

BY-LAWS
OF
HOME BUILDERS ASSOCIATION OF NORTHERN CALIFORNIA

ARTICLE I
NAME

Section 1. The name of this Corporation is Home Builders Association of Northern California.

ARTICLE II
OFFICES

Section 1. Principal Office. The principal office of this Corporation shall be located in Contra Costa County, State of California, or at such other location or locations as may be determined by the Board of Directors.

Section 2. Other Offices. Other administrative offices may be established and revised in such numbers and at such locations as may from time to time be determined by the Board of Directors to be in the best interests of the Association.

ARTICLE III
PURPOSES AND OBJECTIVES

Section 1. This Association does not contemplate pecuniary gain or profit for the Association or its members and is formed for the exclusive purpose of serving its members in the construction industry in the manner herein more specifically described.

Section 2. To make membership in the Association a reasonable assurance to the public of the skill, integrity, and responsibility of its members.

Section 3. To develop and recommend standards of performance and quality for the building and construction industry in order to assist in developing public confidence and acceptance of the industry's technical competence and integrity.

Section 4. To study, advise, recommend and comment upon local, regional, state, and national legislation affecting the construction industry.

Section 5. To assist in development and orderly growth in the construction industry, consistent with environmental considerations for the public interest. To represent the Association's members in relationships with, and appearances before, public bodies, authorities and officials concerned with the construction industry.

Section 6. To promote, for the benefit of the industry, an exchange of information, data, and observations concerning construction methods, techniques, or other areas of interest to the industry.

Section 7. To disseminate information of interest and value to the industry concerning research in new methods, techniques, or materials of construction, or any other matter pertinent to the maintenance of high standards and improved quality of product in the construction industry.

Section 8. To provide a master Workers' Compensation Insurance Policy and other group insurance plans for eligible member companies wishing to obtain such insurance through the Association. The requirements for eligibility to participate in such insurance policy shall be determined by the Board of Directors, but in no case shall a member company which is not in good standing at the time of applying for participation be deemed eligible. In the event that dividends or refunds of premiums paid on such insurance policy are received by the Association, such dividends or refunds shall be retained in the general funds of the Association, or returned on a pro-rata basis to all participating member companies to such extent as the Board of Directors may order. In the event that the Board directs that any portion of such funds be returned to participating member companies, the Association shall deduct from the amount that would otherwise be paid to a participating member company (regardless of whether such entity continues to be a member of the Association at the time of such distribution of funds) any unpaid premiums or unpaid financial obligations to the Association, including unpaid assessments, dues, building activity fees, and any other unpaid charges relating to such participating member company. No dividend shall be paid to a participating member company whose incurred losses under the policy exceed such member company's earned premiums.

Section 9. To participate in labor-management matters affecting Builder Member companies which request such services in a form or manner designated by the Board of Directors.

Section 10. To provide continuous services to members through facilities in areas set forth in Article II, Section 1. It is recognized that membership participation at the local level is valuable to the industry and should be encouraged.

ARTICLE IV MEMBERSHIP

Section 1. There shall be three classes of membership: Builder Member, Associate Member, and Honorary Member. Builder Member shall further be divided into two subcategories: Builder Member and Small Builder Member. Associate Member shall further be divided into two subcategories: Associate Member and Subcontractor Member. Membership in this association is by company only; any individual joining the association

shall be referred to as a company.

1. Builder Member: Any individual, partnership, corporation, or a division or subsidiary of a corporation, or a joint venture entity engaged in the business of building homes, apartments, schools, or other structures normally related and appurtenant to a community; or in land development; or in remodeling. Any individual, partnership, corporation, or joint venture entity that is determined by the Executive Committee, based on the totality of circumstances, to be substantially related to an individual, partnership, corporation, or joint venture entity engaged in the business of building homes, apartments, schools, or other structures normally related and appurtenant to a community; or in land development; or in remodeling. Factors relevant to the Executive Committee's determination may include, but are not necessarily limited to, the relationship between individuals associated with each entity, the presence of common employees, officers, directors, or owners, and the business relationship between the entities. The determination of the Executive Committee may be made at any time, and shall be final and binding. All Builder member companies shall be entitled to a vote, but only one (1) principal member of a firm or one (1) officer of a corporation shall be permitted to vote, said voting member being the person appearing on the membership application unless otherwise designated by letter to the Chairman of the Board of Directors.

Builder member companies shall have the option of being signatory or non-signatory to certain collective bargaining agreements entered into by the Association on behalf of its members.

Builder member companies, by written authority in the form determined by the Board of Directors, may vest all or limited bargaining rights in collective bargaining matters with the Board of Directors, and designate the Board of Directors their attorney-in-fact for such purpose.

The Board of Directors in executing and carrying out such function may by resolution authorize any committee to execute and carry on such functions in their behalf, and the resolution appointing any such committee may specify the plan and method to be used by such committee. Further, the Association on its own behalf and on behalf of its member companies may, through its duly authorized officers, when authorized to do so by a majority vote of the Board of Directors, enter into collective bargaining agreements with labor unions whose members are employed by Builder members of the Association. The Board shall have the power to interpret and enforce collective bargaining agreements entered into with labor unions on behalf of signatory Builder member companies of the Association.

