

BYLAWS

Amended April 2004



AIR COMMERCIAL REAL ESTATE ASSOCIATION
800 W. 6TH STREET, SUITE 800
LOS ANGELES, CA 90017

BYLAWS

of the

AIR Commercial Real Estate Association

As amended June 2004

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BYLAWS

of the

AIR Commercial Real Estate Association

ARTICLE I

NAME, OBJECTIVES AND GOVERNMENT

Section 1.01. The name of this Association is the AIR Commercial Real Estate Association ("AIR." or "Association").

Section 1.02. This Association is a non-profit mutual benefit corporation chartered under the laws of the State of California on October 24, 1960.

Section 1.03. The objective of this Association is to provide qualified industrial and office real estate brokerage professionals with an organization that shall:

A. Foster knowledge, integrity and efficiency in the field of industrial and office real estate brokerage;

B. Identify and certify qualified persons actively engaged in the brokerage of industrial and/or non-residential real estate;

C. Identify and certify qualified real estate brokerage firms who are actively engaged in the brokerage of industrial and/or non-residential real estate;

D. Establish rules of professional conduct and standards of ethical practice:

E. Conduct research in materials and techniques of industrial and office real estate brokerage;

F. Provide a forum for its members to exchange information and experience;

G. Disseminate knowledge through the publication of appropriate materials, textbooks, conducting of seminars, and other media;

H. Develop educational programs;

I. Interact in a professional manner with all governmental and civic organizations, public utilities, financial and insurance companies, and other such organizations that have an interest in industrial and office real estate.

Section 1.04. The Association shall be governed by its Articles of Incorporation, Bylaws, Rules of Professional Conduct, regulations and operating policies.

Section 1.05. The principal executive office of the Association shall be located at the present location of the Association, or such other place as designated by the Board of Directors.

ARTICLE II

MEMBERSHIP

Section 2.01. Active Membership.

A. Active Membership may be granted by the Board of Directors to an individual who demonstrates experience and competence in the brokerage of industrial and/or office real estate by satisfying the following qualifications:

(1) Is a licensed real estate broker or salesperson; and

(2) Is actively engaged in industrial and/or non-residential real estate brokerage; and

(3) Has no pending ethics complaints against him/her before any real estate organization or governmental agency, or any adjudicated ethics complaints that have resulted in any form of censure within the most recent three-year period.

B. In addition to these qualifications, an individual desiring Active Membership must accomplish the following:

(1) File an application on official forms as required by the Association, giving an accurate, detailed record of all the real estate transactions in which the

applicant for membership was involved in the two year period preceding application, there being no minimum number of years in the business;

(2) Submit to the Membership Committee, along with the application, letters of recommendation as required on the application for membership. In addition, the Board of Directors may require up to three (3) additional letters of recommendation; and

(3) Sign an irrevocable waiver of claim against the Association, its Board of Directors, any member, accredited firm, or any agent of the Association in connection with the business of the Association, and particularly as to its, or their, acts in admitting, or failing to admit, or disciplining him/her as a Member; and

(4) Pay an application fee as established from time to time by the Board of Directors; and

(5) Agree to be bound by the Bylaws, Rules of Professional Conduct, regulations and operating policies of the Association, including the requirement to submit to binding arbitration as provided for in Article XI and the Association's arbitration manual; and

(6) Complete an orientation conducted by the Association within two years prior to submitting the application; and

(7) Pass an approved examination as administered by the Association.

C. Identification of Active Membership shall be by use of the designation "AIR.", which is an abbreviation of the words "AIR Commercial Real Estate Association." Such use shall always be signified in a manner satisfactory to the Board of Directors and subject to compliance with the Rules of Professional Conduct of the Association. The designation "AIR." shall not be used in any way that might be interpreted as referring to any other organization, or a person other than the individual rightly entitled to use of the designation.

D. Membership certificates shall state on the certificate that:

(1) The Association is a non-profit mutual benefit corporation that may not make distributions to its members except upon dissolution.

(2) Membership is nontransferable, and a copy of the restrictions is on file with the Secretary of the Association and is open for inspection by a Member on the same basis as the records of the Association.

Section 2.02. Supervisory Management Membership.

A. Supervisory Management Membership, without publication rights, except as provided for in the Rules of Professional Conduct, Section 2.6(c), may be granted by the Board of Directors, in its discretion, only in those special circumstances when it determines that Membership is essential in order to establish liaison between the Association and an individual who has direct responsibility for the activities of one or more AIR members, to an individual who:

(1) Is a real estate licensee; and

(2) Is an owner, corporate officer or manager of a firm which is actively engaged in the brokerage of industrial and/or non-residential real estate, and

(3) Has direct responsibility for the activities of one or more AIR Active Industrial Members or one or more AIR Active Commercial members not including himself/herself; and

(4) Has successfully completed an Orientation conducted by the Association; and

(5) Has no pending ethics complaints against him/her before any real estate organization or governmental agency, or any adjudicated ethics complaints which have resulted in any form of censure within the most recent three year period; and

(6) Subscribes to the Bylaws, Rules of Professional Conduct, regulations and operating policies of the Association, including the requirement to submit to binding arbitration as provided for in Article XII and the Association's arbitration manual; and

(7) Has filed an application on official forms as required by the Association, giving accurate detailed information as requested therein in full.

(8) Has submitted to the Membership Committee, along with the individual's application materials, letters of recommendation as required on the application for membership. In addition, the Board of Directors may require up to one (1) additional letter of recommendation; and

(9) Has signed an irrevocable waiver of claim against the Association, its Board of Directors, any member accredited firm, or any agent of the Association in connection with the business of the Association, and particularly as to its, or their, acts in admitting, or failing to admit, or disciplining him/her as a Member; and

(10) Has paid an application fee as established from time to time by the Board of Directors.

(11) An individual who is granted Supervisory Management Membership shall hold this status only so long as he/she remains in a management capacity at the firm in which he/she was originally approved and fulfills the requirements under this Article.

Section 2.03. Emeritus Membership.

