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August 19, 2002

Supplement to AOR 2002-11

Aug 19 3 57 PM '02

Jonathan Levin, Esq.
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: AOR 2002-11

Dear Mr. Levin:

This letter will respond to your correspondence of July 17, 2002, as well as to subsequent questions that you relayed to the Mortgage Bankers Association ("MBA") in a meeting on August 1, 2002, as well as via telephone on August 2, 2002. We trust that this letter will comprehensively address the concerns of the General Counsel's Office in relation to Advisory Opinion Request 2002-11.

Specifically, you asked in writing a series of questions regarding the interrelationship between the MBA and the State Mortgage Bankers Associations. These questions are addressed below along with any subsequent questions that relate thereto.

(1) Did the MBA or any persons acting on behalf of the MBA participate in the establishment or formation of any State or local mortgage bankers' association? If so, state the number of State and local associations.

No, to the knowledge of the current staff of the MBA, the MBA has not participated (either directly or through an agent) in the establishment or formation of any State or local mortgage banker's association.

(2) On the MBA web site description of State affiliates, what is meant by "derivations thereof" of the State affiliate members? Are they local mortgage banker and lender associations? Do such associations have membership in MBA by virtue of a State association's membership in the MBA? Do members of a local organization automatically have membership in a State association?

The term "derivation thereof" relates to the fact that several state mortgage bankers associations do not wish to be known as a "Mortgage Bankers Association." Instead, those State Associations have chosen to be identified under a different name such as a State Mortgage Lenders Association. The MBA has no control over the state's choice of name because the State Associations are

autonomous. However, in order not to exclude any State Association from recognition on the website, the website refers to any State Association representing the industry whether or not they are known as a Mortgage Bankers Association.[1]

Second, no Local Mortgage Bankers Association is a member of the MBA, nor are the local associations eligible for membership in the MBA. Indeed, the MBA does not have an accurate or anywhere near complete list of the possible local mortgage bankers associations. Thus, while the MBA believes that there are approximately 200 local mortgage bankers associations, it is only aware of approximately 70 such associations. In addition, the MBA cannot shed any light on your inquiry of whether members in the local associations automatically have membership in the State Associations because it has no control over this issue and does not know the answer to this question.

Third, to reiterate a point previously made, no member of a State Association is a member of the MBA simply by virtue of being a member of the State Association. See Revised Bylaws of the Mortgage Bankers Association of America §10.60 (Attached at Exhibit 1). In addition, to respond to additional inquiries raised about this point, there are no consolidated dues statements, nor can a member join both the MBA and a State Association at the same time. In fact, the Mortgage Bankers Association has no control or input into the State Association dues statements or receipts.

(3) There seems to be a discrepancy between your response that the MBA does not represent or coordinate with State and local associations in lobbying efforts and section 2.10(a) of the State/Local Advisory Council Bylaws. Please explain this discrepancy. Your response should include the lobbying and lobbying coordination functions (including grass roots lobbying) that MBA performs in coordination with the State and local associations. In addition, describe the actual activities undertaken by MBA and the State or local associations that are summarized in section 2.10(a).

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[1] The Federal Election Commission was notified in the MBA letter of June 5 at n.1 that the MBA had proposed a bylaw amendment that would change the name of the State Association members from "Affiliate Member" to "State Association member." Since that time, a further revision has been made to the bylaws so that "Affiliate Members" are now known as "Adjuncts." Revised MBA Bylaws at §10.10(a).

There is no discrepancy between the MBA's response that it does not represent or coordinate with State and local associations in lobbying efforts and section 2.10(a) of the State/Local Advisory Council Bylaws. The initial question posed related to the MBA representing or coordinating with the State Associations with respect to the State Associations' federal or non-federal lobbying. It is still true that the MBA does not represent the State Associations with respect to the State Associations' federal or non-federal lobbying, nor does the MBA coordinate with the State Associations regarding the State Associations' own federal or non-federal lobbying, to the extent they engage in such lobbying.

Section 2.10(a) of the State/Local Advisory Council Bylaws addresses the MBA's own federal lobbying. That provision states that a mission of the State/Local Advisory Council shall be "[t]o facilitate and promote grass roots participation in the relationship between federal, state and local governments and the real estate finance industry." To clarify the meaning of this mission, the MBA reaches out to its members, be they members engaged in Residential Single Family Finance Business, or be they members engaged in the Commercial Real Estate/Multifamily Finance Business, or be they State Mortgage Bankers Associations to assist the MBA in its federal lobbying with respect to issues related to the MBA, not the State Associations. The MBA does this by requesting that the members call or write their Members of Congress regarding an important issue to the MBA. The State Associations are not bound to assist the MBA with respect to these requests, and often the State Associations do not assist because they disagree with the position of the MBA regarding the legislation or policy positions taken by the MBA. Thus, this section of the State/Local Advisory Council Bylaws refers to standard grassroots lobbying by a national trade association and does not contradict the MBA's prior representations to the Commission.

In addition, in our oral discussions you asked about sections 2.10(b) and 2.10(c) of the State/Local Advisory Council Bylaws. Section 2.10(b) addresses the mission of the Mortgage Bankers Association of America to deliver member services to its own members who, in this case, are State Associations. This provision simply articulates one of the main functions of any trade association, which is to bring services to its members. The MBA is not attempting to bring services to the members of the State Associations through this provision because the

members of the State Associations are not per se members of the MBA and the delivery of services to non-members is not within MBA's mission.[2]

Section 2.10(c) states that another mission of the State/Local Advisory Council shall be "[t]o make policy recommendations to the Board of Directors of the MBA affecting association-related state and local issues." Again, to clarify, this Council, composed of representatives of the State Association Members of the MBA, is to make recommendations to the MBA regarding issues relevant to the MBA, not the inverse. Again, the focus is for this national trade association to service all of its members in an effective and efficient manner.

You also asked about the reference in section 4.10 of the State/Local Advisory Council Bylaws to a Washington Leadership Conference of the MBA. Simply stated, this is a meeting sponsored by the MBA for its members. The MBA also sponsors, for instance, other conferences such as the Commercial Real Estate Finance Conference.

(4) You state that there are no formal contractual agreements between MBA and the State associations, but there appear to be contractual agreements with respect to the Campus MBA programs. Please describe the other contractual agreements, if there are any, between MBA and the State and local associations.

It was the MBA's understanding that your initial inquiry related to contractual agreements with all State Associations. There are no such agreements. Rather, these Campus MBA agreements between the sixteen (of forty-six) State Associations and the MBA are a relatively new development, and do not apply across the board to all State Associations and the MBA. Indeed, as you were informed in the August 1 meeting, there are no other contractual agreements between the MBA and the State Associations besides these Campus MBA agreements. Further, to put these sixteen contracts in context, the MBA works with numerous large companies and real estate publishers who either are or are not members of the MBA with respect to the Campus MBA program. The Campus MBA has literally dozens of agreements related to the program and views the few

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[2] Of course, as previously discussed, a fraction of the members of the State Associations are also independently members of the MBA. Services are typically brought to these members either through the Residential Single Family Board of Governors (now known as the Residential Board of Governors) or the Commercial Real Estate/Multifamily Finance Board of Governors.

agreements with the State Associations as relatively insignificant to the overall program.

