

BYLAWS
OF
SAN ANTONIO CHAPTER OF THE
TEXAS ASSOCIATION OF REAL ESTATE INSPECTORS, INC.

Adopted 3 December 2002

ARTICLE I

SECTION 1. The name of this organization shall be the SAN ANTONIO CHAPTER OF THE TEXAS ASSOCIATION OF REAL ESTATE INSPECTORS, INC., (hereafter referred to as "Association"). The acronym "SATAREI" shall also be considered acceptable usage in referring to the Association.

SECTION 2. The members of the Association may change the name by a majority vote of the membership at any annual meeting.

SECTION 3. The symbol or logo of the Association may hereafter be changed by majority vote of the membership at any meeting where a quorum is present.

SECTION 4. The offices of the Association shall be located in SAN ANTONIO Texas, and/or in such localities the Board of Directors may determine as.

ARTICLE II

PURPOSES

The following are the purposes for which this Association has been organized.

1. To unite those engaged in the recognized branches of the real estate inspection profession in the State of Texas, for the purpose of exerting a beneficial influence upon the profession and related interests.
2. To promote and maintain high standards of conduct in the real estate inspection profession as expressed in the Code of Ethics of the Association.

3. To further the interest in real property inspections, and to provide a unified medium for real estate owners and those engaged in the real estate inspection profession whereby their interests may be safeguarded and advanced.

4. To encourage and promote, and to sponsor or establish, educational standards and courses for those engaged in the real estate inspection profession as necessary to insure the maintaining of the high educational standards of the Association's members and others engaged in performing real estate inspection.

5. To designate, for the benefit of the public, those individuals within its jurisdiction authorized to use the term TAREI- "Certified Professional Inspector", "Advanced Inspector," "Inspector", "Engineer Member" or "Broker/Agent" Member as prescribed and controlled by the Association.

ARTICLE III

JURISDICTION

SECTION 1. The territorial jurisdiction of the Inspector as a member of the Association shall include the Greater San Antonio and surrounding areas.

SECTION 2. Territorial Jurisdiction is defined to mean:

The right and duty to control the use of the term, SATAREI "Certified Professional Inspector", "Advanced Inspector," "Inspector", "Engineer Member" or "Broker/Agent" Member subject to the conditions set forth in these Bylaws of the Association.

ARTICLE IV

MEMBERSHIP

SECTION 1. Membership classes and qualifications shall remain consistent with all the membership classes and qualifications as directed by TAREI headquarters located in Austin Texas.

SECTION 2. Membership Application/Dues Procedures:

The following general procedures shall be required prior to the approval of any applicant for any class of Membership except the Honorary Member:

A. Application: Application for membership in the Association shall be in such manner and upon such forms as are hereafter prescribed by the Board of Directors.

B. Schedule of Dues: Dues for each class member will be set at such rates as hereafter determined by the Board of Directors.

C. Dues Payment: Dues may be paid in one (1) payment on or before December 15th on each calendar year. Dues for new applicants must be paid in full upon approval of application for membership for the first year Pro-rata of dues will be made for new applicants in the following manner. For applications received prior to August 31st shall require full annual dues at the rate prescribed at the time of application and those applications received after August 31st shall be for one half of the prescribed annual dues. All outstanding dues must be paid in full before a member can be listed in the SATAREI Membership Directory for the corresponding dues year.

D. Special Assessments: An assessment may be levied by the Board of Directors upon a two thirds (2/3) vote of the Board members constituting a quorum and eligible to vote. Assessments may be levied to discharge Association obligations, special projects or in case of hardship.

E. Authority: Disposition and final action on any membership application shall be at the sole discretion of the SATAREI Membership Committee and Board of Directors, based in San Antonio, Texas.

F. Sale of Firm: If a member owner sells his firm, its advertising as a SATAREI Member must cease unless sold to another SATAREI Member qualified as an advertising member.

G. Advertising: A member advertising as a SATAREI member must include his membership designation, be a member in Good Standing and hold a membership class authorized to advertise.

