

**BYLAWS OF**  
**TEXAS ASSOCIATION OF BUILDERS**  
**AFFILIATED WITH THE**  
**NATIONAL ASSOCIATION OF HOME BUILDERS, INC.**  
**A NON-PROFIT CORPORATION**

(including changes made at the October 2011 Board Meeting)

**ARTICLE 1**

**OFFICES**

1.01. PRINCIPAL OFFICE. The principal office of the Association in the State of Texas shall be located within the City of Austin, County of Travis. The Association may have such other offices as the Board of Directors may determine from time to time.

1.02. REGISTERED OFFICE AND REGISTERED AGENT. The Association shall have and continuously maintain in the State of Texas a registered office, and a registered agent whose office is identical with such registered office, as required by the Texas Non-Profit Corporation Act.

**ARTICLE 2**

**MEMBERS**

2.01. CLASSES OF MEMBERS. The Association shall have seven (7) classes of members. The designation of such classes and the qualifications of the members of such classes shall be as follows:

A. ASSOCIATION MEMBERS. All corporations or unincorporated associations within the State of Texas which possess a charter of affiliation from and with the National Association of Home Builders of the United States shall be Association Members.

B. BUILDER MEMBERS. All persons, firms or corporations which have been accepted as Active or Builder Members of an Association Member shall be Builder Members of this Association.

C. ASSOCIATE MEMBERS. All persons, firms or corporations which have been accepted as Associate Members of an Association Member shall be Associate Members of this Association.

D. AFFILIATE MEMBER. Any individual who is an employee of a firm which has been accepted as a Builder Member or Associate Member of an Association Member.

E. BUILDER MEMBERS-AT-LARGE . Any person, firm or corporation in the business of building structures, including subdividing land, and is of good character and business reputation, and operates only outside the geographic jurisdiction of an Association Member, shall be eligible to be a builder Member-At-Large of the Association with membership in the National Association of Home Builders being a requirement. Application shall be made to the Vice President/Secretary.

F. ASSOCIATE MEMBERS-AT-LARGE. Any person, firm or corporation supplying material, labor or service to those engaged in the business of building structures, including subdividing land, is of good character and business reputation, and operates only outside the geographic jurisdiction of an Association Member, shall be eligible to be an Associate Member-At-Large of the Association with membership in the National Association of Home Builders being a requirement. Application shall be made to the Vice President/Secretary.

G. HONORARY MEMBERS. Any person so designated by the Board of Directors for distinguished and unique service to the building industry shall be an Honorary Member.

2.02. ELECTION OF MEMBERS. All members except Association, Builder and Associate Members, shall be elected by the Board of Directors. Any applicant who qualifies for membership shall have the status of membership until the Board of Directors meets and acts upon his application.

2.03. **TERMINATION OF MEMBERSHIP.** The Board of Directors, by affirmative vote of two-thirds of the total number of Directors, may suspend or expel a member, other than an Association Member, for cause after an appropriate hearing; and may, by a majority vote of those present at any regularly constituted meeting, terminate the membership of any member who becomes ineligible for membership. The membership of any member who shall be in default in the payment of dues for the period fixed elsewhere in these Bylaws shall be terminated upon expiration of that time period.

2.04. **RESIGNATION.** Any member, other than an Association Member, may resign by filing a written resignation with the Vice President/Secretary, but such resignation shall not entitle the resigning member to any return of dues or assessments theretofore paid.

2.05. **TRANSFER OF MEMBERSHIP.** Membership in this Association is not transferable or assignable.

### **ARTICLE 3**

#### **MEETINGS OF MEMBERS**

3.01. **ANNUAL MEETING.** An annual meeting of the members shall be held in either September, October or November in each year at a place, on a date, and at a time determined by the Board of Directors for the election of Directors as nominated by the Association Members and for the transaction of such other business as may come before the meeting.

3.02. **SPECIAL MEETINGS.** Special meetings of the members may be called by the President, The Board of Directors, or by Association Members holding not less than one-fifth of the total votes of the Association.

3.03. **PLACE OF MEETING.** The Board of Directors may designate any place, either within or without the State of Texas, as the place of meeting for any annual meeting called by the Board of Directors. If no designation is made or if a special meeting be otherwise called, the place of meeting shall be the registered office of the Association in the State of Texas.

3.04. **NOTICE OF MEETINGS.** Written, electronic or printed notice stating the place, date and time of any meeting of members shall be delivered, electronically, by mail or by fax, to each Association Member, not less than ten (10) nor more than fifty (50) days before the date of

such meeting, by or at the direction of the President, or the Vice President/Secretary, or the officers or persons calling the meeting. In case of a special meeting or when required by state statute or these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. The notice of a meeting shall be deemed to be delivered when posted on the official Association website, sent via e-mail or fax, or deposited in the United States Mail addressed to the Association Member at its address as it appears on the official records of the Association, with postage thereon prepaid. If the notice be given by e-mail or fax, such notice shall be deemed to be delivered when the e-mail or fax is sent to the e-mail address or fax number as it appears on the official records of the Association.

3.05. VOTING RIGHTS. Association Members only shall have voting rights at any meeting of the members. The voting rights of each Association Member shall be vested in the person(s) selected by such Association Member to serve as Directors of the Association. Each Association Member shall be entitled to one vote for each fifty, or fraction thereof, Builder Members of the Association Member as of July 31 of each year. Determination of the number of Builder Members in each Association Member on July 31 of each year shall be according to the roster of members circulated by the National Association of Home Builders.

3.06. QUORUM . The members holding one-fifth of the votes which may be cast at any meeting, representing not less than one-fourth of the total number of Association Members, shall constitute a quorum at such meeting. If a quorum is not present at any meeting of the members, a majority of the members present may adjourn the meeting from time to time without further notice.

3.07. ORDER OF BUSINESS . The order of business at annual meetings, and so far as practicable at special meetings, of the members shall be as follows:

- A. Call to order.
- B. Proof of due notice of the meeting by the Vice President/Secretary.
- C. Report of Credentials Committee.
- D. Announcement of quorum.
- E. Reading or waiver thereof, and approval of the minutes of the previous meeting.
- F. Announcements.
- G. Reports of officers.
- H. Reports of committees.

- I. Election of Directors.
- J. Old or unfinished business.
- K. New business.
- L. Adjournment.

3.08. MANNER OF ACTING . A majority of the votes entitled to be cast on a matter in a meeting at which a quorum is present shall be necessary for the adoption thereof unless a greater proportion is required by law or by these Bylaws. All meetings shall be conducted pursuant to the latest version of Roberts Rules of Order.