(5) State whether the two SSFs share any personnel, e.g., officers, employees or volunteers, or PAC board members, and state who they are. Your answer should include those who were with one PAC and are now with the other, as well as current overlaps. Describe any other relationships between the two PACs.

No, the PACs do not share any personnel or board members, nor has there been any past relationship between the PACs.

Subsequently, you also asked whether there are any nonfederal PACs of the State Associations and the MBA's role in the formation of those PACs, or whether there is any relationship between the past or current personnel of the federal PAC and these nonfederal PACs. The MBA is aware that there are nonfederal PACs of the State Associations such as the Texas Mortgage Bankers Association, but the relationship between the PACs is much the same as the relationship between the Associations, which is that the MBA has no role in the formation of the State PACs, does not operate or control the State PACs, and has no overlapping personnel with the State PACs. Indeed, the MBA is aware that several of its corporate members also have PACs, but MORPAC is in no way affiliated with those PACs.

(6) Please send the bylaws of the two Boards of Governors provided for in section 6.10 of the MBA Bylaws.

These Bylaws are attached at Exhibits 2 and 3. There is no mention of the State Associations in these Bylaws, nor are State Association members eligible to sit on either Board of Governors.

In addition to these written questions, you asked about items on the MBA website under the heading of State Affiliate Accomplishments. More specifically, this heading "State Affiliate Accomplishments" appears on a page entitled "MBA Accomplishments." This entire page is dedicated to highlighting to the services that the MBA has provided to its members. Thus, the explanation starts as follows: "MBA is dedicated to representing members' needs in the real estate finance industry. In the past year, MBA has accomplished a great deal on behalf of its members in the following areas: . . . " The website then goes on to tout the MBA services provided to its various members. One section of this page is entitled

"Regular Member Accomplishments," another section is entitled "Commercial and Multifamily Accomplishments," and the third section focused on in the August 1 meeting is entitled "State Affiliate Accomplishments." Each of these sections is addressed to specific members of the MBA.

Three items, in particular, appeared to be of interest. The first was "[s]ponsored state association involvement in the HELP (Homebuyer Education and Learning Partnership) initiative, a collaborative effort between MBA and the National Council on Economic Education (NCEE), which provides fiscal management education and alerts potential borrowers to the pitfalls of abusive lending practices." In this context, the term "sponsored," means facilitated the opportunity for a state to be involved in the HELP program. Six states participated in this program which is an educational program promoted by the Mortgage Bankers Association to educate potential borrowers about abusive lending practices. This is not a State Association Program paid for by the MBA, rather it is an MBA program in which the MBA encouraged its State Association members to participate.

You also asked about the bullet that stated "Endorsed funding of Habitat for Humanity MBA grants exceeding $100,000.00 and benefiting 9 State Affiliate members." Here again, the MBA budgets funds each year for the Habitat for Humanity as a charitable program supported by and endorsed by the MBA.[3] As such, the MBA encourages any member, including a State Association member, that wishes to aid the Habitat for Humanity in building a home to apply for a grant from the MBA which will be donated by the MBA, not by the State Associations, to the Habitat for Humanity. This is not a means by which the MBA enhances the budgets of the State Associations, but a means for getting its members involved in a program supported by the MBA and to enhance the MBA's own reputation and the reputation of the MBA's members in their own communities.

Finally, you asked about the regional meetings conducted by the MBA. The regional meetings are an opportunity for the State & Local Advisory Council representatives and MBA staff to meet with member State Associations in each of four regions. Member State Associations provide feedback on MBA issues and programs affecting them as MBA members and aid MBA staff in development of future member enhancements.

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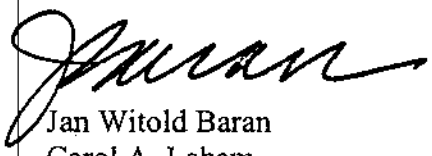
[3] $100,000 was budgeted for calendar year 2000, and $50,000 per year for calendar years 2001 and 2002.

We trust that this letter fully addresses any remaining concerns or inquiries you may have had and hope that the Commission now has all of the factual information it seeks to issue an Advisory Opinion.

Sincerely,



Jan Witold Baran
Carol A. Laham

BYLAWS

RESIDENTIAL BOARD OF GOVERNORS
Mortgage Bankers Association of America

As Amended through October, 2001

ARTICLE I. NAME

1.10 The Residential Board of Governors shall be known as "RESBOG."

ARTICLE II. COMPOSITION

2.10 Number. RESBOG shall consist of fifty-seven (57) members. It is specifically recognized that this number may change to accommodate representation on RESBOG of groups that are not represented at the time these Bylaws are adopted.

2.20 Categories. There shall be four categories of RESBOG membership: (1) larger members, (2) mid-sized members, (3) smaller members, and (4) Association Officers. Each of the first three categories shall consist of eighteen (18) members. The officer category shall consist of the Chairman (or Chairwoman), Chairman- (or Chairwoman-) Elect, and the Vice Chairman (or Vice Chairwoman).

2.20 Larger Members. Larger members shall be officers of regular members of the Association whose last paid dues were in the larger one-third (1/3) of the dues paid by each residential regular member of the Association,

2.21 Mid-sized Members. Mid-sized members shall be officers of regular members of the Association whose last paid dues were in the middle one-third (1/3) of the dues paid by each residential regular member of the Association.

2.22 Smaller Members. Smaller members shall be officers of regular members of the Association whose last paid dues were in the smaller one-third (1/3) of the dues paid by each residential regular member of the Association.

2.23 Assignment of Residential Regular Members. Each year, the staff shall prepare and furnish to the Nominating Committee of RESBOG a list of all residential regular members of the Association in each category. The staff shall also make available annually a list of residential regular members. Residential regular members shall be those regular members that are in the business of financing single-family residences. A regular member that is in the business of financing single-family residences as well as other types of real estate (such as multifamily or commercial) may choose to be included in the list of residential regular members or not. The Board of Directors of the Association shall resolve any dispute regarding classification of a member of the Association.

2.30 Selection. Annually, the Nominating Committee of RESBOG shall recommend a slate of nominees to serve as members of RESBOG for the terms that will begin during the Association's Annual Convention. The Nominating Committee shall submit the slate to RESBOG for approval.

2.40 Ex Officio Members. Unless the Chair of RESBOG and the Vice Chair of RESBOG are serving part of a regular three year term, they shall be members of RESBOG, serving a special term while in office. Individuals serving special terms will not be included in any category and will not be counted toward the membership ceiling set forth in Section 2.10 of these bylaws. However, the one-year "rest period" specified in Section 3.20 of these bylaws shall apply upon the completion of a term of office (or terms of office in the case of a Vice Chair).