A. Emeritus Membership, which shall have no voting rights, may be granted, in the sole and absolute discretion of the Board of Directors, to an individual who:

(1) Has been an Active Member of the Association for at least twenty (20) years; and

(2) Has retired or semi-retired, as determined by the Board of Directors, from the business of industrial or office real estate brokerage; and

(3) Subscribes to the Bylaws, Rules of Professional Conduct, regulations and operating policies of the Association, including the requirement to submit to binding arbitration as provided for in Article XI and the Association's arbitration manual; and

(4) Has requested Emeritus Membership in writing and has signed an irrevocable waiver of claim against the Association, its Board of Directors, any member accredited firm, or any agent of the Association in connection with the business of the Association, and particularly as to its, or their, acts in admitting or failing to admit, or disciplining him/her as an Emeritus Member; and

(5) Has resigned Active Membership in the Association in writing; and

(6) The Board of Directors may, in its discretion, waive the requirement in this Section 2.03(A) (1), by an affirmative vote of not less than two-thirds (2/3) of those present, but in no event less than eight (8) votes.

Section 2.04. Associate Membership.

A. An Associate Member is defined as any individual licensed to sell real estate in the State of California who is an employee of or an independent contractor with an AIR Accredited Firm, whether or not that individual is an Active Member of the AIR.

Section 2.05. Affiliate Membership.

A. Affiliate Membership may be granted by the Board of Directors to an individual who:

(1) Is a licensed (Certified General License) real estate appraiser; and

(2) Is actively engaged in commercial real estate appraisal; and

(3) Has no pending ethics complaints against him/her before any real estate organization or governmental agency, or any adjudicated ethics complaints that have resulted in any form of censure within the most recent three-year period.

B. In addition to these qualifications, an individual desiring Affiliate Membership must accomplish the following:

(1) File an application on official forms as required by the Association;

(2) Submit to the Membership Committee, along with the application, letters of recommendation as required on the application for membership.

(3) Sign an irrevocable waiver of claim against the Association, its Board of Directors, any member, accredited firm, or any agent of the Association in connection with the business of the Association, and particularly as to its, or their, acts in admitting, or failing to admit, or disciplining him/her as an Affiliate Member; and

(4) Pay an application fee as established from time to time by the Board of Directors; and

(5) Agree to be bound by the Bylaws, regulations and operating policies of the Association; and

(6) Complete an orientation conducted by the Association within six (6) months prior to submitting the application.

C. Identification of Affiliate Membership shall be by use of the designation "AIR.", which is an abbreviation of the words "AIR Commercial Real Estate Association." Such use shall always be signified in a manner satisfactory to the Board of Directors and subject to compliance with the Rules of Professional Conduct of the Association. The designation "AIR." shall not be used in any way that might be interpreted as referring to any other organization, or a person other than the individual rightly entitled to use of the designation.

D. Affiliate Membership certificates shall state on the certificate that:

(1) The Association is a non-profit mutual benefit corporation that may not make distributions to its members except upon dissolution.

(2) Affiliate Membership is nontransferable, and a copy of the restrictions is on file with the Secretary of the Association and is open for inspection by an Affiliate Member on the same basis as the records of the Association.

Section 2.06. Affiliate Business Organizations.

A. Participation of Affiliate Business Organizations shall be open to organizations directly interested in the goals of the Association, as determined from time to time by the Board of Directors as follows:

(1) Application for admission as an Affiliate Business Organization shall be referred to the Membership Committee, which shall make such inquiry into the applicant's qualifications and acceptability, as it deems appropriate, and then report its recommendation(s) to the Board of Directors.

(2) An Affiliate Business Organization shall be admitted to the Association by an affirmative vote of at least 10 members of the Board of Directors. In addition, all Affiliate Business Organizations shall be re-accredited on an annual basis at a time and in a manner designated by the Board of Directors. Admission and re-accreditation of an Affiliate Business Organization shall be in the sole discretion of the Board of Directors.

(3) The payment of dues will entitle the Affiliate Business Organization to name one individual to represent it in the Association. One additional individual from the same organization may be named to represent it upon submission and approval of an application and the payment of additional dues.

(4) An Affiliate Business Organization shall designate its representative(s) to participate in the activities of the Association, and upon favorable recommendation by the Membership Committee, subject to approval by the Board of Directors.

B. One Affiliate Business Organization representative shall serve on the Board of Directors in a non-voting capacity.

Section 2.07. Financial Obligation.

A. Active Members, Supervisory Management Members, Emeritus Members, Affiliate Members and Affiliate Business Organizations shall pay annual dues in an amount as established from time to time by the Board of Directors, payable as designated by the Board of Directors.

B. An Active Member, Supervisory Management Member, Emeritus Member, Affiliate Member or Affiliate Business Organization who fails to pay dues to the Association within sixty (60) days after the dues become payable shall be suspended. All rights and benefits of membership, services and/or association shall terminate until the delinquency is cured. Membership and/or association shall be revoked after ninety (90) days delinquency, subject to the notice requirements of Section 2.08(E).

C. Pay within the time specified any assessments which have been approved by an affirmative vote of at least two-thirds (2/3) of those present, but in no event less than eight (8) members of the Board of Directors.

Section 2.08. Termination.

A. Active Membership, Supervisory Management Membership, Emeritus Membership and Affiliate Membership may be terminated as provided in these Bylaws, upon the following events:

(1) Failure to continually conform to Section 2.01(A) or Section 2.05 (A), as applicable.

(2) Failure to pay dues or assessments in accordance with Section 2.07.

(3) Restriction, suspension or revocation of the individual's real estate license or appraiser license (Certified General License), as applicable.

(4) Violation of the Bylaws.

(5) Violation of the Rules of Professional Conduct, regulations, operating policies, refusal to arbitrate, or nonpayment of award of arbitration.

(6) The individual's death.

B. Individuals with seven or more years of Active Membership may, as a result of their tenure with the Association, and at their option, retain Active Membership in the Association notwithstanding that they no longer conform to the requirement of Section 2.01(A) (2).

C. Supervisory Management Membership may be terminated upon the occurrence of any of the following events:

form to Section 2.02;

(1) Failure to continually conform to Section 2.02;

(2) Any of those cited in Section 2.08(A).

(3) No longer holds a management capacity at the firm in which he/she was originally approved

D. Participation by Affiliate Business Organizations and/or their representatives may be terminated at the discretion of the Board of Directors.

E. The following procedure for termination of any Active Member, Supervisory Management Member or Emeritus Member shall be implemented:

(1) A notice shall be sent by prepaid, first-class or registered mail to the individual's most recent address as shown on the Association's records, setting forth the proposed termination and the reasons therefore. Such notice shall be sent at least fifteen (15) days before the proposed effective date of the termination.