## **ARTICLE 4**

### **BOARD OF DIRECTORS**

4.01. GENERAL POWERS. The affairs of the Association shall be managed by its Board of Directors in accordance with law, the Articles of Incorporation and these Bylaws. In particular, but not by way of limitation, the Board of Directors may or shall: elect the elected officers of the Association, remove elected officers from the office, fill vacancies in any elected office, authorize officers to sign documents on behalf of the Association, prescribe additional duties for the elected officers, divide the State of Texas into areas to be served by the Area Vice Presidents, ratify the selection of the Executive Director, authorize the formation of councils and special committees, establish the policies of the Association, adopt a budget for the Association, provide for certificates of membership, provide a corporate seal, adopt an official emblem of the Association, determine the annual dues of each class of Members, and amend the Bylaws of the Association.

4.02. COMPOSITION AND TENURE . The Board of Directors shall be composed of: (1) ex-officio Directors, (2) Associate Directors, (3) elected Directors, and (4) Life Directors. Directors, other than Life Directors, shall hold office until their successors shall have been elected and qualified. Life Directors shall serve as long as they maintain their membership in an active status.

A. EX-OFFICIO DIRECTORS . Ex-officio Directors shall be the President, First Vice President, Vice President/Secretary, the Area Vice Presidents of the Association, the two (2) members of the Executive Committee appointed by the President, the Association's NAHB National Area Chairman, the Association's State Representative to the National

Association of Home Builders, the Chairman of the Associates Committee, and the president and vice president of each Association Member, as certified by the Association Member to the Association on a form to be provided by the Vice President/Secretary. Ex-officio Directors shall be entitled to vote and shall not be counted against the number of directors to which each Association Member is entitled.

B. ASSOCIATE MEMBERS. One Associate Member shall be elected to the Board of Directors from each of the geographic areas served by an Area Vice President. The election of Associate Board Members shall occur at the same time, and in the same manner, as the election of the Area Vice Presidents. The Associate Board Members shall be voting members of the Board of Directors and shall be counted for purposes of determining a quorum.

C. ELECTED DIRECTORS. Elected Directors shall be the Director(s) nominated by the Association Members forty-five (45) days or more prior to the annual meeting of the members. The Vice President/Secretary shall provide a form on which Association Members shall report their Director nominees. Each Association Member shall be entitled to select one Director for each fifty (50), or fraction thereof, Builder Members of that Association Member as of July 31 of each year. Each nominated Director shall be a Member of his Association Member. Should an Association Member fail to submit its nominations for Director(s), the elected officers of that Association Member, in order of rank after its president, shall be the Director nominees of that Association Member. Alternate Director nominees from Association Members, in the same number as Director nominees, may be made by each Association Member. Twenty five percent (25%) of the nominated Directors may be Associate Members. An Association Member may not reappoint a Director who has missed more than 50 percent of the regular and special Board of Directors meetings during the previous year. In the absence of a Director at any meeting of the Board of Directors, an Alternate Director from the same Association Member may vote for the absent Director. An Alternate Director voting in the absence of a Director qualifies as an elected Director if they vote for an absent Director at fifty percent (50%) or more of the regular and special meetings of the Board of Directors in a given year.

D. LIFE DIRECTORS. Life Directors shall include former Presidents of the Association and those approved by the Board of Directors through years of service. A Board Member who has served on the Board of Directors for seven years may apply to the Board of Directors to be considered a Life Director. Upon verification of seven years of service by the Executive Director, applications will be considered and bestowed by the Board of Directors. A

Life Director shall be on the Board of Directors and shall have voting privileges, if the Life Director attends two of the past four Board of Directors meetings. Attendance requirements do not apply to former Presidents. Life Directors will not be considered in the calculation of the number of Board Member positions of each local association. Alternate Directors who attend and serve in place of an elected Director at fifty percent (50%) or more of the regular or special meetings of the Board of Directors in a given year may count up to four (4) years of this service towards the seven year goal to qualify as a Life Director.

E. HONORED LIFE DIRECTORS. The Board of Directors may accept applications for Honored Life Directors. Only those individuals who have served the Texas Association of Builders both in years and commitment will be considered. All applications will be considered and bestowed only by the Board of Directors. An Honored Life Director shall be on the Board of Directors and shall have voting privileges, if the Honored Life Director attends two of the past four Board of Directors meetings.

4.03. REGULAR MEETINGS. An annual meeting of the Board of Directors shall be held in September, October or November (as applicable) each year, without other notice than this bylaw, immediately after and at the time and place of the annual meeting of the members. A regular meeting of the Board of Directors shall be held in January, February or March each year, another shall be held in June or July, and the last one each year shall be held in September, October or November (as applicable) preceding the annual meeting of the members. The Board of Directors may provide for the holding of additional regular meetings. All regular meetings of the Board of Directors shall take place at a time, date, and place, within or without the State of Texas, to be determined by the Board of Directors.

4.04. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the President, ten (10) voting members of the Executive Committee, or one-fifth of the total number of Directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place within the County of Travis in the State of Texas as the place for holding any special meeting of the Board of Directors called by them.

4.05. NOTICE. Notice of any special meeting of the Board of Directors shall be given at least ten (10) days prior thereto and notice of regular meetings shall be given at least thirty (30) days prior thereto by written or electronic notice posted on the official Association website, or sent by e-mail, mail or fax to each Director at his address as shown by the official records of the Association. Such notice shall be deemed to be delivered when posted on the official

Association website, sent via e-mail or fax, or deposited in the United States Mail so addressed with postage thereon prepaid. If the notice be given by e-mail or fax, such notice shall be deemed to be delivered when the e-mail or fax is sent to the e-mail address or fax number as it appears on the official records of the Association. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. The purpose for which any regular or special meeting of the Board is called and the business to be transacted at such meeting, shall be contained in an agenda prepared in advance for such meeting and a copy of which shall accompany notice of meeting sent to each Director. By majority vote, the Board of Directors may consider any matter not listed on the agenda or notice.

4.06. QUORUM. Thirty-five percent (35%) of the Directors, other than Life Directors, representing at least twenty-five percent (25%) of the Association Members, shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a quorum is present, a majority of the Directors present may adjourn the meeting from time to time without further notice. Proxies shall not be permitted for any purpose.

4.07. DETERMINING A QUORUM. To determine the presence or absence of a quorum at any meeting of the Board of Directors, each Director who is physically present shall be required to register and a list of such registrations shall be maintained as a part of the minutes of such meeting. Any Director shall have the right to challenge the presence of a quorum by raising a point of order. If the presence of a quorum is challenged, the President shall immediately appoint a committee, which committee shall include the member who raised the point of order, and such committee shall proceed to call the roll from the registration list and determine whether or not a quorum is present.

4.08. MANNER OF ACTING. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these Bylaws. All meetings shall be conducted pursuant to the latest version of Roberts Rules of Order.

