

**PENNSYLVANIA BUILDERS
ASSOCIATION**

BYLAWS

AS AMENDED AND REVISED

NOVEMBER 2019

ARTICLE I

(Name and Location)

Section 1. The name of this organization, pursuant to its certificate of incorporation, is the Pennsylvania Builders Association.

Section 2. The principal office of the Pennsylvania Builders Association shall be situated in such location as the Board of Directors may from time to time so specify.

Section 3. The operations of the Pennsylvania Builders Association shall be statewide in scope and shall cover the entire Commonwealth of Pennsylvania. This corporation does not contemplate gain or profit, incidental or otherwise, to its members.

ARTICLE II

(Objectives)

Section 1. The objectives of the Pennsylvania Builders Association shall be:

- (A) To provide to the consumer optimum value for the housing dollar.
- (B) To serve as a pro-active force for positive regulatory and legislative change.
- (C) To be an effective provider of support services to local associations and their members.
- (D) To be the source of the latest industry information.
- (E) To be a source of education and professional development for the industry.
- (F) To maintain a positive image for the industry and the membership.

ARTICLE III

(Code of Ethics for Active Members)

Section 1. The active members of this Association shall be limited to those persons and firms who shall subscribe to the following code of ethics:

- (A) Members of the Pennsylvania Builders Association believe and affirm that:

1. Decent housing should be within the reach of every family.
2. Homes and rental dwellings should be well designed, well-constructed and well located in attractive communities, with educational, recreational, religious and shopping facilities accessible to all.
3. Homes and rental dwellings should be built under the private enterprise system.

(B) To achieve these goals, we pledge allegiance to the following principles and policies:

1. Our paramount responsibility is to our customers, our community, and our country.
2. Honesty is our guiding business policy.
3. Members shall not knowingly enter into any contract, the terms of which are designed to imperil the rights of either labor or the suppliers of materials and shall not obtain any business by means of fraudulent statements or by use of implications unwarranted by fact.
4. Members shall perform in a manner that is consistent with standards of quality workmanship and materials in order to promote a favorable image of the industry.
5. Members shall comply with rules and regulations prescribed by law and government agencies for the health, safety and progress of the community.
6. High standards of health, safety and sanitation should be built into every home and rental dwelling unit.
7. Members shall deal fairly with their respective employees, subcontractors and suppliers.

8. As members of a progressive industry, we encourage research to develop new materials, new building techniques, new building equipment and improved methods of single family and multi-family financing, to this end that every homeowner and resident of a rental dwelling unit may get the greatest value possible for every dollar.
9. All sound legislative proposals affecting our industry and the people we serve shall have our informed and vigorous support.
10. We hold inviolate the private enterprise system and the American Way of Life. We pledge our support to our associates, our Local, State and National associations and all related industries concerned with the preservation of legitimate rights and freedoms.

ARTICLE IV

(Membership)

Section 1. CLASSES OF MEMBERS. Membership in this Association shall be divided into six classes as follows:

- (A) BUILDER MEMBERSHIP, which shall be open to any person, firm or corporation that is, or has been, engaged in the construction industry or related trades; who subscribes to the code of Ethics of this Association and is of good character and business reputation; and who either
 1. has been accepted as a builder-member in good standing of any affiliated Local Association or Chapter of the Pennsylvania Builders Association, or
 2. applies as a direct builder-member of the Pennsylvania Builders Association, is acceptable to the Executive Committee of this Association, and who operates in an area not within the jurisdiction of any affiliated Local Association or Chapter.

(B) ASSOCIATE MEMBERSHIP which shall be open to any person, firm or corporation engaged in a trade, industry or profession related to the housing industry and consistent with the objectives of this Association or any of its Affiliated Local Associations or Chapters; who subscribes to the Code of Ethics of this Association, and is of good character and business reputation; and who either

1. has been accepted as an associate member of an Affiliated Local Association or Chapter,

or

2. applies as a direct associate member of the Pennsylvania Builders Association, is acceptable to the Executive Committee of this Association and who operates in an area not within the jurisdiction of any affiliated Local Association or Chapter.