SECTION 3. Mandatory Membership and Education Requirements:

A. Membership: No deviations from TAREI Bylaws

B. Education: No deviations from TAREI Bylaws

C. Maintaining "Good Standing" Status: No deviations from TAREI Bylaws

D. Conflict of Interest: No deviations from TAREI Bylaws.

E Change in Membership Class: No deviations from TAREI Bylaws

SECTION 4. Revocation of Membership:

No deviations from TAREI Bylaws

ARTICLE V

FINANCES

SECTION 1. Membership Dues Schedule:

The schedule of membership dues for each membership class shall be set by the Board of Directors and made available to the membership and may be changed at the discretion of the Board when deemed necessary by a majority vote or two thirds (2/3) of the Board.

SECTION 2. Financial Management:

A. Deposits: All monies received by the Association for any purpose shall be deposited to the credit of the Association in a recognized financial institution(s) selected by resolution of the Board of Directors.

B. Segregation of Dues: The Treasurer shall record separately, the dues collected and owing the Association.

C. Expenditures: The Board of Directors shall administer the finances of the Association, but shall not incur any obligation in excess of available cash on hand without authorization by vote of a majority of all members in good standing.

D. Petty Cash Fund: The Chairman of the Association shall set up funds to allow for the Chairman of the Association to provide for the payment of day-to-day operations and supplies. The Board shall such as determine the amount and monthly accounting shall be made by the Chairman of the Association as well as the Treasurer to the Association and shall be reported with the regular financial report to the Board.

ARTICLE VI

OFFICERS AND DIRECTORS

SECTION 1. Composition of the Officers and Directors:

A. The elected officers shall be composed of the following: President, Vice President and Secretary and Treasurer to be elected by the membership of the association and to serve until their successors have been duly elected and assume office.

B. Any member in good standing who holds a membership classification of Inspector, Advanced Inspector, C.P.I. or Charter member shall be eligible for nomination and election to any Officer position in this association, provided he/she has been a member in

good standing at least two years as a member SATAREI prior to nomination as an officer.

C. Each elected officer shall take office February 1 and shall serve for a term of one (1) year or until his successor is duly elected.

F. Any member in good standing who holds a membership classification of Associate Member, Inspector, Advanced Inspector, C.P.I. or Charter member shall be eligible for nomination and election to any At-Large Director position.

SECTION 2. Duties of Officers:

The duties of the officers shall be as follows and such as may be assigned to them by the particular duty of the Secretary to keep the records of the Association and to carry on all necessary correspondence with the Association members:

A. President: The President shall preside at all membership meetings. He shall by virtue of his office be Chairman of the Board of Directors. He shall present, at each annual meeting of the organization, an annual report of the work of the organization. He shall appoint all committees, temporary or permanent. He shall see all books, reports and certificates, as required by law, are properly kept on file. He shall be one of the officers who may sign the checks or drafts of the organization. He shall have such powers as may be reasonably construed as belonging to the chief executive of any organization.

B. Vice President: The Vice President shall be responsible for such duties as are individually assigned to him by the President with the approval of the Board of Directors.

C. Secretary: The Secretary shall keep the minutes and records of the organization in appropriate books. It shall be his duty to file any certificate required by any statute, federal or state. He shall give and serve all notices to members of this organization. He shall be the official custodian of the records and seal of this organization. He shall attend to all correspondence of the organization and shall exercise all duties incident to the Office of Secretary.

D. Treasurer: The Treasurer also shall have the care and custody of all monies belonging to the organization and shall be solely responsible for such monies or securities of the organization. He shall cause to be deposited in a regular bank or trust company a sum not exceeding such amount as deemed adequate by the Directors and balance of the fund of the organization shall be deposited in a savings bank except that the Board of Directors may cause such funds to be invested in such investments as shall be legal for a savings bank in the State of Texas. He must be one of the officers who shall sign checks or drafts of the organization.

He shall render at stated periods as the Board of Directors shall determine a written account of the finances of the organization and such report shall be physically affixed to minutes of the Board of Directors of such meeting.

He shall exercise all duties incident to the Office of Treasurer. The Secretary-Treasurer may assign any of the above duties to the Executive Director.

E. At-Large Directors. The At-Large Directors shall serve in any capacity at the request of the President, as he deems necessary.

F. Officers: Officers shall by virtue of their office be members of the Board of Directors.

No officer shall for reason of his office be entitled to receive any salary or compensation, but nothing herein shall be construed to prevent an officer or director from receiving any compensation from the organization for duties other than as a director or officer.