4.09. ORDER OF BUSINESS. The order of business at all annual meetings, and so far as practicable at other regular or special meetings, of the Board of Directors shall be as follows:

- A. Call to order.
- B. Proof of notice of meeting.

- C. Report of Credentials Committee.
- D. Announcement of quorum.
- E. Reading, or waiver thereof, and approval of minutes of previous meeting.
- F. Announcements.
- G. Reports of officers.
- H. Reports of councils.
- I. Reports of standing committees.
- J. Reports of special committees.
- K. Unfinished business:
  - (1) Business pending and undisposed of at the previous adjournment.
  - (2) General orders that were on the agenda of the previous meeting and were not disposed of.
  - (3) Matters postponed to current meeting that have not been disposed of.
- L. New business.
- M. Adjournment.

4.10. VACANCIES. A vacancy of the Board of Directors shall occur upon the death, resignation, refusal to serve, as evidenced by not attending regular or special Board of Directors meetings, or termination of membership of any Director other than a Life Director. Any vacancy occurring in the Elected Directors on the Board of Directors shall be filled by the Association Member represented by the Director whose position becomes vacant, subject to confirmation by the Board of Directors at its next meeting.

4.11. COMPENSATION. Directors as such shall not receive any compensation for their services; but nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity and receiving compensation therefor.

4.12. NO INFORMAL ACTION BY DIRECTORS. Any action required by law to be taken at a meeting of Directors, or any action which may be taken at a meeting of Directors, may not be taken without a meeting.

4.13. EXCUSED ABSENCE. Upon written application of a director or alternate director within thirty (30) days after a meeting of the Board of Directors from which he or she was absent, the Vice President/Secretary may excuse such absence on a showing of unavoidable cause therefore.

## **ARTICLE 5**

## ELECTED OFFICERS

5.01. OFFICERS. The elected officers of the Association shall be a President, a First Vice President, a Vice President/Secretary, and such Area Vice Presidents as may be determined by the Board of Directors. The Board of Directors may elect such other officers as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Vice President/Secretary. All elected officers shall be elected from among the Directors.

5.02. OFFICER QUALIFICATIONS. The qualifications of the President, First Vice President and Vice President/Secretary are:

- A. Each shall be and remain during the term of office a builder member in good standing;
- B. Each shall have served, prior to election, not less than one full term as a member of the executive committee of a Texas local association;
- C. Each shall have served on the Government Relations Committee for a full two-year term or have equivalent experience at NAHB or a local association;
- D. Each shall have served as an Area Vice-President or Chairman of an Association committee/task force and shown leadership ability in such service; or
- E. Each shall have served at least four years as a director or alternate director to the Association and met director attendance requirements.

A potential candidate must submit his or her qualifications to the Credentials, Nominating and Resolutions Committee by the Summer Board of Directors meeting preceding the next annual meeting. The Credentials, Nominating and Resolutions Committee shall verify that a person meets the candidacy requirements at the Summer Board meeting. If candidacy is denied, the Credentials, Nominating and Resolutions Committee must state the reasons for the denial. The Board of Directors shall be notified as soon as practicable in the event that no verified candidate exists. If, and only if, there are no verified candidates by the annual meeting of the Board of Directors, a candidate may submit his or her qualifications per this section to the Nominating and Resolutions Committee for verification prior to the annual meeting of the Board of Directors.

5.03. ELECTION AND TERM OF OFFICE. The elected officers of the Association shall be elected annually at the annual meeting of the Board of Directors. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified.

5.04. REMOVAL. Any officer elected by the Board of Directors may be removed by the Board of Directors by two-thirds vote, whenever in its judgment the best interests of the Association would be served thereby.

5.05. VACANCIES. A vacancy in any elected office because of death, resignation, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

5.06. PRESIDENT. The President shall be the principal officer of the Association and shall in general supervise and control all of the business and affairs of the Association, subject to the policies established by the Board of Directors. He shall preside at all meetings of the members, the Board of Directors, the Executive Committee and the Senior Management Committee. He may sign, with the Vice President/Secretary or any other proper officer of the Association authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws or by statute to some other officer or agent of the Association. He shall appoint the members of committees and councils as called for in these Bylaws. He shall be an ex-officio member of all councils and committees except the Credentials, Nominating and Resolutions Committees; and, in general, shall perform all duties incident to the office of President and such other duties as may be prescribed from time to time by the Board of Directors.

5.07. FIRST VICE PRESIDENT. In the absence of the President or in the event of his inability or refusal to act, the First Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Any question of the President's inability or refusal to act shall be determined by the Executive Committee. The First Vice President shall perform such other duties as may be assigned to him from time to time by the President or the Board of Directors.

5.08. VICE PRESIDENT /SECRETARY.

A. The Vice President/Secretary shall be responsible for the keeping of the minutes of the meetings of the members, the Board of Directors, and the Executive Committee, in one or more books provided for that purpose; giving all notices in accordance with the provisions of these Bylaws or as required by law; be responsible for the keeping of the corporate records and of the seal of the Association, and affix the seal of the Association to all documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of these Bylaws; and be responsible for the keeping of the records of the post office address of each member and Director which shall be furnished to the Vice President/Secretary by each Association Member.

B. The Vice President/Secretary shall perform all the duties incident to the office of Vice President/Secretary and such other duties as may be assigned to him from time to time by the President or the Board of Directors.

C. The duties of the Vice President/Secretary as named in this section may be delegated to an Assistant Secretary by the Vice President/Secretary.

#### 5.09 TREASURER.

A. At the beginning of the Fall Board Meeting, the President shall appoint a Member to serve as the Association's Treasurer. The Member so appointed shall then serve as the Treasurer of the Association provided that such appointment is ratified by the Board. The Treasurer shall serve in that capacity at the pleasure of the then-current President. The Treasurer is not an Elected Officer and therefore is not eligible to vote on any matters upon which the Elected Officers, by virtue of their status as Elected Officers, may vote.

B. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine.

C. The Treasurer shall report on the finances of the Association at least once each quarter to the Executive Committee and regularly at each meeting of the Board of Directors. Such reports shall be in writing, shall relate all expenditures to appropriate items in the current budget, and shall provide comparative data to enable members of the Executive Committee and the Board of Directors to determine accurately the current financial status of the Association.

D. The Treasurer shall be responsible for all funds and securities of the Association, receiving and giving receipts for monies due and payable to the Association from any source whatsoever, and the depositing of all such monies in the name of the Association in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of these Bylaws. He or she shall disburse, or cause to be disbursed, the funds of the Association in accordance with the operating budget adopted by the Board of Directors or as may be directed by the Board of Directors, taking proper vouchers for such disbursements; keep and maintain adequate and correct records and accounts of the Association's properties and financial transactions; render reports to the President, Executive Committee, Board of Directors, and Members, each report to be an account of all his or her transactions as Treasurer and of the financial condition of the Association. The Treasurer may also be a signer on all of the Association's bank accounts. The duties referred to in this paragraph may be delegated to an Assistant Treasurer by the Treasurer.