Builder Member companies which choose to be signatory to collective bargaining agreements negotiated by the Association must so stipulate in writing in a manner

or form to be determined by the Board of Directors. Builder Members which have a non-signatory status shall not be eligible to vote on any matter, question, or issue relative to such collective bargaining agreements before, during, or after the bargaining process.

2. Small Builder Member. Small Builder is a temporary status deemed to encompass any Builder Member under 1. above which builds fewer than 20 units per year in the HBANC jurisdiction as described in Article XI, Section 2. This subcategory is applied to any new Builder Member which has not been a member of the HBANC in the previous five (5) years. Small Builders under this classification shall be exempt from escrow assessments as provided in Article XI, Section 1. below on the first 20 units built within said jurisdiction, for the first twelve (12) months of that company's membership. If a Small Builder builds more than 20 units during that period in said jurisdiction, that company is liable for escrow assessments beginning on the 21st unit, to the maximum provided.

3. Associate Member:

1. Associate Member Subcategory: Any individual, partnership, corporation, non-profit corporation, or joint venture entity engaged in an industry, service, or profession related to and providing a service to the building industry, and not by definition required to be a Builder member of the Association, and which does not meet the criteria of the definition of Subcontractor subcategory member below.

2. Subcontractor Member Subcategory. Any individual, partnership, or corporation engaged in a trade or industry related to and providing a product to the building industry, and not by definition required to be a Builder member of the Association, and which does not meet the criteria of the definition of Associate member subcategory above.

3. HBANC will not accept the Associate membership in either subcategory of a person or group of persons currently employed by a former Builder member company which has been cancelled for non-payment of dues or assessments, or at the Builder company's own request.

4. Honorary Member: Such persons who have performed distinguished service to the Association and to the construction industry and who are elected to honorary membership by the Board of Directors. The dues, qualifications and benefits of this classification shall be determined by the Board of Directors.

Section 2. Applications: Applications for all classifications of membership shall be in writing and on the form designated by the Board of Directors and accompanied by the specified dues. All applications shall be approved by the Board of Directors.

Section 3. Classification Changes: The Board of Directors reserves the right to change the classification of any member company or membership either by reason of a change of activity by the member company or in order to better promote the objectives of the Association.

Section 4. Certificate: Each member company shall receive a certificate of membership, the form of which shall be approved by the Board of Directors, and signed by the Chairman of the Board.

Section 5. Other Association Memberships: All classes of members shall, as a condition of Association membership, also be members of the National Association of Home Builders, and such other organizations affiliated with the construction industry as in the judgment of the Board of Directors is necessary and appropriate to the purposes of the Association.

ARTICLE V MEETINGS

Section 1. Annual Meeting: The Association shall hold an annual meeting of the members of the Association in a month that the Board of Directors may determine, each year, upon notice to each member company of the Association. A copy of such notice shall be sent by first-class, registered, or certified mail, or electronic means, to each member company as the company's address shall appear upon the books of the Association not less than ten (10) days nor more than ninety (90) days prior to the holding of such meeting. Such notice may be included in the regular bulletin sent by the Association to its members.

Section 2. Special Meetings: Special meetings of the membership may be called by the Chairman of the Association, or by any five (5) members of the Board of Directors; or by five percent (5%) of the voting members submitting a written request to the Chairman, Vice Chairman, or Secretary/Treasurer of the Association.

Section 3. Notice: Notice of special meetings shall be given by sending to each member company a copy of the call for each meeting as the company's address shall appear upon the books of the Association by first-class, registered, or certified mail, or by electronic means, not less than ten (10) days nor more than ninety (90) days before the date of such meeting.

Section 4. Board of Directors: The Board of Directors shall meet not less than three times per year at a time and place designated by the Chairman. Notice of meetings of the Board of Directors shall be sent by first-class, registered, or certified mail, or electronic means, to each member thereof at least five (5) days prior to the date of such meeting. Special meetings of the Board of Directors shall be held upon call of the Chairman or any majority of members of the Board of Directors. Notice of such special meeting shall be sent by first-class, registered, or certified mail, or electronic means, at least four (4) days prior to the meeting, or notice shall be given by telephone, electronic means, or personal delivery at least forty-eight (48) hours prior to the time of said meeting.

Section 5. Quorum: A majority of the authorized number of voting directors shall be necessary to and shall constitute a quorum at each regular or special meeting of the Board of Directors.

ARTICLE VI DIRECTORS

Section 1. Powers: All business and property of the Association shall be exercised, conducted, and controlled by the Board of Directors. The Board of Directors shall have the power and it shall be their duty:

1. To conduct, manage, and control the affairs and business of the Association; to make rules and regulations for the guidance of the officers in the management of its affairs; to receive and act upon reports of all committees and councils; to accept or reject candidates for membership in the Association; to act as a committee; to create committees; to disband committees; to administer and control the funds of the Association and provide for the method and manner for the disbursement of same; and to perform any and all such other functions necessary to conduct, manage, and control the affairs and business of the Association;
2. To appoint and remove, at pleasure, all officers, committees, agents, and employees of the Association; prescribe their duties; fix their compensation; and require from them, if advisable, security for faithful service;
3. To have the custody and control of the funds of the Association;
4. To keep a complete record of all of its acts, or the proceedings of its meetings, and to present a statement at the regular annual meeting of the members showing the condition of the affairs of the Association;
5. To appoint all necessary committees, execute necessary contracts or agreements, conduct necessary negotiations, and do every other act or thing

necessary to effectuate the purposes of this Association, and in connection with its business and affairs.

