

ARTICLE I - NAME AND PURPOSE

Section 1.1 Name

The name of this Corporation is the ASSOCIATION OF COMMERCIAL REAL ESTATE, INC., hereafter referred to as "ACRE."

Section 1.2 Statement of Nonprofit Status

ACRE is a nonprofit mutual benefit corporation chartered under the laws of the State of California.

Section 1.3 Purpose

The purpose of ACRE shall be to promote the business of, and the cooperation and professional conduct within, the greater Sacramento commercial brokerage community. To this end it shall:

- (a) Hold regular meetings at which positive and constructive action may be taken to increase the knowledge and professional skills of the members.
- (b) Encourage knowledgeable, ethical, and efficient activities by the members.
- (c) Provide recognition for the leading industry practitioners.
- (d) Establish guidelines of professional conduct and standards of ethical practice.
- (e) Provide a membership listing to members.

Section 1.4 Governance

ACRE shall be governed by its Articles of Incorporation and Bylaws.

Section 1.5 Office

The principal office of ACRE shall be the office of the Executive Director or such other place as designated by the Board of Directors.

ARTICLE II - MEMBERSHIP

Section 2.1 Classes

There shall be three (3) classes of membership as follows:

- 2.1.1 Active. Active membership shall be granted to the following individuals: A person who satisfies the following criteria: (i) he or she is a real estate broker or agent, property manager or developer who is licensed by the State of California Department of Real Estate, or is a principal, partner, corporate officer, trustee, or employee of any of the

foregoing, and (ii) spends at least seventy-five (75%) of his/her working time in the field of commercial real estate brokerage, management, or development.

2.1.2 Associate. Associate membership shall be granted to the following individuals, companies or organizations: A person who spends at least seventy-five percent (75%) of his or her working time or a company or organization that has one or more employees who spend at least seventy-five percent (75%) of their working time in the field of commercial real estate in any of the following subcategories [provided, however, that the total associate membership in the particular subcategory within which a person desires to be admitted (inclusive of the person requesting admission) could not exceed, at the time such person is admitted to the particular subcategory, ten percent (10%) of the total active and associate membership of ACRE]:

- (a) An insurance provider, a provider of commercial real estate escrow services or a principal, partner, corporate officer, or employee of either of the foregoing providers;
- (b) An attorney licensed to practice law or a principal, partner, corporate officer, or employee of such an attorney;
- (c) A licensed real property appraiser or a principal, partner, corporate officer, or employee of such an appraiser;
- (d) A lender, licensed mortgage broker or a principal, partner, corporate officer, or employee of either of the foregoing;
- (e) A licensed general contractor (license category GC) or a principal, partner, corporate officer, or employee of such a general contractor;
- (f) A licensed architect or a principal, partner, corporate officer, or employee of such a licensed architect;
- (g) A licensed civil, structural or environmental engineer or a principal, partner, corporate officer, or employee of either of the foregoing; and
- (h) A provider of exchange intermediary services or a principal, partner, corporate officer, or employee of such services.

When an associate membership has been granted to a company or organization, that company or organization shall appoint one principal, partner, corporate officer or employee of such company or organization to be its designated representative to ACRE. Such designated representative shall exercise all the rights of such associate membership on behalf of such company or organization. Such company or organization may replace such designated representative from time to time at its discretion upon written notice to ACRE. If an associate membership has been granted to a company or organization whose entire staff of employees collectively spend at least seventy-five percent (75%) of their working time in the field of commercial real estate, then such company or organization may designate any of its principals, partners, corporate officers or employees as its designated representative to ACRE. However, if an associate membership has

been granted to a company or organization that does not meet the criteria set forth in immediately preceding sentence, then such company or organization must designate as its designated representative to ACRE a principal, partner, corporate officer or employee of such company or organization that spends at least seventy-five percent (75%) of his or her working time in the field of commercial real estate.