E. The Treasurer shall perform all the duties incident to the office of Treasurer and such other duties as may be assigned to him or her from time to time by the President of Board of Directors.

5.10. ASSISTANT SECRETARIES. One or more Assistant Secretaries may be appointed by the Executive Committee subject to ratification of the Board of Directors at its next meeting. The Assistant Secretary shall, on behalf of the Vice President/Secretary, be custodian of the corporate records and the seal of the Association and see that the seal of the Association is affixed to documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of these Bylaws; keep a register of the post office address of each member and Director; maintain a record of attendance at the meetings of the Board of Directors by all Directors, Alternate Directors, and Life Directors; and perform such other duties as shall be assigned by the Vice President/Secretary, the Executive Committee, or the Executive Director.

5.11. ASSISTANT TREASURERS. One or more Assistant Treasurers may be appointed by the Executive Committee subject to ratification of the Board of Directors at its next meeting. The Assistant Treasurer shall assist the Treasurer in the accounting of funds received and expended by the Association, aid in preparation of the annual operating budget and perform other duties as shall be assigned by the Treasurer, the Executive Committee, or the Executive Director. Assistant Treasurers shall receive and give receipts for monies due and payable to the

Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with these Bylaws.

5.12. **AREA VICE PRESIDENTS.** The Board of Directors shall divide the State of Texas into a convenient number of geographic areas. Beginning with the annual meeting in odd-numbered years, the Board shall elect an Area Vice President to serve each geographic area for a term of two (2) years or until the next annual meeting of the Board of Directors and until a successor shall have been qualified. To be qualified to serve as an Area Vice President, an individual must be a builder member and must have served on the Association's Board of Directors and on the Board of Directors (or functional equivalent) of his or her applicable Association Member for at least one full term. Area Vice Presidents must meet the attendance requirements of 4.02 B. or C. to be elected by the Board of Directors. Failure of an Area Vice President to attend two consecutive meetings of the Executive Committee or Board of Directors shall be grounds for removal from office. Each Area Vice President shall act as a representative of the President and the Association on such matters as may be assigned. Area Vice Presidents are authorized to install new Association Members within their respective areas and shall be available to work to increase membership within their respective Areas if requested to do so by the Association Member. Each Area Vice President shall be responsible for serving as a conduit for information and facilitating communications to and from the Association and each Association Member within his or her respective geographic area. Each Area Vice President will also assist each such Association Member in developing membership retention and membership recruiting tools and policies. Each Area Vice President shall also serve as the chairman for each area caucus meeting that is held in conjunction with a meeting of the Association's Board of Directors. Each Area Vice President shall prepare minutes of each such caucus meeting and deliver a copy of such minutes to the Executive Committee at the Executive Committee's next meeting. Each Area Vice President shall also recommend (i) to Members of his or her geographic area, potential Associate Directors that will represent his or her geographic area on the Board of Directors and (ii) to the President, Members from his or her geographic area that may be eligible or appropriate to serve on Association committees, councils and task forces. Each Area Vice President will be a voting member of the Government Relations Committee.

5.13. **STATE REPRESENTATIVE & NAHB NATIONAL AREA CHAIRMAN QUALIFICATIONS.** The qualifications to hold the office of State Representative and NAHB National Area Chairman are:

A. Each shall be and remain during the term of service a builder member in good standing.

B. Each shall have served, prior to election, not less than one full term as the president of a Texas local association, or the Texas Association of Builders or as an NAHB director.

## **ARTICLE 6**

### **PROFESSIONAL STAFF**

6.01. EXECUTIVE DIRECTOR. The Executive Director shall be the principal staff operating officer of the Association, and shall be appointed by the Executive Committee subject to ratification by the Board of Directors at its next meeting.

A. The Executive Director shall devote his full time and attention to the faithful performance of his duties to the best of his ability and in the interest of the Association. He shall conduct the office in accordance with the law, the Articles of Incorporation, the Bylaws and the policies of the Association.

B. Subject to the policies and directives of the Board of Directors and under the administrative direction of the Executive Committee, the Executive Director shall have, but not be limited to, the following duties and responsibilities: (1) In relation to the staff he shall: develop and supervise operational plans; develop and maintain an effective plan of organization including relationships within and outside the Association; employ, train, evaluate and discharge staff personnel; compensate staff personnel within the limitations of the budget and salary ranges approved from time to time by the Executive Committee; direct the work of the staff; develop and maintain an effective system of controls over staff functions, Association finances and services. (2) In relation to the Executive Committee he shall: recommend long range planning objectives and policies, organizational structure for the Association, persons outside the staff for performance of functions beyond staff resources, systems of controls over Association affairs, and approval of budgets and major appropriations; render timely reports in regard to his and the staff's functions and goals, and his general appraisal of staff performance. (3) In relation to the elected officers he shall advise, counsel and assist in the performance of their duties. (4) In

relation to other committees he shall advise, counsel and assist in the accomplishment of their objectives within budgetary limitations. (5) In relation to those outside the Association he shall develop and maintain an effective liaison with all branches of the Association. (6) In relation to Association Members, he shall advise, counsel and assist them in accordance with the policies of this Association. (7) In general, he shall perform such other responsibilities as may be designated from time to time by the Executive Committee and/or the Board of Directors.

C. He shall be an ex-officio, non-voting member of the Executive Committee and Senior Management Committee, except he may be excused from those meetings concerned with his own compensation or performance.

D. The Executive Director shall be subject to discharge by the Executive Committee subject to ratification by the Board of Directors at its next meeting.

## **ARTICLE 7**

### **COMMITTEES AND COUNCILS**

7.01. EXECUTIVE COMMITTEE. The Association shall have an Executive Committee which, subject to the direction and policies of the Board of Directors, shall have and exercise the authority of the Board of Directors in the management of the Association. The committee shall also have the duty and responsibility of developing, supervising and managing a comprehensive insurance program to be made available to all members. However, such committee shall not have the authority of the Board of Directors to amend, alter, or repeal the Bylaws; elect, appoint, or remove any member of such committee or any Director or elected officer of the Association; amend the Articles of Incorporation; adopt a plan of merger or adopt a plan of consolidation with another association; authorize the sale, lease, exchange, or mortgage of all or substantially all of the property and assets of the Association; authorize the voluntary dissolution of the Association or revoke proceedings therefore; adopt a plan for the distribution of assets of the Association; or amend, alter, or repeal any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered, or repealed by such committee. Such committee, and the delegation of authority thereto, shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed on it or him by law.

