



ISSUE #1

Section 1: [Article III, Section 3.2] Term of Directors and Perpetual Holdover

Directors appointed or elected to the Board shall serve for terms of fifteen (15) years without necessity of holding annual or regular membership elections.

MARKUP #1 ->

Section 2: [Article V, Section 5.4] Board Action by Informal Consent Without Unanimity

Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting by written consent signed by a simple majority of the Directors, even if the Articles of Incorporation do not authorize non-unanimous written action and without prior notice to the remaining Directors.

Section 3: [Article VI, Section 6.3] Waiver of Director Liability for Breach of Loyalty

No Director shall be personally liable to the Association or its Members for monetary damages for any act or omission, including any breach of the Director's duty of loyalty, acts not in good faith, or transactions from which the Director derived an improper personal benefit.

MARKUP #1 · SUBJECTIVE OR OVERBROAD WORDING

BOARD & COUNSEL REVIEW

Sec. Article III, Section 3.2 (p. 1): Setting 15-year director terms exceeds the maximum 10-year statutory term limit under the North Dakota Nonprofit Corporation Act.

Statutory / Legal Reference: N.D.C.C. § 10-33-30

Statutory Comparison: Under N.D.C.C. § 10-33-30(1), a director of a North Dakota nonprofit corporation serves for a fixed term specified in the articles or bylaws that may not exceed ten (10) years.

CURRENT WORDING IN DOCUMENT:

[Article III, Section 3.2] Term of Directors and Perpetual Holdover - Directors appointed or elected to the Board shall serve for terms of fifteen (15) years without necessity of holding annual or regular membership elections.

SAMPLE DISCUSSION WORDING (FOR HOA ATTORNEY REVIEW):

Amend Section Article III, Section 3.2 ([Article III, Section 3.2] Term of Directors and Perpetual Holdover - Directors appointed or elected to the Board shall serve for terms of fifteen (15) years without necessity of holding annual or regular membership elections.) to conform with N.D.C.C. § 10-33-30 and the manual attorney audit recommendations for Lost River Homeowners Association.