An officer may serve in the same office for more than three consecutive one-year terms of office.

No two (2) officers or directors may hold elective office concurrently, if said officers or directors are owners, employees or subcontractors of the same firm.

Any elected officer may be removed from office for misconduct or failure to perform his duties upon the recommendation of the Board of Directors, in writing, to the General membership, at least thirty (30) days prior to vote, with a majority vote of the General Members concurring.

SECTION 3. Board of Directors:

The governing body of the Association shall be a Board of Directors comprised of the President, Vice President, Secretary, Treasurer, Immediate past President, Education Director, and any at large directors, At-large directors shall be elected for a term of two (2) years.

SECTION 4. Election of Officers and Directors:

A. At least two (2) months before the annual meeting, a nominating committee of three Members, one designated as Chairman, shall be appointed by the President with the approval of the Board of Directors, for the purpose of the nomination of new officers. The report of the Nominating Committee shall be mailed to each voting member at least sixty (60) days preceding the annual meeting. The names of alternate candidates for the offices can be submitted to the Chairman of the Nominating Committee provided the nominations are submitted in writing at least forty-five (45) days preceding the Annual Meeting. All nominees must be members in Good Standing.

B. The election of officers and directors shall take place at the annual meeting. Election shall be by written ballot or by Proxy vote provided the proxy is received by the Association Secretary or Executive Director one (1) week prior to the meeting. The written ballot shall contain the names of all candidates and the office for which they are nominated.

C. The President, with approval of the Board of Directors, shall appoint an election committee of three (3) members to conduct the election. In case of a tie vote, lot shall determine the issue.

E. The term of office shall begin February 1st of each year for the incoming officers.

F. Election to an office shall require a plurality vote of the ballots cast. A quorum must be represented in person or by combination of in person and proxy votes.

SECTION 5. Vacancies:

Vacancies among the officers and the Board of Directors shall be filled by the Board of Directors until the next annual election. Any Officer or Director missing three (3) consecutive scheduled meetings shall forfeit his office or directorship, unless excused by the Board of Directors.

ARTICLE VII

MEETINGS & VOTING

SECTION 1. Meetings:

The Meetings of the Association shall be held at least six (6) times each year the date, place, and hour to be designated by the Board of Directors.

SECTION 2. Meetings of Directors:

The Board of Directors shall designate a regular time and place of meeting. Absence from three (3) consecutive regular meetings, without an excuse deemed valid by the Board of Directors, shall be construed as resignation from their office and Directorship. If any individual or group wishes to address the Board on any topic, that individual or group must apply in writing to the Chairman of the Board for a place on the agenda at least three (3) weeks before a regularly scheduled Board meeting stating topic, time required, and which Member(s) will attend. The application to attend may be waived by a majority vote of the Board. The Board may waive this notice upon a two thirds (2/3) vote by the Board.

SECTION 3. Notice of Meetings:

Written notice shall be given to every member entitled to participate in meetings at least one (1) week preceding all regular meetings.

SECTION 4. Quorum:

A Quorum for the transaction of business shall consist of one-third (1/3) of the members, to include the proxy vote of a member in good standing and eligible to vote, provided such proxy it is received at least one week prior to the meeting date.

SECTION 5. Special Meetings:

The President may call special meetings of the Association when he deems it for the best interest of this organization. Notices of such meeting shall be mailed to all members at their addresses as they appear in the membership roll book at least six (6) but not more than ten (10) days before the scheduled date set for such special meeting. Such notice shall state the reason that such meeting has been called, the business to be transacted at such meeting, and by whom called.

SECTION 6. Special Meeting Requirements:

At the request of 50% of the members of the Board of Directors or 50% of the members of the organization, the President shall cause a special meeting to be called, but such request must be made in writing at least twenty (20) days before the requested scheduled date. A proxy vote will be accepted as noted in SECTION 4. Quorum.

SECTION 7. Special Meeting Business:

No other business but that specified in the notice may be transacted at such special meeting.

SECTION 8. General Membership Meetings:

There shall be a minimum of six (6) general membership meeting per year; the date is to be set by the President.

SECTION 9. Management of Meetings:

All meetings shall be conducted in compliance with The Roberts Rules of Order.

