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SURETY ASSOCIATION OF HOUSTON

CONSTITUTION & BY-LAWS

ARTICLE I

Name

Section 1. The name of this Association shall be: Surety Association of Houston.

ARTICLE II

Purpose

Section 1. With the purpose of improving the service rendered to the community by the underwriters and marketers of corporate suretyship, the non-profit Association shall promote understanding among its members through the study and discussion of local surety problems and matters relating thereto; provide a central facility for correspondence with other organizations and with public bodies; disseminate useful and interesting information and perform such other functions as may be incidental to the foregoing. Rates forms, and collections of balances are not involved in the Association's activities.

ARTICLE III

Membership

Section 1. Members are defined as any individual vested with authority as a representative of a company transacting any class of fidelity, surety and forgery business and shall in his individual capacity be eligible to membership in the Association; provided that two or more members representing the same Company shall be entitled collectively to only one vote, and that the company so represented shall designate in writing the member entitled to cast such vote; and that a member representing more than one company shall have only one vote. Said representative eligible for membership shall be an employee of a company having branch, service, or district office facilities in Harris County, Texas or surrounding counties.

Section 2. The Surety Association of Houston will also accept duly licensed independent insurance agents as Members. Such Members will have all of the rights and the privileges of a member.

Section 3. Members as defined in Article III, Sections 1 and 2, will be accepted for membership in the following manner:

A. They will submit a written application to the President.

B. Membership committee recommends acceptance to the general membership at the next regular scheduled meeting;

C. Acceptance by majority of membership present at such meeting.

Section 4. In order to regulate, in accordance with the By-Laws of this Association, the acceptance of and continuance of membership in this Association, a Membership Committee will consist of no less than five members representing different companies including in all cases the current President, and immediate past President. Membership Committee will promote new membership and vote on recommendations, and this vote will be a majority allowing but one dissenting vote. The immediate past President will chair this committee with the current President acting in his absence.

Section 5. Honorary Members. Any member of the Association who retires from affiliation with the fidelity, surety and forgery business may, upon recommendation of the Membership Committee and ratification by the Association, become an Honorary Member of this Association. Such Honorary Member shall not be required to pay entrance fees or annual dues, shall have no vote in any deliberation of the Association, nor be an officer or member of the Executive Committee. He shall be entitled to attend all regular meeting of the Association.

This type of membership shall be applicable only to those individual who would be eligible for active membership were it not for their retirement from affiliation with the fidelity surety and forgery business. These rights shall not be assignable.

Section 6. Any member may at anytime withdraw from the Association by filing his resignation with an officer of the Association.

Section 7. The Association shall be the judge of the qualifications of its members, but no such member shall be expelled except for reasonable cause by vote of two-thirds of all members of the Association qualified to vote.

Section 8. Upon termination of any member of the Association for any reason or cause whatsoever, such member shall have no rights whatsoever, to any of the assets of the Association.

ARTICLE IV

Officers

Section 1. The officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer. The officers shall be elected by a majority vote cast by ballot at the October meeting of the Association from the nominees mentioned in Article VII, Sections 1 and 2. Each officer shall serve for one year from the date of his election or until his successor is elected.

Section 2. Not more than one person connected with any one company, or its associated or affiliated companies shall serve as an officer at the same time.

Section 3. In the event of transfer, resignation, removal or death of the an officer, each remaining officer shall automatically succeed to the next position for the unexpired term, and the Executive Committee shall select not less than two candidates for Secretary to be voted on at the next regular meeting, or at a special meeting called by the President, provided ten days notice of said meeting is given to all voting

members; and the one receiving the greater number of votes cast at the said meeting shall be elected to the Secretary office.

ARTICLE V

Duties of Officers

Section 1. The President shall preside at all meetings of the Association and of the Executive Committee. He may call special meetings of the Association whenever special meetings seem to him necessary or advisable, and he shall call such meeting at any time upon the verbal request of three members.

Section 2. The Vice President shall perform the duties of the President when the latter is absent or incapacitated.

Section 3. The Secretary shall keep the minutes of the meetings of the Association, shall be custodian of its records, and shall conduct the correspondence of the Association except in cases where the President may desire or may be requested by the Association to conduct it.

Section 4. The Treasurer shall collect, hold, disburse, and account for the funds of the Association in such manner as the Association may prescribe.

Section 5. The officers of the Association shall also perform such other duties as commonly pertain to their respective offices.

Section 6. Any officer who is unable to attend a meeting will be responsible for arranging for a member of the Association to represent him.