2.1.3 Affiliate. Affiliate membership shall be granted to individuals, companies or organizations directly involved in commercial real estate in allied fields who do not otherwise qualify for active or associate membership pursuant to the criteria set forth in Sections 2.1.1 and 2.1.2 above (except to the extent such failure to qualify is the result of the ten percent (10%) limitation set forth in Section 2.1.2 above), subject to the following conditions:

(a) When an affiliate membership has been granted to a company or organization, that company or organization shall appoint, at its discretion, one person as its designated representative. Such company or organization may replace such designated representative from time to time at its discretion upon written notice to ACRE.

(b) The number of affiliate members shall be limited to twenty-five percent (25%) of the total number of members in ACRE, provided that the Board of Directors may review and amend such limitation annually.

2.1.4 Waiting List. With respect to the categories of membership described in Sections 2.1.2 and 2.1.3 above, the Board of Directors shall have the right, at its sole discretion, to select applicants for associate or affiliate membership from waiting lists maintained by the Board.

Section 2.2 Qualification and Approval

2.2.1 Application

(a) Application for membership shall be made in such manner and form as may be prescribed by the Board of Directors.

(b) The application form shall contain, at a minimum, the applicant's name; business name, address, and phone; commercial real estate experience/activities; type and status of real estate or other required license, if applicable, and the category (and, if applicable, subcategory) of membership for which the application is submitted.

(c) The applicant shall have access to a copy of the Bylaws upon request.

2.2.2 Qualification

(a) An applicant for active or associate membership shall supply evidence satisfactory to the Membership Committee that the applicant devotes a minimum of seventy-five percent (75%) of his/her working time in the field of commercial

real estate (or, if the applicant is a company or organization, that the company or organization, or its designated representative, as applicable, satisfies the applicable requirement for involvement in the field of commercial real estate) and that the applicant otherwise satisfies the applicable criteria for membership set forth in Section 2.1 above.

(b) Every application for membership shall be accompanied by an application fee as established by the Board. Such application fee shall be in addition to the regular annual membership dues as established by the Board of Directors, which fee shall be due at the time of application.

2.2.3 Approval

The procedure for approval of membership shall be as follows:

(a) The Membership Committee shall review the membership application for completeness and shall determine if and for which class of membership (and, if applicable, what subcategory of associate membership) the applicant qualifies. In addition to the information provided on the application, the Committee may use other information available to it including personal or member knowledge of the applicant.

(b) If one or more active or associate members object to the approval of the application, basing such objection on lack of qualification as set forth in these Bylaws, the Committee shall invite any objecting member to appear and state the basis for his/her objection. The Committee may not reject an application for active or associate membership based on an objection without (1) informing the applicant in advance, in writing, of the objections and identifying the objecting member, and (2) giving the applicant an opportunity to appear before the Committee and establish his/her qualifications. The Committee shall thereafter make a written report of its findings.

(c) The Membership Committee shall report its recommendations at the next regularly scheduled meeting of the Board. If the recommendation is for disapproval of the application, the reasons therefore shall be specifically stated. If any member of the Membership Committee submits a dissenting recommendation, it shall be transmitted to the Board.

(d) The Board shall review the qualifications of the applicant and the recommendation of the Committee and vote on his/her eligibility for membership. If the applicant receives a majority vote of the Board, he/she shall be declared approved for membership and shall be advised by notice in writing.

Section 2.3 Dues and Fees

2.3.1 Annual membership dues shall be set by the Board of Directors and shall be due and payable on the first day of the month of the anniversary date of the members' membership.

2.3.2 Event fees shall be set by the Board of Directors.

Section 2.4 Suspension and Termination of Membership

2.4.1 Suspension. Membership, and all of the rights of membership, shall be suspended upon:

- (a) failure to pay annual dues within 30 days of date due.
- (b) failure to pay other amounts due, including returned checks and fees thereon, within 30 days of notice.

2.4.2 Termination. Membership shall be terminated upon:

- (a) The resignation of the member.
- (b) A change in qualifications of membership which would render the member ineligible for membership, including but not limited to, a suspension or revocation of a member's real estate license.
- (c) The determination by the Board that the member has materially failed to follow industry rules and ethics as promoted by ACRE, or has engaged in conduct materially prejudicial to the interests of ACRE.
- (d) The failure of a member to pay his/her annual dues within 60 days of the date due.

