

AIR COMMERCIAL REAL ESTATE ASSOCIATION



Rules of Professional Conduct

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Rules of Professional Conduct

INTRODUCTION

THE AIR COMMERCIAL REAL ESTATE ASSOCIATION/THE MULTIPLE

The AIR Commercial Real Estate Association (“AIR”) is a non-profit mutual benefit corporation, formed under the laws of the State of California for the purpose of providing superior information, industry standards, services, and education by mutual cooperation among its Members in the field of industrial and non-residential commercial real estate brokerage. As one means of furthering its purpose and objectives, the AIR has established a subsidiary, The MULTIPLE.

PURPOSE OF THE MULTIPLE.

The MULTIPLE is a for-profit corporation formed to foster and promote Broker cooperation and to provide Brokers an effective market for the sale and leasing of industrial and non-residential commercial property for the benefit of Owners/Sublessors and Buyers/Lessees. The Rules of Professional Conduct of The MULTIPLE are to be interpreted as having the dual goals of protecting the consuming public and affording the Owners/Sublessors and Buyers/Lessees of industrial and non-residential commercial property the maximum opportunity in their real estate transactions, together with maximizing competition within the brokerage community in a framework of fair play and professional standards.

PARTICIPATION IN THE MULTIPLE.

Only Accredited Firms which are in good standing with the AIR are eligible to participate in The MULTIPLE. Only those Accredited Firms approved by the Board of Directors may use the name “MULTIPLE”, which is a registered trademark.

Inasmuch as (a) a thorough understanding of the complexities of Agency law and practice is fundamental to the competent and ethical practice of real estate brokerage; and (b) 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 which qualify by virtue of their knowledge of the complexities of Agency law the practice of industrial and office real estate brokerage, and their independence as agents.

RULES AND REGULATIONS/BINDING EFFECT.

These Rules of Professional Conduct (“Rules”) govern the participation in The MULTIPLE by Associates. All Associates agree to abide by and adhere to the Rules. The Rules have been established by the Board of Directors of The MULTIPLE and are subject to interpretation, addition, amendment and revision by the Board of Directors of The MULTIPLE.

ARTICLE I DEFINITIONS

1.1 “Accredited Firm”

shall mean a firm actively engaged in the third party brokerage of industrial and/or non-residential commercial real estate which has met and maintains the qualifications under the Bylaws of the AIR.

1.2 “Active Member”

shall mean a licensed industrial and/or non-residential commercial real estate broker or salesperson who has granted Active Membership status in AIR under the Bylaws of AIR and who is in good standing with AIR.

1.3 “AIR”

shall mean the AIR Commercial Real Estate Association, a California non-profit mutual benefit corporation.

1.4 “Associate”

shall mean any individual licensed to sell real estate in the State of California who is an employee of or an independent contractor with an Accredited Firm, whether or not that individual is an Active Member or Supervisory Management Member of the AIR.

1.5 “Broker”

shall mean any individual licensed to sell real estate in the State of California, whether or not that individual is associated with an Accredited Firm.

1.6 “Bulletin”

shall mean the periodic publication of any changes, modifications or additions to the terms and/or status of the properties offered through The MULTIPLE and/or other matters such as special requirements for showing the properties or special commission arrangements.

1.7 “Buyer/Lessee”

shall mean the buyer, lessee or sublessee as the case may be.

1.8 “Buyer/Lessee-Agency Agreement”

shall mean an agreement that is defined in ARTICLE V of these Rules.

1.9 “Excluded Party”

shall mean any prospective Buyer/Lessee which by mutual agreement of the Offering Accredited firm and the Owner/Sublessor shall not entitle the Offering Accredited Firm to a commission upon the consummation of a Real Estate Transaction under the Owner Agency/Sublessor Agency Agreement.

1.10 “Lease Transaction”

shall mean an agreement concerning the lease or sublease of industrial or commercial real estate.

1.11 “Lockbox”

shall mean either the Lockbox which is distributed by The MULTIPLE to its members, OR a similar type of Lockbox which the majority of Accredited Firms in a given marketplace elect to use, providing all members of The MULTIPLE are readily provided the means of accessing the Lockbox.

1.12 “Supervisory Management Member”

shall mean a licensed real estate broker or salesperson who has met the qualifications and been granted Supervisory Management Membership status under the Bylaws of the AIR and who is in good standing with AIR.

1.13 “Mandatory Property”

shall mean a property that is defined in ARTICLE II of these Rules.

1.14 “MULTIPLE”

shall mean, where the context refers to an organization, The MULTIPLE of the AIR Commercial Real Estate Association, a California corporation, which is a wholly-owned subsidiary of AIR, or alternatively, where the context refers to the dissemination of information concerning properties, the system or methodology used in gathering, publishing and distributing information concerning properties among Accredited Firms.

1.15 “Multiple Director”

shall mean the person described in ARTICLE VIII of these Rules.

1.16 “Offering”

shall mean information about an available property submitted to the e-MULTIPLE, including all information required by The MULTIPLE for publication.

1.17 “Offering Accredited Firm”

shall mean the Accredited Firm which has entered into an Owner Agency/Sublessor Agency Agreement with the Owner/Sublessor of the property.

1.18 “Offering Associate”

shall mean the Associate who has entered into an agency relationship with the Owner/Sublessor under an Owner Agency/Sublessor Agency Agreement.

1.19 “Owner/Sublessor”

shall mean the seller, lessor or sublessor as the case may be.

1.20 “Owner Agency/Sublessor Agency Agreement”

shall mean an agreement that is defined in ARTICLE II of these Rules.

1.21 “Posting”

shall mean publishing on the computerized e-MULTIPLE system.

1.22 “Real Estate Transaction”

shall mean an agreement concerning a Lease Transaction or a Sale

Transaction.

1.23 “Registration”

shall mean either the extended commission protection provided under an Owner Agency/Sublessor Agency Agreement as described in Paragraph 5.6(a), or the agreement by the Offering Accredited Firm to honor the representation of a Buyer/Lessee by a cooperating Accredited Firm, as set forth in Paragraph 5.7.

1.24 “Rules”

shall mean these Rules of Professional Conduct of The MULTIPLE as they now exist and as amended from time to time.

1.25 “Sale Transaction”

shall mean an agreement concerning the sale of industrial real estate.

1.26 “Submitted”

shall mean sending information about an Offering to The MULTIPLE either by mail, fax, e-mail, or by telephone.

ARTICLE II

OWNER AGENCY/SUBLESSOR AGENCY AGREEMENTS

2.1 OWNER AGENCY/SUBLESSOR AGENCY AGREEMENTS.

All Offerings to be accepted in The MULTIPLE must have an “AGENCY AGREEMENT”, in writing, supporting the Offering. It is the responsibility of all firms to sign a representation and warranty document (Warranty) upon becoming a member of the AIR, and from time to time as required by the Board of Directors, confirming that all transactions in The MULTIPLE are backed by this “AGENCY AGREEMENT”. The AIR reserves the right to ask for a copy of any of the Accredited Firm’s Agency Agreements at any time. If one cannot be produced promptly, the firm may be subject to sanctions as approved by the Board of Directors.

2.2 AGENCY AGREEMENT.

An Agency Agreement shall mean an agreement in writing between an Owner/Sublessor and an Accredited Firm concerning a Real Estate Transaction, whereby the Accredited Firm has become the sole agent of the Owner/Sublessor and been employed to locate another party to consummate the Real Estate Transaction, which meets the following requirements:

(a) The term of the Agency Agreement shall be for a period of not less than 90 days, and may not contain any provision for a cancellation which takes effect prior to the 90th day of the agency period, except for a cancellation resulting from a sale or lease of the property to an Excluded Party as provided for in Paragraph 2.2(c).

(b) The Agency Agreement must be taken on the AIR Standard Agency Agreement Form or a substantially similar, legally

sufficient contract which expressly:

(1) authorizes the submittal of the Offering to The MULTIPLE, subject to Paragraph 2.5(g);

(2) authorizes the distribution of information concerning the property to the Accredited Firms and seeks the cooperation of other Brokers, except as provided in Paragraph 2.5(g), and reflects the understanding that the Offering Accredited Firm will share commissions with cooperating Brokers as provided in Paragraph 6.3 hereof;

(3) authorizes the installation of a Lockbox if the property includes a vacant building, except in the situation governed by Paragraph 4.2;

(4) establishes a contractual obligation of the Owner/Sublessor to pay the commission not only for the benefit of the Offering Accredited Firm but also for the benefit of any cooperating Broker as provided in Paragraph 6.3 hereof;

(5) specifies a time period for the duration of the Owner/Sublessor-Agency relationship, with a date certain for the expiration;

(6) provides that the Offering Accredited Firm is the agent of the Owner/Sublessor, and may also be the agent of the Buyer/Lessee and therefore be a dual agent, provided that both the Owner/Sublessor and the Buyer/Lessee consent in writing to that dual agency;

(7) specifies that cooperating Accredited Firms and other cooperating Brokers are not and may not be the agents of the Owner/Sublessor and are not and may not be the agents of the Offering Accredited Firm (i.e., there shall be no offering of subagency to any cooperating Accredited Firm or other Broker);

(8) provides that the Owner/Sublessor indemnify against loss the Offering Accredited Firm, The MULTIPLE and anyone else who may rely upon any representations made by the Owner/Sublessor which are not accurate; and

(9) provides for an affirmative disclosure by the Owner/Sublessor of whether there are any current option rights, rights of first refusal, rights of first offer, registrations from a prior Agency Agreement or other limitations which would limit the capacity of the Owner/Sublessor to offer or deliver the property in its offered form or which would impact the position or interest of a Buyer/Lessee.

(c) The Agency Agreement may, at the discretion of the Owner/Sublessor and the Offering Accredited Firm, provide for the exclusion of one or more Excluded Parties from the agreement for the entire period that the property is offered or for a por-

tion thereof.

(d) At the time an Agency Agreement is entered into, the Offering Associate shall determine to the best of such Associate's ability if there are any current option rights, rights of first refusal, rights of first offer or other limitations which would either limit the capacity of the Owner/Sublessor to offer or deliver the property in its offered form or which would impact the position or interest of a Buyer/Lessee. If any such rights or limitations exist, it shall be the affirmative duty of the Offering Accredited Firm to publish this information at the same time the brochure is published and distributed.

(e) Offerings of existing buildings or vacant land must contain a specific price for a Sale or Lease Transaction. Offerings of build-to-suit facilities, or buildings in the planning process or under construction, may be made with the prices specified as "To Be Determined" or "Submit", but must be updated with a specific price not later than upon completion of construction.

2.3 MANDATORY PROPERTY.

"Mandatory Property" shall mean any property which has the following characteristics:

(a) Size. The Property is a building or land that meets either of the following size specifications:

(1) Industrial. Any building having a minimum area under roof of 5,000 sq. ft.

(2) Office. Any space having a minimum area of 1,000 sq. ft.

(b) Locations. The submittal of an Offering in The MULTIPLE must comply with the requirements of the jurisdiction in which the property is located, subject at all times to the right and ability of The MULTIPLE to do business in such jurisdiction.

(c) Zoning/Use. The Property is zoned for and/or used in one of the following ways:

(1) Is industrially zoned;

(2) Is master-planned for industrial use;

(3) Has a variance for industrial use which can be utilized by the next user;

(4) Has a conditional use permit allowing an industrial use which can be utilized by the next user; or

(5) Will have a reasonable probability of being zoned for industrial use in the opinion of the Multiple Director.

(d) Exception. In the event that an otherwise Mandatory Property is currently being used primarily for non-industrial or non-commercial purposes and/or has little probability of being used as an industrial facility its publication in The MULTIPLE is prohibited.

2.4 OTHER OFFERINGS.

Alternative Properties. Any other property that meets one or more of the special circumstances described in clauses (a) through (d) below and meets all of the requirements for submittal of an Agency Agreement on a Mandatory Property under Paragraph 2.5, and is the subject of an Agency Agreement, may be submitted for publication in The MULTIPLE, subject to the approval of the Multiple Director:

(a) Property which is or has a reasonable probability of being zoned for industrial use as described in Paragraph 2.3(c) and which is not a Mandatory Property, but is not otherwise prohibited;

(b) Existing office space;

(c) Existing retail space; or

(d) Vacant land where there is a high probability that the land will be developed for industrial or office use (vacant land which is not zoned for industrial or commercial use will generally not be accepted for publication in The MULTIPLE).

Co-Agency. If an Accredited Firm enters into a co-agency agreement with a non-Accredited Firm, the Agency Agreement must meet all of the criteria set forth in Paragraphs 2.2, 2.3 and 2.5 and the Accredited Firm must be responsible for all aspects of the offering of the property, including installation of a Lockbox, setting up appointments to show the property, being able to answer questions of inquiring cooperating Associates, and handling negotiations with cooperating Associates. In accordance with Paragraph 2.5(h), neither the name of the non-accredited co-agency firm or its offering associate(s) shall appear on any MULTIPLE material. However, the fact of the co-agency shall be published in the camera-ready and/or the Bulletin.

2.5 SUBMITTALS.

(a) All Mandatory Property must be submitted to The MULTIPLE within 10 business days after execution by the Owner/Sublessor.

(b) Information concerning all properties subject to an Agency Agreement, which are to be offered through The MULTIPLE, may be submitted on an unaltered camera-ready form, telephonically, by fax or e-mail.