ARTICLE III. MEMBERSHIP TERMS

3.10 Length of Term. Terms of membership on RESBOG shall be three years.

3.20 Successive Terms. A member serving all or part of a three year term may serve a successive three year term, but thereafter is ineligible for service for one year. An exception to this limit shall apply to members of RESBOG who became members of RESBOG by reason of having been members of the Board of Governors of the Association in 1998. These members shall be eligible for one three year term without a one-year rest period. The previous two sentences shall be deleted automatically from these Bylaws in the year 2003.

3.30 When Terms Begin. Terms for the members of the RESBOG shall begin at the beginning of the RESBOG meeting during the Annual Convention of the Association and shall end immediately prior to such meeting.

3.40 Terminations. If a member of RESBOG terminates his or her principal business employment with a member of the Association, the tenure of the RESBOG member shall terminate at the beginning of the next meeting of RESBOG held in connection with the Annual Convention of the Association or at the end of the sixth calendar month next following the termination of employment, whichever occurs later, unless the Board member again undertakes principal business employment with a regular member of the Association prior to such time.

3.50 Vacancies. The Nominating Committee shall recommend to the RESBOG for approval a nominee to fill ~~the~~ any vacancy for the remainder of the term.

ARTICLE IV. MEETINGS

4.10 Frequency. RESBOG shall hold three regular meetings each year, one of which shall be held in connection with the Annual Convention of the Association.

RESBOG may also hold one or more special meetings at any time during the year. The time, method, place and the form of notice of RESBOG meetings shall be determined by the Chair, consistent with these bylaws.

4.20 **Method.** RESBOG meetings may be held in person or by telephone conference call.

4.30 **Quorum.** At any meeting of RESBOG, a majority of its members shall constitute a quorum.

ARTICLE V. OFFICERS

5.10 **Chair and Vice Chair.** RESBOG shall have a Chair and a Vice Chair.

5.20 **Term.** The term of the Chair and the Vice Chairs shall be one (1) year.

5.30 **Selection.** Each year, the Nominating Committee shall recommend the name of a nominee to serve as Vice Chair, who shall serve as Chair the following year. In the event the Vice Chair cannot or will not serve as Chair, the Nominating Committee also shall recommend a nominee to serve as Chair. The Nominating Committee shall submit the recommendation or recommendations to RESBOG for approval.

5.40 **Vacancy.** In the event of the absence, disability, resignation, termination, or death of the Chair or the Vice Chair, the Nominating Committee shall recommend to the RESBOG for approval a nominee to fill the vacancy for the remainder of the term.

ARTICLE VI. COMMITTEES

6.10 **Standing Committees.** RESBOG shall establish such standing committees, as it shall determine at any regular or special meeting. The duties of the standing committees shall be as adopted by RESBOG. The chair and vice chair of each standing committee shall be appointed by the RESBOG Chair, taking into account the recommendations of the committee. Standing committees whose membership is open to all employees of members who wish to join shall have a steering committee whose members shall be selected by the chair and vice chair of the committee.

6.20 **Task Forces.** The Chair may appoint such task forces as desired. Such task forces shall expire at the end of the RESBOG meeting held in conjunction with the Annual Convention of the Association.

ARTICLE VII. NOMINATING COMMITTEE

7.10 **Composition.** The Nominating Committee shall consist of six members of the

RESBOG. Two (2) shall be from each of the three (3) categories of RESBOG membership.

7.20 **Term.** Terms of Nominating Committee members shall be two years.

7.30 **Selection.** The members of the Nominating Committee shall be elected by RESBOG. The Chair of RESBOG shall direct the election in a manner consistent with these bylaws. The Chair and Vice Chair of RESBOG shall not be eligible to serve on the Nominating Committee. Each member of RESBOG shall be entitled to vote for one individual in each of the three categories of RESBOG membership. The individual in each of the three categories (among those who express a willingness to serve) who receives the most votes shall serve on the Nominating Committee for two years.

7.40 **Vacancies.** In the event a member of the Nominating Committee cannot or will not serve a second year; each member of RESBOG shall be entitled to vote for two individuals in the category of that Nominating Committee member. The individual in that category who receives the most votes (among those willing to serve) shall serve on the Nominating Committee for two years and the individual receiving the second highest number of votes shall serve for one year.

7.50 **Chair of the Nominating Committee.** Each year the Nominating Committee shall select its Vice Chair, who shall serve as Chair the following year. In the event the Vice Chair cannot or will not serve as Chair; the Nominating Committee shall select its Chair.

7.60 **Eligibility.** Members of the Nominating Committee shall be eligible for nomination to serve as Vice Chair or Chair of RESBOG.

7.70 **Considerations.** In selecting the individuals to serve as members of RESBOG the Nominating Committee shall take into consideration the following:

(a) Whether the individual is a Chief Executive Officer of the member firm, or is an individual designated by the Chief Executive Officer of the firm.

(b) Whether the individual is actively engaged in the member firm's business.

(c) Whether the individual participates in Association affairs.

(d) Whether the individual had demonstrated leadership in the industry.

(e) Whether the selection of the individual will contribute to the diversity of the RESBOG, which should provide product line diversity, ownership type diversity, delivery channel diversity, geographical diversity, servicing and origination diversity, as well as diversity as to gender, race, and ethnic heritage.

7.80 RESBOG Members of the Association Board of Directors. The Nominating Committee of RESBOG shall select the representatives of RESBOG to serve on the Board of Directors of the Association.

ARTICLE VIII. AMENDMENTS

8.10 Bylaw Amendments. These Bylaws may be amended or repealed at any regular or special meeting of the RESBOG by a vote of a majority of the members present and voting at such meeting, provided that notice of such proposal to amend or repeal has been sent to each member of RESBOG at least ten days before said meeting. Any proposal to amend or repeal may itself be amended at any regular or special meeting of RESBOG by a majority vote of the members voting.

ARTICLE IX. NOTICE AND APPROVALS

9.10 Form of Notices, Submissions and Approvals. Notices of meetings of RESBOG or of_committees; notice of proposals to amend or repeal the Bylaws; elections by RESBOG; submissions for RESBOG approval of nominations or appointments; and RESBOG approval of such nominations or appointments may be in the form of Post Office or courier service mail, e-mail or fax, to the extent that the use of these forms is permitted by law for the purpose.

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BYLAWS

COMMERCIAL REAL ESTATE/MULTIFAMILY FINANCE BOARD OF GOVERNORS
Mortgage Bankers Association of America
Amended October 14, 2001

ARTICLE I. NAME

1.10 **COMBOG.** The Commercial Real Estate/Multifamily Finance Board of Governors of the Mortgage Bankers Association of America (MBA) (the Association) shall be known as COMBOG.