6. It shall have no power to interfere with, in any manner, or to regulate the business and operation of the business of the members, except as expressly authorized by these By-Laws.

7. The Board of Directors may represent members and non-members in negotiations with labor organizations upon the execution of a power of attorney agreement for this purpose. The fee for such services shall be determined by the Board of Directors.

8. Nothing in these By-Laws shall prohibit the Board of Directors by two-thirds (2/3) majority vote from fining, suspending, expelling, or otherwise disciplining any member for that which is in its judgment good and sufficient cause, provided said member has had the opportunity of a full and complete hearing before a duly called meeting of the Board of Directors. The action of the Board of Directors shall be final, binding, and conclusive.

Section 2. Number: The Board of Directors shall consist of the four (4) elected Regional Officers, the President of each Division, Regional Directors, standing Committee and Council Presidents and Chairs, the Associate Member representative to the Executive Committee, an HBANC member Trustee of the Construction Industry Advancement Fund, and all past Chairmen of the Board on an ex-officio basis. The Chairman, with the approval of the Executive Committee, may fill a vacancy in the event a governing body cannot fill its allotment as prescribed above.

Any additional entities created hereafter shall have Board representation at the discretion of the Board of Directors. The number and composition of the members of any additional governing body(ies) shall be left to the discretion of the members of that/those entity(ies), except that the governing body(ies) shall not adopt policies which shall be in conflict with the policies adopted by the Board of Directors.

Section 3. Qualifications: An entity entitled to representation on the Board of Directors shall elect its representatives to the Board of Directors prior to November 30 of each year. Such election shall be conducted at an annual meeting of the entity.

1. All representatives elected to the Board of Directors must be from Association member companies in good standing.

2. The Board of Directors shall remove a director who has had two (2) or more unexcused absences from meetings of the Board of Directors within one (1) year; provided, however, that any action of the Board of Directors to dismiss a director shall be subject to thirty (30) days written notice to the director to be dismissed prior to the date of the meeting at which the action is to be taken.

Section 4. Alternates: Each Division shall select one (1) alternate representative. Such alternate may attend though the prescribed Board Member representative is in attendance; however, in such cases said alternate shall have no vote.

Section 5. Vacancies: Any vacancies which may occur on the Board of Directors shall be filled by the governing body of the entity affected, by majority vote of such governing body then in office, with the approval of the Regional Chairman of the Board.

Section 6. Members of the Board of Directors shall serve at the pleasure of their respective entity.

Section 7. All members of the Regional Board of Directors, except as provided in Article IX, Section 7.5.B. below, shall hold office for one year at a time and will be eligible for renomination and re-election.

ARTICLE VII OFFICERS

Section 1. Officers: The officers of the Association shall be a Chairman of the Board of Directors, a Vice Chairman, a Secretary/Treasurer, and an Immediate Past Chairman, each and all of whom shall be elected by the Board of Directors at their annual meeting. Officers so elected shall assume office on the succeeding first day of January.

Section 2. Duties:

1. The Chairman of the Board of Directors shall be the chief elected officer of the Association and shall sign all contracts and other instruments which have been approved by the Board of Directors. He/she shall appoint all committees and committee and council presidents/chairs, designate their duties, and be an ex-officio member of all committees, except as provided otherwise in these By-Laws.

2. The Vice Chairman shall perform the duties of the Chairman in the Chairman's absence, inability, or refusal to perform such duties. The Vice Chairman shall appoint all committee and council Vice Chairs, except as provided otherwise in these By-Laws, and shall serve as Chair of the Budget and Finance Committee.

3. The Secretary/Treasurer shall keep a full and complete record of the

proceedings of the Board of Directors and membership meetings. He/She shall arrange for the receipt of Association monies and their deposit in a bank account to the account of the Association, and maintain or direct that there be established and maintained a record of all disbursements. He/She may sign and/or delegate the signing of checks drawn on the Association's account. The Secretary/Treasurer shall also prepare or direct that there be prepared an annual budget to be submitted for the consideration and approval of the Board of Directors.

Section 3. Qualifications: Only representatives of Builder member companies in good standing shall hold such elected office in the Association pursuant to this Article. Said representative must be an ownership principal of the Builder membership, or hold a senior management position within the Builder membership.

ARTICLE VIII DIVISIONAL BOARD OF DIRECTORS

Section 1. General Powers and Responsibilities: Assist staff in the monitoring, identification, prioritization, and representation of issues of importance to the homebuilding industry in areas of responsibility consistent with the goals and objectives of the Association. Represent and advocate the interests of members within the Association and the industry in general. Ensure adequate local representation on association committees and councils. Ensure adequate communication between members and the various board committees and councils within the Association. Assist and coordinate with the Regional Membership Committee in the development and retention of members of the Association. Plan and implement meaningful membership interaction and education in coordination with the Regional Programs Committee.

Section 2. Number, Tenure, and Qualifications: The Divisional Board of Directors shall be composed of four (4) elected officers (President, Vice President/Secretary, Vice President-Governmental Affairs, and Past President) and as many other members deemed necessary to carry out the objectives and responsibilities of the Division as long as at least a majority of the voting board are from Builder member companies. The President and Vice President/Secretary will be elected by the division's Builder membership. The Vice President-Governmental Affairs will be appointed by the Division President. All will serve one-year terms.