(c) Each individual building, parcel of land or prop-

erty being offered by an Offering Accredited Firm in a Real Estate Transaction must be submitted as a separate Offering and with its actual or estimated address, except where the physical space being offered is part of a larger building, in which case a single Listing may be used which reflects the total space and the divisible portions offered. For example, in the case of two or more separate legal lots in an industrial park, each separate legal lot shall be a separate Offering, and the Offering Accredited Firm may, in addition, publish a "master" Offering showing the overall project. In the case of a single legal lot which is potentially divisible, a single Offering may be used. In the event that two or more parcels of land or buildings are offered as a unit, a single Offering may be used.

(d) All offerings of property through The MULTIPLE must be submitted with the proper AIR requirements as modified from time to time:

(e) Offerings of property involving a sublease must be clearly stated and, unless the Offering Accredited Firm has a written Agency Agreement with the Owner of the property, only the sublease period may be offered through The MULTIPLE, whether or not the Owner may be willing to grant an additional term. A statement that the term of the sublease can be extended beyond the term of the master lease (e.g. "Longer Term Available") or any similar statement, may not be made unless there is also a written Agency Agreement in force with the Owner of the property. The statement "Option to Extend Available" or any similar statement may only be made if (i) the sublessor has expressly agreed in the Agency Agreement to offer the property for sublease for a term which exceeds the term of the master lease and to exercise an option to extend the term of the master lease, (ii) the sublessor has the right to extend the term under the master lease, and (iii) the Agency Agreement provides for the payment of a commission for the extended term.

(f) All information, including any information required to be disclosed by the Owner/Sublessor or as provided under these Rules (for example, rights of other parties to the property, departures from standard Offerings) must be maintained on file at the Offering Accredited Firm and subject to AIR review.

(g) Where the Owner/Sublessor expressly forbids the publishing of the property in The MULTIPLE, the Offering Accredited Firm shall nonetheless submit a letter from the Owner/Sublessor forbidding the publication. The Multiple Director shall have the authority to investigate and determine whether there is a substantial and reasonable basis for the Owner's/Sublessor's request not to have the property published in The MULTIPLE. If the Multiple Director determines that a substantial and reasonable basis for such request for non-publication does not exist, then such request shall be denied. Further, if the Multiple Director has reason to believe that such request is evidence of an intent by the Offering Associate to restrict or deny access to information about the offered

property to other Associates, The Multiple Director shall take such actions as are reasonably necessary to effect compliance with these Rules.

(h) No Accredited Firm may submit offerings of property for publication in the MULTIPLE on properties located within an area normally served by another branch office of that Accredited Firm, if that other branch office is not a separate Accredited Firm, nor may an associate of that non-accredited branch office publish that associate's name on any MULTIPLE material. Each branch office of a multi-office firm (in which all branch offices are not Accredited Firms) shall submit, with its application for Accredited Firm status, a map delineating the area that the branch office applying for accreditation normally serves. It shall be the responsibility of each Accredited Firm in this category to have on file at all times in the office of the MULTIPLE a map reflecting its current territorial boundaries.

(i) The MULTIPLE will accept for publication or dissemination of information any Offering of a property which is located outside of the State of California provided that the offering is in compliance with the laws of the jurisdiction in which the property is located.

(j) It is the affirmative duty of an Offering Accredited Firm to submit to The MULTIPLE all information required to be in compliance with these Rules.

(k) The Multiple Director shall determine if each submittal complies with the requirements of these Rules. If the Multiple Director does not approve the submittal, the submittal shall not be published by The MULTIPLE. In the event that a submittal of a Mandatory Property is rejected by the Multiple Director, the Offering Accredited Firm shall terminate or modify the Agency Agreement with the Owner/Sublessor in order to be in compliance with these Rules. If the Agency Agreement is modified, the Offering Accredited Firm shall resubmit it to The MULTIPLE in a timely fashion.

2.6 PUBLICATION AND POSTING STANDARDS.

The following standards shall govern the publication of properties offered through The MULTIPLE:

(a) Any Associate who is an Active Member of AIR, and who is responsible for an Agency Agreement, may have such Associate's name listed on any Bulletin, camera-ready form, or the e-MULTIPLE system published by The MULTIPLE.

(b) Any Associate who is not an Active Member of AIR, and who is responsible for an Agency Agreement, may have such Associate's name published on any Bulletin, camera-ready form, or the e-MULTIPLE system published by The MULTIPLE after attending an orientation course, passing an orientation test, signing an "Agreement to Abide by the Rules of Professional Con-

duct" (including an agreement to submit to binding arbitration), and payment of appropriate fees.

(c) Any published offering of a property through The MULTIPLE by any person affiliated with an Accredited Firm not covered by (a) or (b) above, will be published under the name of that person's head of firm or supervising manager, and the head of the firm or supervising manager shall assume responsibility for providing information and assistance to inquiring cooperating Associates as needed.

2.7 MODIFICATIONS TO OFFERINGS/ CHANGES OF STATUS.

(a) Any modification(s) or change(s) in the status of an offering published by The MULTIPLE may be in writing, mailed, faxed, e-mailed or given telephonically to The MULTIPLE and shall be communicated within 10 business days after any of the following:

(1) Receipt by the Offering Accredited Firm of authorization from the Owner/Sublessor of any modification or change;

(2) Opening of escrow;

(3) Cancellation of escrow;

(4) Close of escrow (see Paragraph 2.7(b) below); or

(5) Execution of the final lease or sublease documents by all parties (see Paragraph 2.7(b) below).

(b) All changes affecting any offered sales price or rental, availability, or other terms, must be submitted within 10 business days after the opening or closing of any sale escrow or the execution of any lease or sublease involving a property offered through The MULTIPLE. The Offering Accredited Firm shall notify The MULTIPLE of the consummation of a lease or sublease, the opening of a sale escrow, the closing of a sale escrow, and of the sale price and terms or the lease or sublease price and terms (at the close of escrow or consummation of a lease or sublease), together with such other information as required under The MULTIPLE policy as established by the Board of Directors from time to time, unless the buyer, seller, owner, sublessor or sublessee has expressly prohibited in writing the release of such information. In the event of such prohibition, The MULTIPLE shall be notified within 10 business days of such prohibition being imposed.

(c) The withdrawal from market of a property offered through The MULTIPLE, other than as the result of a consummated sale, lease or sublease or listing expiration, must be submitted by the Accredited Firm within 10 business days of such

withdrawal.

(d) Minor changes for publication, such as location of lockbox, new completion date for construction, corrected power panel information, etc., shall be initiated by the Offering Accredited Firm's instructions to The MULTIPLE.

2.8 EXPIRATION AND EXTENSIONS.

(a) At such time as an Offering is Submitted to The MULTIPLE, the Offering Accredited Firm shall specify the date on which its Owner/Agency Agreement shall expire.

(b) Any offering of a property posted or published by The MULTIPLE shall automatically terminate on the expiration date previously specified at the time of Submittal, unless extended. Accredited Firms will be notified upon expiration.

(c) An offering of a property through The MULTIPLE may be extended by notifying The MULTIPLE.

(d) Notification of an extension of the term of an Agency Agreement or Exclusive Agency Agreement received by The MULTIPLE within the same week it expires will not be published in the BULLETIN as having expired. There will be no requirement to republish the listing in The MULTIPLE. All other expired listings will be published as expired in the BULLETIN. An extension will be accepted, and published in the BULLETIN without the requirement to republish in The MULTIPLE, for up to 30 days after the expiration of the listing in WinAIR.

(e) An extension will be accepted for any listing that has been expired more than 30 days as long as the extension provides a minimum duration of 90 days. It is required that the listing be republished in The MULTIPLE as a **NEW** Listing, at full charge.

(f) No Associate may ask an Owner/Sublessor, another Associate or any other person connected with an Accredited Firm, when an Agency Agreement of another Accredited Firm will expire.

(g) No solicitation of an Owner/Sublessor for an Agency Agreement, where an Agency Agreement is currently in effect with another Accredited Firm, shall be made by any Associate with regard to that offered property, except with the consent of the Accredited Firm with the current Agency Agreement.

(h) If an Associate is contacted by the Owner/Sublessor of a property currently under an Agency Agreement with another Accredited Firm, without solicitation of any kind by the Associate, such Associate is free to engage in negotiations with the Owner/Sublessor with respect to a new Agency Agreement to commence after the expiration or other termination of the then current agreement.

(i) If an Agency Agreement has expired and the former Offering Associate receives an inquiry from another Associate on the subject of the expired agreement, it is the absolute duty of the former Offering Associate to promptly inform the inquiring Associate that the Agency Agreement has expired, whether asked or not.

2.9 DISCLOSURES.

(a) The Offering Associate must disclose any and all known material facts relating to the property upon any inquiry from a cooperating Associate, whether solicited or not.

(b) If an Offering Associate has an interest in and is acting as a principal involving a property offered in The MULTIPLE, such Offering Associate must disclose such interest in the property whether requested or not.

(c) If an Accredited Firm has placed a sign on a property and an Associate from another Accredited Firm has reasonable doubts that there is an Agency Agreement in effect, such inquiring Associate may call the Offering Associate whose name appears on the sign and ask the Offering Associate to review the Agency Agreement to be certain it is in effect. If the inquiring Associate proceeds to complete a transaction involving such property in cooperation with the Associate who claimed to have such an Agency Agreement, or if any cooperating Associate negotiates a transaction with an Offering Associate who failed to disclose voluntarily that such Offering Associate did not have an Agency Agreement while fostering or allowing the impression that such Offering Associate did have a current Agency Agreement, and if later it comes to light that no such Agency Agreement was in force at the time of inquiry or other conversation, then the Accredited Firm shall fully indemnify the inquiring Associate and pay to the inquiring Associate the entire portion of the commission that the inquiring Associate would have otherwise been paid had the Agency Agreement been validly created and in effect. Further, any such false claim or failure to disclose shall subject the Offering Associate making such claim to a charge of violation of professional conduct, which charge shall result in a hearing by the Professional Conduct and Arbitration Committee of the AIR.

(d) Each Associate shall disclose to all other cooperating Associates the nature of that Associate's agency relationship with the Owner/Sublessor, Buyer/Lessee or any other Associate concerning a Real Estate Transaction at the earliest possible time, but in no event later than the time that an offer is initially presented on the subject property.

ARTICLE III SIGNS

3.1 OBLIGATION TO INQUIRE.

The presence of the sign of an Accredited Firm on a property,

whether or not the sign includes any reference to an Agency Agreement, shall obligate the inquiring Associate to conduct inquiries about that property through the Offering Associate whose name appears on the sign, except as otherwise provided in Paragraph 5.1(k)(2). If informed that there is no Agency Agreement in effect, the inquiring Associate shall have no obligation to the Accredited Firm or Offering Associate whose sign occasioned the inquiry.

3.2 “EXCLUSIVE” ON SIGN.

No Accredited Firm shall place the wording “Exclusive”, “Owner’s Sole Agent”, or other similar language on a sign or as a rider to a sign on a property without a current Agency Agreement in effect.

3.3 REMOVAL-EXPIRATION.

When an Agency Agreement expires, the Offering Accredited Firm must remove from the property any sign(s) or rider(s) indicating that the property is under an Agency Agreement within 14 days after the expiration of the Agency Agreement.

3.4 REMOVAL-SALE/LEASE.

Within 14 days after a property has been sold (close of escrow), leased or subleased (documents have been executed by both parties and all contingencies have been eliminated), the Offering Accredited Firm shall remove its sign(s) or place “sold” or “leased” rider(s) on all sign(s) remaining on the property. Under no circumstances shall any such sign remain on the property after the new occupant has taken possession without permission from the new occupant and the Owner/Sublessor, and in no event for more than 60 days after the consummation of such sale, lease or sublease.

3.5 EXCLUSIVE SIGN RIGHTS.

No Accredited Firm, other than the Offering Accredited Firm, may place a “sold” or “leased” sign on a property without the express written consent of the Offering Accredited Firm. Such right belongs solely to the Offering Accredited Firm unless waived or shared at such Offering Accredited Firm’s discretion.

3.6 SIGNS-UNAVAILABLE PROPERTIES.

An Accredited Firm shall not place or maintain signs on buildings or land unless the property is actually available for a Real Estate Transaction, except:

(a) An Accredited Firm may place sign(s) on unavailable properties clearly indicating that the sign refers to some other property which is actually available.

(b) An Accredited Firm may maintain sign(s) on multi-tenant projects or industrial parks on which the Accredited Firm has in effect a current Agency Agreement or written management contract or equivalent (subject to approval of the Multiple Director) provided that, if there are no vacancies:

(1) The sign shall not indicate “For Lease”, “For Sale”, “Available”, “For Information . . .” or any other phrase

which may imply the property’s availability; or

(2) The sign shall clearly indicate “No Vacancy” or a similar phrase to indicate that no space is available.

ARTICLE IV LOCKBOXES

4.1 LOCKBOXES MANDATORY.

Any vacant building offered through The MULTIPLE must have a Lockbox, unless specifically excepted from this requirement.