The Executive Committee shall be composed of the President, First Vice President, Vice President/Secretary, the most immediate former President, the Area Vice Presidents, the Association's State Representative to the National Association of Home Builders, the

Association's NAHB National Area Chairman, the chairmen of all Standing Committees and Councils, the chairman of the HomePAC Board of Trustees, and two (2) members of the Association nominated by the President. Chairmen of special committees, task forces and the Assistant Treasurer shall be included on the Executive Committee as non-voting members.

7.02 SENIOR MANAGEMENT COMMITTEE. The Association shall have a Senior Management Committee which will have the same limitations on authority as the Executive Committee. However, the Senior Management Committee may meet and have and exercise the authority of the Board of Directors in the management of the Association when it is impractical for the entire Executive Committee to do so.

The Senior Management Committee shall be composed of the President, First Vice President, Vice President/Secretary and the Immediate Past President of the Association. Decision of the Committee shall be by unanimous vote of the committee members.

7.03. COUNCILS. From time to time the Board of Directors may authorize the formation of business councils, i.e., councils to represent the interest of members in a particular business within the scope of the purposes of the Association, or a particular division of the functions of the Association. The Association may have the following councils:

A. LOCAL PRESIDENTS' COUNCIL . This council shall consist of the presidents of the Association Members. Membership on the council shall be coterminous with the member's term as an Association Member president. The First Vice President of the Association will be the Chairman of the council. The council shall concern itself with matters of interest to both the Association Members and the Association, and may make recommendations to the Board of Directors as it deems appropriate. The council shall also serve as a forum in which the members can share information about their experiences and challenges as presidents of Association Members.

B. TEXAS EXECUTIVE OFFICERS' COUNCIL . This council shall consist of: the Executive Director of the Association; the chief staff executive of each Association Member; in instances where an Association Members does not have paid staff, the volunteer serving as the administrator of the Association Member; and the other executive/professional staff members of Association Members. The purpose of the Texas Executive Officers' Council shall be to encourage and assist the professional development of staff of Association Members through educational programs and the exchange of information. Amendments to the operating policies must be approved by the Association's Executive Committee. The operating policies shall be

subject to the Association's Bylaws. Membership on the council shall be open to all persons filling the positions named above and shall be coterminous with the member's term in such a position. During the time of the summer meeting of the members of the Association, the council shall elect officers in accordance with the council's operating policies.

C. REMODELERS™ COUNCIL. This council shall consist of those members of the Association engaged in the remodeling of residential, industrial and commercial buildings. During the time of the annual meeting of the members of the Association, the council shall communicate the results of its annual election of a chairman, a secretary and such other council officers it deems as useful to the council. The council shall concern itself with issues peculiar to its members, and shall recommend to the Board of Directors policies for the Association affecting the interests of members engaged in the remodeling profession.

D. VOLUME BUILDERS COUNCIL. This council shall consist of those members of the Association who build more than 100 single-family homes in Texas each year. During the time of the annual meeting of the members of the Association, the council shall elect a chairman and such other officers it deems useful to the council. The council shall concern itself with issues peculiar to its members, and shall recommend to the Board of Directors policies for the Association affecting the interests of its members who are volume builders. The council shall have the authority to make membership in the council contingent upon mandatory contributions to the Texas Association of Builders Issues Fund in amounts equal to or greater than the approved suggested level of giving as set forth by the Texas Association of Builders Issues Fund governing document.

E. ATTORNEY COUNCIL. The council shall consist of those members of the Association engaged in the practice of law, with a primary focus on construction law and/or land use. The chairman of the council shall be a dues-paying member appointed by the President. The council shall concern itself with case law, judicial actions, and legislation that impact the residential construction industry. The council may be called on by the Government Relations Committee, Executive Committee, or the Board of Directors to make specific policy recommendations.

F. MULTI-FAMILY COUNCIL. This council shall initially consist of any dues paying member of the Association who is in good standing. The purpose of the Multi-Family Council shall be to educate, promote and advance the general welfare of the multi-family housing industry. The members of this council may establish a set of bylaws or other governing

document that will govern the operations and conduct of the council, provided, that (i) such bylaws or governing document, and any amendments thereto, must be approved by the Association's Executive Committee and its Board of Directors, (ii) such bylaws or governing document shall be subject to the terms of these Bylaws and (iii) in the event of a conflict between such bylaws or governing document and these Bylaws, the provisions of these Bylaws shall control. Upon the election of a majority of the members of the council who are appointed thereto by the President, membership in this council may be conditioned upon the payment of additional dues to the Association, which dues will be invoiced separate and apart from the dues that a member pays to be a member of the Association. These dues or other amounts that are raised by members of the council for the benefit of the council may then be used to support or further issues or causes that are central to the council's purpose; provided however that in the event the council elects to use such dues or amounts to hire a lobbyist or pursue a legislative or regulatory agenda, such lobbyist must agree to adhere to, and such agenda must be pursued pursuant to, any directions and/or parameters that are set by the Association's Executive Committee and Board of Directors. During the time of the annual meeting of the members of the Association, the council shall elect a chairman, a secretary and such other officers as it deems useful.

7.04. STANDING COMMITTEES. The Association may have the following standing committees:

A. AREA VICE PRESIDENTS COMMITTEE. The Area Vice Presidents Committee shall have the duty and responsibility for assisting the various Association committees and councils in accomplishing their objectives and their work. The Executive Committee will provide the general direction for the Area Vice Presidents Committee.

The members of the Area Vice Presidents Committee shall be the Area Vice Presidents selected by each of the geographic areas of the state. Members of the Area Vice Presidents Committee shall select the Chairman from among themselves.

B. ASSOCIATES COMMITTEE. The Associates Committee shall have the duty and responsibility for recommending policy to the Board of Directors and for providing general direction to the staff and Association Members in the broad area of Associate Member support and activities. Specifically, this committee shall: (1) promote the establishment of associates committees; (2) promote educational programs for Associate Members; (3) enhance the exchange of ideas between associates committees of Association Members; and (4) assist in the planning and promotion of the Convention. The committee shall consist of those members, other than Builder Members, of the Association engaged in businesses which support the building

industry. In addition to the Chairman, the committee shall be composed of not less than five nor more than nine members. In appointing the committee, there shall be at least one member from each of the areas represented by an Area Vice President. The President of the Association shall designate the Chairman of the committee, and the Association Members shall designate their committee member.