Division Presidents shall nominate Regional Directors as a part of the nominations procedure described in Article IX, Section 7.9.A., who shall be from Builder member companies. Regional Directors shall be appointed by the incoming Regional Chairman of the Board.

The following shall also apply: The Vice President-Governmental Affairs shall be designated by the Division President to concurrently serve as a member of the Regional Governmental Affairs Committee and shall act as liaison between the Divisional Board and the Regional Governmental Affairs Committee. A member of the Divisional Board shall be designated by the Division President to concurrently serve as a member of the Regional Programs Committee, and shall act as liaison between the Divisional Board and the Regional Programs Committee. A member of the Divisional Board shall be designated by the Division President to concurrently serve as a member of the Regional Membership Committee, and shall act as liaison between the Divisional Board and the Regional Membership Committee.

Section 3. Conflicts: Division Boards may not adopt policies, procedures, or requirements that are in variance with those adopted by the Regional Board of Directors or as appear in these By-Laws.

Section 4. Meetings: At the discretion of the President.

ARTICLE IX COMMITTEES AND COUNCILS

Except as these By-Laws may provide otherwise, the following general provisions shall govern all committees and councils of the Association:

Section 1. Purpose: The Board of Directors may establish committees and/or councils to deal with specific segments of the homebuilding industry in order that the interests of members largely concerned with such segments may be better represented. Councils shall have the status of standing committees. Councils and committees shall make such reports on their activities as the Board may direct concerning new, continuing, or recurring matters relating to the purposes or business of the Association. Subject to the approval of the Board of Directors, councils and committees may adopt their own operating procedures.

Committees or special committees may be formed, reorganized, or terminated by the Board of Directors when it is deemed in the interest of the industry or the Association.

Section 2. Qualifications of Membership: All committee and council members shall be from companies which are members of the Association in good standing.

Section 3. Leadership: See individual committees and councils as listed below for membership classification requirement of Chair/President and Vice Chair/Vice President of each committee/council. Named officers (President, Vice Chair, etc.) are required positions. The creation/designation of other leadership positions, and the Builder or Associate classification of the membership of those positions, shall be at the discretion of the

council or committee president or chair unless otherwise provided below.

Section 4. Appointment of Officers: All committee and council leadership shall serve a term of one year beginning January 1. Appointment, election, or selection of committee and council leadership shall be as noted under each respective committee and council description in Sections 7 and 8 below.

Section 5. Meetings. Meetings shall be held as often as deemed necessary by the President/Chair and sufficient to carry out the committee's/council's charges and responsibilities.

Section 6. Conflicts. Standing committees and councils shall not adopt policies, procedures, or requirements that are in variance with those adopted by the Regional Board of Directors or as appear in these By-Laws. A council or committee may not financially obligate the Association without approval of the Board of Directors.

Section 7. Standing Committees and Councils: The following shall be standing committees and councils of the Association:

1. Associate Members Committee.

A. Purpose and Responsibilities: This committee shall have jurisdiction over matters relating to the activities of professional Associate members of the Association. It may from time to time recommend to the Executive Committee and Board of Directors actions to further the interests of Associate members. In conjunction with the Budget and Finance Committee and in coordination with the Programs Committee, it may also develop and present programs that are of benefit and interest to Associate members and the homebuilding industry in general. It may make recommendations and reports to the Board of Directors on issues and policies which may effect the homebuilding industry, including but not limited to regulatory actions and local governmental polices and proposals.

B. Leadership and Membership Qualifications: The Chair and Vice Chair of this committee shall be from Associate member companies and shall be selected by the membership of this committee. Membership of this committee shall be open to all Associate member companies in good standing in the Associate Subcategory of Article IV, Section 2.1 in these By-Laws. Builder member companies' purchasing agents/managers are not eligible for membership on this committee.

- C. Other Committee Memberships: A member of this committee shall be designated by its Chair to serve on the Regional Programs Committee.
2. Budget and Finance Committee.
 - A. Purpose and Responsibilities: The Standing Committee on Budget and Finance has jurisdiction over matters relating to the budget of the Association. The budget of the Association shall be prepared and administered under the general supervision of the Budget and Finance Committee and approved by the Board of Directors.
 - B. Leadership and Membership Qualifications: The Regional Vice Chairman shall be the Chair of this committee. The Budget and Finance Committee shall have as its membership the same individuals who sit on the Association's Regional Executive Committee.
3. Chairman's Council.
 - A. Purpose and Responsibilities: This Council is responsible for giving policy direction and prioritization for the Association. The Council will also evaluate and ensure the accountability of the Association's policy issues and programs. The Council will focus on major policy issues and programs of priority to the homebuilding industry in Northern California.
 - B. Leadership and Membership Qualifications: The Regional Chairman of the Board shall be the Chair of this Council; members will elect their own Vice Chair who shall be the Regional Board Representative each year. The Council will be made up of principals of HBANC Builder member firms whose companies meet at least one of the following criteria: a) contribute the maximum dollar amount of escrow assessments through the Association's assessment system the previous calendar year; b) is a past Chairman of the Board of the HBANC or BIANC. Council members can serve as long as they meet any of the defined criteria.
 - C. Meetings: 2 to 4 times a year.
4. Communications Committee.
 - A. Purpose and Responsibilities: This committee shall have jurisdiction over matters concerning public relations and public affairs for the housing industry and the Association. The committee may recommend programs to promote and publicize the activities, policies, and goals of the housing industry and to enhance the credibility of HBANC among the

media and Bay Area citizens as the voice of the housing industry and as a source of reliable information; may recommend programs to increase the awareness and understanding by consumers of the conditions in home construction, land use, and other significant trends in the housing market; and evaluate the Association's publications and other outreach materials. The committee may periodically report and make recommendations to the Executive Committee and the Board of Directors.