4.2 EXCEPTIONS.

The following exceptions shall be subject to the prior approval of the Multiple Director:

(a) Where the building contains items of value, hazardous materials or hazardous conditions and must be shown by the Owner/Sublessor or by the Offering Accredited Firm by appointment only;

(b) Where the property offered is a multi-tenant office building. In this case, a key must be available in the building or conveniently nearby;

(c) Where a Lockbox is specifically prohibited by the Owner/Sublessor. However, the desire to know who has shown the building shall not be considered a sufficient reason not to install a Lockbox; or

(d) For other good reasons substantiated by Owner/Sublessor and approved by the Multiple Director.

4.3 LOCKBOX/SHOWING OF PROPERTY INFORMATION.

An individual at the Offering Accredited Firm, who may be a member of the clerical staff, must be able to provide information to cooperating Associates at all reasonable times during normal business hours about how to show the building if it does not have a lockbox and/or confirm the presence and/or location of a lockbox at the building.

ARTICLE V SELLING, LEASING AND SUBLEASING PROCEDURES

5.1 CONTACTS AND NEGOTIATIONS.

One of the purposes of The MULTIPLE is to foster integrity and fair competition in the field of industrial and commercial real estate Brokerage. One of the basic tenets of The MULTIPLE is that the Owner/Sublessor-Broker relationship must be respected. The Owner/Sublessor, by voluntarily entering into the Agency Agreement, has placed his trust in the Offering Accredited Firm and Offering Associate to represent the Owner’s/Sublessor’s best interests in marketing the property, and to provide the Owner/Sublessor

with accurate information regarding the property and the marketplace. Accordingly:

(a) All contacts, negotiations and discussions regarding a property offered under an Agency Agreement are to be conducted solely through the Offering Associate, unless the Offering Associate has given the cooperating Associate explicit authority to negotiate directly, excepting only a cooperating Associate's right to contact the Owner/Sublessor under the circumstances described in Paragraphs 5.1(c) or 5.1(k)(2).

(b) If a property is being offered by an Offering Associate "For Lease" only or "For Sale" only, and a cooperating Associate has a prospect for a transaction on the property other than what is being offered ("Alternative Transaction"), such Associate shall contact the Offering Associate to confirm whether an Agency Agreement is currently in effect which covers the Alternative Transaction. If the Alternative Transaction is covered, the cooperating Associate shall continue to have all dealings respecting the property through the Offering Accredited Firm.

(c) If the Alternative Transaction is not covered, the cooperating Associate and the Offering Associate shall attempt to reach a mutually agreeable resolution regarding representation and commissions PRIOR TO proceeding with negotiations. If they cannot reach an agreement, then the cooperating Associate shall proceed to handle the negotiation and attempt to close the transaction. After the close of the transaction, if the cooperating Associate and the Offering Associate are still not able to reach an agreement on commissions, then either party may institute an arbitration proceeding with the AIR to resolve the dispute.

(d) If the Alternative Transaction is not covered, the Offering Associate may attempt to obtain coverage for it. However, if such coverage is obtained after an offer for an Alternative Transaction is actually received by the Owner/Sublessor of the property from a cooperating Associate, that specific Alternative Transaction shall be excluded from such coverage.

(e) To avoid having unsolicited, misleading or inaccurate information communicated to an Owner/Sublessor, any Associate other than the Offering Associate is explicitly prohibited from making contact (intentional or inadvertent) with such Owner/Sublessor on the grounds that an Alternative Transaction is not covered by the Offering Associate's Agency Agreement, except when the cooperating Associate represents a specific Buyer/Lessee as to a particular Alternative Transaction.

(f) In the case in which the Offering Accredited Firm claims to have a written agreement with the Owner/Sublessor which purportedly includes the Alternative Transaction, if the cooperating Associate proceeds to complete an Alternative Transaction involving this property based on the Offering Associate's representation that its Agency Agreement covers the Alternative Transac-

tion, and it later comes to light that this was not the case, then the Accredited Firm which received a portion of the commission based upon such false claim shall pay all such portion of the commission to the cooperating Accredited Firm, including any portion that otherwise would have been paid to the Offering Associate. Any such false claim shall subject the Associate making such claim to a charge of unprofessional conduct, resulting in a hearing by the Professional Conduct and Arbitration Committee of the AIR.

(g) In the event a cooperating Associate is in direct contact with the Owner/Sublessor of a property pursuant to Paragraph 5.1(c) above:

(1) Such cooperating Associate shall keep the Offering Associate fully informed concerning the negotiation of the Alternative Transaction;

(2) Such cooperating Associate shall do nothing which might jeopardize the Offering Associate's ability to collect any fee which would be due as a consequence of the withdrawing of the property from the market in connection with the Alternative Transaction; and

(3) Such cooperating Associate shall not have the right to enter into any negotiation or conversation with the Owner/Sublessor of the property during the period of the Offering Associate's Agency Agreement concerning the cooperating Associate obtaining an Agency Agreement on the property, either for an Alternative Transaction or for the marketing of the property on behalf of the Owner/Sublessor at the expiration of the term of the Offering Associate's Agency Agreement, as provided in Paragraph 2.8(f). In the event of the failure of the negotiation which the cooperating Associate engaged in directly with the Owner/Sublessor for an Alternative Transaction, should that cooperating Associate have a subsequent prospect for a separate Alternative Transaction on the same property, before re-contacting the Owner/Sublessor directly to discuss any such separate Alternative Transaction, the cooperating Associate shall reinstitute the procedures set forth above for working through the Offering Associate.

(h) It is the obligation of every Accredited Firm to have a person or persons, in the absence or unavailability of the Offering Associate, in the office at all reasonable times during normal business hours capable of handling the following matters in response to the request of a cooperating Associate:

(1) Arranging for access to any property offered in The MULTIPLE.

(2) Affirming the availability and published price and terms of any property offered in The MULTIPLE.

(3) Confirming that an Agency Agreement is currently in effect or disclosing that the Agency Agreement has

expired.

(4) Arranging for the delivery of any offers and/or counter-offers in a timely manner as provided for in Paragraph 5.3.

(i) No Associate (“A”) shall seek to obligate any other Associate (“B”) by gratuitously supplying information concerning any property on which Associate “A” does not have a current Agency Agreement. If Associate “B” elects to cooperate with Associate “A” on a specific property, with full knowledge that Associate “A” does not have an Agency Agreement on the property, Associate “B” is free to do so. However, the burden is on Associate “A” to establish a clear understanding with Associate “B”, prior to identifying the property, concerning whether the acceptance of the information on the property obligates only Associate “B” individually or the entire office or firm of Associate “B”. Once the prerequisite understanding is reached and Associate “A” has furnished information concerning the property to Associate “B”, in the absence of any other agreement, the obligation of Associate “B” and/or the Accredited Firm of Associate “B”, if applicable, to negotiate through Associate “A” does not expire until and unless the Owner/Sublessor:

(1) Puts up the Owner’s/Sublessor’s personal sign on the property (e.g., For Sale or Lease or Sublease by Owner/Sublessor), mails information to other Associates, independently advertises the property or otherwise makes the availability of the property generally known to the general public and/or real estate Brokerage community; or

(2) Enters into an Agency Agreement with a third Associate or other Broker; or

(3) Without solicitation by Associate “B” directly or indirectly, enters into an Agency Agreement regarding the property with Associate “B” or another associate of Associate “B”’s firm.

(j) In the event that any of the circumstances specified in 5.1(i)(1), (2) or (3) occurs, Associate “B” shall notify Associate “A” immediately of the facts which caused a change in their relationship concerning the property; in any event, Associate “B” must so notify Associate “A” before proceeding with any negotiations on the property. And Associate “B” shall not divulge any information received from Associate “A” to anyone except qualified Buyers/Lessees, and not to Associates from other firms.

(k) When an Accredited Firm has a Sublessor-Agency Agreement of a property, but has no Agency Agreement with the Owner:

(1) Associates are obligated to cooperate with the Offering Accredited Firm only for the sublease term, in-

cluding any option to extend the term of the sublease as provided for under the Offering Accredited Firm’s Sublessor-Agency Agreement. The Offering Associate must inform other Associates that the offering is for only a stated sublease period.

(2) Associates, at their option, may contact the Owner (unless there is also an Owner-Agency Agreement with the Owner in effect concurrently with the Sublessor-Agency Agreement, either with the sublease Offering Accredited Firm or another Accredited Firm) regarding a new lease or possible sale of the property, and in this regard are not obligated to the Accredited Firm with the Sublessor-Agency Agreement. The Associate with the Sublessor-Agency Agreement may, at such Associate’s discretion, contact the owner periodically to keep informed on the current status of any negotiations. The Associate dealing directly with the owner shall do nothing which might jeopardize the sublease Offering Associate’s position with such Associate’s principal or the sublease Offering Associate’s ability to collect a commission in connection with the Sublessor-Agency Agreement.

(l) When an Offering Associate receives an offer from a cooperating Associate, all contacts, negotiations and discussions with the offeror respecting the offer and subsequent negotiations are to be conducted solely between the cooperating Associate and such Associate’s principal, unless the cooperating Associate has given the Offering Associate explicit authority to negotiate directly with the offeror.

(m) When a transaction is consummated on a property in which one Accredited Firm represented the Owner/Sublessor and a cooperating Accredited Firm represented the Buyer/Lessee, each Associate’s obligation to refrain from contacting the other Associate’s principal shall terminate upon the consummation of the transaction, except in those cases in which a continuing written contractual relationship exists.

5.2 EXCLUSIONS RESULTING FROM A PRIOR OWNER AGENCY/SUBLESSOR AGENCY AGREEMENT.

To avoid future misunderstanding and possible controversy between Accredited Firms, and prior to the signing of an Owner Agency/Sublessor Agency Agreement with an Owner/Sublessor, the Associate preparing to enter into an Owner Agency/Sublessor Agency Agreement shall ascertain from the Owner/Sublessor whether there are any Excluded Parties that should not be covered under the Agency Agreement by reason of a former Owner Agency/Sublessor Agency Agreement which granted the former agent certain commission rights extending for a period of time past the expiration of the former Owner Agency/Sublessor Agency Agreement regarding certain potential Buyers/Lessees who were negotiated with during the term of former Owner Agency/Sublessor Agency Agreement; and if so, such Excluded Parties and the time period thereof shall be specified in the new Owner Agency/Sublessor Agency Agreement. Any form of publication through The MULTIPLE of the fact that there are some Excluded Parties from the Owner

Agency/Sublessor Agency Agreement or the actual names of such Excluded Parties is expressly prohibited.

5.3 TIMELY DELIVERY.

It is the duty of any Accredited Firm or Associate with an Owner Agency/Sublessor Agency Agreement to accept and submit to the Owner/Sublessor in a timely manner any written offer procured by a cooperating Associate in accordance with California law. Copies of executed lease proposals, counter-offers, leases, purchase contracts or escrow instructions shall be delivered to the cooperating Associate as soon as possible and such delivery shall constitute "timely" delivery of documentation by and between all parties, providing the deadlines for delivery set forth in all such offers and agreements have been observed.

5.4 BROKER/CLIENT REPRESENTATION.

The basic concept to be followed is that an Associate ("Second Associate") shall not insert himself/herself into a transaction or potential transaction initiated by another Associate ("First Associate"). Consequently, it is the obligation of the Second Associate, at the outset of a relationship with a prospective client, to determine what properties that client has seen and all of the pertinent circumstances associated with that client's current and/or past involvement with the First Associate concerning such properties. When it is evident as a result of such inquiry that the client has a current involvement with a property through the First Associate with a substantial possibility of a transaction being initiated or consummated, the Second Associate shall not use tactics calculated to interfere with the First Associate's relationship with the client. However, the First Associate having shown a property, in and of itself, does not constitute a right to be involved in a transaction on that property.

(a) There are certain circumstances where it may be permissible for the Second Associate to become involved in a transaction on which the First Associate has had some limited involvement (e.g., has shown the property), such as:

(1) Where there has been a sufficient break in continuity due to passage of time between contacts regarding the particular property. The time will vary according to the nature of the transaction.

(2) Where the First Associate has failed to act in accordance with generally recognized professional standards.

(3) Where the Second Associate can supply an ingredient (e.g., new concept) which has the effect of materially changing the nature of the transaction or the probability of a transaction being consummated on that property.

(4) Where there has been a change in ownership, leasehold interest in the property, or the failure of the First Associate to communicate major changes in the offering within a

reasonable time period.

(5) Where the client absolutely refuses to work with the First Associate, based on sound and objective reasons.

(b) Where Second Associate involves himself/ herself in a transaction or potential transaction initiated by First Associate as provided for in subparagraph (a) above, and it is clear, in the judgment of the Second Associate, that the client is not going to proceed with the transaction with the First Associate, the Second Associate shall immediately contact the First Associate and attempt to reach a mutually agreeable resolution regarding commissions prior to proceeding with negotiations. If they cannot reach agreement, then the Second Associate shall proceed to handle the negotiation and attempt to close the transaction, in which event either party may institute an arbitration proceeding.

(c) When contacting a new prospective client, it is the responsibility of each Associate to inquire of the prospective client whether that client has any current written Buyer/Lessee-Agency Agreement, or other continuing obligation(s), with another Associate. A careful inquiry before becoming involved with the prospective client will be the surest means of avoiding controversy.

(d) No Associate shall initiate contact with a prospective client whom such Associate became aware of through an offer or formal inquiry from a cooperating Associate. The burden is on the Associate receiving such an offer or formal inquiry to maintain the confidentiality of the identity of such prospective client, and to demonstrate that such Associate's subsequent contact with the prospective client did not originate from such offer or inquiry.