(2) The individual proposed to be terminated shall be given an opportunity to be heard, either orally or in writing, at a hearing to be held not fewer than five (5) days before the effective date of the proposed termination. The hearing will be held at a regularly scheduled or specially called meeting of the Board of Directors. The notice to the individual shall state the date, time and place of the hearing.

(3) Following the hearing, the Board of Directors, by an affirmative vote of at least nine (9), may terminate the membership. The decision of the Board of Directors shall be final.

F. Reinstatement to membership of an individual whose membership in the Association has been terminated shall be by an affirmative vote of at least ten (10) members of the Board of Directors and the payment of all delinquent financial obligations.

Section 2.09. Accredited Firms.

A. Inasmuch as (i) a thorough understanding of the complexities of Agency law and practice is fundamental to the competent and ethical practice of real estate brokerage; and (ii) an agent's independence is also fundamental to the competent and ethical practice of real estate brokerage, since the agent is an entity or person acting on behalf of another, Accredited Firm status in the AIR Commercial Real Estate Association is reserved for entities or individuals

which qualify by virtue of their knowledge of the complexities of Agency law and practice and their independence as agents.

B. Designation as an Accredited Firm may be granted by the Board of Directors to a firm which:

(1) Is actively engaged in the brokerage of industrial and/or non-residential real estate with owners/principals who have no direct or indirect financial interest in the Accredited Firm (defined herein as "Third Party Brokerage"), and

(2) Provides evidence that it is licensed as a real estate broker and staffs and maintains a real estate brokerage operation.

(3) Has a Designated Representative with direct management responsibility for one or more Members or Associate Members and will supervise and insure strict compliance of said Members or Associates with these Bylaws, the Rules of Professional Conduct, regulations and operating policies of the Association, including the requirement to submit to binding arbitration as provided for in Article XI and the Association's arbitration manual, and who meets the following requirements:

(a) Is an Active Member or Supervisory Management Member of the Association; and

(b) has the authority to bind the Accredited Firm with respect to the Bylaws, Rules of Professional Conduct, regulations and operating policies of the association; and

(c) Has successfully completed an Orientation conducted by the Association; and

(d) Has no pending ethics complaints against him/her before any real estate organization or governmental agency, or any adjudicated ethics complaints that have resulted in any form of censure within the most recent three-year period.

(4) Subscribes, on behalf of the Accredited Firm and each licensed individual who is employed, either as an employee or an independent contractor, and including the Designated Representative, by the Accredited Firm in the brokerage of industrial or office real estate ("Associate") to the Bylaws, Rules of Professional Conduct, regulations and operating policies of the Association, including the requirement to submit to binding arbitration as provided for in Article XI and the arbitration manual of the Association.

(5) Has filed an application for accreditation on official forms as required by the Association,

(6) Has executed an irrevocable waiver of claim against the Association, its Board of Directors, any member, accredited firm or any agent of the Association in connection with the business or operation of the Association, specifically recognizing that the Association is an information dissemination tool and that the Accredited Firm, and every Associate thereof, is solely responsible with respect to the accuracy of any information provided to the Association.

(7) Has paid an application fee as established from time to time by the Board of Directors.

(8) Has filed concurrently with its application a map delineating the area it normally serves.

(9) Any firm may be subject to periodic review and audit to determine that the firm is continuously meeting all the established Accredited Firm requirements, including but not limited to:

(a) Being actively engaged in the brokerage of industrial and/or non-residential real estate as defined herein;

(b) Having a Designated Representative as provided for herein;

(c) Meeting all financial obligations as provided for herein;

(d) Continuing conduct of all Associates in a professional and ethical manner, in accordance with the Rules of Professional Conduct, regulations, and operating policies of the Association.

(10) The Board of Directors may deny the application of any firm applying for Accredited Firm status whose formation is the result of the reorganization or restructuring of the personnel and/or assets of a firm formerly holding Accredited Firm status in the event any moneys and/or assessment due the Association or its subsidiary, The MULTIPLE, remain unpaid.

C. Financial Obligation of Accredited Firms:

(1) Accredited Firms shall pay fees and costs in amounts as established from time to time by the Board of Directors, payable as designated by the Board of Directors.

(2) Each Accredited Firm shall be responsible for the payment of fines, if any, levied against the Accredited Firm or any Associate, in connection with violation(s) of the Regulations and for the payment of awards, if any, granted as the result of arbitration judgments.

(3) There shall be no special assessments without a vote of at least two-thirds (2/3) of those present, but in no event less than eight (8) members of the Board of Directors.

(4) An Accredited Firm which fails to pay its fees, costs, fines or any special assessments within sixty (60) days after the amount(s) becomes payable shall automatically be suspended. All rights and benefits of accreditation shall terminate until the delinquency is cured. Accreditation shall be revoked after ninety (90) days delinquency (subject to the notice requirements of Section 2.09(E)). This section is not intended to limit the Association's right to suspend or terminate an Accredited Firm in connection with other matters, or in connection with a nonautomatic suspension.

D. The accreditation of any Accredited Firm in the Association may be terminated upon the occurrence of any of the following events:

(1) Failure to continually conform to Section 2.09(B)

(2) The termination, death or revocation or suspension of the real estate license of the Designated Representative for a period longer than ninety (90) days.

(3) Failure of the Accredited Firm to pay fees, costs, fines and/or special assessments.

(4) Restriction, suspension, or revocation of the Accredited Firm's real estate license.

(5) The Accredited Firm's dissolution.

(6) Violation of the Bylaws, Rules of Professional Conduct, regulations, operating policies, refusal to arbitrate, or nonpayment of award of arbitration.

E. The occurrence of any of the events described in Section 2.09(D), may subject an Accredited Firm to termination, in which case the following procedure for termination shall be implemented:

(1) A notice shall be sent by prepaid, first class or registered mail to the most recent ad-

dress of the Accredited Firm as shown on the Association's records, setting forth the termination and the reasons therefore. Such notice shall be sent at least fifteen (15) days before the proposed effective date of the termination.

(2) A representative of the Accredited Firm being terminated shall be given an opportunity to be heard, either orally or in writing, at a hearing to be held not fewer than five (5) days before the effective date of the proposed termination. The hearing will be held at a regularly scheduled or specially called meeting of the Board of Directors.

(3) The notice to the Accredited Firm shall state the date, time and place of the hearing.