ARTICLE II. COMPOSITION

2.10 **Number.** COMBOG shall consist of thirty (30) members. It is specifically recognized that this number may change to accommodate representation on COMBOG of groups that are not represented at the time these Bylaws are adopted.

2.20 **Categories.** There shall be three categories of Board membership: (1) mortgage banker members, (2) investor/lender members, and (3) supporting members.

2.21 Mortgage banker members shall include both originators and servicers. Of the thirty (30) members, 15 shall be Mortgage Banker Members.

2.22 Investor members shall include both lenders and security conduits. Of the thirty (30) members, 10 shall be Investor/Lender Members.

2.23 Supporting members (whose companies are termed "associate" members by the Association) includes vendors and affiliate members. Of the thirty (30) members, five (5) shall be supporting members.

2.30 **Immediate Former Chair.** The immediate former chair of COMBOG shall be a member of COMBOG. He or she shall be included in the appropriate member category as determined by the Nominating Committee with the approval of COMBOG.

2.40 **Nominating Committee Chair.** The Chair of the Nominating Committee shall be a member of COMBOG. He or she shall be included in the appropriate member category as determined by the Nominating Committee with the approval of COMBOG.

2.50 **Transition.** Between the adoption of these Bylaws and the 2002 Annual Convention of the Association, the Nominating Committee shall select annually an appropriate number of individuals in each category and for such terms as to arrive at the target composition of COMBOG at that Convention. This Article shall become fully effective during the COMBOG meeting held during the 2002 Annual Convention of the Association and this

section shall automatically be deleted.

ARTICLE III. MEMBERSHIP TERMS

3.10 Length of Term. Terms of membership on COMBOG shall be three (3) years. However, in instances where a person is a member of COMBOG by reason of the position the individual holds, such as the immediate former chair of COMBOG or the chair of the Nominating Committee, the term shall be for one year only.

3.20 Successive Terms. A member serving all or part of a three (3) year term may serve a successive three (3) year term, but thereafter is ineligible for service for one (1) year.

3.30 When Terms Begin. Terms for the members of the COMBOG shall begin and end at the COMBOG meeting during the Annual Convention of the Association.

3.40 Terminations. If a COMBOG member's principal business employment with a member firm is terminated, the tenure of that COMBOG member shall not continue beyond the end of the day of the next meeting of COMBOG during the Annual Commercial Real Estate Finance/Multifamily Housing Convention or the end of the last day of the sixth calendar month next following the termination of employment, whichever day occurs later, unless the Board member undertakes principal business employment with a member firm prior to such time.

3.50 Vacancies. Vacancies shall be filled by the Nominating Committee for the remainder of the term.

3.60 Transition. Between the 2001 and 2002 Annual Conventions of the Association, the Nominating Committee shall develop and implement an appropriate plan for introducing staggered terms for COMBOG members. The Nominating Committee shall start implementing the plan with nominations for the 2003 COMBOG. The plan may require on a transition basis that some individuals serve on COMBOG for a term of less than three years. The plan shall become fully implemented no later than the COMBOG meeting held during the 2005 Annual Convention, and this section shall automatically expire as of that date.

ARTICLE IV. MEETINGS

4.10 Frequency. COMBOG shall hold three (3) regular meetings each year, one of which shall be held in connection with the Annual Convention of the Association and one of which shall be held in conjunction with the Commercial Real Estate Finance/Multifamily Convention. COMBOG may also hold one or more special meetings at any time during the year. The time and place of its meetings and the notice thereof shall be determined by the

Chair.

4.20 **Quorum.** At any meeting of COMBOG a majority of its members shall constitute quorum.

ARTICLE V. OFFICERS

5.10 **Chair and Vice Chairs.** COMBOG shall have a Chair and two Vice Chairs.

5.20 **Term.** The term of the Chair and the Vice Chairs shall be one (1) year.

5.30 **Selection.** The Nominating Committee shall select the Chair and the two Vice Chairs, for each year beginning in 1999.

5.40 **Vacancy.** In the event of the absence, disability, resignation, termination, or death of the Chair, the Nominating Committee shall determine who shall fill the vacancy as Chair.

ARTICLE VI. COMMITTEES

6.10 **Standing Committees.** COMBOG shall designate standing committees annually during the Annual Convention of the Association. Until a change is made by COMBOG, there will be the following committees:

- Asset Administration
- Capital Markets
- Education
- International
- Legislative
- Loan Origination *
- Mortgage Banking
- Multifamily Housing
- Portfolio Investors
- Research
- Technology

6.20 **Task Forces.** The Chair, with the consent of both the Vice Chairs, may appoint such task forces as desired. Such task forces shall expire at the end of the next Annual Convention of the Association.

ARTICLE VII. NOMINATING COMMITTEE

7.10 **Composition.** The Nominating Committee shall consist of six (6) members of COMBOG, except that the Chair and Vice Chairs of COMBOG may not serve on the Nominating

Committee. At least three (3) shall be from the mortgage banker member category, two (2) from the investor/lender member category, and one (1) from the supporting member category.

7.20 **Terms.** One (1) of the mortgage banker members of the Nominating Committee and one (1) of the investor/lender members shall have two (2) year terms; all other members shall have one (1) year terms. A member of the Committee who has served continuously more than one (1) full year shall not be eligible for appointment for one (1) full year following such service.

7.30 **Selection.** The members of the Nominating Committee shall be appointed by the Chair and Vice Chairs of COMBOG, subject to approval by COMBOG. Only those who express a willingness to serve shall be certified to have been appointed.

7.40 **Chair.** Each year the Nominating Committee shall elect from its own membership a Vice Chair who shall also serve as Chair the following year. In the event the Vice Chair cannot or will not serve as Chair, the Committee shall select its Chair. During 1999, the Nominating Committee shall select its Chair as well as its Vice Chair.

7.50 **Duties.** Subject to approval by COMBOG, the Nominating Committee shall:

7.51 Select individuals to serve COMBOG membership terms starting at the COMBOG meeting to be held during the next annual convention of the Association.

7.52 Select individuals to serve as COMBOG Officers starting at the COMBOG meeting to be held during the next annual convention of the Association. COMBOG Officers shall be a Chair and two Vice Chairs. The Nominating Committee shall not select any of its members to serve as a COMBOG Officer.

7.53 Select individuals to fill vacancies in COMBOG membership or among its Officers;

7.60 **Considerations.** In selecting the individuals to serve as members of COMBOG the Committee shall take into consideration the following:

7.61 Members of COMBOG should have positions with their firms which enable them to speak for their firm, and should be actively engaged in the business of their member firm. For mortgage banker members and for supporting members, this would generally mean chief executive officers or other senior officers. For investor/lender members, this would generally mean senior portfolio managers or equivalent.