(e) Associates shall not allow clients to dictate their professional behavior, nor lower their professional standards for monetary gain even when invited by a client to do so. Under no circumstances shall an Associate insert himself/herself into a transaction or accept the invitation by a client to become involved in a transaction started by another Associate merely for such reasons as:

(1) Friendship, social, business or family relationship;

(2) Repayment of obligation, such as for other services or for another transaction;

(3) A client's desire to deal directly with the Owner's/Sublessor's agent because such agent is "best equipped" to consummate the transaction and will "work harder" if such agent does not have to share a commission with another party; or

(4) A client's expectation of remuneration not customary in such transactions (e.g., hidden payment, kick-backs, or participation in the commission).

5.5 BUYER/LESSEE-AGENCY AGREEMENT.

Just as the Owner-Agency/Sublessor Agency Agreement concerning property which is available for sale, lease or sublease is the highest expression of the professional service of an Associate to the Owner/Sublessor, the Buyer/Lessee-Agency Agreement is the highest expression of an Associate's professional service to the Buyer/Lessee. The Buyer/Lessee-Agency Agreement is intended to provide a distinct service to the exclusive client.

(a) A Buyer/Lessee-Agency Agreement is an agreement between a Buyer/Lessee and an Accredited Firm, under which the Accredited Firm is employed as the Buyer's/Lessee's sole agent to locate suitable property for and negotiate any proposed Real Estate Transaction for the Buyer/Lessee. To be a Buyer/Lessee-Agency Agreement, the agreement must:

- (1) Be in writing;
- (2) Be for a specified time period with a specific expiration date (or be mutually cancelable upon certain specific acts);
- (3) Recite the responsibilities of the Accredited Firm ("Buyer's/Lessee's Agent");
- (4) State how and by whom the Buyer's/Lessee's Agent is to be paid; and
- (5) Specify that an agency relationship has been established between the Buyer's/Lessee's Agent and the Buyer/Lessee and what agency relationships the Buyer's/Lessee's Agent is authorized to establish with the Owner/Sublessor.

(b) Any Associate who has entered into a Buyer/Lessee-Agency Agreement shall be accorded the same rights by all cooperating Associates as in the case of an Owner Agency/Sublessor Agency Agreement. Once the Buyer/Lessee-Agency Agreement has been executed and a Buyer's/Lessee's Agent has been appointed, all other Associates who become aware of the Buyer/Lessee-Agency Agreement shall immediately cease all contact with the Buyer/Lessee and shall deal solely through the Buyer's/Lessee's Agent.

(c) A Buyer's/Lessee's Agent shall not use the fact of such Buyer/Lessee-Agency Agreement to demand a commission in excess of the commission being offered by an Offering Accredited Firm as set forth in Paragraph 6.3 (a) hereof. However, by prior notice to the Offering Accredited Firm, and with the written consent of the Buyer/Lessee, a Buyer's/Lessee Agent may ne-

gotiate for an increase in the amount of commission to be paid in a specific transaction, providing it shall deliver to the Offering Accredited Firm a copy of the Buyer's/Lessee's written consent to such increase no later than the date of submission of the Buyer's/Lessee's offer or proposal or its Request for Proposal on behalf of the Buyer/Lessee.

(d) Any Associate negotiating to be appointed as a Buyer's/Lessee's Agent has a duty, prior to accepting such appointment, to do the following:

- (1) Inquire about all pertinent details concerning the Buyer's/Lessee's previous dealings on properties through other Accredited Firms;
- (2) Evaluate the Buyer's/Lessee's needs relative to all available properties, including those on which there have been previous dealings; and
- (3) Provide the Buyer/Lessee with a clear understanding of the restrictions all other Associates will be under as a result of the exclusive appointment, together with instructions concerning how to communicate to inquiring Associates or other Brokers during the term of the Buyer/Lessee-Agency Agreement that the Buyer/Lessee has an agent and wants all contacts to be made solely through that Buyer's/Lessee's Agent. The Buyer's/Lessee's Agent shall instruct the Buyer/Lessee to notify all key employees of the existence of the Buyer/Lessee-Agency Agreement and the identity of the Buyer's/Lessee's Agent, and shall clarify the scope of the Buyer/Lessee-Agency Agreement (e.g., does it pertain to only one division or subsidiary vs. an entire multi-division/multi-subdivision corporation, and is it limited or broad in geographical boundaries).

(e) If in the course of accepting the appointment as the Buyer's/Lessee's Agent, an Associate determines that an Associate of another Accredited Firm has conducted substantial negotiations on behalf of the Buyer/Lessee with respect to particular properties, the inquiring Associate shall contact the first Associate and attempt to reach a mutually agreeable resolution regarding commissions prior to proceeding with negotiations on any such property, and in the event that a transaction is subsequently concluded on such property by the inquiring Associate, the first Associate shall have the right to institute an arbitration proceeding for the purpose of determining if the first Associate has a claim to any part of the commission in that transaction.

(f) When the term of a Buyer/Lessee-Agency Agreement has expired or otherwise terminated, the former Buyer's/Lessee's Agent shall no longer claim or imply, directly or indirectly, that such agent is still the sole agent of the former Buyer/Lessee, and in the course of any conversation with an Associate of another firm in reference to such a former Buyer/Lessee, must make the disclosure, whether asked or not, that the Buyer/Lessee-Agency

Agreement is no longer in effect.

5.6 REGISTRATIONS WITH THE OWNER/SUBLESSOR.

(a) If an Offering Associate's Owner Agency/Sublessor Agency Agreement with the Owner/Sublessor has upon its expiration the right of extended commission protection with regard to those prospective Buyers/Lessees with whom the Offering Associate has negotiated during the term of the Owner Agency/Sublessor Agency Agreement, the Offering Associate shall register the name(s) of the prospective Buyers/Lessees with the Owner/Sublessor in writing in accordance with the provisions of the Owner Agency/Sublessor Agency Agreement at its expiration, provided that (1) the cooperating Associate who represents the prospective Buyers/Lessees requests such registration; OR (2) there were written negotiations between the Owner/Sublessor and such prospective Buyers/Lessees during the term of the Owner Agency/Sublessor Agency Agreement. In either event, the cooperating Associate shall continue dealing through the former Offering Accredited Firm after the expiration of the Owner Agency/Sublessor Agency Agreement with respect to any prospective Buyers/Lessees so registered. In the absence of (1) or (2) above, the cooperating Associate shall (i) deal through the Offering Accredited Firm who has the Owner Agency/Sublessor Agency Agreement with the Owner/Sublessor (unless the transactions with the prospective Buyers/Lessees have been registered under the terms of the prior agreement), (ii) deal through the former Offering Accredited Firm, if the transaction with the prospective Buyer/Lessee has been registered under the terms of the prior agreement with the Owner/Sublessor, or (iii) have the option to continue dealing through the former Offering Accredited Firm after the expiration of the Owner Agency/Sublessor Agency Agreement. Failure of a cooperating Associate to request registration by the Offering Associate shall relieve the Offering Associate of all responsibility regarding the registration of such prospective Buyers/Lessees with the Owner/Sublessor.

(b) Only the Accredited Firm with an Owner Agency/Sublessor Agency Agreement may register prospective Buyers/Lessee with the Owner/Sublessors of the offered property.

5.7 REGISTRATIONS FROM BROKER TO BROKER.

The acceptance of a registration of another Accredited Firm's prospective Buyer/Lessee by an Associate with an Owner Agency/Sublessor Agency Agreement shall generally be in accord with the following:

(a) Registrations should be avoided and only requested by a cooperating Associate after a prospective Buyer/Lessee has personally inspected and shown substantial interest in a property and the cooperating Associate has good reason to believe that such prospective Buyer/Lessee may contact the Offering Associate or the Owner/Sublessor. The registration applies only to the properties to be registered under Paragraph 5.6 above, and, if after a registration, the prospective Buyer/Lessee initiates contact with the Offering Associate on another property, the Offering As-

sociate is free to work with the prospective Buyer/Lessee without obligation to the cooperating Associate with respect to any property other than the one which was the subject of the registration.

(b) When seeking to register a prospective Buyer/Lessee with another Accredited Firm, the registering Associate shall be bound by the customary practice of the Offering Accredited Firm, who shall not be obligated to accept registrations except as provided in Paragraph 5.6(a). This customary practice shall be fully explained to the registering Associate prior to acceptance of any registration.

(c) When a cooperating Associate seeks cooperation with an Offering Associate with respect to a property, the cooperating Associate shall not name the prospective Buyer/Lessee, and shall in general endeavor not to "gratuitously register" the prospective Buyer/Lessee. To do so shall be construed as an unacceptable attempt to inhibit the Offering Associate, or other Associates, from rendering services to that prospective Buyer/Lessee in connection with the property by merely mentioning that prospective Buyer's/Lessee's name.

(d) When an Offering Accredited Firm or Offering Associate accepts the registration of a prospective Buyer/Lessee, or a prospective Buyer/Lessee registers himself/herself inadvertently (for example, as in the case of having to disclose his/her identity when inspecting the property, or in the course of social interaction), that prospective Buyer/Lessee shall not be solicited by the Offering Accredited Firm or Offering Associate who has received the registration unless and until the prospect initiates contact as provided in Paragraph 5.7(a) above.

(e) Registration should be accepted by the Offering Accredited Firm or Offering Associate only when justified by the circumstances described in Paragraphs 5.7(a) and (d) above.

(f) Registration of a prospective Buyer/Lessee only protects the registering cooperating Associate against a transaction with respect to the Offering Accredited Firm. An Offering Accredited Firm cannot protect a cooperating Associate against another Associate who obtains an offer from the same prospective Buyer/Lessee.

(g) If another Associate of the Offering Accredited firm is in contact with the registered prospective Buyer/Lessee with respect to property which is not the subject of the registration, and such contact did not arise out of the Associate's knowledge of the registration, the other Associate of the Offering Accredited Firm is free to work with the prospective Buyer/Lessee without obligation to the cooperating Associate. However, the Offering Associate receiving the registration has the affirmative duty to maintain the confidentiality of the identity of any prospective Buyer/Lessee who is registered with such Offering Associate.

ARTICLE VI COMMISSIONS

6.1 SCHEDULES.

The MULTIPLE does not suggest or recommend any commission schedule. Each Accredited Firm shall independently determine its own schedule of commissions.

6.2 DISCLOSURE.

The basis for the calculation and payment of the commission (plus additional compensation, if any) applicable to an anticipated transaction in which a cooperating Associate is involved shall be disclosed by the Offering Accredited Firm to the Cooperating Accredited Firm. It shall also be disclosed in writing, if so requested.

6.3 DIVISION.

(a) Upon the publication of the availability of an Offering through The MULTIPLE, the Offering Accredited Firm shall submit to The MULTIPLE for publication, in the manner prescribed by The MULTIPLE from time to time, the percentage of the total rental/sale consideration (plus additional compensation, if any), to be paid to a cooperating Accredited Firm upon the consummation of a transaction.

(b) If an Associate has an interest in the property as an Owner/Sublessor as well as an Offering Associate in a transaction involving a property offered through The MULTIPLE, such Associate shall make known such interest to the other parties. Further, such Associate shall be responsible for the payment of the portion of the total commission due the cooperating Accredited Firm, in accordance with the Customary Commission Schedule of the Offering Accredited Firm (including expansions and extensions), except as provided in Paragraph 6.4(d). If such Associate participates as a Buyer/Lessee, such Associate's firm shall receive the total commission due the cooperating Accredited Firm. This rule is not intended to affect any agreement which may exist between the principal Associate and such Associate's Accredited Firm as to the division of commissions.

(c) In the event that an Associate or an Accredited Firm disagrees as to any aspect of a commission, such party shall put the Offering Accredited Firm on notice as to the disagreement and the grounds for such disagreement. All money-related disputes between Associates and/or Accredited Firms shall be submitted to binding arbitration pursuant to these Rules.

6.4 PAYMENT AND COLLECTION.

(a) Commissions must be billed promptly upon the consummation of a transaction and due diligence must be exercised by the Offering Accredited Firm in collecting all amounts billed.

(b) Both the Offering Accredited Firm and the cooperating Accredited Firm shall be named in all documents to fa-

ilitate collection of commissions by the cooperating Accredited Firm, if that becomes necessary.

(c) In the event a commission is not paid in accordance with the agreement between the Offering Accredited Firm and the Owner/Sublessor, the cooperating Accredited Firm and the Offering Accredited Firm shall cooperate in the collection of the commission and share the cost(s) of collection, if any. If the Offering Accredited Firm shall elect not to pursue legal remedies, at the request of the cooperating Accredited Firm it shall assign its contractual rights to the cooperating Associate/Accredited Firm to take effective legal action for the collection of its share of the commission.