B. Leadership and Membership Qualifications: The Chair and Vice Chair of this committee shall be any classification of Association membership. The Chair shall be appointed by the incoming Chairman of the Association, and the Vice Chair shall be appointed by the incoming Vice Chairman of the Association. Membership of this committee shall be open to all Association member companies in good standing, of any classification.

C. Other Committee Memberships: A member of this committee shall be designated by its Chair to serve on the Regional Programs Committee. The Chair of this Committee shall serve as a member of the Regional Executive Committee.

5. Construction and Safety Committee.

A. Purpose and Responsibilities: The Construction and Safety Committee shall promote workplace health and safety for the benefit of the members of the Association, monitor legislation and regulations of workplace health and safety issues, share information, identify and recommend coordinated positions on safety issues, and educate members on these issues through such vehicles as seminars, the Association's magazine, and publications of the HBANC-endorsed workers' compensation insurance provider(s).

B. Leadership and Membership Qualifications: This committee shall consist of agents and/or officials of the insurance company(ies) providing the HBANC-endorsed workers' compensation insurance program, HBANC staff members, and HBANC members of any classification. There shall be a Chair and Vice Chair.

C. Other Committee Memberships: A member of this committee shall be designated by its Chair to serve on the Regional Programs Committee.

6. Executive Committee.

A. Purpose and Responsibilities: The Executive Committee, between meetings of the Board of Directors, shall have the authority of the Board of Directors in the oversight and management of the Association. The Executive Committee shall act as the Budget and Finance Committee of the Association.

B. Leadership and Membership Qualifications: The Regional Chairman of the Board shall be the Chair of this committee. The Executive Committee shall consist of the following: the Officers of the Association, the Presidents of each the Divisions, the Vice Chair of the Chairman's Council, the Chair of the Governmental Affairs Committee, the Chair of the Communications Committee, an Associate Member representative who shall be of either classification of Associate Member, the Chief Executive Officer of the Association, and, on an ex-officio basis, all Past Chairmen of the Board and any sitting officer of the California Building Industry Association representing HBANC. The Associate Member representative shall serve a term of two years. All other members shall serve one-year terms beginning January 1, except the Officers and Chief Executive Officer of the Association.

C. Meetings: The Executive Committee shall meet at such time as designated by the Chairman, but not less often than every other month.

7. Governmental Affairs Committee.

A. Purpose and Responsibilities: This committee has jurisdiction over matters relating to the housing industry at the state, local, and national level. It shall be responsible for keeping the Association's leadership informed on governmental issues. It shall monitor all federal, state, and local legislation and regulatory actions affecting the housing industry. It shall recommend policy positions to the Board of Directors. It will analyze and conduct studies. It will seek grants to support research and studies. It shall serve the membership by communicating relevant information on governmental affairs and will act as liaison with the California Building Industry Association in providing input and grassroots support for issues of concern to the industry.

This committee also has jurisdiction over matters relating to legal issues of concern to the housing industry. It shall be responsible for monitoring and evaluating issues to determine if legal action is necessary or appropriate. The committee shall also evaluate all requests for legal participation by the

Association and make recommendations to the Executive Committee and Board of Directors on how or if the Association should participate.

B. Subcommittees: Subcommittees under this committee consist of, but are not limited to: Transportation Subcommittee, Construction Defects Resolution Subcommittee.

C. Leadership and Membership Qualifications: The Chair of this committee shall be from a Builder member company, and shall be appointed by the incoming Chairman of the Association. The Vice Chair of this committee shall be from a Builder member company and shall be appointed by the incoming Vice Chairman of the Association. Membership of this committee shall be open to all Association member companies in good standing, of any classification.

D. Other Committee Memberships: The Chair of this committee shall serve as a member of the Regional Executive Committee.

8. Labor and Training Committee.

A. Purpose and Responsibilities: This committee shall have jurisdiction over matters relating to labor relations and training. It may from time to time recommend to the Executive Committee and the Board of Directors actions and policies relevant to labor and training issues which may impact the housing industry.

B. Leadership and Membership Qualifications: The Chair of this committee shall be from a Builder member company, and shall be appointed by the incoming Chairman of the Association. The Vice Chair of this committee shall be from a Builder member company and shall be appointed by the incoming Vice Chairman of the Association. Membership of this committee shall be open to all Association member companies in good standing, of any classification, with the proviso that at least one signatory member of the Carpenters 46 contract, and one member trustee of the CIAF, both of whom shall be from Builder member companies, shall be members of this committee.