SECTION 10. Voting of Members:

A. Each member, regardless of class, shall be entitled to one vote on each matter submitted for vote to the members of this Association, except to the extent that the voting rights of members of any class or classes are limited or denied by the Bylaws or by law.

B. A member may vote either in person or by proxy executed in writing by the member or his duly authorized attorney-in-fact.

C. At each election for officers and directors, every member entitled to vote at such election shall have the right to vote, in person or by proxy for as many persons as there are officers and directors to be elected.

D. Voting may be accomplished in person or by proxy at any regularly scheduled meeting or special meeting or by mail-in ballot when such ballot is mailed to all members qualified to vote in any election.

E. A majority vote shall be defined as greater than fifty percent (50%).

ARTICLE VIII

COMMITTEES

SECTION 1. Standing Committees:

The President shall appoint from among the qualified members, subject to confirmation by the Board of Directors, the following standing committees:

B. Education

D. Ethics

E. Public Relations

SECTION 2. Special Committees:

The President shall appoint, subject to confirmation by the Board of Directors, such special committees, as he may deem necessary.

SECTION 3. Organization:

All committees shall be of such size and shall have duties, functions, and powers as may be assigned to them by the President or the Board of Directors, except as otherwise provided in these Bylaws.

SECTION 4. President:

The President shall be, ex-officio, a member of all standing committees and shall be notified of their meetings.

SECTION 5. Professional Assistance:

The Board of Directors may at any time employ outside services to assist with the management of the Association, with the notification of the General Membership, allowing three (3) weeks for membership rebuttal, which shall be duly considered before entering into contract for outside services

ARTICLE IX

FISCAL AND ELECTIVE YEAR

The fiscal year and elective year of the Association shall be February 1st to January 31st, with newly elected officials taking office February 1st.

ARTICLE X

RULES OF ORDER

Robert's Rules of Order, latest edition shall be recognized as the authority governing the meetings of the Association, its Board of Directors and committees, in all instances wherein its provisions do not conflict with these Bylaws.

ARTICLE XI

AMENDMENTS

These Bylaws may be amended by majority vote of the voting members present and qualified to vote at any meeting at which a quorum is present, or by written proxy received by the Association Secretary in the office of this Association at least one week prior to the meeting, or by the deadline specified in the written call for vote, provided the substance of such proposed amendment or amendments shall be plainly stated in the call for the meeting or the request for written ballot.

The Bylaws may be set in the format for presentation by majority vote of the Board of Directors and proper grammatical or punctuation changes may be made which do not constitute a change in the intent and purpose of these Bylaws.

ARTICLE XII

TAX EXEMPTION

The operation of the Association shall be conducted in such manner as not to cause a violation of SECTION 501 (c) (6) of the Internal Revenue Code of 1954, nor shall any Bylaw herein or hereafter be valid if it does not comply with the Code provisions as those provisions are now stated or as they may hereafter be amended. Nor shall any action be taken by the members of Board of Directors, which would violate the provisions of the Texas Non-Profit Corporation Act. Nothing herein shall be construed to violate or infringe on the federal and state tax exemptions, nor on the nonprofit corporation charter; and should any such provision herein be so construed, it shall automatically, without the need for voting thereon, be negated and considered null and void and of no legal effect.

ARTICLE XIII

LIMITATION OF LIABILITY

Each person now, previously or hereafter, a director or officer of the Association shall be indemnified by the Association against all expenses reasonably incurred or suffered by said person, in connection with any action, having been, an officer or director of the Association, provided however, that such person seeking indemnification shall not have been adjudicated in any proceeding to have acted in bad faith, maliciously or harming intentionally, the party or parties bringing such action.

ARTICLE XIV

GENDER

The use of the masculine gender in these Bylaws shall be construed to mean both masculine and feminine gender.

ARTICLE XV

PROFESSIONAL STANDARDS COMMITTEE

DEFINITIONS AND PROCEDURES

A. Composition: The committee shall be composed of members duly appointed at the local level of SATAREI

B. Jurisdiction and duties: The Professional Standards Committee shall have the authority and duties as follows:

1. To investigate complaints made in writing against any member of SATAREI alleging misconduct, negligence, or improper business procedures covered under the Code of Ethics and/or the Bylaws of SATAREI.

2. To conduct hearings on such complaints in accordance with procedures as outlined in "C" below, and to make findings and decisions subject to review by the Board of Directors.