7.62 Members of COMBOG should represent the full spectrum of the Commercial/Multifamily

business. Characteristics to be considered should include:

(a) The nature of the business in which the individual is employed.

(b) Geographical, age, ethnic and gender diversity.

(c) Participation in MBA affairs.

(d) Leadership in the industry.

7.70 **Outreach.** Each year, the Nominating Committee shall solicit all regular members of the Association whose business is principally commercial/multifamily finance for recommendations of individuals to serve as members of COMBOG.

7.80 **Accountability** Each year, the Nominating Committee shall provide COMBOG with a written report of the factors it considered in developing its slate of recommendations.

ARTICLE VIII. REPRESENTATION TO THE BOARD OF DIRECTORS

8.10 **Membership on the Board of Directors.** Consistent with the Bylaws of the Board of Directors of the Association, the Chair and Vice Chairs of COMBOG shall serve as the representatives of COMBOG on the Board of Directors.

8.20 **Membership on the Nominating Committee of the Board of Directors.** Consistent with the Bylaws of the Board of Directors of the Association, the Chair and Vice Chair of the COMBOG Nominating Committee shall serve as the representatives of COMBOG on the Nominating Committee of the Board of Directors.

ARTICLE IX. AMENDMENTS

9.10 **Bylaw Amendments.** These Bylaws may be amended or repealed at any regular or special meeting of COMBOG by a vote of a majority of the members present and voting at such meeting, provided that notice of such proposal to amend or repeal has been mailed to each member of COMBOG least ten days before said meeting. Any proposal to amend or repeal may itself be amended at any regular or special meeting of COMBOG by a majority vote of the members voting.

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BYLAWS
Mortgage Bankers Association of America
Proposed for Amendment
~~August 9, 2001~~
August, 2002

ARTICLE I. ADMISSION TO MEMBERSHIP

1.10 Application Form. Application for membership in the Association shall be in writing on the form provided for such use, which form shall include a statement of the Canons of Ethics and Standards of Practice of the Association and a space for the signature of the applicant pledging support. The application shall be supported by written recommendations of two individuals employed by different members of the Association, at least one of whom shall be an officer, partner or principal of a regular member firm.

1.20 Acceptance of Application. On receipt, the President**, or a designee of the President,** shall review the application. Unless the President, **or the designee,** determines that the application indicates that the applicant does not meet the membership eligibility requirements, the application shall be accepted. The ~~President~~ **Association** shall return unacceptable applications, or shall invite the submission of additional information to make the application acceptable.

1.30 Applicant Status. An applicant whose application has been accepted, but which has not yet been admitted to membership, shall have all the privileges and duties afforded associate members by these Bylaws and by custom. It shall not be a member and shall have no right to vote, hold office, or hold itself out as a member. This status may continue for two years only, unless affirmatively extended by the ~~Membership Committee~~ **Board of Directors** in particular cases.

1.40 Election of Applicant. The accepted application for membership shall be submitted to the Board of Directors for approval. To be counted, votes of approval or disapproval shall be returned within 15 days from date the submission was sent. The approval process shall be conducted by the President in entire secrecy, and no record shall be kept by name of the negative votes but only the fact of election or not.

1.41 Reconsideration. If a member of the Board of Directors votes against election, or otherwise notifies the President in writing 15 days from the date the application is submitted for approval, that the member believes there are facts adverse to the election of the applicant that the ~~Membership Committee~~ **Board of Directors** should consider, the President shall defer recording the votes for the applicant. The ~~Membership Committee~~ **Board of Directors** shall investigate the adverse facts and shall instruct the President either to record the vote or to

re-submit the application to the Board of Directors with ~~such recommendations as~~ **the results of the investigation**~~. the Committee may make~~. Negative votes by more than 15 percent of the entire membership of the Board of Directors shall operate as a rejection of the applicant. No applicant, failing in election, may be reconsidered for membership within one year of rejection of the application.

ARTICLE II. VOTING BY MEMBERSHIP

2.10 Voting Delegates. Each regular member of the Association shall be entitled to one voting delegate at each membership meeting subject to provisions specified elsewhere in these Bylaws. All voting delegates shall furnish proper credentials if so requested by the President.

2.20 Manner of Voting. Voting at membership meetings shall be viva voce unless otherwise ordered by the Chair. Any voting delegate may demand a division of the house.

ARTICLE III. CLASSES OF MEMBERSHIP AND DUES

3.10 Classes of Membership.

3.11 There shall be five classes of membership with rights and responsibilities as determined from time to time by the Board of Directors. The Board of Directors may set subclasses of members with differing rights and responsibilities.

3.12 Regular Members. Business organizations and financial institutions that are regularly in the business of originating, servicing, or investing in mortgage loans or other types of real estate finance shall be considered Regular Members.

3.13 Associate Members. Business organizations, financial institutions and individuals that regularly provide service or products for business organizations or financial institutions eligible to be regular members shall be considered Associate Members.

3.14 Honorary Members. Individuals who have served all or part of two terms as a member of one of the Boards of Governors, or who have served as an officer for two years, and who have retired from active business shall be considered Honorary Members.

3.15 Special Members. Under certain circumstances, business organizations and financial institutions which would otherwise be regular members may elect special membership, on an annual basis.

(a) In order to elect special membership, the primary business of the member must be origination of single-family mortgage loans for others and the member may not be an approved Federal Housing Administration Mortgagee, or an approved Seller/Service for either Freddie Mac or Fannie Mae.

(b) Members with special membership shall have no right to vote or to hold office.

(c) Members with special membership shall be entitled only to the products and services of the Association as the Association shall from time to time determine.

3.16 Small Mortgage Broker Members. Under certain circumstances, small mortgage brokers applying for membership in the Association, which would otherwise be eligible for regular or special membership, may elect small mortgage broker membership, on an interim basis of up to two years.

(a) In order to elect small mortgage broker membership, the primary business of the member must be the origination of single family mortgage loans for others and the member may be an FHA approved loan correspondent, but not an approved FHA Direct Endorsement Mortgagee, or an approved Seller/Service for either ~~the Federal Home Loan Mortgage Corporation~~ **Freddie Mac** or ~~the Federal National Mortgage Association~~ **Fannie Mae**.

(b) Total originations for small mortgage brokers may not exceed $25 million annually. If this occurs, the membership will be transferred to special membership.

(c) Members with small mortgage broker membership shall have no right to vote or hold office.

(d) Members with small mortgage broker membership shall be entitled only to the products and services of the Association as the Association shall from time to time determine.

(e) After a period not exceeding two years, members under this category would be transferred to Special membership.

3.20 Dues.

3.21 Responsibility for Establishing Dues. The Board of Directors shall establish the dues for membership in the Association.

3.22 Dues Classes. The Board of Directors may establish a separate dues structure for each class of member that is currently established or that may be created in the future and establish subclasses of members with separate dues structures.

3.23 Procedures. The Board of Directors shall establish procedures for calculating dues obligations and for collecting dues payments, including procedures for dealing with non-payment of dues.