C. PUBLIC RELATIONS COMMITTEE. The Public Relations Committee shall have the duty and responsibility for recommending policy to the Board of Directors and for providing general direction to the staff and Association Members in the area of public relations. Specifically, this committee shall: (1) develop and maintain continuing public relations programs to be used and implemented by Association Members at their option: (a) to improve the public image of members of the Association, (b) to promote home ownership, and (c) to promote doing business with a member of the Association; (2) propose and develop informational meetings between Association Members, Association Officers and staff; and (3) publish a periodical newsletter for the members of the Association. In addition to the chairman, the committee shall be composed of not less than seven nor more than nine members. In appointing the committee, there shall be at least one member from each of the areas represented by an Area Vice President.

D. CREDENTIALS, NOMINATING AND RESOLUTIONS COMMITTEE. The Credentials, Nominating and Resolutions Committee shall: (1) Determine the eligibility to vote according to the provisions of these Bylaws of persons attending all meetings of the members and of the Board of Directors. At each of such meetings, it shall provide each person qualified to vote in such meeting with an appropriate badge or other identification prior to the meeting. It shall render a report to the meeting immediately after the call to order of the meeting. Its report shall consist of a list of the persons or their alternates who are in attendance and are eligible to vote. If there is a contest over who is eligible to vote and there is serious doubt on the part of the committee as to which person(s) are entitled to recognition, the committee shall omit all contestants from the list and report the fact of the contest to the meeting. If the committee, however, believes the contest is not justified, it shall ignore it and enter on the list the names of the persons it considers as the legitimate persons eligible to vote at such meeting. (2) Have the duty and responsibility of recommending to the Board of Directors, at its annual meeting, the nomination of qualified persons, who have been previously qualified by the committee at the June Board of Directors meeting, to fill the offices of President, First Vice President, Vice President/Secretary, Treasurer, Area Vice Presidents, Assistant Treasurers, Assistant Secretaries, the National Representative to the National Association, and any other officers to be elected or

appointed by the Board of Directors. Specifically, this committee shall: (a) invite and solicit Association Members and Directors to propose nominations; (b) conduct open hearings on proposed nominations for such officers; and (c) render its report to the Board of Directors at its annual meeting. The immediate Past President of the Association agreeing to serve shall be the chairman of the committee. The committee shall consist of all Area Vice Presidents and Past Presidents. (3) Have the duty and responsibility of reviewing all resolutions submitted by Association Members conducting hearings on such resolutions, and determining which resolutions to recommend for consideration by the Board of Directors. In addition, the committee shall be authorized to initiate resolutions on its own in those areas and on those subject matters where the committee feels that the Association should take a firm position and on which no other resolutions have been presented. In addition to the chairman, the committee shall be composed of not less than seven members. For purposes of this committee only, a quorum shall constitute five members of the committee.

E. FINANCE COMMITTEE. The Finance Committee shall develop and recommend to the Board of Directors: a proposed annual operating budget and, if called for, a capital expenditure budget; dues to be paid by the various classes of members of the Association; and the amount, if any, that should be set aside for a reserve fund. Specifically, this committee shall: (1) investigate the budgets, dues structure, and reserve funds in preceding years; (2) recommend to the Executive Committee improvements to be made in disbursement procedures; and (3) invite and solicit recommendations from Association Members council and committee chairman, Directors and officers of the of the Association. The committee shall have the authority to investigate all books and records of accounts, and in this regard the Executive Director and all staff personnel shall make such books and records available to the committee upon its request. The chairman of the committee shall be the Treasurer. In addition to the Treasurer, the committee shall have not less than seven nor more than nine members. In appointing the committee there shall be at least one member from each of the areas represented by an Area Vice President and at least one Past President of the Association.

F. GOVERNMENT RELATIONS COMMITTEE. The Government Relations Committee shall have the duty and responsibility for recommending policy for the Board of Directors and for providing general direction to the staff and Association Members in the broad area of government relations. Specifically, this committee shall: (1) support proposed state legislation, rules and regulations that would tend to increase the private production and ownership of residential communities and their related facilities; (2) oppose proposed state legislation, rules and regulations that would tend to impede the private production and ownership

of residential communities and their related facilities; (3) seek the repeal of state statutes and the amendment of rules and regulations that tend to impede the private production and ownership of residential communities and their related facilities; and (4) assist Association Members, upon request, in the development of political action committees. In addition to the chairman, the committee shall be composed of not less than 15 nor more than 30 members. In appointing the committee, there shall be at least one builder and one residential land developer, plus alternates, from each of the areas represented by an Area Vice President, and the Associates Committee Chairman, and the HOMEPAAC Trustees Chairman, and the Area Vice Presidents. The President of the Association shall also appoint at least three at-large members representing the remodeling industry and at least three at-large members representing high volume builders. The Chairman of the Government Relations Committee may appoint task forces to study specific legislative or regulatory issues. The task force shall report its findings to the Government Relations Committee. Such task forces shall expire at the end of the Government Relations Committee term or at a time set when establishing such task forces.

G. MEMBERSHIP COMMITTEE. The Membership Committee shall have the duty and responsibility for recommending policy to the Board of Directors in the area of membership. Specifically, this committee shall: (1) promote increased number and quality of membership, and (2) propose and develop informational meetings between Association Members, association officers and staff. The committee in conjunction with the staff may also review and recommend member services and programs to the Board of Directors. In addition to the chairman, the committee shall be composed of not less than seven nor more than nine members. In appointing the committee, there shall be at least one member from each of the areas represented by an Area Vice President.

H. CODES AND STANDARDS COMMITTEE. The Codes and Standards Committee shall have the duty and responsibility for recommending policy to staff and the Board of Directors relating to any code impacting residential construction. Specifically, the committee shall: (1) review and recommend policy on any statewide or regionally applied building code; (2) review and recommend policy on other codes on an as needed basis, including but not limited to mechanical, electrical, plumbing, or energy; (3) review and recommend policy on code implementation, administration, and maintenance on an as needed basis; (4) monitor the activities of model code bodies. In addition to the chairman, the committee shall be composed of not less than seven nor more than eleven members. In appointing the committee, there shall be at least one member from each of the areas represented by an Area Vice President.

I. LEGAL AFFAIRS COMMITTEE. The Legal Affairs Committee shall have the duty and responsibility for recommending policy (which may include recommending that the Association actively participate as a named plaintiff in an original lawsuit if the circumstances warrant such action) to the Executive Committee and the Board of Directors relating to the funding of and participation in litigation. Funding shall be granted within the parameters described in the Texas Association of Builders Policies Manual. The committee shall be composed of not less than five members. The chairman shall be a builder member appointed by the President. Of the other four members, two shall be builder members and two shall be attorneys who are members of the Attorney Council. If an applicant for funding serves on the committee, he or she shall abstain from voting on their proposal.