9. Membership Committee.

A. Purpose and Responsibilities: This committee has jurisdiction over matters relating to membership development and retention. It may make recommendations, reports, and propose budgets necessary to develop activities and programs in support of Association membership. It shall ensure the

coordination of all membership activities within the Association's area of jurisdiction.

B. Leadership and Membership Qualifications. Officers of this committee shall be selected by the membership of this committee. The Chair and Vice Chair shall be any classification of Association membership. Membership of this committee shall be open to all Association member companies in good standing, of any classification. There shall also be at least one representative from each Division, Committee, and Council which recruits members on its own account.

C. Other Committee Memberships. A member of this committee shall be designated by its Chair to serve on the Regional Programs Committee.

10. Nominating Committee.

A. Purpose and Responsibilities: The Nominating Committee shall recommend persons for the following elected Regional positions: Chairman, Vice Chairman, Secretary/Treasurer, Regional Directors, and the Associate Member representative. The Committee shall also consider and act on recommendations for such other positions and award winners as are delivered to it on a schedule determined by its Chair.

B. Leadership and Membership Qualifications: The Immediate Past Chairman of the Board shall be the Chair of this Committee. Four (4) other members shall be appointed by him/her from among the Executive Committee, taking into account divisional representation as possible.

11. PASS Committee.

A. Purpose and Responsibilities: This committee shall have jurisdiction over matters dealing with the construction and provision of supplies that go into the construction of homes. This committee shall also have as its purpose developing and promoting business contacts and networking opportunities between purchasing agents, purchasing managers, builders, subcontractors, and suppliers. It may from time to time recommend to the Executive Committee and Board of Directors actions and policies which represent the interests of subcontractors and suppliers. In conjunction with the Budget and Finance Committee and coordination with the Programs Committee, it may also develop and present programs that are of benefit and interest to subcontractors and suppliers and the homebuilding industry in general. It may make reports and recommendations to the Board of Directors on issues and policies

which may effect the homebuilding industry in Northern California, including but not limited to regulatory actions and local governmental policies. This Committee will be primarily responsible for the presentation of PASS events.

B. Leadership and Membership Qualifications: Officers of this committee shall be selected by the membership of the committee. The Chair and Vice Chair of this committee shall be any classification of Association membership. Membership of this committee shall be open to Association member companies, in good standing, in the Associate member Subcontractor Subcategory and Builder member companies' purchasing managers or purchasing agents.

C. Other Committee Memberships: A member of this committee shall be designated by its Chair to serve on the Regional Programs Committee.

12. Professional Builder Education Committee.

A. Purpose and Responsibilities: This Committee shall have jurisdiction over the education and development of members interested in professional careers in homebuilding. This committee will join with the Remodelers/Small-Volume Builders Committee in organizing, coordinating, and presenting the Graduate Builders Institute (GBI) classes, and the creation, coordination, and presentation of a "future homebuilders" education program.

B. Leadership and Membership Qualifications: The Chair of this committee shall be from a Builder member company, and shall be appointed by the incoming Chairman of the association. The Vice Chair of this committee shall be from a Builder member company and shall be appointed by the incoming Vice Chairman of the Association. Membership of this committee shall be open to all Association member companies in good standing, of any classification.

C. Other Committee Memberships: A member of this committee shall be designated by its Chair to serve on the Regional Programs Committee.

13. Programs Committee.

A. Purpose and Responsibilities: This committee has jurisdiction over matters relating to and coordination of all Association programs and events, including the facilitation of meaningful membership interaction and education. This committee will be responsible for creating and

coordinating the Association's event calendar after receiving input from committees, councils, and divisions. It will assist in the preparation of event budgets, review and recommend budgets for approval by the Budget and Finance Committee, and supervise the administration of these budgets after their approval.

B. Leadership and Membership Qualifications: The Chair and Vice Chair of this committee shall be any classification of Association membership. The Chair shall be appointed by the incoming Chairman of the Association, and the Vice Chair shall be appointed by the incoming Vice Chairman of the Association. Membership of this committee shall be open to all Association member companies in good standing, of any classification. The committee shall have at least one representative from each Board, Committee, or Council which intends to conduct or sponsor any Association event.

14. Remodelers/Small-Volume Builders Committee.

A. Purpose and Responsibilities: This committee shall have jurisdiction over matters relating to issues of concern to remodelers and small-volume builders. It may from time to time recommend to the Executive Committee and the Board of Directors actions and policies which represent the interests of Remodelors[®] and small volume builders. In conjunction with the Budget and Finance Committee and in coordination with the Regional Programs Committee, it may create programs that are of interest and benefit to remodelers, small-volume builders, and the membership in general. Its primary educational programs shall be the Certified Graduate Remodelor[®] (CGR) designation classes and, in conjunction with the Professional Builder Education Committee, the Graduate Builders Institute (GBI) certification classes.

B. Leadership and Membership Qualifications: The Chair and Vice Chair of this committee shall be any classification of Association membership. The Chair shall be appointed by the incoming Chairman of the Association, and the Vice Chair shall be appointed by the incoming Vice Chairman of the Association. Membership of this committee shall be open to all Association member companies in good standing, of any classification.

C. Other Committee Memberships: A member of this committee shall be designated by its Chair to serve on the Regional Programs Committee.