ARTICLE III - MEETINGS AND VOTING OF MEMBERS

Section 3.1 Meetings

3.1.1 Regular Meetings. Regular meetings of the members shall be held monthly or at such frequency, time, and place as the Board shall from time to time determine.

3.1.2 Annual Meeting. The annual meeting of members shall be held on the third Wednesday of November each year, unless the Board defines another date and so notifies the members.

3.1.3 Special Meetings. Special meetings of the members may be called at any time.

- (a) Authorized Persons Who May Call. A special meeting of the members may be called at any time by any of the following: The Board, the President, any two officers or directors, or five percent or more of the active and associate members.
- (b) Calling a Meeting. If a special meeting is called other than by the Board or the President, the request shall be executed by the requisite number of directors, officers, or members and shall specify the general nature of the business proposed to be transacted, and shall be delivered personally or sent by U. S.

certified mail, to the President, the President-Elect, the Vice-President, or the Secretary of ACRE. The officer receiving the request shall cause notice to be promptly given to the members entitled to vote that a meeting will be held including the date for such meeting, which date shall be not less than 35 nor more than 90 days following the receipt of the request. If the notice is not given within the 20 days after receipt of the request, the persons requesting the meeting may give the notice. Nothing contained in this subsection shall be construed as limiting, fixing, or affecting the time when a meeting of members may be held when the meeting is called by action of the Board.

3.1.4 Notice of Meetings. All notices of meetings shall be sent or otherwise delivered not less than 10 nor more than 90 days before the meeting date. The notice shall specify the place, date, and hour of the meeting and (i) in the case of a special meeting, the general nature of the business to be transacted, and no other business may in that case be transacted, or (ii) in the case of the annual meeting, those matters which the Board, at the time of giving the notice, intends to present for action by the members.

3.1.5 Notice of Certain Agenda Items. If action is proposed to be taken at any meeting for approval of any of the following proposals, the notice shall also state the general nature of the proposal. Member action on such items is invalid unless the notice or written waiver of notice states the general nature of the proposal(s):

- (a) Removing a director without cause;
- (b) Filling vacancies on the Board by the members;
- (c) Amending the Articles of Incorporation;
- (d) Approving a plan of distribution of assets, other than cash, in liquidation.

3.1.6 Manner of Giving Notice. Notice of any meeting of members shall be given either personally or by first-class mail, electronic mail, facsimile, or other written communication, charges prepaid, addressed to each member either at the address of that member appearing on the books of ACRE or the address given by the member to ACRE for the purpose of notice.

Section 3.2 Voting

3.2.1 Eligibility. Members entitled to vote shall be active or associate members as of the date determined in accordance with these Bylaws, subject to the provisions of the California Nonprofit Corporation Law. Affiliate members may vote only to elect the affiliate director. Active and associate members do not vote for the affiliate director.

3.2.2 Manner of Casting Votes. Voting may be by voice or ballot, provided that any election of directors (other than affiliate directors) must be by ballot if demanded by any active or associate member before the voting begins, and any election of an affiliate director must be by ballot if demanded by any affiliate member before the voting begins.

3.2.3 Quorum. Thirty-three and one-third percent (33 1/3%) of the active and associate members shall constitute a quorum for the transaction of business at a meeting of the members. The act of the majority of the voting power present at any meeting at which a quorum is present shall be considered the act of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of members, if any action is approved by at least a majority of the required quorum for such meeting, or such greater number as is required by the Articles of Incorporation, these Bylaws or by law.

Section 3.3 Waiver of Notice by Attendance

Attendance by a member at a meeting shall constitute a waiver of notice of that meeting, except when the member objects at the beginning of the meeting to the transaction of any business due to the inadequacy or illegality of the notice. Attendance at a meeting does not constitute a waiver of any right to object at the meeting to the consideration of matters not included in the notice of the meeting.

Section 3.4 Action by Written Consent Without a Meeting

3.4.1 General. Any action that may be taken at any annual or special meeting of members may be taken without a meeting and without prior notice upon compliance with the provisions of this section.