ARTICLE IV. BOARD OF DIRECTORS

4.10 Number. The Board of Directors shall consist of twenty (20) voting members. There shall be seventeen (17) Directors in addition to the three (3) elected Officers. The President shall serve *ex officio* as a non-voting member of the Board of Directors.

4.11 When Terms Begin. Terms for the members of the Board of Directors shall begin and end at the Annual Membership Meeting.

4.12 Length of Terms. The terms of each member of the Board of Directors shall be for one year, unless otherwise provided.

4.13 Selection of Board of Directors. The seventeen (17) Directors shall be selected as follows:

(a) One (1) of the Directors shall be the immediate former Chairman (or Chairwoman).

(b) Six (6) of the Directors shall be officers of regular members principally engaged in the residential single-family finance business. The Residential ~~Single Family~~ Board of Governors shall select these Directors.

(c) Three (3) of the Directors shall be officers of regular members principally engaged in the commercial real estate or multifamily finance business. The Commercial Real Estate/Multifamily Finance Board of Governors shall select these Directors.

(d) One (1) of the Directors shall be an employee of an associate member. This Director shall serve a one-year term and shall be selected by the Nominating Committee. The Director shall serve a maximum of two consecutive terms.

(e) One (1) of the Directors shall be a current or former elected or staff officer of a state or local mortgage bankers association. This Director shall serve a

one-year term and shall be selected by the Nominating Committee. The Director shall serve a maximum of two consecutive terms.

(f) Five (5) of the Directors shall be officers of regular members serving at-large. These Directors shall be selected by the Nominating Committee in conjunction with the Chairman- (or Chairwoman-) Elect.

(g) If the immediate former Chairman (or Chairwoman) is unable or unwilling to serve on the Board of Directors, or if the Nominating Committee fails to select its full compliment, or if a Board of Governors fails to select any of its Directors, the Chairman (or Chairwoman) shall designate an individual to serve in the position that otherwise would go vacant. By Chairman (or Chairwoman) is meant the individual who will serve, or who is serving as, Chairman (or Chairwoman) during the otherwise vacant Directorship.

4.14 Meetings of the Board of Directors. The Board of Directors shall hold four regular meetings each year, one of which shall be held in connection with the Annual Meeting of the Association. The Board of Directors may also hold one or more special meetings at any time during the year. The time and place of its meetings and the notice thereof shall be determined by the Chairman (or Chairwoman).

4.15 Method. Meetings of the Board of Directors may be held in person or, to the extent permitted by law, by telephone conference call.

4.16 Quorum. At any meeting of the Board of Directors a majority of its members shall constitute a quorum.

4.17 Annual Budget. The Board of Directors shall annually approve and, at its discretion, revise a budget providing appropriations, within the amount of the Association funds then in hand, for the carrying on of the work of the Association through its boards, councils, committees, officers, employees, and otherwise.

ARTICLE V. OFFICERS

5.10 Elected Officers.

5.11 The Chairman (or Chairwoman) is the chief executive officer and shall preside at the Annual Meeting of the Association and all meetings of the Board of Directors. He or she shall represent the Association and act in its name in carrying out its declared policies.

5.12 The Chairman- (or Chairwoman-) Elect shall perform such duties as may be assigned him or her by the Chairman (or Chairwoman), and in the absence or

incapacity of the Chairman (or Chairwoman), shall perform the duties of the Chairman (or Chairwoman).

5.13 In the absence or incapacity of both the Chairman (or Chairwoman) and the Chairman- (or Chairwoman-) Elect, the Vice Chairman (or Chairwoman) shall perform the duties of the Chairman (or Chairwoman).

5.20 Appointed Officers.

5.21 The Board of Directors shall annually appoint a President, a Secretary, and such other appointive officers as it may consider necessary.

5.22 The President is the chief operating officer of the Association and shall devote his or her time and effort to conducting the business of the Association in accordance with its policies and objectives. He or she shall:

(a) perform such duties and exercise such powers as may from time to time be delegated by the Chairman (or Chairwoman) or the Board of Directors;

(b) supervise, and have authority to employ and remove any and all staff officers and employees of the Association;

(c) subject to the approval of the Compensation Committee, fix and adjust the salaries or compensation of all staff officers and employees within the budget allocations;

(d) have charge of the membership list;

(e) issue a notice of election to members;

(f) serve on the Board of Directors as a non-voting member *ex officio* and keep a record of all its meetings;

(g) have general charge of the financial affairs of the Association; supervise the receipt and disbursement of all monies; and submit regularly such reports as will enable the Board of Directors to evaluate the financial position of the Association; **and**

(h) prior to each fiscal year, prepare a budget for submission to the Board of Directors. ~~and~~

(h) ~~give a bond to the Association in such sum as the Board of Directors may require~~.

5.23 The Secretary of the Association shall make annual reports to the Secretary of the State of Illinois and perform such other duties as may be prescribed by Statute.

ARTICLE VI. BOARDS OF GOVERNORS

6.10 Number of Boards of Governors. There shall be two Boards of Governors: a Commercial Real Estate/Multifamily Finance Board and a Residential/~~Single Family~~ Board.

6.11 Composition of the Boards of Governors. The Boards of Governors initially shall be composed of members of the Board of Governors as of October 1998 having terms scheduled to end in 1999 and later, assuming the then current Board of Governors had continued to exist.

(a) Each such Governor whose principal business is commercial real estate or multifamily finance shall serve out his or her term as a member of the Commercial Real Estate/Multifamily Finance Board of Governors.

(b) Each such Governor whose principal business is residential single-family finance shall serve out his or her term as a member of the Residential ~~Single Family~~ Board of Governors.

6.12 Future Organization and Operation of the Board of Governors. The number of Governors, terms of office, manner of election, number of meetings, committees, bylaws and other such matters, shall be determined by each of the Board of Governors for itself, subject to these Bylaws and to approval by the Board of Directors.

6.13 Authority and Duties of the Boards of Governors. Each of the Boards of Governors shall have such authority and duties as the Board of Directors delegates. The delegation of authority and duties may be exercised from time to time and may be withdrawn by the Board of Directors at any time.

ARTICLE VII. TERMINATIONS AND VACANCIES

7.10 Terminations. If a member of the Board of Directors, including an officer, terminates his or her principal business employment with a member of the Association, the tenure of that Board member shall not continue beyond the end of the day of the next Annual Meeting or the end of the last day of the sixth calendar month next following the termination of employment, whichever day occurs later, unless the Board member undertakes principal business employment with a member of the Association prior to such time.

7.20 Vacancies--Officers.

7.21 In the event of the absence, disability, resignation, termination, or death of the Chairman (or Chairwoman), the Chairman- (or Chairwoman-) Elect shall act as Chairman (or Chairwoman) of the Association.