ARTICLE VI

Executive Committee

Section 1. There shall be an Executive Committee of the Association, consisting of the President, the Vice President, and three additional members, one of whom shall be the retiring President, if any. The other members of the Executive Committee shall be elected by ballot at the annual meeting from the nominees mentioned in Sections 1 and 2 of Article VII, and shall serve for one year or until their successors are elected. The President of the Association shall be the Chairman of the Executive Committee.

Section 2. Any vacancy occurring in the membership of the Executive Committee shall be filled by the election by ballot at the next meeting of the Association after such vacancy arises; provided, however, that the Secretary of the Association shall give the voting members of the Association at least three days written notice of such proposed action.

Section 3. Not more than one person connected with any one company, or its associated or affiliated companies, shall serve on the Executive Committee at the same time.

Section 4. The Executive Committee, subject to approval of the Association, shall have general control of the Association's affairs.

Section 5. A member of the Executive Committee shall be disqualified for service thereon in connection with any matter in which he, or any other person connected with the same company as himself, is a party to a complaint under Article X hereof. The Executive Committee, in each such cases, may appoint a substitute for any member thus disqualified.

ARTICLE VII

Nominations and Elections

Section 1. Annually at the regular September meeting there shall be elected by a majority of the votes cast by the voting members present, a Nominating Committee consisting of three members, whose duty it shall be to nominate two candidates for each office and members of the Executive Committee provided for in the Constitution.

Section 2. The nominees for members of the Executive Committee shall consist of three persons so nominated by the nominating Committee (to when a retiring President will automatically become a member of the Executive Committee) plus the unsuccessful candidates to each of the three officers' offices.

Section 3. The Nominating Committee shall immediately make a written report to the Secretary of the Association who shall, within five days thereafter, send a copy of the report to each voting member of the Association. The list of candidates so nominated by the Nominating Committee shall be known as the Regular Ticket.

Section 4. Any three members may propose another ticket by nominating a candidate for each office and a full list of candidates for the Executive Committee, and by notifying the Secretary of each action at least one week prior to the October meeting. They shall similarly notify each member of the Association at least one week prior to the October meeting. The ticket so proposed shall be known as the Members Ticket.

Section 5. Subject to all other provisions, any member of the Association may be an eligible officer or Executive Committee member candidate. Also any member of the Nominating Committee may be an eligible officer or Executive Committee member candidate provided, however, that not more than one member of the Nominating Committee shall be nominated at any one time.

ARTICLE VIII

Meetings

Section 1. Regular meetings of the Association shall be held the second Tuesday of the month.

Section 2. The regular meeting of the Association in the month of November of each year shall be deemed the Annual Meeting.

Section 3. Special meeting of the Association shall be held as hereinbefore provided.

Section 4. A majority of the voting members of the Association shall constitute a quorum at any of its meetings.

Section 5. Meetings of the Executive Committee shall be held upon a call of its Chairman or of a majority of its members.

Section 6. A majority of the Executive Committee shall constitute a quorum at any of its meetings.

Section 7. Unless otherwise provided by the Constitution or By-Laws any matter presented for a vote at any meeting of the Association, or any committee, shall be adopted only on majority vote of the voting members present at such meeting.

ARTICLE IX

By-Laws

Section 1. The Association may adopt, amend or rescind such By-Laws as it may deem advisable; provided, however, that no By-Laws shall conflict with this Constitution or with the laws of any state having jurisdiction over any of the activities of the Association, or of the United States.

ARTICLE X

Complaints

Section 1. Any member may make a complaint against any other member for an alleged violation of the Constitution or By-Laws of the Association. Such complaints shall be referred to the Executive Committee for action.

ARTICLE XI

Expenses

Section 1. No expense that cannot be met by the entrance fees and dues shall be incurred by the Association except with the consent of two-thirds of the voting members. Additional funds may be collected by assessment of the members with the approval of a majority of the members present at any regularly held meeting.

Section 2. Each voting member shall pay annual dues of Seventy Five Dollars (\$75.00) for each branch office of that Company that receives direct Association mailings (whether by regular US Postal service delivery or electronic transmission). All fees will be fully earned by the Association. The full fee will be charged for mid-term membership applications that are approved.

Due billings will be sent out by January 15 of the new year. Any Member who has not paid their annual membership fee by the first meeting of the new year will be dropped from the membership roster.

ARTICLE XII

Section 1. This instrument may be changed only (a) at a regular meeting of the Association (b) by a two-thirds vote of all the members of the Association qualified to vote, (c) if notice of the proposed action, together with a copy of the desired change, shall have been filed with the Secretary at a preceding regular meeting, and shall have been transmitted by him to each member of the Association.

ARTICLE XIII

Section 1. In the conduct of meetings of the Association, Roberts Rules of Order shall govern.