3.4.2 Solicitation of Written Ballots. The Secretary shall distribute one written ballot to each member entitled to vote; such ballots shall be mailed or delivered in the manner required by Section 3.1.6 for giving notice of special meetings. All solicitations of votes by ballot shall: (1) indicate the number of responses needed to meet the quorum requirement; (2) state the percentage of approvals necessary to pass the measure(s); and (3) specify the time by which the ballot must be received in order to be counted. Each ballot so distributed shall: (1) set forth the proposed action, and (2) provide the members an opportunity to specify approval or disapproval of each proposal, if more than one proposal is set forth.

3.4.3 Quorum. Approval by written ballot pursuant to this Section shall be valid when the number of votes cast by ballot within the time specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equal or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

3.4.4 Revocation. No written ballot may be revoked after delivery to ACRE or deposit in the mails, whichever first occurs.

Section 3.5 Record Date

3.5.1 Determined by Board. For the purpose of determining which members are entitled to receive notice of any meeting, the Board may fix, in advance, a "record date," which shall not be more than 60 nor fewer than 10 days before the date of any such meeting, nor more than 60 days before any such action without a meeting. Only

members of record on the date so fixed are entitled to notice notwithstanding any transfer of any membership on the books of ACRE after the record date, except as otherwise provided in the Articles of Incorporation, by agreement, or in the California Nonprofit Corporation Law.

3.5.2 Failure of Board to Determine Date. Unless fixed by the Board, the record date for determining those members entitled to receive notice of a meeting, shall be the business day preceding the day on which notice is given or, if notice is waived, the business day preceding the day on which the meeting is held.

Section 3.6 Proxies

Every person entitled to vote shall have the right to do so either in person or by one or more agents authorized by a written proxy, signed by the person and filed with the Secretary. A proxy shall be deemed signed if the member's name is placed on the proxy by the member or the member's attorney in fact. The revocability of a proxy shall be governed by the provisions of the California Nonprofit Corporation.

ARTICLE IV - BOARD OF DIRECTORS

Section 4.1 Number and Term of Directors and Officers

4.1.1 Number. The authorized number of directors shall be thirteen, including the immediate past-president as an ex-officio member and, by election, one affiliate director, four officers of the association (as defined in Section 6.1), and seven additional directors.

4.1.2 Voting rights. All thirteen directors shall have full voting rights.

4.1.3 Special Directors. In addition to the thirteen voting directors, the Board may appoint special directors who do not have authority to vote.

4.1.4 Term of Office. Directors will hold office until the next annual meeting. Each director, including a director elected to fill a vacancy or elected at a special members' meeting, shall hold office until expiration of the term for which elected and until a successor has been qualified and elected.

Section 4.2 Qualifications of Directors

4.2.1 Board Member. To qualify for a position on the Board, the candidate must be an active or associate member, with the exception of the one affiliate director elected to represent the affiliate members which director must be an affiliate member.

4.2.2 Officer. To qualify as an officer (other than President) of the organization, the candidate must have been an active or associate member for a minimum of six (6) months at the date of the election.

4.2.3 President. To qualify for the position of President, the candidate must have been an active or associate member and have served a minimum one (1) year term on the

Board of Directors, as of the date of the election. However, a qualified President-Elect and each subsequent President-Elect shall be deemed President at the end of his or her term as President-Elect.

Section 4.3 Nomination for Directors and Officers

4.3.1 Nominating Committee. By September 15th of each year, the President shall designate three active or associate members in good standing as members of the Nominating Committee. No later than October 15th of each year, the Nominating Committee will, in writing, present a slate of qualified candidates for directors (including the affiliate director) and officers to the general membership for its consideration.

4.3.2 Nomination by Members. Any active or associate member may place names in nomination by submitting his/her nomination in writing to the Nominating Committee no later than October 15th of each year, or may state his or her nomination from the floor at the October meeting. Any affiliate member may nominate an affiliate member to serve as the affiliate director in the same manner. To be placed on the slate of nominees, a nominee must be nominated by active and associate members representing two percent of the active and associate membership and meet the above stated qualifications. On timely receipt of a petition signed by the required number of members or a qualifying floor nomination, the Secretary shall cause the name of the nominee to be placed on the ballot along with those nominees named by the Nominating Committee.

