until signed by the member and filed with the Corporation. In the absence of limitation to the contrary contained in the proxy, the same shall extend to all meetings of the members and shall remain in force one (1) year from its date or until sooner revoked. The vote of a majority of the members of the Board of Directors or the Executive Committee, as the case may be, present and voting at any duly constituted meeting of that body shall be sufficient to take any action, unless otherwise limited by the Articles of Incorporation or by these By-Laws.

ARTICLE VIII FISCAL YEAR

The fiscal year of the corporation shall be from January 1 to December 31 of each year.

ARTICLE IX CONTRACTUAL OBLIGATIONS; BOOKS AND RECORDS; MISCELLANEOUS

Section 1. Contracts, Checks, Notes, Etc. All checks, drafts, notes, bonds, bills of exchange, and orders for the payment of money, as well as contracts and agreements, shall, unless otherwise required by law or permitted by these By-Laws, be signed by such officer or officers as the Board of Directors may from time to time designate.

Section 2. Books and Records. Correct and accurate books and records of accounts and transactions and minutes of the proceedings of the members, Board of Directors and Executive Committee shall be kept by the Corporation. The President of the Corporation shall cause to be prepared annually a full and correct statement of the affairs of the Corporation, including a balance sheet and financial statement of operations for the preceding fiscal year, and filed within ninety (90) days thereafter with the Secretary of the Corporation.

Section 3. Dues. Membership dues may be established from time to time by the Board of Directors. Separate classifications of dues may be established for different classes of members.

ARTICLE X INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Third-Party Suits. To the extent permitted by Michigan law from time to time in effect and subject to the provisions of this Article X, the Corporation shall indemnify a person who was or is a party to or is threatened to be made a party to a threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal, other than an action by or in the right of the corporation by reason of the fact that he/she is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, partner or trustee of any foreign or domestic corporation, partnership, joint venture, trust or other enterprise, whether for profit or not, against expenses (including attorneys' fees), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him/her in connection with the action, suit or proceeding, if the person acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interest of the corporation or its members and the person submits a written claim for indemnification as hereinafter provided and, with respect to a criminal action or proceeding, had no reasonable cause to believe his/her conduct was unlawful and the person submits a written claim for indemnification as hereinafter provided. The termination of an action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he/she reasonably believed to be in or not opposed to the best interests of the Corporation or its members and, with respect to a criminal action or proceeding, had reasonable cause to believe his/her conduct was unlawful.

The right to indemnification conferred in this section shall be a contract right.

The Corporation may, by action of its Board of Directors, or by action of any person to whom the Board of Directors has delegated such authority, provide indemnification to employees and agents of the Corporation with the same scope and effect as the foregoing indemnification of directors and officers.

Section 2. Suits By or In Right of the Corporation. To the extent permitted by Michigan law from time to time in effect and subject to the provisions of this Article X, the Corporation shall indemnify a person who was or is a party to or is threatened to be made a party to a threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he/she is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, partner or trustee of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, against expenses (including actual and reasonable attorneys' fees) and amounts paid in settlement incurred by the person in connection with the action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation or its members, and the person provides a written claim for indemnification as hereinafter provided. Indemnification shall not be made, however, for a claim, issue, or matter in which the person shall have been found liable to the Corporation unless and only to the extent that the court in which the action or suit was brought has determined upon application that, despite the adjudication of liability but in a view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnification for the expenses which the court considers proper.

The right to indemnification conferred in this section shall be a contract right. The Corporation may, by action of its Board of Directors or by action of any person to who the Board of Directors has delegated such authority, provide indemnification to employees and agents of the Corporation with the

same scope and effect as the foregoing indemnification of directors and officers.

Section 3. Indemnification Against Expenses. to the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of an action, suit, or proceeding referred to in Sections 1 and 2 of this Article X or in defense of a claim, issue or matter in the action, suit, or proceeding, he/she shall be indemnified against expenses (including actual and reasonable attorneys' fees incurred by him/her in connection with the action, suit, or proceeding and an action, suit, or proceeding brought to enforce the mandatory indemnification provided in this subsection.