C. Complaints of violation of Code of Ethics or Bylaws Procedures:

1. Filing of complaints: complaints against any member of SATAREI may be filed by either a member of SATAREI or a nonmember, in writing, provided that the charges specify the exact nature of the complaint, including the specific misconduct, improper performance, or nonperformance of the member against which the complaint is filed, as well as the exact and precise basis on which the complaint is filed. Complaints cannot be filed against Honorary members.

The written complaint must include the result or consequence, if any, of the alleged misconduct, nonperformance, or improper performance of the member against which the complaint is filed.

Complaints in writing must be filed with the President of SATAREI or the Executive Director of SATAREI. The President or Executive Director shall promptly send a correct copy of the complaints to the respondent and notify all principals and committee members of the time and place of the hearing.

2. Investigation of Complaints: If preliminary investigations so warrant, the SATAREI chairman shall order a hearing on the complaints to be conducted by the Professional Standards Committee within sixty (60) days after the complaints are filed.

3. Hearing: A quorum shall be a majority of the members of the Professional Standards Committee. The principals may introduce such documentary evidence and present such testimony of witnesses, as the committee may deem relevant.

Each principal shall be accorded full opportunity to be heard and counsel may represent them. The deliberations of the committee shall be confidential and conducted outside the presence of the principals. Hearing shall be held within thirty (30) days of receipt of submission of written complaint.

4. Notification of Findings: Within thirty (30) days after conclusion of the hearing the committee chairman shall notify the principals in writing of the findings and of the recommendations of the committee. A written copy of it shall be forwarded to the Board of Directors.

5. Decisions of the Board of Directors: Principals in disagreement with the findings of the Professional Standards Committee may request, in writing of the findings and of the recommendations of the committee. A written copy of it shall be forwarded to the Board of Directors. After all considerations, the Board of Directors shall notify the principals, in writing, of their decision.

D. Special Conditions:

1. Neither the Professional Standards Committee nor the Board of Directors will hear complaints against a member if legal action of any type has been initiated or is pending against a member in connection with the same complaint.

2. A complainant will be provided a written procedure for submitting his complaint.

Upon receiving such request, SATAREI will notify the member against which the complaint is to be filed of such request.

3. A preliminary hearing by the sub-chairman and the committee member in a given area may be held at the request of the member against whom the complaint is filed, if written request for such preliminary hearing is submitted to the President or Executive Director within then (10) days of being notified of the formal hearing of the main body committee.

4. Committee hearings shall be held at the time and place of regular monthly or special meetings.

5. Any member refusing to comply with any of the above procedures shall be notified in writing by the President that such refusal can constitute basis for termination of membership upon vote of the Board of Directors.

6. It should be made clear that the authority of the Board of Directors is limited to suspension of membership on the basis of noncompliance of the Code of Ethics or other SECTIONS of the Bylaws of SATAREI.

7. The person filing the complaint will close the file for any complaint upon non-compliance with procedures, unless non-compliance is essentially beyond his control, such as illness or a conflict with previously scheduled commitments.

8. The findings of the Board of Directors on final review of the recommendations of the committee is final and binding and constitutes closing of the file unless extenuating circumstances, in the judgment of the Board of Directors, demand further consideration.

9. Chairman, sub-chairman or members of the Professional Standards Committee shall in no way be influenced by personal considerations or judgments of the member against whom the complaint is filed and shall act solely and objectively on the facts and evidences presented.

10. The procedures forwarded to a person wishing to file a complaint shall contain a clear explanation of the limits of the authority of SATAREI on its members and shall specifically point out that maximum recommendations of the Committee and/or the Board of Directors shall be limited to the following:

a. In the case of misconduct, the maximum recommendation will be limited to termination of membership.

b. In the case of improper performance (negligence) or nonperformance of SATAREI minimum guidelines for inspections, the recommendation will be limited suspension &/or revocation of membership, such decisions shall be based on the Ethics Committee recommendations & a majority vote of the Board of Directors.

A written complaint shall have a field inspection of the condition by at least three (3) member inspectors qualified to give opinions on the questioned condition. The purpose of the inspection team shall be to determine if a component of the basic structure including framing, roof surface, exterior walls and foundation is in need of immediate repair. If immediate repairs are judged to be required, they will give an opinion on whether or not the omission of pointing out such required repairs include clear negligence.