15. Sales and Marketing Council.

A. Purpose and Responsibilities: This council shall have jurisdiction over matters dealing with the selling and marketing of new homes. It may from time to time recommend to the Executive Committee and Board of Directors actions and policies which represent the interests of sales and marketing professionals. In conjunction with the Budget and Finance Committee and coordination with the Programs Committee, it may also develop and present programs that are of benefit and interest to sales and marketing professionals and the homebuilding industry in general. This Council will be primarily responsible for the presentation of the MAME Awards and the coordination and presentation of Institute of Residential Marketing (IRM) and Certified New Home Sales Professional (CSP) classes.

B. Leadership and Membership Qualifications: Officers of this council shall be selected by the membership of the council. The President and Vice President of this council shall be any classification of Association membership. Membership of this Council shall be open to all HBANC member companies which are selling homes for Builder member companies, HBANC member companies which provide services to Builder member companies in the selling and marketing of new homes, and individuals who are under contract to HBANC member companies. All member companies must be in good standing.

C. Other Committee Memberships: A member of this committee shall be designated by its President to serve on the Regional Programs Committee.

16. Women's Council.

A. Purpose and Responsibilities: The purpose of this council is to enrich the careers of and foster professionalism in women associated with the building industry. It may from time to time recommend to the Executive Committee and the Board of Directors actions and policies which represent the interest of the Women's Council and further the interest of women in the homebuilding industry. In conjunction with the Budget and Finance Committee and in coordination with the Programs Committee, it may also develop and present programs that are of benefit and interest to its members in the homebuilding industry.

B. Leadership and Membership Qualifications: Officers of this council shall be selected by the membership of the council. The Chair and Vice Chair of this council shall be any classification of Association

membership. Membership of this council shall be open to all Association member companies in good standing, of any classification.

C. Other Committee Memberships: A member of this council shall be designated by its Chair to serve on the Regional Programs Committee.

Section 8. Special Committees.

1. Purpose and Responsibilities: Special committees shall study and investigate matters not assigned to a Standing Committee or Council or which relate to a specific issue or agency that has an impact on the purpose or business of the Association. New special committees may be created by the Regional Chairman, who shall define the authority and duties upon approval or ratification by the Executive Committee. These committees shall have a one-year tenure unless otherwise determined by the Chairman. The Chair of any Special Committee will be invited as necessary to attend meetings of the Regional Board of Directors to give reports, advice, and counsel.

2. Leadership and Membership Qualifications: The Chairs of these committees shall be appointed by the Chairman of the Board, and will not be voting members of the Regional Board of Directors.

An example of a current special committee of the HBANC is the Department of Real Estate Committee (DRE).

Section 9. Affiliated Entities.

1. Purpose and Responsibilities: The Home Builders Association of Northern California may from time to time establish autonomous organizations which are affiliated with but separate and operating apart from HBANC. The objectives of these affiliated entities are to further the mission of the Association and to bring benefit to the homebuilding industry in Northern California.

2. Guidelines for Operations: Any affiliated entity established by the HBANC under this article shall be self-governing and self-directing, and shall have its own treasury, requirements for its own members, select its own officers and board of directors, and have the power to create and amend its own articles of incorporation and/or bylaws. HBANC may contribute resources to these affiliated entities as may from time to time be authorized by the Board of Directors or the Executive Committee of the Association. All Association staff and services that are utilized by these entities will be fairly compensated. No affiliated entity will develop policies or programs that are inconsistent with the mission of the HBANC or as provided in these By-Laws.

3. The following are affiliated entities of the HBANC:
 - A. HBANC Administrative and Issues Political Action Committee.
 - B. HBANC Candidate Political Action Committee.
 - C. HomeAid Northern California.

ARTICLE X ADMINISTRATION

Section 1. The chief administrative officer of the Association shall have the title of Chief Executive Officer. He/she and all other administrative officers shall be employed by the Board of Directors at a compensation determined by the Executive Committee.

Section 2. The Chief Executive Officer shall have the authority to advise and supervise all staff members and to compensate them at a rate within the limitations of the annual budget and commensurate with their assigned duties.

Section 3. The Chief Executive Officer shall perform duties and exercise responsibilities delegated to him/her by the Board of Directors or the Chairman, and shall perform such other duties as is usual and customary to the office.

Section 4. Any additional administrative officers shall be determined and shall serve at the pleasure of the Chief Executive Officer in consultation with the Board of Directors. Compensation for such administrative officers shall be determined by the Executive Committee upon recommendation of the Budget and Finance Committee.

Section 5. All administrative officers shall be responsible to the Chief Executive Officer and to the divisions for which they perform their duties, and shall look to the Chief Executive Officer and other regional staff members for administrative and technical support of their activities in their assigned areas.

ARTICLE XI DUES

Section 1. Amounts: Dues or special assessments for all membership classifications shall be established by the Board of Directors and may be revised from time to time by a two-thirds (2/3) majority of all Directors eligible to vote. Any action of the Board of Directors to vote on a change in membership dues structure shall be subject to thirty (30) days notice of the meeting serviced upon all Directors and affected Association members.

Section 2. Assessments: Fees, assessed as a percentage of sales price or of building permit valuation, are included in the Association's dues schedule.

All member companies of the Association whether classified as a Builder or an Associate Member are subject to assessment fees if they are named as owner or contractor, or both, on a building permit application for any residential structure or structure improvement or as owner at close of sale escrow.