(C) STUDENT MEMBERSHIP, which shall be open to any student of light construction in an accredited school during the current academic year who is acceptable to the Executive Committee of the Pennsylvania Builders Association.

(D) HONORARY MEMBERSHIP, for which persons shall be designated by the Board of Directors of the Pennsylvania Builders Association from time to time for distinguished and unique service to the home-building industry.

(E) AFFILIATE MEMBERSHIP, which shall be open to any person that is employed by a builder or associate member in good standing; who subscribes to the Code of Ethics of this Association, and is of good character and business reputation; and who either

1. has been accepted as an affiliate member of an Affiliated Local Association or

chapter, or

2. applies as a direct affiliate member of the Pennsylvania Builders Association, is

acceptable to the Executive Committee of this Association and who operates in an area not within the jurisdiction of any Affiliated Local Association or Chapter.

3. applies as a direct affiliate member of the Pennsylvania Builders Association, is acceptable to the Executive Committee of this Association and who operates in an area within the jurisdiction of any Affiliated Local Association or Chapter that currently does not offer this category of membership.

(F) STUDENT CHAPTER ALUMNI MEMBER. Any graduate from an NAHB-affiliated Student Chapter program shall be eligible to be a Student Chapter Alumni member for a period of three (3) years immediately following the month and year of the individual's graduation.

Section 2. ACCEPTANCE OF MEMBERS.

(A) Applicants for membership shall sign an application form which shall contain an agreement by the applicant to observe and abide by the bylaws of this Association. This shall be a part of an application to an affiliated Local Association or Chapter.

(B) Applicants approved and accepted by the affiliated Local Association or Chapter or by the Membership Committee of this Association, upon payment of dues shall become members of the Pennsylvania Builders Association if they meet with all other requirements for membership.

Section 3. REVOCATION OF MEMBERSHIP. The Board of Directors may suspend, expel from this Association, or revoke the membership of any member. The Executive Committee may suspend any member but such action shall be reviewed by the Board at its next meeting. No such action shall be taken under this Section unless (a) it be determined to be in the best interest of this Association and (b) the member shall have been given thirty (30) days' notice in advance of a meeting of the Executive Committee or the Board of Directors, as the case may be, at which he shall be afforded a reasonable opportunity to be heard.

Section 4. SERVICE AND PRIVILEGES. Except as otherwise provided by these bylaws, all members in good standing are entitled to the full benefits, services and privileges of the Pennsylvania Builders Association.

Section 5. MEMBERSHIP CERTIFICATE. Each member is entitled to a membership card or certificate.

ARTICLE V

(Affiliated Associations and Chapters)

Section 1. AFFILIATED LOCAL ASSOCIATIONS.

(A) Any organized group within the industry in sympathy with the objectives of this Association, which is composed of persons residing in the Commonwealth of Pennsylvania, and the members of which are engaged in residential construction or in a related trade, industry or profession, may be accepted as an affiliated Local Association if it submits to the Pennsylvania Builders Association a formal application signed by its President and Secretary and approved by its Board of Directors, certifying:

1. That the jurisdiction requested does not conflict with the jurisdiction of any existing affiliated Local Association or Chapter, or is not in conflict with the Constitution and bylaws of the National Association of Home Builders;

2. That the applicant group is composed of not less than fifteen (15) builder-members in good standing;

3. That all members of the group are members or have applied for membership in the Pennsylvania Builders Association in the classes for which they qualify under Article IV;

5. That the group will provide any direct members of the Pennsylvania Builders Association within the requested jurisdiction an opportunity to become members;

6. That its Constitution and bylaws will not conflict with the Constitution and bylaws of the Pennsylvania Builders Association;

7. That all members of the group agree to abide by the Constitution, bylaws and policies of the Pennsylvania Builders Association, as amended from time to time.

(B) The application shall be accompanied by a copy of the proposed Constitution and bylaws of the applicant Association and a list of the names, addresses and membership classification of the group's entire

membership. The name to be used by the group shall be determined by the Board of Directors to be consistent with the objectives of the Pennsylvania Builders Association; and shall not be in conflict with the name of any other affiliated Local Associations.