(d) Any departure from the Offering Accredited Firm's compensation agreement with the Owner/Sublessor which occurs in the course of a negotiation, including terms other than commission rates, must be with the prior agreement of the cooperating Accredited Firm, unless the variation from the compensation agreement of the Offering Accredited Firm was announced through The MULTIPLE and applies to any transaction. If there is a prior agreement or prior announcement of payment in installments, each installment paid shall be divided in the same manner as otherwise agreed between the Accredited Firms involved in the transaction. In addition, the Offering Associate is obligated to keep the cooperating Associate fully informed concerning any departure from its compensation agreement or the previously agreed upon and/or announced fee schedule which arise in the course of the negotiations. The Offering Associate shall use all due diligence to ensure the payment of the commission in accordance with the agreement in effect with the Owner/Sublessor as a result of the original Owner Agency/Sublessor Agency Agreement, and shall do nothing to interfere with the cooperating Accredited Firm's right to collect the full fee to which such firm is entitled.

(e) In the event a Real Estate Transaction is not completed, any settlement sums received and/or legally retained shall be divided in the same manner as otherwise agreed between the Accredited Firms participating in the transaction had the transaction been completed, after deducting the costs of collection actually incurred in connection with the settlement or retention.

ARTICLE VII MISCELLANEOUS PROVISIONS

7.1 INTERFERENCE.

When any Owner Agency/Sublessor Agreement or Buyer/Lessee Agency Agreement is in force, no Associate or Accredited Firm shall engage in any practice, or take any action inconsistent with the agency of the Associate or Accredited Firm under such agreement, nor shall any Associate or Accredited Firm take any action which could jeopardize the ability of the Offering Associate or Offering Accredited Firm to fulfill such agency contract and/or collect a commission thereunder.

7.2 NONETOFFERING.

No Accredited Firm shall enter into or be permitted to take a “net” Owner Agency/Sublessor Agency Agreement that is, an exclusive offering in which the commission is equal to that portion of the purchase/lease/sublease price in excess of a specified net amount to be received by the Owner/Sublessor.

7.3 NO ADVERTISING OTHER BROKERS’ LISTINGS.

An Accredited Firm and its Associates are only permitted to offer the property on which another Accredited Firm has an Owner Agency/Sublessor Agency Agreement to a specific prospective Buyer/Lessee, and shall not promote such offering of another Accredited Firm in any form of advertising or mailing to the public. This provision includes the presentation of the offerings of another Accredited Firm in a manner which in any way states or implies that the presenting Associate has the Owner Agency/Sublessor Agency Agreement for such property.

7.4 NO UNAUTHORIZED DISSEMINATION OF MULTIPLE INFORMATION.

(a) An Accredited Firm and its Associates shall not disseminate information in bulk or on a recurring basis concerning any property offered in The MULTIPLE, other than those properties for which it has an Owner Agency/Sublessor Agency Agreement, to any non-Accredited Firm, including to other divisions at the same location, or other offices or divisions at other locations, of the company of which the Accredited Firm is a part, which are not Accredited Firms of the AIR. An Accredited Firm shall not provide MULTIPLE information or materials (other than such materials as The MULTIPLE may offer for sale to the general public from time to time) either directly or indirectly, to any other non-MULTIPLE firm or office, whether such non-MULTIPLE firm or office is under common ownership with the Accredited Firm or not.

(b) No information published or posted through The MULTIPLE or contained in the Bulletin may be disseminated to the public or to any non-Accredited Firm.

7.5 NO “PRINCIPALS ONLY”.

No Associate or Accredited Firm shall advertise “principals only” with respect to any property.

7.6 SHOWING OF OFFERINGS.

No Associate or Accredited Firm may refuse to allow its offered property to be shown by a cooperating Associate.

7.7 NON-COOPERATION.

No Associate or Accredited Firm shall maintain any policy of non-cooperation with other Associates or Accredited Firms.

7.8 NO FALSE CLAIMS.

No Associate or other person connected with an Accredited Firm

shall claim to have an Owner Agency/Sublessor Agency Agreement or Buyer/Lessee-Agency Agreement, or give the impression of having an Owner Agency/Sublessor Agency Agreement or Buyer/Lessee-Agency Agreement, without a written Owner Agency/Sublessor Agency Agreement or Buyer/Lessee-Agency Agreement being in full force and effect.

**ARTICLE VIII
ADMINISTRATION**

8.1 MULTIPLE DIRECTOR.

The MULTIPLE shall be operated under the direction of the Multiple Director who shall be appointed by, and responsible to, the Board of Directors. The responsibilities of the Multiple Director shall include the following:

(a) Interpreting these Rules in accordance with the policies established by the Board of Directors.

(b) The administration and enforcement of the Rules, including the power to fine and/or suspend any Accredited Firm, subject to 8.4(a).

(c) The selection of, and contract negotiations with, the firm(s) to provide the electronic processing, printing and photographic services for MULTIPLE brochures and the Bulletin, subject to the approval of the Board of Directors.

(d) Establishing practices for the operation of The MULTIPLE, including the form and substance of documents appropriate to the operation of The MULTIPLE, subject to approval of the Board of Directors.

8.2 ASSOCIATE DIRECTOR(S).

The Multiple Director may appoint Associate Director(s), at the Multiple Director’s option, subject to the approval of the President and the Board of Directors, who shall undertake the following responsibilities under the direction of the Multiple Director:

(a) Answer questions from Accredited Firms regarding offerings and the interpretation of the Rules.

(b) Administer and enforce the Rules with respect to any of the provisions contained therein.

(c) Any other assignments or duties delegated to the Associate Director(s) by the Multiple Director.

8.3 MULTIPLE STANDING COMMITTEE.

The Multiple Director may appoint, at the Multiple Director’s option, a committee consisting of Associates, active in different geographical areas served by The MULTIPLE, to assist in administering and enforcing the Rules.

8.4 ENFORCEMENT.

Accredited Firms which violate, or whose Associates violate, these Rules may be subject to:

(a) Fines and/or suspension from participation in The MULTIPLE, in accordance with policies adopted by the Board of Directors from time to time, which include, but are not limited to, the following:

(1) A schedule of fines proposed by the Multiple Director with respect to violations, subject to the approval of the Board of Directors. Such fines may be assessed for whatever violations of these Rules the Board of Directors determine, including but not limited to the failure to observe the time requirements of Paragraphs 2.5(a) and 2.7(a), (b) and (c).

(2) Any fine in excess of \$500.00 or suspension longer than 30 days for any reason (other than non-payment of dues, fines or other monetary obligations) shall require the express approval of the Board of Directors before being administered.

(3) In the event fines are not paid within 60 days, the delinquent Accredited Firm shall be automatically suspended as a participant from The MULTIPLE until such time as all fines and a reinstatement fee, if any, have been paid. Failure to cure the delinquency within 90 days shall result in an automatic termination of the delinquent firm's "Accredited Firm" status in accordance with the AIR Bylaws.

(4) Consequences of suspension of any Accredited Firm may include, but not be limited to, return of MULTIPLE lockbox keys by all Associates, denial of the right to publish materials in The MULTIPLE and/or receive the published material of The MULTIPLE, striking of the Accredited Firm's name from the membership roster, and denial of the right to use of the logo(s) of AIR and/or The MULTIPLE.

(b) If any Associate or any Accredited Firm shall have been determined by the Professional Conduct and Arbitration Committee to have violated any provisions hereof, and/or whose membership or Accredited Firm status shall have been suspended or terminated, such Associate's or Accredited Firm's name may be published by the AIR and/or The MULTIPLE in any publication of AIR or The MULTIPLE which is circulated to Associates. The owners, officers, partners and managers of Accredited Firms agree by the participation of their Accredited Firm in The MULTIPLE or by their individual membership in the AIR, to save and hold the AIR and The MULTIPLE, and its officers, directors, employees, agents, committee chairs, and committee members acting on behalf of the AIR and/or The MULTIPLE, free and harmless of any and all liability arising out of such publication.

8.5 FINANCIAL OBLIGATIONS.

Each Accredited Firm shall have the following financial obliga-

tions:

(a) Each Accredited Firm shall pay costs and fees annually or more frequently, as determined by the Board of Directors from time to time.

(b) Each Accredited Firm shall be responsible for the payment of fines, if any, levied against the Accredited Firm or any of its Associates, and for the payment of awards, if any, granted as the result of arbitration judgments.

(c) Any Accredited Firm which fails to pay its fees, costs, fines and/or arbitration judgments shall be subject to suspension from participation in the MULTIPLE, as provided for in the AIR Bylaws and these Rules.

ARTICLE IX ARBITRATION OF DISPUTES

Any money-related dispute between Accredited Firms, or between Accredited and non-Accredited Firms, or Associates, not purely a matter of professional conduct, shall be submitted to binding arbitration upon written application of either or both parties to the dispute, subject to the willingness of the AIR to hear the arbitration, in accordance with the Bylaws of the AIR and The MULTIPLE. Every Accredited Firm, on behalf of all licensees at that location including associates of the same brokerage company who are not associated with an industrial division, and whether such licensees are members of the AIR or not, shall be bound to submit to such binding arbitration with respect to any property offered through The MULTIPLE. The decision of the arbitration panel shall be final. The party against whom the decision is made shall comply promptly with any arbitration award made by the panel.

BYLAWS

Amended April 2004



AIR COMMERCIAL REAL ESTATE ASSOCIATION
700 S. FLOWER STREET, SUITE 600
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:

(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.



NOTICE

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To: AIR Members

From: Joseph Vargas, 2005 Arbitration Chair

The Board of Directors of the AIR Commercial Real Estate Association voted at a recent Board Meeting to amend the arbitration procedure of the AIR. In essence, the arbitration procedure has been amended to read as follows:

The arbitration procedure allows either party the option of requesting arbitration proceedings be conducted by an independent arbitration service from a list approved by the Arbitration Chair subject to the following conditions:

- a) Participation in mandatory mediation;
- b) The claim must be \$50,000 or more;
- c) The Arbitration Chair shall provide "friend of court" brief to the Arbitrator(s) to educate them as to the Rules of Professional conduct;
- d) The accredited firm requesting the option of conducting the arbitration proceedings by an independent arbitration service shall incur all initial costs attributed to the arbitration; excluding legal fees.
- e) The losing party at the arbitration shall pay for the cost of the arbitration and each party shall be responsible for their own legal fees, and under no circumstances shall any prevailing party be awarded legal fees.

AIR COMMERCIAL REAL ESTATE ASSOCIATION ARBITRATION PROCEDURES

The following is a basic outline of the Arbitration Procedures. For further information, please see the AIR Commercial Real Estate Association Arbitration Manual.

To File Arbitration:

- Submit Arbitration Agreement Application form (A-1) provided by the Association.
- Enclose a filing fee of \$450.00
- Include a statement describing the controversy and the amount in dispute.

The Controller, after determining whether the dispute is properly subject to arbitration by the Association, will notify the other party or parties, and request them to submit their response within fourteen (14) days of receipt of Complaint.

The Respondent(s) are not required to submit a response but, regardless of whether the Respondent(s) does so or not, he or she is bound to arbitrate according to the Association rules set forth in the Arbitration Manual under the Bylaws of the Association. The arbitration hearing may be scheduled and conducted in the absence of the Respondent(s).

Both the Complaint and Response will be forwarded to the Arbitration Chair within twenty-one (21) days. The Arbitration Chair will initiate a phone call to both parties to attempt to bring the parties together to mediate the dispute in order to reach a mutually agreeable resolution. Either party may elect to bypass the mediation conference, in which case the matter will be scheduled for an arbitration hearing.

Mediation:

Should the mediation be successful, the parties shall execute a Mediation Agreement and Stipulated Arbitration Award form (MED-2). This agreement specifically states that the agreement itself may be used in court for enforcement purposes. The Association will cancel any arbitration field and refund the arbitration filing fee.

If the parties do not settle their dispute at the mediation conference, they shall maintain their right to an arbitration hearing under the Bylaws and the Arbitration Manual.

Arbitration Hearing:

Three or more qualified members will be appointed as members of the arbitration tribunal. One will be designated as Presiding Officer. All parties have the right to challenge a tribunal member as provided in Section 7 of the Arbitration Manual.

The hearing will be scheduled giving all parties at least twenty-one (21) days written notice.

All parties may be represented by legal counsel. Notice must be given at least fourteen (14) days before the hearing.

The arbitration tribunal will hear and determine the controversy. The arbitration award will be made as soon as practicable after the Hearing, but not more than thirty (30) days after the close of the Hearing. **The award is valid and binding and is not, and shall not, be subject to review or appeal.** The decision will be sent via certified mail to all parties. Arbitration decisions will not be provided by telephone.

The judgment of any court of competent jurisdiction in the State of California may be rendered upon the award.



the
MULTIPLE of the
AIR COMMERCIAL REAL ESTATE ASSOCIATION

NOTICE

2005

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To: All MULTIPLE Participants
From: James K. Sullivan, MULTIPLE Director

The 2005 MULTIPLE Standing Committee is published on the reverse side of this notice. In the event that you have a question as to why a specific property has been rejected for the publication in The MULTIPLE, or have received a FINE, which you wish to contest, please contact the committee member representing your area by observing the following procedures:

- First, check ARTICLE II, Sections 2.1-2.9 in the Rules of Professional Conduct;
- If your answer is not in the Rules, please send directly to your area rep. a written explanation as to why you believe the listing should be accepted for publication, (or the fine waived) and refer to the section which pertains to the specific brochure.
- If in doubt, your Area Rep will contact the MULTIPLE Director, or Associate Director before informing you of their decision.

This procedure will enable those who have a valid concern to receive prompt attention from the volunteers.

Thank you in advance for your cooperation!