7.22 In the event of the disability, resignation, termination, or death of the Chairman (or Chairwoman) and the Chairman- (or Chairwoman-) Elect, the Vice Chairman (or Chairwoman) shall become acting Chairman (or Chairwoman), and in the event of his or her inability to serve for any reason whatsoever, the Board of Directors shall appoint an acting Chairman (or Chairwoman) from among the former Chairmen (or Chairwomen) of the Association for the preceding five years.

7.30 Vacancies--Board of Directors. In the event of the resignation, termination, or death of a Director serving pursuant to Section 4.13 (d) (associate members), (e) (state or local MBA) or (f) (at-large), the Chairman (or Chairwoman), subject to approval by the Board of Directors, may appoint a Director to fill the vacancy, which Director shall have the eligibility requirements prescribed under Article IV. The Directors so appointed and approved shall hold office for the remainder of the unexpired term. The Bylaws of the Boards of Governors shall control the filling of vacant positions allocated to each Board of Governors.

ARTICLE VIII. COMMITTEES

8.10 Standing Committees. The Chairman (or Chairwoman) annually shall designate ~~standing~~ committees to report to the Board of Directors and shall appoint the Chairman, Vice Chairman (or Chairwoman) and membership of each committee from the membership of the Association**, or from the Board of Directors, as necessary**. From time to time, the Chairman (or Chairwoman) shall review and determine the objectives and purposes of each committee.

8.20 ~~Special Committees~~ Task Forces. The Chairman (or Chairwoman) may appoint such ~~special committees~~ **task forces** as are necessary. ~~Such special committees shall be considered at the first meeting of the Board following their appointment, and, if acceptable, shall be approved.~~ **Every task force shall expire at the beginning of the Annual Convention of the Association next occurring after formation of the task force, unless reappointed by the incoming Chairman (or Chairwoman).**

8.30 Ethics and Standards of Practice Committee

8.31 The Ethics and Standards of Practice Committee shall consist of the immediate former Chairman (or Chairwoman), who shall serve as Chair, and up to

~~twelve (12)~~ **seven (7)** members of the Board of Directors, appointed by the Chairman (or Chairwoman) of the Association. In the event of vacancy, the Chairman (or Chairwoman) shall appoint a member of the Board **of Directors** to serve the remaining portion of the term.

8.32 The Committee shall make recommendations for amendments to the Canons of Ethics and Standards of Practice when the same may appear to be advisable; make such investigations of professional conduct as it may determine or as may be directed by the Board of Directors; be authorized to express its opinion concerning professional conduct and the applicability of the Canons of Ethics and Standards of Practice; and be authorized to recommend that the membership of a member be terminated because the professional conduct of the member is inconsistent with the Canons of Ethics and Standards of Practice, or suspended pending investigation.

8.33 It shall not be the function of the Committee to consider activities of non-members of the Association; comment upon alleged operational deficiencies of members; or resolve business disputes.

8.34 The Committee shall adhere to the following procedure:

(a) The Committee may recommend suspension or termination of a membership only upon allegations reduced to written form.

(b) Upon receipt of allegations that a member's professional conduct is inconsistent with the Canons of Ethics and Standards of Practice, the Committee shall cause a copy or a summary of the allegations to be furnished to the member, unless a particular case merits more expeditious treatment.

(c) The Committee or a subcommittee thereof, shall communicate with the member in writing regarding the allegations, setting forth the alleged facts in sufficient detail to give the member a fair opportunity to deny, disprove or explain them. The communication shall specify which of the Canons of Ethics and Standards of Practice appear inconsistent with the alleged facts.

(d) In case the Committee decides to recommend to the Board of Directors that the membership of the member be suspended or terminated, a copy of the proposed recommendation shall be mailed to the member ten (10) days prior to its transmittal to the Board of Directors. The failure to provide such notice shall not prohibit the recommendation from being acted upon.

8.40 Nominating Committee.

8.41 The Nominating Committee for the Board of Directors shall consist of nine (9) members, selected as follows:

(1) One member shall be the Chairman (or Chairwoman) of the Association.

(2) One member shall be the Chairman- (or Chairwoman-) Elect of the Association.

(3) One member shall be the immediate former Chairman (or Chairwoman) of the Association.

(4) One member shall be the former Chairman (or Chairwoman) of the Association, once removed, that is, the Chairman (or Chairwoman) who served two years earlier, who shall serve as Chair of the Nominating Committee.

(5) One member shall be a former Chairman (or Chairwoman) of the Association chosen by the former Chairmen and Chairwomen of the Association who are actively in business.

(6-7) Two members shall be selected by the Commercial Real Estate/Multifamily Finance Board of Governors.

(8-9) Two members shall be selected by the Residential~~/Single Family~~ Board of Governors.

8.42 The Nominating Committee shall submit, at least sixty (60) days prior to the Annual Meeting, to the Board of Directors the names of nominees for the offices to be voted on at the next Annual Meeting and the names of the Directors.

8.43 Notice of the nominations shall be given to each regular member of the Association at least twenty (20) days prior to such election.

8.44 In selecting the candidates to serve as officers, the Committee shall take into consideration the following:

(a) As to the Chairman (or Chairwoman), Chairman- (or Chairwoman-) Elect, and Vice Chairman (or Chairwoman), the location of the business of the candidate so that the different areas of the country shall be from time to time represented in the leadership of the Association and, if practical, so that the office of the Chairman (or Chairwoman) and Chairman- (or Chairwoman-)Elect not be at the same time located in the same area.

(b) That the candidate for such office shall be an officer of a regular member qualified under Section 5.10 of the Charter.

8.45 In selecting the individuals to serve as members of the Board of Directors, the Committee shall take into consideration the following:

(a) The Board of Directors should be broadly representative of all segments of the regular membership, taking into consideration the variety of sizes, ownership types, business types, and locations of member firms and assuring representation of minorities and women, and

(b) The Board of Directors should include individuals based on their service to the industry and the Association.

8.46 The only nominations that may be voted on are:

(a) a candidate recommended by the Nominating Committee, or

(b) a candidate for office recommended by the Chairman (or Chairwoman) as a substitute for a candidate, recommended by the Nominating Committee, who withdraws from the election or is ineligible for the office, or

(c) a candidate for a specific office whose name was submitted in **a** writing signed by at least 50 of the regular members of the Association and filed in the Office of the President at least 15 days prior to such annual election.

8.50 State and Local MBA Advisory Council. In addition to individuals from the membership, executive officers of state and local mortgage bankers associations shall be eligible to serve as members of the State and Local MBA Advisory Council.

8.60 Audit Committee

8.61 The Audit Committee shall consist of no fewer than four (4) members **of the Board of Directors**. The Chairman (or Chairwoman) of the Association shall appoint all the members and shall designate one as chair.