4.3.3 Nomination for Officer. An active or associate member may be nominated for only one officer position.

4.3.4 Mailing. The slate, together with a ballot if required, will be mailed to each member with the notice of the November meeting.

Section 4.4 Election of Directors/Officers

4.4.1 Solicitation of Votes. If more nominees are nominated than can be elected, the election shall provide all nominees a reasonable opportunity to solicit votes and all members a reasonable opportunity to choose among nominees. If after the close of nominations the number of qualified people nominated for the officers and directors is not more than the number of officers and directors to be elected, the current Board may declare those nominated to be elected.

4.4.2 Election. If the number of nominees exceed the available positions or if there is more than one nominee for an office, than an election by written ballot shall be conducted. Ballots shall be distributed no later than twenty (20) calendar days prior to the Annual Meeting and due ten (10) calendar days prior to the Annual Meeting. The result of the election shall be announced at the Annual Meeting.

- (a) Ballots shall be presented to provide for separate qualification for positions as director and officer.

(b) Active and associate members shall have one vote for each officer position (other than President as provided in Section 4.2.3 of these Bylaws) and seven votes for the slate of directors (except the affiliate director).

(c) Affiliate members shall have one vote for the affiliate director position.

4.4.3 Vote Required to Elect. Nominees receiving the highest number of votes shall be elected as officers/directors. The votes for a person as a director shall not be counted if that person is elected as an officer.

Section 4.5 Vacancies.

Vacancies among officer or director positions shall be filled by the Board until the next annual election.

Section 4.6 Powers

The business and affairs of ACRE shall be managed and all corporate powers shall be exercised by or under the direction of the Board, subject to the provisions of the California Nonprofit Corporation Law and any limitations in the Articles of Incorporation and these Bylaws relating to action required to be approved by the members.

Section 4.7 Indemnification

4.7.1 Right of Indemnity. To the fullest extent permitted by law, this corporation shall indemnify its directors, officers, employees, and other persons described in Section 7237(a) of the California Corporations Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any “proceeding,” as that term is used in that Section, and including an action by or in the right of the corporation, by reason of the fact that the person is or was a person described in that Section. “Expenses,” as used in this bylaw, shall have the same meaning as in Section 7237(a) of the California Corporations Code.

4.7.2 Approval of Indemnity. On written request to the Board by any person seeking indemnification under Section 7237(b) or Section 7237(c) of the California Corporations Code, the Board shall determine whether the applicable standard of conduct set forth in Section 7237(b) or Section 7237(c) has been met and, if so, the Board shall authorize indemnification. If the Board cannot authorize indemnification because the number of Directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of Directors who are not parties to that proceeding, the Board shall promptly call a meeting of the members. At that meeting, the members shall determine under Section 7237(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 7237(b) or Section 7237(c) has been met and, if so, the members present at the meeting in person or by proxy shall authorize indemnification.

4.7.3 Advancement of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under this Section of these bylaws in defending any proceeding covered by this Section shall be advanced by the corporation before final disposition of the proceeding, on receipt by the corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the corporation for those expenses.

4.7.4 Insurance. The corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, directors, employees, and other agents, against any liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising out of the officer's director's, employee's, or agent's status as such.

ARTICLE V - MEETINGS OF THE BOARD OF DIRECTORS

Section 5.1 Regular Board Meetings

5.1.1 Meetings may be held at any place designated by the President.

5.1.2 Regular meetings of the Board may be held without notice if the time and place of the meetings are fixed by the bylaws or the Board.

Section 5.2 Special Board Meeting

5.2.1 Authority to Call. Special meetings of the Board for any purpose may be called at any time by the President or any two officers or directors.

5.2.2 Notice.

(a) Manner of Giving. Notice may be given by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means. All notices shall be given or sent to the director's address or telephone number as shown on the records of ACRE.