(4) Following the hearing, the Board of Directors, by an affirmative vote of at least ten (10), may terminate the Accredited Firm. The decision by the Board of Directors shall be final.

F. Reinstatement to participation in the Association of an Accredited Firm whose participation has been terminated shall be by an affirmative vote of at least ten (10) members of the Board of Directors and payment of any outstanding financial obligations.

G. Each Accredited Firm shall be subject to reaccreditation on an annual basis, at a time and in a manner as established by the Board of Directors, subject to the provisions of these Bylaws as follows:

(1) The reaccreditation shall require that each Accredited Firm meet all of the established requirements as if they were applying for participation.

(2) In the event an Accredited Firm does not meet the requirements, the Accredited Firm shall have ninety (90) days to satisfy the requirements. If, after ninety (90) days, the Accredited Firm has not satisfied the requirements, participation shall be terminated, subject to Section 2.09(E).

(3) In the event an Accredited Firm fails to submit information as required for reaccreditation within thirty (30) days after it becomes due, the Accredited Firm shall be suspended automatically for a period of sixty (60) days. If, after the sixty (60) day suspension period, the Accredited Firm has not submitted the required information, the Accredited Firm shall be terminated, subject to Section 2.09(E). The Accredited Firm may not have more than a total of ninety (90) days to submit the required information and to satisfy the requirements for reaccreditation.

Section 2.10. Affiliate Firms.

A. Affiliate Firm status in the AIR Commercial Real Estate Association is reserved for entities or individuals:

(1) Actively engaged in the appraisal of commercial real estate.

B. Designation as an Affiliate Firm may be granted by the Board of Directors to a firm which:

(1) Is actively engaged in the appraisal of commercial real estate; and

(2) Has a licensed (Certified General License) Designated Representative with direct management responsibility for one or more Affiliate Members and will supervise and insure strict compliance of said Affiliate Members with these Bylaws, regulations and operating policies of the Association, and who meet the following requirements:

(a) Is an Affiliate Member of the Association; and

(b) Has the authority to bind the Affiliate Firm with respect to the Bylaws, regulations and operating policies of the association; and

(c) Has successfully completed an Orientation conducted by the Association; and

(d) Has no pending ethics complaints against him/her before any real estate appraisal organization or governmental agency, or any adjudicated ethics complaints that have resulted in any form of censure within the most recent three year period.

(3) Subscribes, on behalf of the Affiliate Firm and each licensed (Certified General License) individual who is employed, either as an employee or an independent contractor, and including the Designated Representative, by the Affiliate Firm in the appraisal of commercial real estate ("Affiliate Member"), to the Bylaws, regulations and operating policies of the Association

(4) Has filed an application for Affiliate Firm status on official forms as required by the Association,

(5) Has executed an irrevocable waiver of claim against the Association, its Board of Directors, any member, accredited firm or any agent of the Association in connection with the business or operation of the

Association, specifically recognizing that the Association is an information dissemination tool and that the Affiliate Firm, and every Affiliate Member thereof, is solely responsible with respect to the accuracy of any information provided to the Association.

(6) Has paid an application fee as established from time to time by the Board of Directors.

(7) Any Affiliate Firm may be subject to periodic review and audit to determine that the firm is continuously meeting all the established Affiliate Firm requirements, including but not limited to:

(a) Being actively engaged in the appraisal of commercial real estate as defined herein;

(b) Having a Designated Representative as provided for herein;

(c) Meeting all financial obligations as provided for herein;

(d) Continuing conduct of all Affiliate Members in a professional and ethical manner, in accordance with the regulations and operating policies of the Association.

(8) The Board of Directors may deny the application of any firm applying for Affiliate Firm status whose formation is the result of the reorganization or restructuring of the personnel and/or assets of a firm formerly holding Affiliate Firm status in the event any moneys and/or assessment due the Association or its subsidiary, The MULTIPLE, remain unpaid.

C. Financial Obligation of Affiliate Firms:

(1) Affiliate Firms shall pay fees and costs in amounts as established from time to time by the Board of Directors, payable as designated by the Board of Directors.

(2) Each Affiliate Firm shall be responsible for the payment of fines, if any, levied against the Affiliate Firm or any Affiliate Member, in connection with violation(s) of the Regulations.

(3) There shall be no special assessments without a vote of at least two-thirds (2/3) of those present, but in no event less than eight (8) members of the Board of Directors.

(4) An Affiliate Firm which fails to pay its fees, costs, fines or any special assessments within sixty (60) days after the amount(s) becomes payable shall automatically be suspended. All rights and benefits of affiliation shall terminate until the delinquency is cured. Affiliation shall be revoked after ninety (90) days delinquency (subject to the notice requirements of Section 2.10(E)). This section is not intended to limit the Association's right to suspend or terminate an Affiliate Firm in connection with other matters, or in connection with a non-automatic suspension.

D. The accreditation of any Affiliate Firm in the Association may be terminated upon the occurrence of any of the following events:

(1) Failure to continually conform to Section 2.10(B).

(2) The termination, death or revocation or suspension of the appraiser license (Certified General License) of the Designated Representative for a period longer than ninety (90) days.

(3) Failure of the Affiliate Firm to pay fees, costs, fines and/or special assessments.

(4) Restriction, suspension, or revocation of the Affiliate Firm's appraisal license (Certified General License).

(5) The Affiliate Firm's dissolution.

(6) Violation of the Bylaws, regulations or operating policies.

E. The occurrence of any of the events described in Section 2.10(D), may subject an Affiliate Firm to termination, in which case the following procedure for termination shall be implemented:

(1) A notice shall be sent by prepaid, first-class or registered mail to the most recent address of the Affiliate Firm as shown on the Association's records, setting forth the termination and the reasons therefore. Such notice shall be sent at least fifteen (15) days before the proposed effective date of the termination.

(2) A representative of the Affiliate Firm being terminated shall be given an opportunity to be heard, either orally or in writing, at a hearing to be held not fewer than five (5) days before the effective date of the proposed termination. The hearing will be held at a regularly scheduled or specially called meeting of the Board of Directors.

(3) The notice to the Affiliate Firm shall state the date, time and place of the hearing.

(4) Following the hearing, the Board of Directors, by an affirmative vote of at least ten (10), may terminate the Affiliate Firm. The decision by the Board of Directors shall be final.

ARTICLE III MEETINGS AND QUORUMS

Section 3.01. Meetings may be attended by Active, Supervisory Management and Emeritus Members. Affiliate Business Organization representatives and guests may attend by invitation, or as may be determined from time to time by the Board of Directors.