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AIR
INDUSTRIAL
BUILDING
STANDARDS



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AIR INDUSTRIAL BUILDING STANDARDS

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1. INTRODUCTION.

The following industrial building standards have been developed by the AIR Commercial Real Estate Association for the purpose of assisting owners and users of industrial buildings to determine the basis on which the gross building area is to be established. It has been the long-standing practice among owners and users of industrial property to determine rental rates based upon the gross building area. To the extent that the building being measured is a simple box, this method works well. It is when a building is more complex by virtue of decorative projections or recesses, or such functional items as recessed truck wells or covered loading docks, that a controversy may arise. The AIR Industrial Building Standards are intended to eliminate such controversy.

Building Standards # 1 through 5 address the five different variations found in most industrial buildings. Building Standards # 1 through 4 deal with the Gross Building Area of entire buildings. Building Standard # 5 deals with the Gross Building Area of a portion of a larger building. Multi-story industrial buildings are not included.

In each of the Building Standards certain words appear as defined terms. Section 3, "DEFINITIONS", gives the meaning of the defined terms as they are used in the AIR Industrial Building Standards. Defined terms are listed alphabetically in Section 3.

To use the AIR Industrial Building Standards, (i) select from Building Standards # 1 through 5 in Section 2 the one which fits the situation you are concerned with, (ii) read those Definitions in Section 3 which that Building Standard refers to, and (iii) read the General Guidelines in Section 4. It is not necessary to read this entire document in order to establish the Gross Building Area of any specific industrial building.

2. BUILDING STANDARDS 1 THROUGH 5.

BUILDING STANDARD #1 (Building with no recesses and/or projections, and no Rentable Mezzanine): In the case of an industrial building whose Exterior Walls consist of a single vertical plane with openings for personnel doors, truck doors and windows, the Gross Building Area shall be determined by:

- (a) Measuring the distance from the Exterior Surface of one Exterior Wall to the Exterior Surface of the Exterior Wall directly opposite, and
- (b) Multiplying the building width X the building depth, and

- (c) Adding or subtracting the area(s) of non-rectilinear portions of the building (if any).

[See Exhibit 1]

BUILDING STANDARD #2 (Building with no recesses and/or projections, plus Rentable Mezzanine): In the case of an industrial building whose Exterior Walls consist of a single vertical plane with openings for personnel doors, truck doors and windows, and the interior of the building includes Rentable Mezzanine, the Gross Building Area shall be Determined by:

- (a) Following the same steps as above in Building Standard #1 with respect to the Footprint, and
- (b) Measuring the area within the Rentable Mezzanine in accordance with Section 4(f), and
- (c) Adding the area of the Footprint to the area of the Rentable Mezzanine.

[See Exhibit 2]

BUILDING STANDARDS #3 (Building with recesses such as an interior truck well or recessed glass, and/or projections, with no Rentable Mezzanine): In the case of an industrial building one or more of whose Exterior Walls consist of two or more vertical planes as a result of the existence of

- Recessed entry or window elements
- Projecting entry or window elements
- Interior recessed truck well or rail loading area
- Covered truck dock (see Section 4 (i))

the Gross Building Area shall be determined by:

- (a) Determining the Dominant Portion of any Exterior Wall containing any of the projecting or recessed vertical planes referred to above, and
- (b) Determining the width and/or depth of the building based on the distance from the Exterior Surface of the Dominant Portion of any such Exterior Wall to the Exterior Wall directly opposite, and
- (c) Multiplying the building width X the building depth using the Dominant Portion dimension(s), and
- (d) Adding or subtracting the area(s) of non-rectilinear portions of the building (if any).

[See Exhibit 3]

BUILDING STANDARD #4 (Building with recesses such as an interior truck well or recessed glass, and/or projections, plus Rentable Mezzanine): In the case of an industrial building one or more of whose Exterior Walls consist of two or more vertical planes as a result of the existence of

- Recessed entry or window elements
- Projecting entry or window elements
- Recessed truck well or rail loading area
- Covered truck dock (see Section 4 (i))

and the interior of the building includes a Rentable Mezzanine, the Gross Building Area shall be determined by:

- (a) Following the same steps as in Building Standard #3 with respect to the Footprint, and
- (b) Measuring the area within the Rentable Mezzanine in accordance with Section 4 (f), and
- (c) Adding the area of the Footprint to the area of the Rentable Mezzanine.

[See Exhibit 4]

BUILDING STANDARD #5 (Part of a larger building): In the case of a portion of a larger industrial building being leased separately, the gross dimension(s) of either the width or the depth of such portion involving an interior Demising Wall shall be measured to the centerline of any such interior Demising Wall. In all other respects the Gross Building Area shall be determined in the same manner as in Building Standards #1 through 4.

[See Exhibit 5]

3. DEFINITIONS:

DEMISING WALL. A "Demising Wall" is any interior wall dividing one separately leased or occupied portion of a building from another.

DOMINANT PORTION. The "Dominant Portion" shall mean that portion of the Exterior Surface within any one vertical plane which is both (i) structural in character and (ii) whose total surface area contains the highest percentage of the total Exterior Surface area of that one Exterior Wall. By way of illustration: (i) if 60% of the Exterior Surface of one Exterior Wall of a building consists of recessed glass storefront falling within a first vertical plane; and (ii) 10% of the same Exterior Surface is structural in character falling within a second vertical plane; and (iii) 30% of the same Exterior Surface is structural in character and falls within a

third vertical plane, the 30% of the Exterior Surface which is structural would be the Dominant Portion for the purpose of determining the Exterior Dimensions.

NOTE: Any portion of the exterior concrete tilt-up wall of a concrete tilt-up building covered by the addition of a decorative element (e.g. surface-mounted Spandralite or glass panels) will be construed as constituting a part of the Exterior Surface of the structural portion it covers for the purpose of calculating the Dominant Portion, whether the structural portion is visible or not.

[See Exhibit 3 for an illustration of Dominant Portion]

EXTERIOR DIMENSIONS. The "Exterior Dimensions" of a building are determined by measuring the distance from the Exterior Surface of one Exterior Wall to the Exterior Surface of the Exterior Wall directly opposite, based on the Dominant Portion of each Exterior Wall. OR, in the case of a building occupied by two or more tenants, the Exterior Dimensions of any such portion of a larger building shall be measured to the center line of any Demising Wall separating one section of the Building from another.

EXTERIOR SURFACE. The "Exterior Surface" refers to the outside surface of any structural or non-structural component of an Exterior Wall falling within a given vertical plane in any one Exterior Wall. Windows and doors mounted in an Exterior Wall shall be deemed to be in the same vertical plane as the Exterior Wall so long as their thickness lies within the thickness of the Exterior Wall, or so long as they are mounted directly to the interior surface or Exterior Surface of the Exterior Wall.

EXTERIOR WALL. The "Exterior Wall" refers to the outermost structural wall, including its non-structural components, which forms the external perimeter of a building.

FINISHED MEZZANINE. "Finished Mezzanine" refers to any portion of a Mezzanine which has either (i) been developed at least to the extent of the addition of ALL of the following improvements, or (ii) for which a reasonable allowance has been provided for the addition of ALL of the following improvements:

- (a) Frame and drywall partition fully separating the area of the Finished Mezzanine from adjacent areas of the Mezzanine or the balance of the building, constructed at least to the height of an intersecting finished interior ceiling.

- (b) T-bar suspended ceiling or joisted ceiling with a fully finished interior surface.
- (c) Ducted heating and refrigerated air conditioning.
- (d) Fully finished floor covering (carpet, tile or sheet goods).
- (e) Lighting at an intensity throughout of not less than 50 f.c. at desk height.
- (f) Minimum electrical required by code.

FOOTPRINT. The "Footprint" of a building is the area of land occupied by a building, or portion of a larger building, calculated based on its Exterior Dimensions. For example, a building with Exterior Dimensions of 100 ft. X 200 ft. has a Footprint of 20,000 s.f. A Mezzanine (whether Finished or Storage Mezzanine) is never included in the building Footprint under any circumstances.

GROSS BUILDING AREA. The "Gross Building Area" of a building is the total area comprised of the building's Footprint plus Rentable Mezzanine, based on Exterior Dimensions. If the Rentable Mezzanine includes any Storage Mezzanine area:

- (a) The exact square footage of the Storage Mezzanine area to be included must be clearly identified; AND
- (b) It must be clearly stated that the Storage Mezzanine area so identified is included as Rentable Mezzanine in the Gross Building Area.

MEZZANINE. A "Mezzanine" is a floor structure within the Exterior Walls capable of supporting offices, warehousing or manufacturing activities, as a function of load-bearing capacity and compliance with applicable building codes governing the purpose for which the Mezzanine was constructed.

OFFICE AREA. To qualify as finished "Office Area," an area within the industrial building must be developed at least to the extent of the addition of ALL of the following improvements, whether constructed on the ground floor or the Mezzanine:

- (a) Frame and drywall partition fully separating the Office Area from adjacent areas of the industrial building, constructed at

least to the height of an intersecting finished interior ceiling (not the underside of the exterior roof of the building).

- (b) T-bar suspended ceiling or joisted ceiling with a fully finished interior surface.
- (c) Ducted heating and refrigerated air conditioning.
- (d) Fully finished floor covering (carpet, tile or sheet goods).
- (e) Lighting at an intensity throughout of not less than 50 f.c. at desk height.
- (f) Minimum electrical required by code.

PRINCIPAL STRUCTURE. A building which is designated as a property's "Principal Structure", may be so designated by virtue of:

- (a) Its size, OR
- (b) Its location on the property, OR
- (c) Its architectural character and importance, OR
- (d) Its structural components, OR
- (e) Any combination of these.

RENTABLE MEZZANINE. "Rentable Mezzanine" is any Storage Mezzanine which is expressly agreed by the parties to be included in the Gross Building Area OR any Finished Mezzanine (see Section 4 (h)).

STORAGE MEZZANINE. "Storage Mezzanine" is any Mezzanine constructed in accordance with applicable building codes, other than a Finished Mezzanine.

4. GENERAL GUIDELINES, CLARIFICATIONS AND EXCLUSIONS:

- (a) Recessed entries, decorative projections and overhangs, covered loading docks, recessed truck wells and rail loading areas shall all be treated in the same manner, i.e., their impact on Gross Building Area will be determined on the basis of the Dominant Portion criteria.