(b) Time Requirements. Special meetings of the Board shall be held upon four days' notice by first-class mail or 48 hours' notice delivered personally or by telephone, or as otherwise defined in (a) above.

(c) Notice Contents. The notices shall state the time and place for the meeting. However, it need not specify the purpose or location of the meeting if it is to be held at the ACRE office.

(d) The articles or bylaws may not dispense with notice of a special meeting.

Section 5.3 Quorum

A majority of the authorized number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board, subject to the provisions of the California Nonprofit Corporation Law. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

Section 5.4 Waiver of Notice

The transactions of any meeting of the Board, however called and noticed, shall be as valid as though taken at a regularly called meeting, if each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice of consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with ACRE's records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 5.5 Adjournment

A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. If the meeting is adjourned for more than 24 hours, notice of an adjournment to another time and place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

Section 5.6 Action without Meeting

Any action required or permitted to be taken by the Board may be taken without a meeting, if all members of the Board individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

ARTICLE VI - OFFICERS AND COMMITTEES

Section 6.1 Officers

The officers of ACRE shall be a President, President-Elect, Vice President, and Secretary/Treasurer.

Section 6.2 Vacancies in Office

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled only in the manner prescribed in these Bylaws for regular appointments to that office.

Section 6.3 Responsibilities of Officers

6.3.1 President. The President shall be the principal elective officer of the organization and shall preside at all meetings of the Board of Directors. He/she shall designate all committees, appoint chair of the committees and be an ex-officio member of all standing committees, without right to vote. He/she shall also, at the annual meeting and at such times as he/she may deem appropriate, communicate to the membership and/or the Board of Directors such information or proposals as would promote the objectives of ACRE and shall perform such other duties as are necessarily incident to the office of the President. With the approval of the Board of Directors, he/she shall sign all deeds, contracts and other instruments affecting the operation of ACRE.

6.3.2 President-Elect. In the absence or disability of the President, the President-Elect shall perform all duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. The President-Elect shall have such other powers and perform such other duties as from time to time may be prescribed for him/her respectively by the Board.

6.3.3 Vice President. In the absence or disability of the President and President-Elect, the Vice President shall perform all duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed for him/her respectively by the Board.

6.3.4 Secretary/Treasurer. He/she shall maintain the following:

(a) Book of Minutes. He/she shall keep or cause to be kept, at the office or such other place the Board may direct, a book of minutes of all meetings and actions of directors, committees of directors, and members, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice given, the names of those present at such meetings, the number of members present or represented at members' meetings, and the proceeding of such meetings.

(b) Membership Records. He/she shall keep or cause to be kept; at the office, as determined by resolution of the Board, a record of ACRE's members, showing the names of all members, their addresses, and the class membership held by each.

(c) Notice and Other Duties. He/she shall give, or cause to be given, notice of all meetings of the members and of the Board required by the Bylaws to be given. He/she shall have such other powers and perform such other duties as may be prescribed by the Board of the Bylaws.

(d) Books of Account. He/she shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of ACRE, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and the

other matters customarily included in financial statements. The books of account shall be open to inspection by any director at all reasonable times.

(e) Deposit and Disbursement of Money and Valuables. He/she shall deposit all money and other valuables in the name and to the credit of ACRE with such depositories as may be designated by the Board; shall disburse the funds of ACRE as may be ordered by the Board; shall render to the directors an account of all transactions and a statement of the financial condition of ACRE; and shall have other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

(f) Corporate, Tax, and Employment Filings. He/she shall cause to be filed such documents, returns and reports as may be required by law.

6.3.5 Immediate Past President. The Immediate Past President shall serve as a voting member of the Board of Directors and act as an advisor to the President. He/she may chair any other committee or ad-hoc committees as created by the Board of Directors.

Section 6.4 Committees of Directors

The Board may, by resolution adopted by a majority of the directors, designate one or more committees, each consisting of at least one director, to serve at the pleasure of the Board. The committees may include the following:

6.4.1 Standing Committees.

(a) Nominating Committee. This committee provides the association members with names of qualified candidates to serve on the Board of Directors.