Section 3.02. Membership meetings of this Association shall be on the fourth Wednesday of the month, or at such other time as set by the Board of Directors.

Section 3.03. Meetings of the membership shall be held at any place within or outside the State of California designated by the Board of Directors. In the absence of any such designation, membership meetings shall be held at the principal executive office of the corporation.

Section 3.04. The Board of Directors, at its discretion, may have an Annual Election Meeting of the Association and that meeting shall be held at the November membership meeting, or at a special election meeting, to be held not later than December 15 of each year.

Section 3.05. A special meeting of the Members may be called at any time by any of the following: The Board of Directors, the President, or by 10% or more of the Members.

Section 3.06. All notices of regular meetings of the Members or special meetings called by the Board of Directors or the President shall be given not less than ten (10) nor more than ninety (90) days before the date of the meeting. The notice shall specify the place, date and hour of the meeting and, when applicable, those matters which the Board of Directors intends to present for action by the Members.

Section 3.07. If a special meeting is called by the Members, the request shall be transmitted, in writing, specifying the general nature of the business proposed to be transacted, and this request shall be delivered personally or sent by registered mail or by telegraphic or facsimile transmission to the President, any Vice President, or the Secretary of the Association. The Officer(s) receiving the request shall cause notice to be given promptly to the Members in accordance with the provisions of these Bylaws that a meeting will be held, the date of

F. Reinstatement to participation in the Association of an Affiliate Firm whose participation has been terminated shall be by an affirmative vote of at least ten (10) members of the Board of Directors and payment of any outstanding financial obligations.

which shall not be less than twenty-one (21) nor more than forty-five (45) days following the receipt of the request. If the notice is not given within five (5) business days after receipt of the request, the Members requesting the meeting may give the notice.

Section 3.08. If the proposed action to be taken at any membership meeting is for action on any of the following, the notice shall also state the general nature of the proposal; Member action on such items shall be invalid unless the notice, or written waiver of notice, states the general nature of the proposal(s):

A. Removing a member of the Board of Directors without cause; or

B. Amending the Articles of Incorporation; or

C. Approving a contract or transaction in which a member of the Board of Directors has a financial interest; or

D. Approving a plan or distribution of assets, other than cash, in liquidation of the Association.

Section 3.09. Notice of any meeting of Members shall be given either personally or by first-class mail, telegraphic, or other written or facsimile communication, charges prepaid, addressed to each Member either at the address of that Member appearing on the books of the Association, or the address given by the Member to the Association for the purpose of notice. If no address appears on the Association's books and no other has been given, notice shall be deemed to have been given if either (i) notice is sent to that Member by first-class mail or telegraphic or other written or facsimile communication, to the Association's principal executive office, or (ii) notice is published at least once in a newspaper of general circulation in the county where that office is located. Notice shall be deemed to have been given at the time when delivered personally, or deposited in the mail or sent by telegram or other means of written or facsimile communication.

Section 3.10. A quorum at any regular or special meeting of the Membership shall consist of at least ten percent (10%) of the total Active Members in good standing, personally present or represented by submission of a ballot via mail or fax, or by proxy.

Section 3.11. Unless otherwise provided for in these By-laws, at all meetings of the Board of Directors ten (10) members of the Board personally present shall constitute a quorum.

Section 3.12. Unless otherwise provided for in these By-laws, at all meetings of the Board of Directors a majority affirmative vote, but in no case less than six (6) affirmative votes, shall be required to take action.

Section 3.13. At any regular, special or Annual Election Meeting, Active Members and Supervisory Management Members in good standing may vote in person or by written proxy or by submission of ballots via mail or fax. A Member may act as the proxy-holder for only one (1) other Member. Any proxy vote must be cast in person by the proxy-holder. The written proxy must direct the proxy-holder to either:

A. Cast a specific vote or votes; or

B. Cast the vote(s) in the manner deemed appropriate by the proxy-holder.

Section 3.14. No proxy votes shall be allowed at meetings of the Board of Directors.

Section 3.15. No member of the Board of Directors shall vote on a matter in which he/she has a material or other special interest, nor may his/her presence be counted for purposes of establishing a quorum for voting on such a matter.

Section 3.16. All regular meetings of the Board of Directors shall be open to Active Members of the Association in accordance with policies as adopted from time to time by the Board of Directors. Persons other than Active Members may attend regular meetings of the Board of Directors if specifically invited by the majority vote of the Board of Directors.

Section 3.17. All meetings of the Association, the Board of Directors and committees shall be conducted in accordance with Robert's Rules of Order.

ARTICLE IV

BOARD OF DIRECTORS

Section 4.01. A Board of Directors shall control and manage the affairs of the Association and shall consist of the following:

A. Five (5) elected officers: President, President-Elect, two (2) Vice Presidents and Secretary/Treasurer of the Association;

B. The three (3) most immediate Past Presidents of the Association, other than the then-serving Chair of the Senior Advisory Committee, if applicable, who continue to hold Active Membership, and who are willing to serve on the Board of Directors, and who shall serve without election;

C. The then serving Chair of the Senior Advisory Committee whom shall serve without election;

D. One (1) non-voting representative of the Affiliate Business Organizations;

E. Not less than six (6) nor more than eleven (11) elected Directors.

F. No more than (2) two Non-AIR directors (non-voting) from a related field, to act as advisors, at the discretion of the Board of Directors.

Section 4.02. Meetings of the Board of Directors shall be called by the President monthly, or more or less frequently, as determined by the President, but not less than six (6) times during the year. Special meetings shall be called by the President upon petition by at least five (5) members of the Board of Directors. The meetings shall be held following ten (10) days' prior written notice to all Board members, not more than fourteen (14) days after the date of the petition.

Section 4.03. Members of the Board of Directors are expected to attend each meeting of the Board. In the event any Board member fails to personally attend two (2) consecutive regularly scheduled meetings per year, or three (3) non-consecutive meetings, unless excused by the President, the President shall request the resignation of the member from the Board and proceed immediately to fill the unexpired term created by the resignation of the member in accordance with Section 4.05.

Section 4.04. Any member of the Board of Directors may be removed from office by an affirmative vote of at least 78%

of the members of the Board of Directors, provided, however, that the member shall have been given at least fourteen (14) days' prior written notice that his/her removal is on the agenda.