J. BYLAWS & POLICY REVIEW COMMITTEE. The Bylaws & Policy Review Committee shall have the responsibility of reviewing the current Bylaws and Association policies and procedures and making recommendations for changes to the Board of Directors. In addition to the Chairman, the committee shall be composed of not less than seven nor more than nine members. In appointing the committee, there shall be at least one member from each of the areas represented by an Area Vice President.

K. ASSOCIATION AND LONG RANGE PLANNING COMMITTEE. The Association and Long Range Planning Committee shall have the responsibility for evaluating the resources and facilities of the Association and for determining how best to achieve the appropriate allocation of the Association's resources and facilities with respect to the Association's tasks and mission. The Association and Long Range Planning Committee shall also have the duty and responsibility of reviewing all activities of the Association, studying the needs of the membership of the Association, determining how those needs can be successfully met by future activities of the Association, and developing plans, policies and programs for Association action which will meet the long term needs of the building industry. The committee shall report to the Board of Directors from time to time with its recommendations for the structure, organization, and policies needed by the Association to meet its long term objectives. In appointing the committee, there shall be at least one member from each of the areas represented by an Area Vice President.

L. AUDIT COMMITTEE. The Audit Committee shall be responsible for causing the Association's books of accounts and accounting procedures to be audited annually by a certified public accountant and to review and make recommendations to the Board of

Directors with respect to any report issued by such accountant. In addition to the Chairman, the committee shall be composed of two members.

M. SUNBELT BUILDERS SHOW™ COMMITTEE. The Sunbelt Builders Show™ Committee has duty and responsibility for developing, supervising and managing matters relating to all association expositions. Within the limits of the approved budget of the association, the committee shall exercise oversight over any management assistance offered to trade shows or exhibitions owned or operated by the Texas Association of Builders. In addition to the chairman, the committee shall be composed of not less than 15 nor more than 21 members. The make up of the committee shall include at least two members, (one builder member and one associate member) and two alternates (one builder member and one associate member) from each of the areas represented by an Area Vice President, a representative from the Associates Committee, and 3 at large members appointed by the TAB president.

N. CONTRACTS COMMITTEE. The Contracts Committee shall have the duty and responsibility for recommending policy to staff and the Board of Directors relating to the development, promotion, sale and distribution of form construction contracts for TAB builders and remodelers. Such contracts shall account for various issues encountered by builders and remodelers during the construction or remodeling of homes. In creating such contracts, the committee shall work with other committees and councils as necessary. In addition to the Chairman, the committee shall be composed of not less than seven nor more than nine members. In appointing the committee, there shall be at least one member from each of the areas represented by an Area Vice President, one member from the Remodelers Council and one member from the Attorney Council.

7.05. SPECIAL COMMITTEES & TASK FORCES . Special committees or task forces may be used from time to time for the performance of specific functions of such a temporary nature as not to justify the creation of standing committees. If a special committee and/or task force is created by the President or Board of Directors, the President or Board shall have the authority to name the members of such committee and/or task force as well as the chairman. Special committees and/or task forces shall be ratified by the Board of Directors. Such committees and/or task forces shall expire at the annual meeting each year, or at a time set when

establishing such committees and/or task forces. The following committees are given special committee status: Developers, Commercial Builders and Rural Housing.

7.06. GENERAL PROVISIONS. The following provisions shall be applicable to the Executive Committee, Senior Management Committee, councils, standing committees, and special committees and/or task forces unless these Bylaws or the resolution establishing the special committee and/or task force provides otherwise.

A. TERM OF OFFICE . Members of standing committees and members of councils shall serve for terms commencing with their selection during or shortly after the annual meeting of the Board of Directors in September, October or November (as applicable) of each year and ending with the annual meeting of the Board of Directors in September, October or November (as applicable) of the following year. Members of special committees and/or task forces shall serve terms coextensive with the life of the special committee and/or task force, unless otherwise determined by the resolution creating such committee and/or task force or unless otherwise determined by the Board of Directors.

B. CHAIRMAN AND MEMBERS . Except as otherwise provided in these Bylaws, the President shall appoint a Director of the Board as the chairman and either appoint or have authority to delegate to the chairman the appointment of members of each committee.

C. MEETINGS . Each council and committee shall have regular meetings at the same place and during the period of time provided for regular meetings of the Board of Directors unless the chairman of such a council or committee determines that a meeting of the applicable council or committee during such time is unnecessary. The chairman or one-fourth of the council or committee may call special meetings, provided that notice of such a special meeting must be duly given (with electronic mail being considered sufficient for purposes of this Section) at least five (5) days prior to the date of such special meeting and, if practicable, posted on the Association's website. Notwithstanding the foregoing provisions of this Section, this Section shall not apply to Task Forces or special committees of the Association.

D. VACANCIES . Vacancies in or additions to the membership of any committee, council, or task force may be filled by appointments made in the same manner as provided in the case of the original appointments.

E. QUORUM . A majority of the whole committee, council, or task force shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee, council, or task force. If a quorum is not present, a majority of members present may adjourn the meeting from time to time without further notice.

F. RULES . Each committee, council, or task force may not adopt rules for its own government inconsistent with these Bylaws or with rules adopted by the Board of Directors.

G. REPORTS . The chairman of each committee and council shall make a report of its activities and recommendations at each regular meeting of the Board of Directors and at such other times as the President may direct. Acceptance of a committee report by either the Executive Committee or the Board of Directors shall not constitute a policy decision and shall not authorize the expenditure of Association funds, unless otherwise determined by the Board of Directors.

H. OPEN MEETINGS . Meetings of the Executive Committee, all councils and other committees and/or task forces shall be open to Directors when personnel matters or financial affairs of the Association are being considered, but only members of the committee, council, or task force shall have the right to vote on the matters being considered. By a vote of three-fourths of its total membership, any committee, council, or task force may authorize an executive session of such committee or council. Excluding the Executive Director, members of the staff of the Association, or paid employees of the Association from any meeting, in whole or in part, shall not be deemed a violation of this section. If any member shall sue the Association or threaten to sue the Association or any of its officers or instrumentalities, such member, and anyone representing such member, can be excluded from any meeting during which such lawsuit, or such potential lawsuit, is being considered and discussed, and such exclusion shall not be a violation of this section.

I. ELECTRONIC VOTING. Upon the approval of the senior management committee, tallying of votes may be done by phone, conference call, fax polling, or email. This does not allow for electronic voting for the Board of Directors.

## **ARTICLE 8**

## GENERAL PROVISIONS

8.01. **CONTRACTS** . The Board of Directors may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances.

8.02. **CHECKS AND DRAFTS** . All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association, and in such manner as shall from time to time be determined by the resolution of the Executive Committee. In the absence of such determination by the Executive Committee, such instruments shall be signed by the Vice President/Secretary and countersigned by the President or a Vice President of the Association.