The following are designated what clearly constitutes "in need of immediate repair":

The condition in question clearly and seriously affects the livability and functionality of the building in question.

Required repairs to secondary damage, such as minor sheetrock cracks, brick cracks, separations, etc. in question do not in themselves constitute a serious and clear effect on the livability and functionality of the building in question.

c. In all complaints the written procedure for filing the complaint shall contain the following statement: An opinion rendered in an inspection report, even when it is later proven to be inaccurate or agreed upon by other qualified inspectors, represents a

subjective conclusion and is not intended to represent a statement of fact. A subjective opinion by a member of SATAREI in an inspection report, even when clearly established to be inaccurate, cannot constitute a basis for acting by the Professional Standards Committee or the Board of Directors, unless such an opinion is claimed to include negligence and/or inappropriate. Improper or nonperformance of procedures as outlined by the recommended Structural, Mechanical, and/or Electrical Inspection Guidelines of the Association.

Code of Ethics

Preamble

The responsibility of those persons who engage in the business of performing independent inspections of buildings and all such structures involved in a real estate transaction imposes integrity beyond those of a person involved in ordinary commerce.

Each inspector agrees to maintain a high standard of professionalism, independence and fairness in all such actions while in the performance of inspections in a real estate transaction.

Accepting this standard as his own, every inspector pledges himself to observe the spirit of this standard and to conduct his business in accordance with the following Code of Ethics:

ARTICLE I:

Inspector-Client Relationship

- A. In accepting employment as an inspector, the inspector shall protect and promote the interests of his client to the best of his ability and knowledge, recognizing that his client has placed his trust and confidence in the inspector.
- B. The inspector shall endeavor always, in the interests of his client and his profession, to maintain and increase his level of knowledge regarding new developments in the field of inspection.
- C. The inspector shall conduct his business in a manner that will assure his client of the inspector's independence from outside influences and interests that might compromise his ability to render a fair and impartial opinion regarding any inspection performed.

D. The inspector shall maintain and promote fairness in all business transactions with this client, reporting conditions of items inspected using his utmost in judgment, ability and knowledge to protect the rights and interests of his client.

E. The inspector shall meet the requirements of the Texas Real Estate Licensing Act, where those requirements exceed those listed above.

ARTICLE II:

Inspector-Public Relationship

A. The inspector shall deal with the general public at all times and in all manners in a method that is conducive to the promotion of professionalism, independence and fairness of himself, his business and of the inspection industry.

B. The inspector shall advertise, conduct business promotions, and generally conduct his marketing activities in a manner that reflects the professionalism, independence and fairness to the profession.

C. The inspector, in recognizing his obligations to the general public, shall endeavor to maintain a high standard of knowledge and education regarding items that he undertakes to inspect, and further accepts the responsibility of increasing such knowledge at every reasonable opportunity.

D. The inspector should attempt to assist the general public in recognizing and understanding the need for inspections, regardless of whether he is selected to perform such inspection or not.

E. The inspector accepts the duty of protecting the public against fraud, misrepresentation or unethical practices in the field of real estate inspections.

ARTICLE III: Inspector-Inspector Relationship

A. The inspector shall bind himself to the duty of maintaining fairness and integrity in all his dealings with other inspectors and other persons performing real estate inspections.

B. The inspector should seek no unfair advantage over other inspectors, and should be willing to share with other inspectors the lessons of his experience and studies.

C. The inspector should not solicit the services of employees of his fellow inspector, or his competitors, without the knowledge of his fellow inspector or competitor.

D. Should an inspector be charged with unethical practices, negligence, misrepresentation, or such alleged breach, and a second inspector has knowledge or information of the alleged breach, the second inspector shall place the facts before the proper tribunal for investigation and judgment.

E. The inspector shall conduct his business so as to avoid controversy with other inspectors. However, should a controversy arise between inspectors, said inspectors agree to place the facts before the Professional Ethics Committee of the Association for investigation and recommendations as to resolution of the controversy.

F. The inspector shall cooperate with other inspectors to insure the continued promotion of the high standards of the real estate inspection profession, and pledges himself to the continued pursuit of increasing competence, fairness, education and knowledge necessary to achieve the confidence of the public.