Section 4.05. Any vacancy occurring on the Board of Directors of the Association shall be filled by appointment by the President as soon as practical and such appointment shall be submitted to the Board of Directors at its next regular meeting for confirmation.

Section 4.06. The Association shall hold harmless and indemnify Officers, Directors, employees and other agents acting in good faith on behalf of the Association.

ARTICLE V OFFICERS

Section 5.01. The President shall:

A. Be the Association's chief executive officer, preside at meetings of the Membership and Board of Directors, and direct the affairs of the Association in accordance with its Articles of Incorporation, these Bylaws, Rules of Professional Conduct, regulations, and operating policies established by the Board of Directors.

B. Represent the Association in its liaison and public relations with other professional real estate organizations, real estate professionals, and the general public.

Section 5.02. The President-Elect shall be elected to a two year term, the first as President-Elect and the second as President:

A. Act as the representative of the President in such matters and perform such functions as may be assigned to him/her by the President and/or the Board of Directors, and

B. In the event of the President's absence or the incapacity to act, perform the duties of the President until his/her capacity shall be restored, or until a new President shall have been elected.

C. Must have served on the Board of Directors for at least three (3) years, including at least one (1) year as an Officer, and

D. Must have served as the Chair of at least two (2) major standing committees as determined by the Nominating Committee.

Section 4.07. The Association shall use its best efforts to provide reasonable liability insurance coverage for its Officers, Directors, employees and other agents acting on its behalf.

Section 4.08. All members of the Board of Directors shall serve without compensation.

Section 4.09. All members of the Board of Directors shall serve a term of one (1) year unless terminated sooner pursuant to Sections 4.03 and 4.04.

E. The Board by 2/3 vote may remove the President-Elect from the presidency.

Section 5.03. The Vice Presidents shall act as representatives of the President in such matters and perform such functions as may be assigned to each of them by the President and/or the Board of Directors.

Section 5.04. The Secretary/Treasurer shall:

A. Be the chief financial officer of the Association and shall be responsible for the duties generally prescribed to the office of Corporate Secretary/Treasurer;

B. Direct the preparation of the annual budget for the Association;

C. Be responsible for the deposit of all funds of the Association, including any special funds, in depositories approved by the Board of Directors in the name of the Association;

D. Be accountable for the proper recordation of receivables, collections and expenditures of the Association, which records shall be open during regular business hours to inspection of Officers and Directors of the Association;

E. Render a monthly accounting to the Association;

F. Pay all obligations of the Association as authorized and approved by the Board of Directors.

Section 5.05. Any officer may be removed from office by an affirmative vote of at least 78% of the members of the

Board of Directors, provided, however, that the Officer shall have been given at least fourteen days' prior written notice that his/her removal is on the agenda.

Section 5.06. All officers shall serve without compensation.

ARTICLE VI EMPLOYED ADMINISTRATIVE STAFF OF THE ASSOCIATION

Section 6.01. Managing Director.

A. The Managing Director of the AIR Commercial Real Estate Association and its subsidiary, the MULTIPLE of the AIR Commercial Real Estate Association, is the chief administrative officer of the Association, and may be a voting member of the Board of Directors. The Managing Director is employed by, and is ultimately accountable to, the Board of Directors, who may delegate this responsibility to the Executive Committee of the Association. The Managing Director may be terminated upon the recommendation of the Executive Committee and by majority vote of the Board of Directors.

B. The salaries of the Managing Director and staff, and the size of the staff shall be determined by the Board of Directors.

C. The Managing Director shall select and supervise his/her staff, and shall perform such other duties as may be delegated by the President, the Board of Directors and/or the Executive Committees in accordance with the By-laws, Regulations, and operating policies of the Association.

ARTICLE VII QUALIFICATIONS FOR MEMBERS OF BOARD OF DIRECTORS

Basic qualifications to be nominated for and elected to membership on the Board of Directors shall be as follows:

Section 7.01. Qualifications for Director.

A. Must be an Active Member or a paid employee of the Association; and

B. In the case of re-election, must have complied with the requirements set forth in Article IV, Section 4.03; and

C. Not more than two (2) Members from any one (1) firm, including branches thereof, excluding past Presidents of the Association and the Senior Advisory Chair, shall be nominated to serve on the Board of Directors at the same time; and

D. Unless serving as an Officer, after serving five (5) consecutive terms, no elected Director, shall be eligible to serve again as a Director until one (1) year has elapsed.

E. No Officer shall serve more than one term in any office, unless special circumstances are determined to exist by the Nominating Committee, and it recommends nomination of an individual to serve a second consecutive term. The Board of Directors must approve such

a recommendation by an affirmative vote of at least 78% of the members of the Board.

F. The non-voting advisory or affiliate members of the Board shall be appointed by the Board from a group of individuals who have shown themselves to be highly regarded in their particular area of expertise.

Section 7.02. Qualifications for Officers other than President and President-Elect.

A. Must meet all the qualifications outlined in Section 7.01; and

B. Must have served at least one (1) year as a Director.

Section 7.03. Qualifications for President.

A. Must have served on the Board of Directors for at least four (4) years including one (1) year as the President-Elect, unless no individual member meets this qualification, excluding past presidents; and

B. Must have served as the Chair of at least two (2) committees as determined by the Nominating Committee; and

C. Must not be the President then in office unless special circumstances are determined to exist by the Nominating Committee who fails to recommend nomina-

tion of another qualified individual. The Board of Directors must approve such a recommendation by an affirmative vote of at least 78% members of the Board.

ARTICLE VIII COMMITTEES

Section 8.01. The Chairs for the following standing committees shall be appointed by the President, or as otherwise provided in this Section, subject to the approval by the Board of Directors, for a term of one (1) year:

A. The Budget and Finance Committee shall have the Secretary/Treasurer of the Association as its Chair, and shall have as its members the President of the Association and such other persons as the President or the Treasurer deem appropriate. This Committee shall prepare the annual budget for the Association to be submitted to the Board of Directors at the January meeting of the Board. It shall also be the duty of the Committee to supervise the financial operation of the Association and recommend financial policies.

B. The Computer Committee shall consist of the Chair, and as many other members as the Chair deems appropriate. The purpose of the Committee shall be to constantly review technological changes in the computer industry with respect to software and hardware available for the Association and its members, and to make appropriate recommendations to the Board of Directors.