Section 4. Determination that Indemnification Is Proper. An indemnification under Sections 1 or 2 of this Article X, unless ordered by a court, shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the person is proper in the circumstances because he/she has met the applicable standard of conduct set forth in said Sections 1 and 2. Such determination shall be made within 30 days after a written claim for indemnification has been received by the Corporation and shall be made in any of the following ways: (1) by a majority vote of a quorum of the Board consisting of directors who were not parties to the action, suit, or proceeding; or (2) if such a quorum is not obtainable, then by a majority vote of a committee of directors who are not parties to the action which Committee shall consist of not less than two disinterested directors; or (3) by independent legal counsel in a written opinion; or (4) by the members.

If a person is entitled to indemnification under Section 1 or 2 for a portion but not for the total amount of expenses including attorneys' fees, judgments, penalties, fines, and amounts paid in settlement, the Corporation shall indemnify the person for the portion of the expenses, judgments, penalties, fines, or amounts paid in settlement for which the person is entitled to be indemnified.

Section 5. Reimbursement of Expenses. Expenses incurred in defending a civil or criminal action, suit, or proceeding described in Sections 1 and 2 of this Article may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay the expenses if it is ultimately determined that the person is not entitled to be indemnified by the Corporation. The undertaking shall be by unlimited general obligation of the person on whose behalf advances are made but need not be secured.

Section 6. Right of Officer to Bring Suit. If a claim for indemnification is not paid in full by the Corporation within forty-five (45) days after a written claim has been received by the corporation, the officer or director who submitted the claim (hereinafter the "indemnitee") may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit or in a suit brought by the Corporation to recover advances, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such claim.

In any action brought by the indemnitee to enforce a right hereunder (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any has been tendered to the Corporation) it shall be a defense that the indemnitee has not met the applicable standard of conduct set forth in Sections 1 or 2. Furthermore, in any action brought by the Corporation to recover advances the Corporation shall be entitled to recover such advances if the indemnitee has not met the applicable standard of conduct set forth in Sections 1 or 2.

Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its members) to have made a determination prior to the commencement of such action that indemnification of the indemnitee is proper in the circumstances because he/she has met the applicable standard of conduct set forth in Sections 1 or 2, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its members) that the indemnitee has not met such applicable

standard of conduct, shall be a defense to an action brought by the indemnitee or create a presumption that the indemnitee has not met the applicable standard of conduct. In any action brought by the indemnitee to enforce a right hereunder or by the Corporation to recover payments by the Corporation of advances, the burden of proof shall be on the Corporation.

Section 7. By-Laws Not Inclusive. The indemnification or advancement of expenses provided under Sections 1 and 2 is not exclusive of other rights to which a person seeking indemnification or advancement of expenses may be entitled under the corporation's Articles of Incorporation, By-Laws, or a contractual agreement. However, the total amount of expenses advanced or indemnified from all sources combined shall not exceed the amount of actual expenses incurred by the person seeking indemnification or advancement of expenses.

The indemnification provided for in Sections 1 and 2 continues as to a person who ceases to be a director, officer, partner, or trustee and shall inure to the benefit of the heirs, executors, and administrators of the person.

Section 8. Liability Insurance. 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 is or was serving at the request of the Corporation as a Director, officer, employee or of another Corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity or arising out of his/her status as such, whether or not the corporation would have power to indemnify him or her against such liability under the Michigan Nonprofit Corporation Act or Sections 1 through 6.

Section 9. Definitions. As used herein, "corporation" includes all constituent corporations absorbed in a consolidation or merger and the resulting or surviving corporation, so that a person who is or was a director, officer, employee, or agent of the constituent corporation or is or was serving at the request of the constituent corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise whether for profit or not shall stand in the same position under the provisions of this paragraph with respect to the resulting or surviving corporation as the person would if he/she had served the resulting or surviving corporation in the same capacity.

As used herein, "other enterprises" shall include employee benefit plans; "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and "serving at the request of the Corporation" shall include any service as a Director or officer of the Corporation which imposes duties on, or involves services by, the Director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he/she reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be considered to have acted in a manner "not opposed to the best interest of the Corporation or its members" as referred to in Sections 1 and 2.

ARTICLE XI AMENDMENT OF BY-LAWS

Section 1. Authority to Amend By-Laws. These By-Laws may be amended or repealed at any regular or special meeting of the members of the Corporation, provided that notice thereof be given in the call of the meeting. Amendments or repeal shall be made by the affirmative vote of two-thirds (2/3) of the members of the Corporation present in person or by proxy and entitled to vote at such meeting; provided, however, that the affirmative vote shall consist of a majority of the members of the Corporation.