(b) Membership Committee. This committee reviews applications for membership and determines if and for which class of membership the applicant qualifies. The Committee meets with any applicant who objects to its decision on membership suitability, and reports its findings to the Board of Directors.

(c) Program Committee. This committee determines topics and arranges speakers for the monthly meeting of the members.

6.4.2 At Will Committees.

(a) Practice Advisory Committee. The purpose of this committee is to assist in a cost and time effective resolution of representation and compensation disputes between members.

ARTICLE VII - RECORDS AND REPORTS

Section 7.1 Maintenance of ACRE records

The following records shall be kept at ACRE office:

- 7.1.1 Adequate and correct books and records of account;
- 7.1.2 Minutes in written form of the proceedings of its members, the Board, and the committees of the Board;
- 7.1.3 A record of its members, giving their names and addresses and the class of membership held by each.

Section 7.2 Members' Inspection rights

- 7.2.1 Any member of ACRE may inspect and, copy the records of members' names and addresses and voting rights during usual business hours on five days' prior written demand on ACRE, stating the purpose for which the inspection rights are requested. This list shall be made available to any such member by the Secretary on or before the later of 10 days after the demand is received.
- 7.2.2 Any member of ACRE may inspect the accounting books and minutes of the proceedings of the members and the Board and committees of the Board, at any reasonable time, for a purpose reasonably related to such person's interest as a member.

Section 7.3 Maintenance and Inspection of Articles and Bylaws

ACRE shall keep at its office the original or a copy of the Articles of Incorporation and the Bylaws as amended to date, which shall be open to inspection by the member's at all reasonable times during office hours.

ARTICLE VIII - AMENDMENTS

Section 8.1 Amendment by Members

New Bylaws may be adopted or these Bylaws may be amended or repealed by approval of a majority of the active and associate members or their proxies, or by written assent of these persons. Such power is subject to the following limitations:

- 8.1.1 The adoption, amendment or repeal of Bylaws by the members requires approval by members of a class if such action would:
 - (a) Materially and adversely affect the rights, privileges, preferences, restrictions or conditions of that class as to voting, dissolution, redemption, or transfer in a manner different than such action affects another class;
 - (b) Materially and adversely affect such class as to voting, dissolution, redemption, or transfer by changing the rights, privileges, preferences, restrictions or conditions of another class;
 - (c) Increase or decrease the number of memberships authorized for such class;
 - (d) Increase the number of memberships authorized for another class;
 - (e) Effect an exchange, reclassification or cancellation of all or part of the memberships of such class; or
 - (f) Authorize a new class of memberships.

Section 8.2 Amendment by Directors

Subject to the rights of members under Section 8.1 above and the limitations set forth below, the Board may adopt, amend, or repeal Bylaws. Such power is subject to the following limitations:

8.2.1 The Board may not adopt or amend a Bylaw provision fixing the authorized number of directors or the minimum and maximum number of directors.

8.2.2 The Board may not adopt or amend Bylaws provisions concerning the following subjects without the approval of the active and associate members:

- (a) Any provision increasing the terms of the directors;
- (b) Any provision allowing one or more directors to hold office by designation or selection rather than election by the members other than as provided for in the filling of vacancies;
- (c) Any provision increasing the quorum for members' meetings; or
- (d) Any provision governing the use of proxies;

8.2.3 The Board may not adopt, amend or repeal Bylaws if such action would:

- (a) Materially and adversely affects the rights of the Members as to voting, dissolution, redemption or transfer;
- (b) Increase or decrease the number of members authorized in total or for any class;
- (c) Effect an exchange, reclassification or cancellation of all or part of the memberships; or
- (d) Authorize a new class of membership.

EXHIBIT A

THE ASSOCIATION OF COMMERCIAL REAL ESTATE, INC. ETHICS AND PRACTICE GUIDELINES

Purpose

The primary goal of ACRE is to promote close cooperation and professional conduct within the Sacramento Industrial/Commercial brokerage community. To that end, the following Practice Guidelines are recommended to members.