C. The Education Committee shall consist of the Chair, and as many other members as the Chair deems appropriate. The responsibilities of the Committee shall be to draft, review, revise and administer the examination given to persons seeking Membership in this organization; to plan and conduct the orientation programs, dinner meetings and seminars; and to provide materials and input relative to courses and training of the Members of the Association.

D. The Executive Committee shall consist of the President of the Association, the most immediate Past President willing to serve, all of the Vice Presidents, the Secretary/Treasurer, together with one (1) or more of the other Past Presidents as deemed appropriate by the President. The President shall act as the Chair. The Committee shall consider major policy and financial matters of the Association and provide direction to the Board of Directors through recommendations and/or reports. The Committee shall meet at least quarterly and at such other times as deemed appropriate by the President and/or three (3) members of the Committee. One (1) of the meetings must be held prior to the annual January meeting of the Board of Directors, at which meeting the Committee shall review the annual budget to be submitted

with the Committee's recommendation at the subsequent January meeting of the Board of Directors.

E. The Forms Committee shall consist of the Chair, and as many other members as the Chair deems appropriate. The purpose of this Committee shall be to prepare, revise and recommend standard forms useful to the Association and its members.

F. The Governmental Affairs Committee shall consist of the Chair, and as many other members as the Chair deems appropriate. The purpose of the Committee shall be to investigate matters of concern to the Association regarding governmental issues, such as current or proposed legislation, tax laws and changes, licensing, planning, zoning, ecology and other issues related to the field of industrial and office real estate. An affirmative vote of at least ten (10) members of the Board of Directors shall be necessary for the Committee to proceed in performing any action for and on behalf of the Association.

G. The Long Range Planning Committee shall consist of the Chair, the Chair of the Senior Advisory Committee, and as many other members as the chair deems appropriate. The purpose of this committee shall be to study, analyze and review existing policies, procedures and directives, and to recommend future actions to be taken by the Association. The committee shall meet not less than twice annually and shall report directly to the Board of Directors.

H. The Membership Committee shall consist of the Chair, and as many other members as the Chair deems appropriate. The Committee shall receive and act on all applications for Membership, all applications for acceptance of Affiliate Business Organizations, and all applications for Accredited Firm status, in accordance with the Bylaws and policies of the Association, and recommend action to the Board of Directors.

I. The Nominating Committee shall prepare and submit for ratification to the Board of Directors a slate of nominees for elective Officers and Directors. The Committee shall be confirmed by the Board of Directors at its regularly scheduled August meeting, and shall consist of not less than five (5) nor more than seven (7) Active Members of the Association, including:

(1) The Chair, who shall be the most immediate Past President of the Association willing to serve;

(2) The current President and President-Elect of the Association;

(3) At least two (2) other past Presidents of the Association appointed by the Chair;

(4) Any other individual deemed appropriate and appointed by the Chair;

(5) The nominee for President and President-Elect may subsequently be an invited voting member at meetings of the Committee concerning the selection of nominees other than for President and President-Elect of the Association.

J. The Professional Conduct and Arbitration Committee shall consist of the Chair, a past Committee Chair and one other member who shall be appointed by the President-Elect for a two-year term subject to confirmation by the Board of Directors. The other member so appointed shall become the Chair for the second year of the two-year term. In the event a past Chair is unable to serve, the Chair shall appoint a past President or a member of the Senior Advisory Committee, willing to serve. The Committee shall be responsible for the enforcement of the Rules of Professional Conduct out-side the jurisdiction of the MULTIPLE Director and shall conduct Hearings and Arbitrations in accordance with the Professional Conduct and Arbitration Manuals of the Association. The Chair shall submit a written report to

the Board of Directors as to the activities of the Committee at least twice annually.

K. The Senior Advisory Committee shall consist of the Chair and not more than twenty-four other volunteer members willing to serve. Duration of service would be for not less than two years and participation will be granted to all Active Members of the Association who have served on the Board of Directors for at least one year, are willing to serve and have been approved by the Board of Directors. The purpose of the committee shall be to be "of counsel" to the Board of Directors, serve on arbitration panels, conduct long-range planning, participate in dinner meetings and seminar presentations, and conduct other activities as requested by the Board. The Committee shall meet as a group as deemed necessary by the Committee Chair, Board of Directors or President and shall report to the Board of Directors.

Section 8.02. Subcommittees may be appointed by Committee Chairs at any time with the approval of the President.

Section 8.03. Special committees may be appointed for specific purposes from time to time by the President, subject to confirmation by the Board of Directors. The term of a special committee shall end upon completion of its assignment(s).

Section 8.04. The reports of Committees may be required by the President to be in writing, in the form of recommendations for consideration and/or action by the Board of Directors. Such reports shall be submitted to the President and to the members of the Board of Directors at least two (2) business days prior to the regular meeting of the Board at which the Committee's report is to be considered.

ARTICLE IX NOMINATION AND ELECTION PROCEDURES

Section 9.01. After the confirmation of the members of the Nominating Committee by the Board pursuant to Section 8.01(I), the Active Members of the Association shall be advised of the names of the members of the Committee, the methods of nominating candidates, and the date of the first meeting of the Committee. Notification shall be sent to the Members at least ten (10) days before the first meeting of the Nominating Committee, which shall take place no sooner than ten (10) days after the August Board meeting, nor later than five (5) days prior to the September meeting of the Board of Directors in any given year.

Section 9.02. The elected Officers and Directors, and the Affiliate Business Organization Representative shall be nominated as follows:

A. Method One (Committee):

(1) The Nominating Committee shall prepare a slate of nominees for Officers, Directors and Affiliate Business Organization Representative.

(2) Any Member of the Association may submit to the Nominating Committee the name of any Active Member as a suggested candidate for any Office or Director's position on the Board of Directors to which the Member suggested is eligible. Names must be submitted to the Chair of the Nominating Committee at least two (2) working days before the first meeting of the Nominating Committee. The slate recommended by the Committee shall be submitted for approval or modification by the Board of Directors at its September meeting. The approved slate shall

be sent by mail to each Active Member and the Affiliate Business Organizations at least thirty (30) days prior to the election meeting.

B. Method Two (Petition):

(1) After the approved slate of nominees has been sent to the Members and the Affiliate Business Organizations, any Member of the Association in good standing as of September 1 of that year may nominate any other Member(s) who meet(s) the qualifications outlined

in Article VII, by submitting to the Nominating Committee a petition signed by not less than ten percent (10%) of the Members of the Association, but no less than twenty (20) Members, including the petitioner and the proposed candidate(s), at least fifteen (15) days prior to the election.