8.03. **DEPOSITS** . All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Executive Committee may select.

8.04. **DUES** . Annual dues for each class of member in the Association shall be set each year by the Board of Directors in the budget which it adopts for the operation of the Association for the next succeeding year. The annual dues shall be payable to the Association by each Association Member on the first day of the month following the Association Members approval of membership for each such member in such Association and thereafter on the anniversary date of such membership. Dues of At-Large Members shall be paid by such individual members directly to the Association on the first day of the month of membership and annually thereafter on the anniversary date of such membership.

8.05. **TERMINATION OF MEMBERSHIP** . When any member of any class shall be in default in the payment of dues for a period of two months from the beginning of the period for which such dues become payable, membership of such member shall be terminated.

8.06. **GIFTS** . The Executive Committee may accept on behalf of the Association any contribution, gift, bequest or devise for the general purpose or for any special purpose of the Association.

8.07. FISCAL YEAR. The fiscal year of the Association shall begin on the first day of January and end on the last day of December.

8.08. BOOKS AND RECORDS . The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, Board of Directors and Executive Committee, and shall keep at its principal office a record giving the names and addresses of the members and Directors. All books and records of the Association may be inspected by any member or his agent or attorney for any proper purpose at any reasonable time. Any copies that may be acquired shall be acquired at the expense of the person desiring the copies. Personnel information, however, shall only be released to the Senior Management Committee and the Treasurer.

8.09. BUDGET . At the regular meeting of the Board in January, February or March of each year, the Board of Directors shall review and adopt the budget for the current fiscal year, and all financial operations of the Association shall be included within the total of such expenses. Except as otherwise authorized by these Bylaws or by specific action of the Board of Directors, no expenditure of the Association shall be made by any instrumentality or employee of the Association, either as to purpose or as to amount, that is not included as an authorized expenditure in the budget; provided, however, that for the period of time beginning with the day after the final day of the preceding year's budget and continuing through the day that the budget is adopted for the current year (the "Gap Period") the Association may incur obligations and spend Association resources so long as any amount so spent is spent in accordance with the Association's normal spending practices and approved by the Finance Committee and the Senior Management Committee. Notwithstanding the foregoing, during the Gap Period the Association may not make any capital expenditure that was not contained within the previous year's budget unless otherwise approved by the Board of Directors. Deviations from the specific authorizations contained within the budget or from the Finance Committee and the Senior Management Committee during the Gap Period shall be permitted in the following instances and under the following circumstances: (1) an amount not to exceed \$10,000 may be shifted by the Executive Director with the approval of the Senior Management Committee to another budget purpose, if the Executive Director determines that such funds are not needed for the purpose for which budgeted; (2) an expense amount directly affected by an income source may exceed the budget proportionately; (3) within any budget purpose, the Executive Director with approval of the Senior Management Committee, may make adjustments as to any specific expenditure, increasing a specific expenditure not to exceed 10% above that established by the Board of Directors in the budget authorization; and (4) in a situation of emergency, where the Association

stands to incur a financial loss or administrative services would be disrupted or adversely effected if action is not immediately taken outside the authorization of the budget, the Executive Director with the approval of the Senior Management Committee shall be authorized to make deviations in the budget to the extent necessary to meet such emergency, following which accountability for such action and a complete explanation thereof shall be prepared in writing by the Senior Management Committee and promptly mailed to each member of the Board of Directors. Any adjustments must be reviewed at the next Executive Committee meeting.

8.10. ANNUAL AUDIT . The Audit Committee shall cause the Association's books of accounts and accounting procedures to be audited annually by an independent Certified Public Accountant. A report of each annual audit shall be rendered to the regular meeting of the Board of Directors next following the Association's receipt of the annual audit report. A copy of each annual audit shall be mailed to each Association Member and a copy shall be made available to any Director upon his request.

8.11. CERTIFICATES OF MEMBERSHIP . The Board of Directors may provide for the issuance of certificates evidencing membership in the Association. Such certificates shall be in such form as determined by the Board and supplied to the Association Member and shall be signed by the President or a Vice President or an Assistant Secretary and shall be sealed with the seal of the Association. The name and address of each member and the date of issuance of the certificate shall be entered on the records of the Association. If any certificate shall become lost, mutilated, or destroyed, a new certificate may be issued therefor on such terms and conditions as the Board of Directors may determine.

8.12. SEAL . The Board of Directors shall provide a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the Association.

8.13. EMBLEM . The Board of Directors shall adopt an official emblem of the Association which shall be used on the stationery and publications of the Association and which the members may also use.

8.14. RULES FOR MEETINGS. Meetings of the members, Directors, Executive Committee, councils and committees shall be presided over by the President, or chairman of the council or committee, or a vice president, or vice chairman of the council or committee, or, if no such officer is present, by any person eligible to vote chosen by a majority of the body present. The Vice President/Secretary or an Assistant Secretary (secretary or assistant secretary of the

council or committee) shall attend and take minutes of such meetings. In the absence of such officer, the president officer shall designate some person present to take minutes of the meeting. The precedence of, and procedure on, motions and other procedural matters at such meetings shall be governed so far as practicable by Robert's Rules of Order insofar as such rules are not inconsistent with law, the Articles of Incorporation or with these Bylaws.

8.15. INDEMNIFICATION. The Association shall indemnify any person, his heirs, executors and administrators, against any liability (including but not limited to the amounts of judgments, settlements, fines or penalties) and expenses necessarily incurred by such person in connection with the defense or settlement of any claim, action, suit appeal, or proceeding, civil or criminal, in which such person is made a party, by reason of being or having been an officer, director, committee member, or staff member. In the case of any criminal proceeding, an additional determination must be made by the Executive Committee (those not party to the action) that such person had no reasonable cause to believe his or her conduct was unlawful. The Association shall not indemnify an officer, director, committee member, or staff member for: (1) willful misconduct; (2) intentional violation of the law; or (3) gross negligence. Any indemnification of, or advance of expenses to, a person in accordance with this Article shall be reported in writing to the Board of Directors within the six-month period immediately following the date of the indemnification or advance.

## **ARTICLE 9**

### **AMENDMENTS TO BYLAWS**

9.01. These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by two-thirds of the Directors present at any regular meeting or at any special meeting, if at least thirty (30) days' prior written or electronic notice is given to Association Members and Directors of an intention to alter, amend or repeal these Bylaws or to adopt new Bylaws at such meeting, and provided that the specific proposed changes are included in the notice so given; provided, however, that nothing in this Section or in these Bylaws shall prevent the Board at such a meeting from adopting changes, modifications or amendments to the proposed changes that were included in such notice that was delivered to the Association Members and Directors prior to such meeting.