

12.1 Indemnification. The Association shall, to the extent legally permissible, indemnify each person who may serve or who has served as an officer, director, or employee of the corporation against all expenses and liabilities, including, without limitation, counsel fees, judgments, fines, excise taxes, penalties and settlement payments, reasonably incurred by or imposed upon such person in connection with any threatened, pending or completed action, suit or proceeding in which he or she may become involved by reason of his or her service in such capacity to the extent that the expense or liability is not paid by insurance purchased by the Association; and,

Provided that the expense or liability was not the result of the director, officer or employee's :

A. intentional misconduct;

B. knowing violation of law by the director, officer or employee;

or

C. a transaction from which the director, officer or employee will personally receive a benefit in money, property, or services to which the director, officer or employee is not legally entitled.

12.2 Exculpation. No director, officer or employee of the Association shall be liable for acts or defaults of any other officer or director for any loss sustained by the Association unless the same has resulted from his or her own willful misconduct or gross negligence.