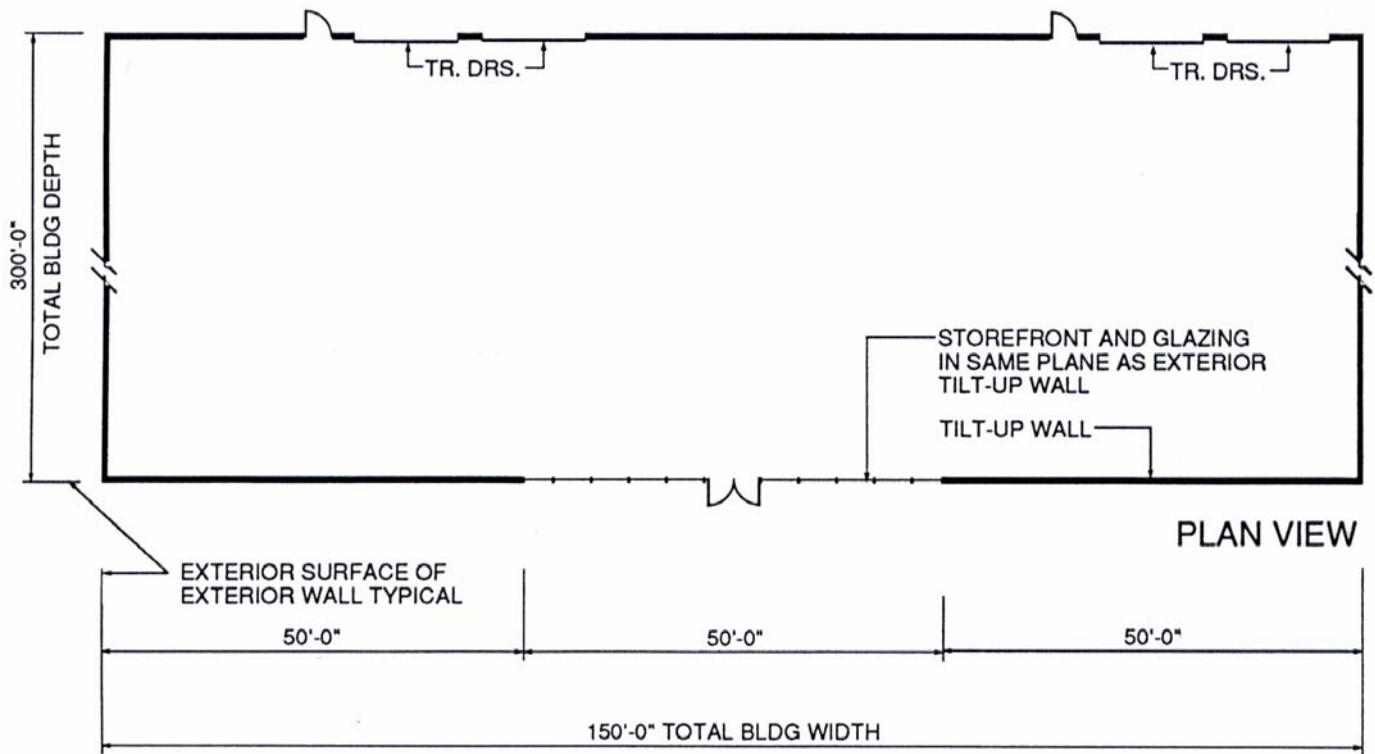
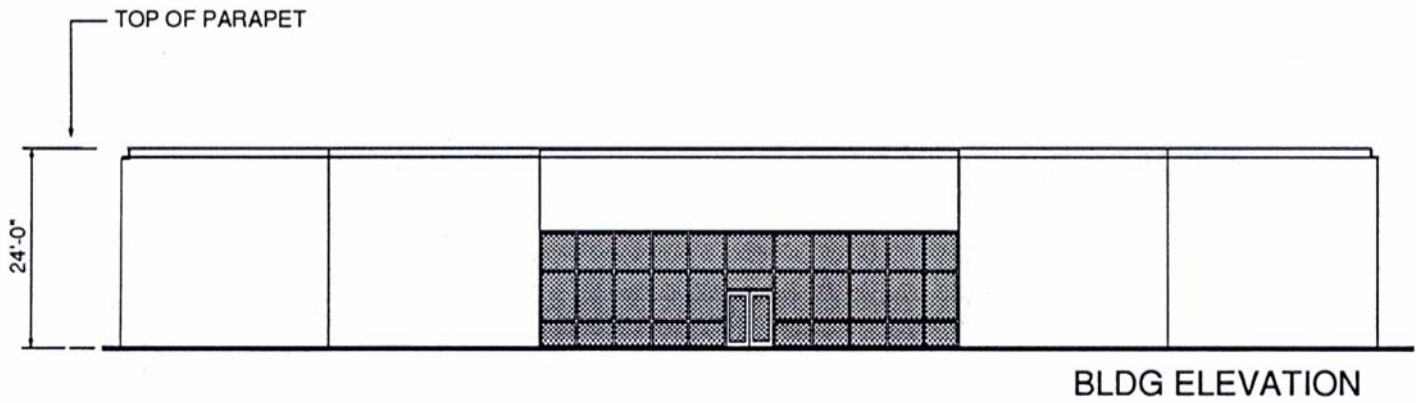
- (b) Finished Office Area shall include any improvements constructed within an industrial building which meet the definition for Office Area, including restrooms which are contiguous with the principal Office Area in the building. Restrooms which are located separately from the principal Office Area shall not be considered to be a part of the Office Area calculations.
- (c) Any portion of the Office Area in an industrial building located separately from the principal Office Area may be included in the total Office Area provided they are constructed in accordance with the Office Area definition. Any offices which fail to meet all of the above criteria may be separately identified as "Shop Offices".
- (d) As used in these AIR Industrial Building Standards, the term "Office Area" is intended solely to be descriptive of construction details, and is NOT intended to be determining as to the use to which such portions of a building may be put. For example, portions of an industrial building improved in this manner may be intended for use as a lunch area, lab area, R & D area, assembly area, light manufacturing or inspection area, as well as for general office purposes. In the process of marketing an industrial building, a building owner or industrial broker may describe portions of the building which meet ALL of the criteria of Office Area as defined above as "Offices" without intending to limit the uses of such portions to conventional "office" uses.
- (e) In a case in which there are two or more buildings on a property which are to be included in the total Gross Building Area, one building shall be designated as the Principal Structure, and the number of buildings to be included and their individual Gross Building Areas shall be clearly stated. Separate structures on a single property, whether attached to the Principal Structure or free-standing, shall be separately identified so that it is clear that any such structure which is being claimed as part of the Gross Building Area of the property:
 - (1) Is identified as a separate structure, that is, is not located within the Exterior Walls of the Principal Structure; and
 - (2) Is identified as to its basic structural components (for example, concrete block, frame and stucco, metal).
- (f) In any case in which a building includes Rentable Mezzanine, the gross area of the Rentable Mezzanine will be based on its exterior dimensions, i.e., from the interior surface of any Exterior Wall which it abuts to either: the interior surface of the opposite abutting Exterior Wall; OR

- the edge of the mezzanine floor surface which is open and adjacent to the warehouse or factory area, in the case of a Storage Mezzanine; OR
- the warehouse/factory area side of a perimeter wall, in the case of a Finished Mezzanine.

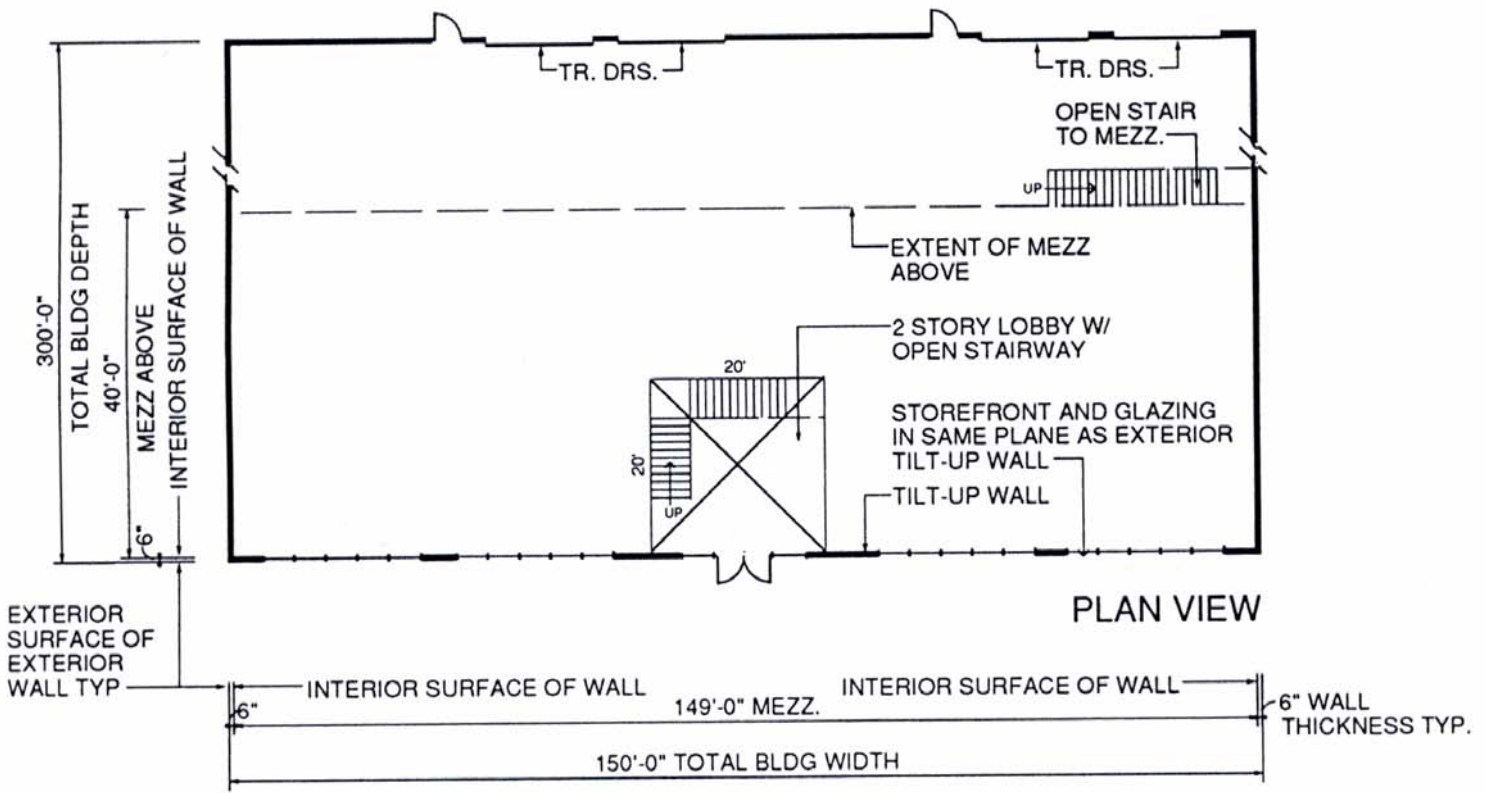
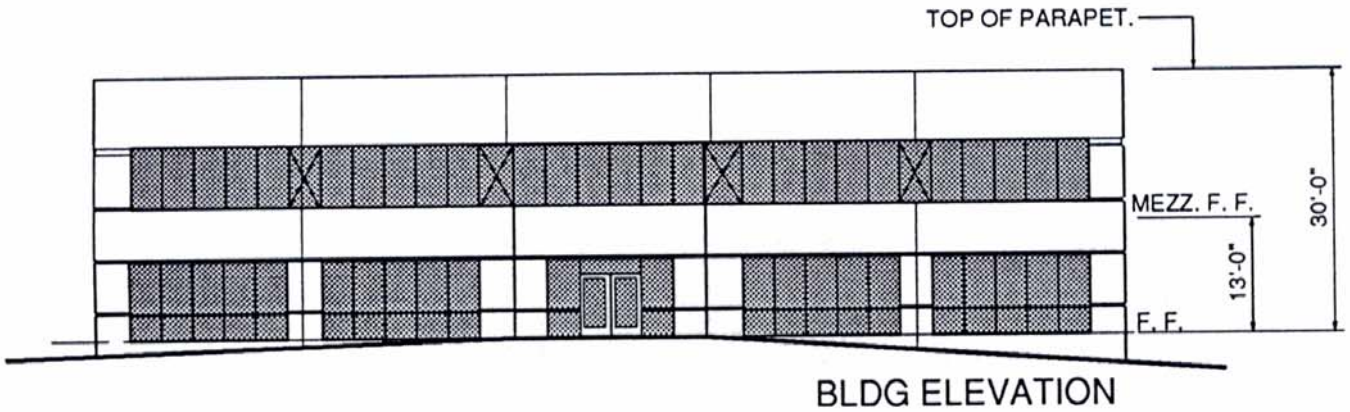
The floor area of a two story lobby, atrium or other similar element, and the floor area of any vertical elevator shaft and vertical ducting, shall be deducted from the gross area of a Mezzanine, and any open stairway to a Mezzanine shall not be included in determining the gross area of a Mezzanine (see Exhibit 2). An enclosed, air conditioned stairway to a Mezzanine, whether Finished or Storage Mezzanine, will be treated as follows:

- (1) If the enclosed stairway falls within the perimeter of the Mezzanine, 100% of the gross area of the stairway shaft will be deducted from the gross area of the Mezzanine and added to the gross area of the office area (if any) under the Mezzanine served by that stairway (see Exhibit 4).
 - (2) If the enclosed stairway falls outside the perimeter of the Mezzanine, 100% of the gross floor area occupied by the stairway shaft will be added to the gross area of the office area (if any) under the Mezzanine served by that stairway.
- (g) A Mezzanine is never considered as part of the building Footprint, regardless of whether it is Finished Mezzanine or Storage Mezzanine.
- (h) Storage Mezzanine which fully complies with building codes with respect to structural character, access and protective railings may or may not be included as Rentable Mezzanine in the Gross Building Area, as a function of market conditions. If a Storage Mezzanine is to be included as Rentable Mezzanine in the Gross Building Area:
- (1) The exact square footage of the Storage Mezzanine area to be included must be clearly identified; AND
 - (2) It must be clearly stated that the Storage Mezzanine area so identified is included as Rentable Mezzanine in the Gross Building Area.
- (i) A covered loading dock is never included in the Gross Building Area unless (i) its area falls within the Exterior Dimensions of the building, and (ii) its roof is an integral part of the building's roof system, in which case the area of the covered loading dock which falls within the Exterior Dimensions of the building shall be included in the Gross Building Area. If

the area of a covered loading dock falls within the Exterior Dimensions of the building but its roof is not an integral part of the building's roof system, then that portion of the area within the Exterior Dimensions of the building shall be excluded from the Gross Building Area.