General Cooperation

Members are encouraged to cooperate with other ACRE members and other brokers/agents consistent with the clients' best interests.

Members are encouraged to promote the professional image of ACRE and the Sacramento Commercial/Industrial brokerage community through the professional conduct of business activities and exhibiting professional respect for other members of ACRE and the community.

Members should limit statements about competitors, their firms or their business practices to factual statements material to the transaction.

Agency position and compensation terms should be disclosed and agreed upon by cooperating brokers prior to requesting property information or presenting property to client.

All material information to facilitate a transaction should be provided promptly upon request consistent with owner direction.

Property access or limitations on showing or inspecting a listed property should be disclosed and honored.

Disclosure and Conduct

Full disclosure of material facts and circumstances related to a transaction should be provided at all times.

Confidentiality of property, client, financing and transaction information should be maintained consistent with duties of full disclosure.

Property offers and counteroffers should be presented promptly and objectively.

Member advice should be limited to matters within the scope of their real estate license and experience unless duly qualified and/or licensed under other professional designations.

Written documentation of agreements and modifications should be utilized whenever possible and copies should be provided to each party upon execution. Such agreements should clearly express specific terms, conditions, obligations, and commitments of the parties. Members should

exercise diligence to ensure that agreements are kept current through the use of written extensions or amendments.

Exclusive Listings

Members should present requests for information, offers and conduct negotiations through listing or representing broker/agent except with the consent of the client's agent.

Members should refrain from solicitations of property owners whose property is listed with another ACRE member.

Members should acknowledge that prior representation of a client does not preclude another ACRE member from seeking the client's future business.

Registration

Registration of a client only helps to determine procuring cause. The best method of registration is the production of a written contract. An exclusive right to represent should be obtained from the buyer/lessee appointing a broker/agent as the exclusive representative(s). The production of a list of names or exclusions without a confirming written representation may not establish representation or procuring cause. The determination of the acceptance of a client registration falls to the exclusive listing broker and the owner of the property.

All referral fees are to be on a negotiated basis. It is recommended that a written agreement of fees be executed by the brokers and agents that are party to the agreement.

Signs and Keys

No signs shall be placed on a property without specific permission of the owner.

Sign installation shall be accomplished without damage to the property and comply with local authorities' regulations and sign criteria.

Signs shall be removed within ten (10) days following expiration of listing and notice from new listing broker.

Property keys should be returned the same day, if possible, or within 24 hours from receipt, and under no circumstances may a key be duplicated without permission.

EXHIBIT B

THE ASSOCIATION OF COMMERCIAL REAL ESTATE, INC. PRACTICE ADVISORY COMMITTEE

Purpose

The purpose of the ACRE Practice Advisory Committee is to assist in a cost and time effective resolution of representation and compensation disputes between members.

Format

The committee will provide a confidential objective forum of professional peers at which members can present their positions and receive an opinion as to the merits of their respective positions and suggestions for dispute resolution. An opinion rendered by the committee shall be an advisory opinion only and shall be non-binding on the disputing members.

Formation and Operation

The committee shall consist of three (3) to five (5) active, licensed members or associate members appointed by the president upon request and mutual consent of two or more ACRE members. The president may act as or appoint a chair who shall be responsible for convening the committee and for announcing the opinion of the committee.

Committee members should be selected based upon the relevancy of their background and experience to the nature of the dispute, and their willingness and ability to serve Committee members must agree to serve voluntarily, without compensation, and to maintain confidentiality of information disclosed in the course of operation of the committee.

Disputing members may:

- submit written summaries of their position to the committee together with written documentation supporting their position at or before the convening of the committee;
- have a maximum of 20 minutes to present their opening argument at a hearing;
- call up to two witnesses in support of their position whose testimony shall be restricted to 10 minutes each, and who may be further questioned by the opposing member for up to 5 minutes;
- have up to 10 minutes to present a closing statement.

The committee may then ask such questions or request such additional information as necessary to render an opinion.

The committee's opinion may be rendered verbally or in writing but, in any event, within seventy-two (72) hours of the committee hearing.