A member is subject to assessment fees if an entity that is determined by the Executive Committee to be substantially related to the member is named as owner or contractor, or both, on a building permit application for any residential structure or structure improvement or as owner at close of escrow.

A member company participating in a joint venture with a non-member company is subject to assessment fees if the joint venture is named as owner or contractor, or both, on a building permit application for any residential structure or structure improvement or as owner at close of sale escrow, irrespective of that member company's percentage of ownership or interest in the joint venture.

Additional entities in which the member company has a whole or partial ownership interest will be subject to assessment fees if such entity is named as owner or contractor, or both, on a building permit application for any residential structure or structure improvement or as owner at close of sale escrow.

A member named as owner or contractor, or both, on a building permit application for a residential structure or structure improvement for its own account or ownership is subject to an assessment fee on such permit.

Assessment fees will be levied on residential construction only in the HBANC jurisdiction, which includes San Benito, Monterey, Santa Clara, Santa Cruz, San Mateo, San Francisco, Alameda, Contra Costa, Solano, Napa, Marin, Sonoma, Lake, and Mendocino counties.

A member company which has been assessed a fee may, in writing, submit information and circumstances relative to same to the Executive Committee and request an interpretation of the appropriateness of such assessment in terms of these By-Laws provisions. The decision of the Executive Committee on such requests shall be final.

Section 3. Lot Development Fee: A member company which develops residential lots which are sold to others is subject to a per-lot fee as included in the Association's dues schedule.

If a fee is subsequently assessed and received from a member company for any of such lots, a refund of the lot fee will be made to the member company which paid the lot fee on receipt of a written request for such refund.

Section 4. Non-Profit Builder Exemption. Builder members which qualify as non-profit entities under California Non-Profit Corporation Mutual Benefit Law as 501(c)(3) entities shall be exempt from assessment or lot development fees on any activity within the HBANC jurisdiction as described in Section 2. above.

Section 5. Schedule of Payments: All dues shall become due and payable as follows:

1. Builder Member companies' annual dues shall become due and payable on the last day of the member company's anniversary month. Dues not paid by the end of the anniversary month will result in cancellation of membership. Building activity fees as determined by the Board of Directors are due and payable on the fifteenth (15th) day of the month following the invoicing of such fees, unless other arrangements have been approved by the Executive Committee.

2. Associate Member companies' dues shall become due and payable on the last day of the member company's anniversary month. Dues not paid by the end of the anniversary month will result in cancellation of membership.

Section 6. Delinquencies: All dues, assessments, and other charges unpaid for a period of thirty (30) days after they are due, except as noted in Section 4, Number 1, above, shall remove a member company from good standing and the entity's name and delinquency status may be published by the Association in its communications. A delinquent member company shall be automatically suspended from all rights and privileges of membership. Such suspension shall not relieve the member company from the obligation to pay all delinquencies when due or which may thereafter become due during the period of suspension.

A member company suspended for non-payment of dues, assessments, or other charges may be expelled by action of the Board of Directors, but until so expelled, any suspended member company may automatically restore its membership in good standing by paying in full all charges against it including dues and assessments accrued during its suspension. Legal measures may be invoked by the Board of Directors to collect accounts due the Association, and legal fees for collection may be assessed as a part of the damages for collection against the delinquent member company.

Section 7. Resignation: Any member company wishing to resign from the Association may do so in writing to the Board of Directors, such resignation being effective upon the date of receipt of the written notice. All dues, charges, and any collection fees including

legal fees applicable to the member company resigning shall be paid in full at the time of the resignation.

ARTICLE XII AMENDMENTS

These By-Laws may be amended by either of the following means, providing there shall be thirty (30) days written notice submitted to the Board of Directors or the Association membership of any vote on amendment to these By-Laws, and such notice shall be accompanied by a copy of the proposed amendment:

1. By the Board of Directors upon a majority vote of Directors present and voting at a regular meeting of the Board.
2. By a petition of five percent (5%) of the Builder Members in good standing submitted to the Vice President/Secretary, and passed by a two-thirds (2/3) vote of the voting membership at a meeting called for that purpose, providing that notice provisions in this Article are met.

ARTICLE XIII INDEMNIFICATION OF OFFICERS, DIRECTORS, AND AGENTS

Section 1. The Corporation shall indemnify each of its agents against expenses, fines, judgments, settlements, and other amounts in accordance with the California Nonprofit Corporation Mutual Benefit Law.

Section 2. The Board of Directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any or all of its agents against any liability asserted against or incurred by the agent in such capacity.

ARTICLE XIII DISPOSITION OF ASSETS UPON DISSOLUTION

This Association does not contemplate pecuniary gain or profit to its members. It is organized solely and exclusively for nonprofit purposes and objectives. Upon termination and dissolution of the Association in the manner determined by the members and after payment or adequately providing for the debts, obligations, and administrative expenses of the Association, all and any remaining assets shall be distributed to a nonprofit fund, organization, or corporation which is organized exclusively for charitable, educational, or scientific purposes for the benefit and interest of the construction industry. None of the assets of the Association remaining at the time of dissolution shall be distributed in any form or in any amount to any contributing member company or to any individual, but shall be disposed of only in the manner aforesaid.