8.62 The Committee shall:

(a) oversee internal accounting controls of the Association and the Association's Pension Plan, Political Action Committee, and Research Institute for Housing America Trust Fund;

(b) review the internal audit activities of the Association and the Association's Pension Plan, Political Action Committee and Research Institute for Housing America Trust Fund;

(c) review the annual independent audits of the Association and the Association's Pension Plan, Political Action Committee and Research Institute for Housing America Trust Fund;

(d) review the annual reports and the results of the independent audits;

(e) perform other such reviews as may be directed from time to time by the Board of Directors;

(f) report its findings to the Board of Directors.

8.70 Compensation Committee

8.71 The Compensation Committee shall consist of five (5) members. For each of the two years following his or her service chairing the Association, each former Chairman (or Chairwoman) shall serve as a member of the Committee. Each former Chairman (or Chairwoman) of the Association shall serve as Chair of the Committee during his or her first year. The current Chairman (or Chairwoman) of the Association, Chairman- (or Chairwoman-) Elect of the Association, and Vice Chairman (or Chairwoman) shall serve as members of the Committee.

8.72 The Committee shall develop, maintain, evaluate, revise and implement an employee compensation system for the Association.

8.80 Investment Management Committee

8.81 The Investment Management Committee shall consist of seven (7) members **of the Association**. The members shall be appointed by the Chairman (or Chairwoman) of the Association. The term of the members shall be three (3) years, with two members being appointed each year. A member must be a member of one of the Boards of Governors when he or she begins service on the Committee, but can complete his or her term even if no longer a member of the Board of Governors. Each year, the Chairman (or Chairwoman) of the Association shall designate as Chair one of the members of the Committee that has served on the Committee at least one year.

8.82 The Committee shall:

(a) review the holdings on the investment accounts of the Association, the Association's Retirement Plans, and the Research Institute for Housing America Trust Fund;

(b) Recommend to the Board of Directors, and ensure adherence to, investment guidelines that will improve the safety, return, reporting or management of the investment accounts;

(c) Review and recommend asset allocation strategies for each fund as appropriate for the various operating needs of the plans, funds or accounts, as applicable;

(d) Make recommendations to the Board of Directors for the engagement of investment managers;

(e) Recommend to the Board of Directors appropriate benchmarks for investment performance;

(f) Evaluate the performance of the investment managers and consultants;

(g) Recommend to the Board of Directors steps that will improve the safety, return, reporting or management of the investment accounts.

8.90 Technology Steering Committee

8.91 The Technology Steering Committee shall consist of seven (7) members of the Association, one of whom shall be an Associate member, three (3) of whom shall represent the residential finance side of the industry and three (3) of whom shall represent the commercial real estate/multifamily finance side. One of the three (3) residential members shall be the Chairman of the Residential Technology Committee and one of the three (3) commercial/multifamily members shall be the Chairman of the Commercial Technology Initiatives Committee. The remaining five (5) members of the Technology Steering Committee shall be appointed by the Chairman (Chairwoman) of the Association. One of the members of the Technology Steering Committee shall be from the current regular members of the Board of Directors who shall serve as the Chairman of the Technology Steering Committee.

8.92 The Committee shall:

(a) **Monitor, and advise the Board of Directors, on the activities of the Residential Technology and the Commercial Technology Initiatives Committees of the Boards of Governors;**

(b) **Monitor, and advise the Board of Directors, on the activities of a structured group of Association committees known as the "Mortgage Industry Standards Maintenance Organization" (MISMO) that develops voluntary guidelines for electronic commerce for the real estate finance industry;**

(c) **Monitor, and advise the Board of Directors, on the activities of the "Real Estate Finance Security Management Organization" (REFSMO), a committee charged with implementing standards setting activities around security of electronic commerce, including but not limited to, industry standards involving security for electronic transactions; and**

(d) **Recommend policy positions to the Board of Directors on technology matters, including but not limited to the foregoing.**

ARTICLE IX. RESOLUTIONS-PENDING LEGISLATION

9.10 Approval By Board. No resolution, expressing approval or disapproval of any pending legislation, shall be submitted to vote at any Membership Meeting unless it first shall have been approved by the Board of Directors.

ARTICLE X. ~~AFFILIATED~~ ADJUNCT ORGANIZATIONS

10.10 Eligibility. The following are eligible to be Adjunct Organizations to the extent they otherwise meet the requirements that the Board of Directors may set from time to time:

(a) **State Associations** ~~Organizations~~. ~~An organization, not eligible for membership,~~ **A not for profit association**, ~~whose~~ **which has** interests ~~are~~ similar **in nature** to those of the Association and ~~who otherwise meets the requirements set from time to time by the Board of Directors~~ **which representsing firms or individuals engaged in real estate finance and serves an exclusively statewide or regional membership base** ~~may be recognized as an Affilated Organization~~.

(b) International Organizations. An organization, eligible for membership, that is located outside of the United States, virtually none of the operations of which relate to mortgage loans or other types of real estate finance inside the United States, and that otherwise meets the requirements set from time to time by the Board of Directors~~, may be recognized as an Adjunct Organization~~.

(c) Other Organizations. An organization, not eligible for membership, the interests of which are similar to those of the Association and that otherwise meets the requirements set from time to time by the Board of Directors.

10.20 Application. Application for recognition as an ~~Affiliated~~ **Adjunct** Organization shall be submitted in writing by the organization to the President and shall include such information as the President shall request.

10.30 Recommendation of Applicant. Completed applications shall be transmitted by the President to the Board of Directors, which shall have final approval authority.

10.40 Withdrawal of Recognition. Recognition of an organization as an ~~Affiliated~~ **Adjunct** Organization may be withdrawn at any time by the Board of Directors, without notice.

10.50 Fees. ~~Affiliated~~ **Adjunct** Organizations shall pay a fee as established from time to time by the Board of Directors.

10.60 Status. An entity or individual shall not become a member of the Association by virtue of membership in an Adjunct Organization. Adjunct Organizations may participate in such activities of the Association as the Association shall determine from time-to-time.

ARTICLE XI. AMENDMENTS

11.10 Bylaw Amendments. These Bylaws may be amended or repealed at any regular **meeting,** ~~or~~ special meeting**, or meeting by conference call** of the Board of Directors by a vote of a majority of the members present and voting at such meeting, provided that notice of such proposal to amend or repeal has been sent by the Association to each member of the Board of Directors at least ten days before said meeting. Any proposal to amend or repeal may itself be amended at any regular, ~~or~~ special meeting**, or meeting by conference call** of the Board of Directors by a majority vote of the members voting.

ARTICLE XII. NOTICE AND APPROVALS

12.10 Form of Notices, Submissions and Approvals. Notices of meetings of the Board of Directors or of committees; notice of proposals to amend or repeal the Bylaws; submissions for Board approval of applications for membership, nominations or appointments; and Board approval of such applications for membership, nominations or appointments may be in the form of Post Office or courier service mail, e-mail or fax, to the extent that the use of these forms is permitted by law for the purpose.

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