Section 9.03. If there are no nominees by petition, the Election may be, in the discretion of the Nominating Chair, by voice vote, hand count, or by secret ballot, at the election meeting.

ARTICLE X FISCAL AND ELECTIVE YEAR

Section 10.01. The fiscal and elective year of the Association shall be the calendar year from January 1 to December 31, inclusive.

Section 10.02. The Board of Directors shall take office January 1 following their election.

ARTICLE XI ARBITRATION

Section 11.01. Arbitration as used herein shall be deemed as within the meaning of Part 3, Title 9 of the California Civil Code of Procedure, or as the Code is amended from time to time.

provision of these Bylaws pertaining to arbitration, as they may be amended from time to time, with respect to any matter involving such Active or Emeritus Member. The obligation to arbitrate shall be determined by the membership of the Accredited Firm as of the date of the occurrence of the matter to be arbitrated.

Section 11.02. The Board of Directors shall adopt and maintain an arbitration manual with rules and regulations for the implementation of arbitration. These rules shall include, but not be limited to, the selection of arbitrators, the arbitration procedure, and the award, enforcement and costs of arbitration. The rules and regulations with respect to arbitration may be modified only by an affirmative vote of not less than two-thirds (2/3) of those present, but in no event less than seven (7) members of the Board of Directors.

Section 11.04. Every Accredited Firm on behalf of all of its licensees at that location, whether Members or not, shall agree to submit to binding arbitration with respect to any property offered through the MULTIPLE of the AIR Commercial Real Estate Association.

Section 11.03. Every Active, Supervisory Management and Emeritus Member and every Accredited Firm, on behalf of all its licensees, whether Members or not, shall agree to submit to binding arbitration with respect to the actions of any such Active, Supervisory Management or Emeritus Member or any other licensee associated with any such Accredited Firm. With respect to an Active or Emeritus Member who is not associated with an Accredited Firm, a condition of membership by any such person shall be the execution by such person's employing broker of an agreement to be bound by the

Section 11.05. The Association shall not hear grievances or arbitrate disputes between individuals of the same firm or branch thereof, or between a firm and its former sales associates as to matters originated during the period of employment.

Section 11.06. The Association shall not arbitrate any matter in which an Affiliate Business Organization is involved as a disputant.

Section 11.07. The decision of any arbitration panel shall be final.

ARTICLE XII REGULATIONS AND OPERATING POLICIES

Section 12.01. The Association shall operate in accordance with regulations, if any, as adopted, amended or revised by the Board of Directors. The Board of Directors may, by a vote of not less than two-thirds (2/3) of those present, but in no event less than eight (8) adopt, amend and/or revise any regulation(s) from time to time.

Section 12.02. The Association shall also operate in accordance with operating policies which may be adopted, amended or revised from time to time by majority vote of the Board of Directors.

Section 12.03. In the case of any conflict, these Bylaws shall take precedence over regulations or operating policies.

ARTICLE XIII AMENDMENTS

Section 13.01. The Articles of Incorporation and these Bylaws may be amended or revised by the Board of Directors provided:

A. A notification of the amendment(s) soliciting response, if any, is sent to the Members not less than ten (10) days nor more than twenty-one (21) days in advance of the scheduled meeting of the Board or Directors at which the matter of the amendment is to be heard; and

B. Two-thirds (2/3) but not less than thirteen (13) affirmative votes of the full Board of Directors shall vote in favor thereof at the next meeting of the Board of Directors with a quorum present.

Section 13.02. These Bylaws may be further amended in the following manner:

A. Amendments may be proposed by any Member in good standing. Such proposed amendments

must be in writing, and must be signed by at least ten percent (10%) of the Members in good standing.

B. Such proposed amendment(s) shall be submitted to the Board of Directors for consideration at its next regularly scheduled meeting.

Section 13.03. Upon adoption of any amendment or revision, the Association shall file a Certificate of Amendment with the office of the Secretary of State for the State of California. The Certificate shall consist of an Officer's Certification stating that:

A. The amendment was approved by the Board of Directors;

B. If the amendment is one for which the approval of a person or persons other than the Board of Directors is required, that the approval of such person or persons has been obtained.

ARTICLE XIV REQUIRED FILINGS BY CORPORATION

Section 14.01. The Association will annually file during the applicable filing period in each year, on a form prescribed by the Secretary of State, a statement containing:

A. The names and complete business or residence addresses of the President, and the Secretary/Treasurer;

B. The street address of the principal place of business in the state of California; and

C. The designation of an agent for the purpose of service of process, a natural person residing in the

State of California, or any domestic or foreign corporation which has filed a certificate with the Secretary of State stating the complete address of its office(s) in California.

Section 14.02. The applicable filing period for the certificate required in Section 14.01 of this Article XIV is May through October, inclusive.

Section 14.03. Whenever any information in the Certificate referred to in Section 14.01 of this Article XIV is changed, a current statement shall be filed.

ARTICLE XV BOOKS AND RECORDS

Section 15.01. The Association shall keep:

- A. Adequate and correct books and records of account.
- B. Minutes of the proceedings of the Members and Board of Directors.
- C. A record of the Members and Affiliate Business Organizations, and Accredited Firms giving their names and addresses.

Section 15.02. Minutes shall be kept in written form. Other books and records may be in written form or any other form capable of being converted into written form.

Section 15.03. The Association shall notify each Member yearly of the Member's right to receive a financial report. Upon written request of the Member, a member of the Board of Directors will cause the most recent annual report to be sent to the requesting Member. An annual report shall be prepared not later than one hundred twenty (120) days after the close of

the corporation's fiscal year. Such report shall contain the following:

- A. A balance sheet as of the end of the fiscal year, an income statement, and statement of changes in financial position for the fiscal year.
- B. A statement of the place at which a list of the names and addresses of all Members and Affiliate Business Organizations and Accredited Firms is located.
- C. The report shall be accompanied by a report thereon of independent accountants, or if there is no such report, a certificate from the Treasurer that such statements were prepared without audit from the books and records of the corporation.

Section 15.03. The Association shall furnish annually to the Board of Directors a statement of any transaction, contract, or event, in which the Association was a party and in which either an Officer of the Association or other member of the Board of Directors had a material financial interest.