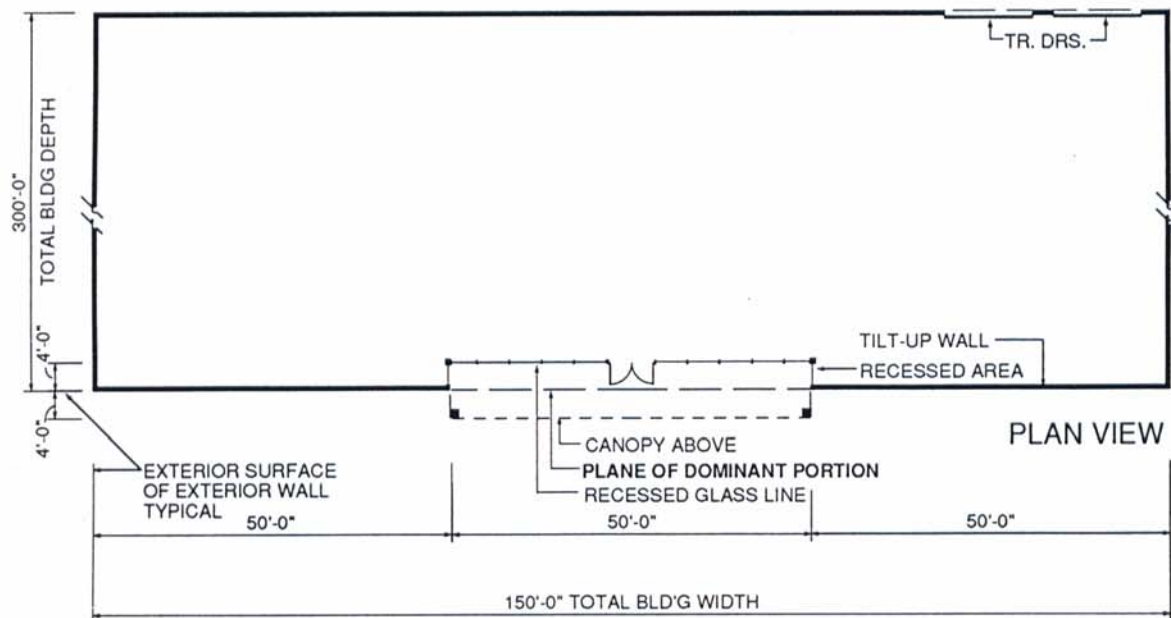
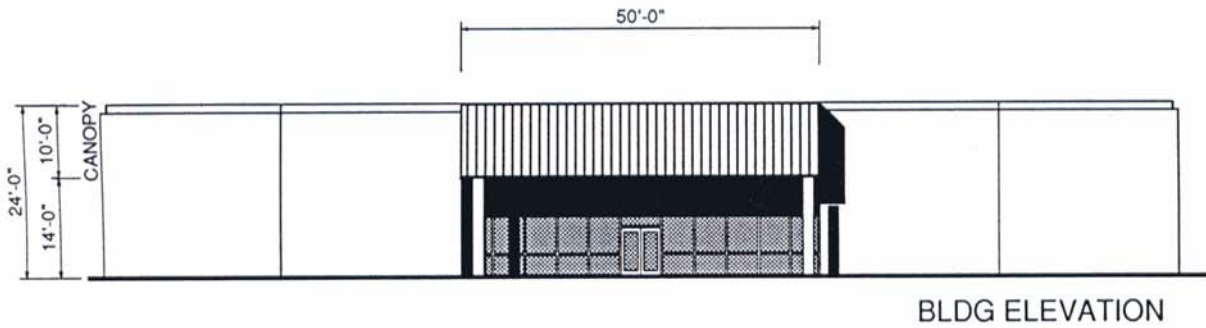


GROSS BUILDING AREA
 (150' X 300') = 45,000 S.F.



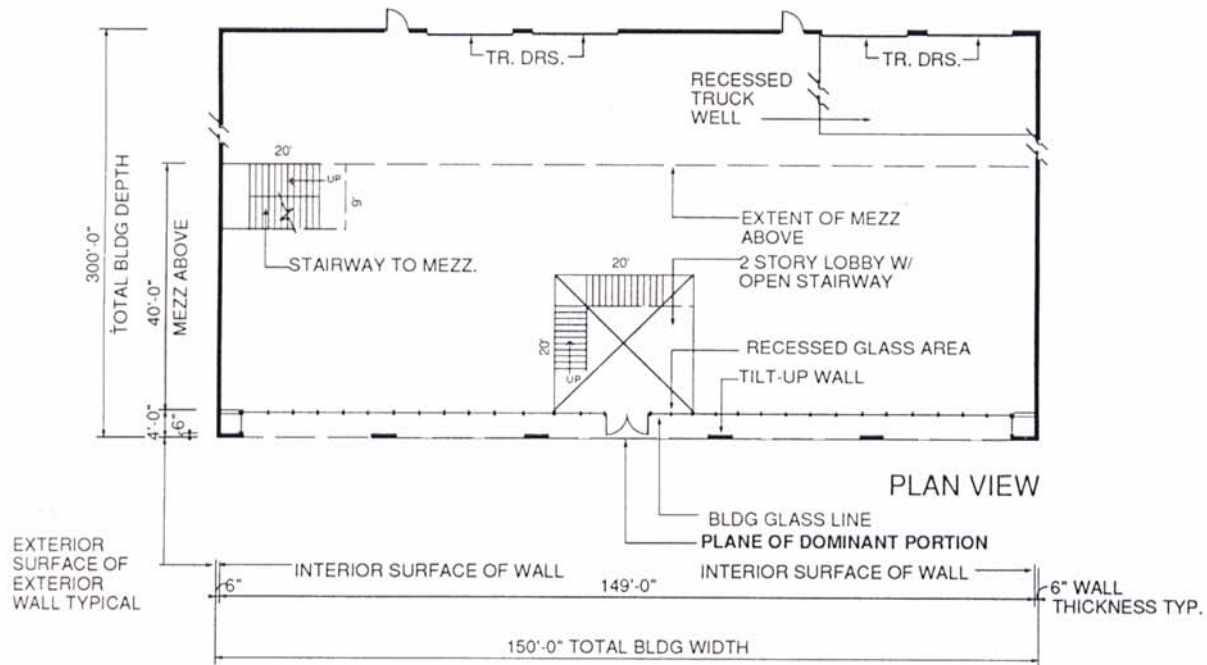
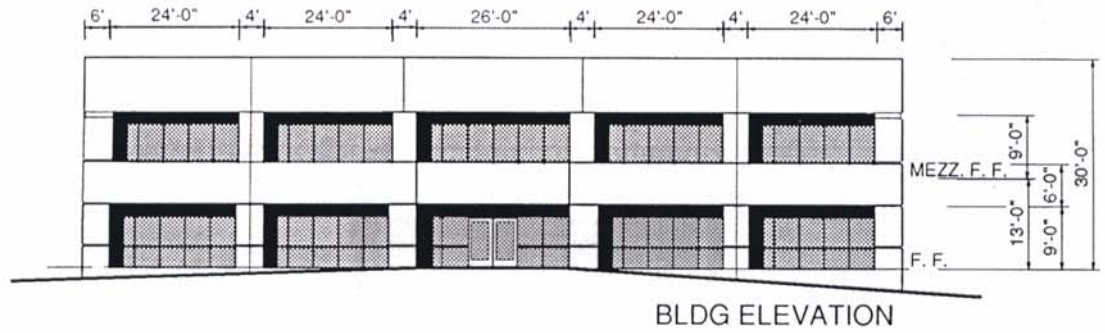
AREA OF FOOTPRINT (150' X 300')	=	45,000 S.F.
PLUS AREA OF MEZZANINE (149' X 40')	=	+ 5,960 S.F.
		50,960 S.F.
LESS AREA OF 2-STORY LOBBY (20' X 20')	=	- 400 S.F.
GROSS BUILDING AREA	=	50,560 S.F.

EXHIBIT 2



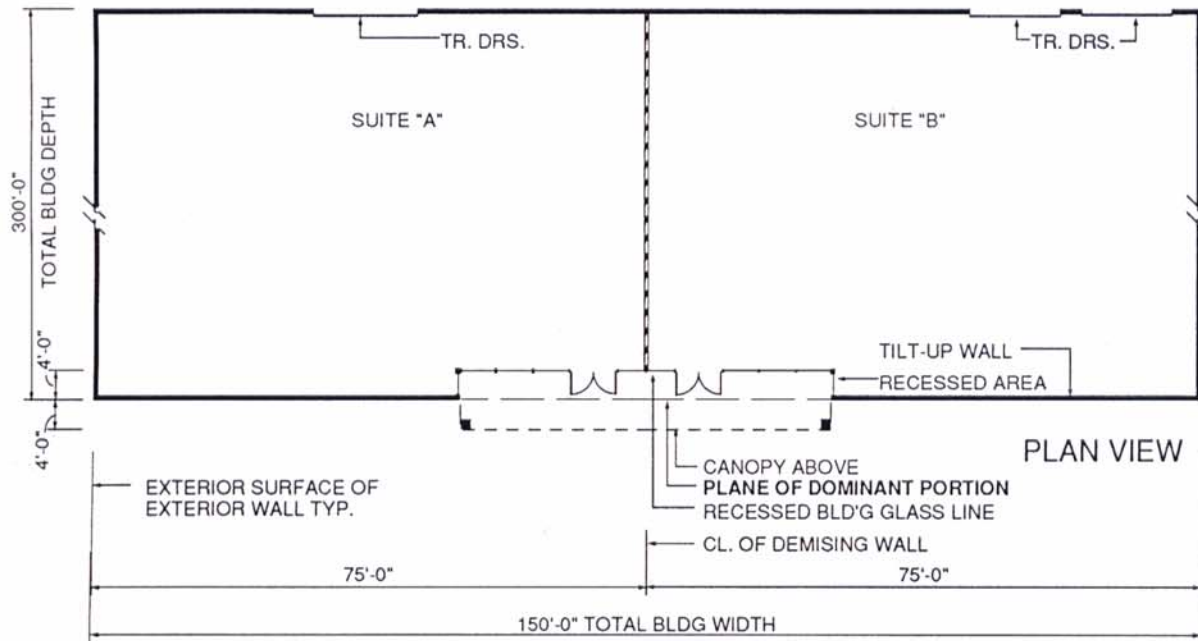
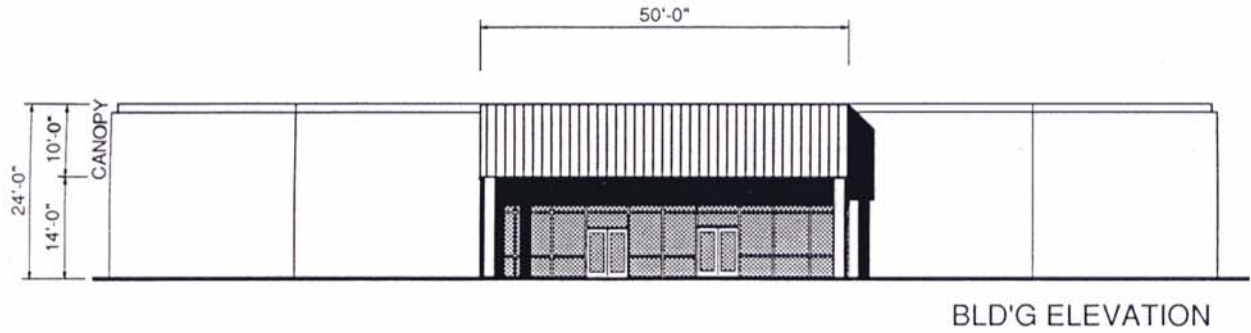
OVERALL SURFACE AREA OF FRONT EXTERIOR WALL (150' X 24')	=	3,600 SQ. FT.
LESS RECESSED GLASS ENTRY SURFACE AREA (50' X 14')	=	<u>-700 SQ. FT.</u>
SURFACE AREA OF STRUCTURAL ELEMENTS	=	2,900 SQ. FT.
LESS SURFACE AREA OF FACE OF CANOPY (50' X 10')	=	<u>-500 SQ. FT.</u>
SURFACE AREA OF REMAINING PORTION OF FRONT ELEVATION	=	2,400 SQ. FT.
DOMINANT PORTION : PORTION OF EXTERIOR SURFACE WITH HIGHEST PERCENTAGE	=	2,400 SQ. FT. (66.67%)
GROSS BUILDING AREA (150' X 300')	=	45,000 SQ. FT.

EXHIBIT 3



OVERALL SURFACE AREA OF FRONT EXTERIOR WALL (150' X 30)	=	4,500 S.F.
LESS RECESSED GLASS SURFACE AREAS		
FIRST FLOOR (9' X 138')	=	1,242 S.F.
MEZZ. FLOOR (9' X 138')	=	1,242 S.F.
TOTAL RECESSED GLASS SURFACE AREA	=	-2,484 S.F.
SURFACE AREA OF STRUCTURAL ELEMENTS	=	2,016 S.F.
DOMINANT PORTION :		
DOMINANT PORTION OF ENTRY ELEVATION	=	2,016 SQ. FT.
(CONC. STRUCTURE IS DOMINANT PORTION BASED ON DEFINITION.)		(44.8%)
AREA OF FOOTPRINT (150' X 300')	=	45,000 SQ. FT.
PLUS AREA OF MEZZANINE (149' X 40')	=	<u>+5,960</u> SQ. FT.
		50,960 SQ. FT.
LESS AREA OF 2-STORY LOBBY AND ENCLOSED STAIRWAY (20' X 20' + 9' X 20')	=	<u>-580</u> SQ. FT.
GROSS BUILDING AREA	=	50,380 SQ.FT.

EXHIBIT 4



OVERALL SURFACE AREA OF FRONT EXTERIOR WALL (150' X 24')	=	3,600 SQ. FT.
LESS RECESSED GLASS ENTRY SURFACE AREA (50' X 14')	=	<u>-700 SQ. FT.</u>
SURFACE AREA OF STRUCTURAL ELEMENTS	=	2,900 SQ. FT.
LESS SURFACE AREA OF FACE OF CANOPY (50' X 10')	=	<u>-500 SQ. FT.</u>
SURFACE AREA OF REMAINING PORTION OF FRONT ELEVATION	=	2,400 SQ. FT.
DOMINANT PORTION: PORTION OF EXTERIOR SURFACE WITH HIGHEST PERCENTAGE	=	2,400 SQ. FT. (66.67%)
SUITE "A" FOOTPRINT (75' X 300')	=	22,500 SQ. FT.
SUITE "B" FOOTPRINT (75' X 300')	=	22,500 SQ. FT.
GROSS BUILDING AREA (150' X 300')	=	45,000 SQ. FT.