Section 2. AFFILIATED LOCAL CHAPTERS.

(A) Any organized group within the housing industry in sympathy with the objectives of the Pennsylvania Builders Association; which is composed of persons living in the Commonwealth of Pennsylvania, and the members of which are engaged in residential construction or in a related trade, industry or profession, may be accepted as an affiliated Local Chapter if it submits to the Pennsylvania Builders Association a formal application signed by its President and Secretary certifying:

1. That the applicant group is located in a city having a population of not more than 50,000 or in a county in which there is no city having a population of more than 50,000;

2. That the jurisdiction requested does not conflict with the jurisdiction of any existing affiliated Local Association or Chapter, or is not in conflict with the Constitution and bylaws of the National Association of Home Builders;

3. That the applicant group is composed of not less than five builder-members in good standing and not less than five associate-members;

4. That all members of the group are members of or have applied for membership in the Pennsylvania Builders Association in the classes for which they qualify under Article IV;

5. That the group will provide any direct members of the National Association within the requested jurisdiction an opportunity to become members;

6. That its Constitution and bylaws will not conflict with the bylaws of the Pennsylvania Builders Association;

7. That all members of the group agree to abide by the bylaws and policies of the

Pennsylvania Builders Association, as amended from time to time;

8. That the name of the chapter includes, after the city, county or geographical areas "Chapter of the Pennsylvania Builders Association".

(B) The application shall be accompanied by a copy of the proposed Constitution and bylaws of the applicant Chapter and a list of names, addresses and membership classification of the applicant's entire membership.

Section 3. AFFILIATED STUDENT CHAPTERS

(A) Any organized group of student members, or students eligible for such membership upon payment of required dues, may be accepted as an affiliated Student Chapter if it submits to the Pennsylvania Builders Association a formal application signed by its President and approved by the school which a majority of the group's members attend. The application shall certify that all members of the group agree to abide by the bylaws and policies of the Pennsylvania Builders Association, as amended from time to time.

(B) If acceptable to the affiliated Chapter or Association concerned, the Board of Directors of the Pennsylvania Builders Association may at any time require that a Student Chapter be affiliated with the Local Chapter or Association having jurisdiction over the area in which it is located.

Section 4. ISSUANCE OF CHARTERS. Upon approval of its application by the Executive Committee and Board of Directors of the Pennsylvania Builders Association, a charter shall be issued to an applicant Association or Chapter declaring its affiliation.

Section 5. REVOCATION OF CHARTERS. Upon approval and recommendation of the Executive Committee, the Board of Directors may revoke the charter of an affiliated Association or Chapter if it:

(A) No longer meets the requirements for affiliation with the State Association

or;

(B) Is no longer representative of the housing industry in the jurisdiction for which it is

chartered or;

- (C) Fails to take appropriate action to prevent conduct on the part of one or more of its members which is injurious to the Pennsylvania Builders Association or reflects discredit upon it or the housing industry.
- (D) Has failed to meet its financial obligations to the Pennsylvania Builders Association.

ARTICLE VI

(Dues)

Section 1. DUES. The dues of the Association shall be paid annually in advance in the amount and manner specified by the Board of Directors of the Pennsylvania Builders Association; provided that no dues increase may be considered at any meeting of the Board unless at least sixty (60) days advance notice has been given to each member of the Board that a dues increase will be considered.

Section 2. DUES PAYMENT.

(A) Each affiliated Local Association and Chapter shall report to the Pennsylvania Builders Association the names, mailing address and membership classification of all members of the Local Association or Chapter, and collect and remit annual dues payable to the Pennsylvania Builders Association as they are collected for members of each class.

(B) The annual dues of student members, student chapter alumni members, and of all other members operating in an area not within the jurisdiction of an affiliated Local Association or Chapter shall be paid directly to the Pennsylvania Builders Association.

(C) Dues to the Pennsylvania Builders Association for new memberships shall be remitted as they are collected and be accompanied by the report of such membership.

(D) Dues to the Pennsylvania Builders Association for renewal memberships for a succeeding 12-month period, beginning with the anniversary date of their respective enrollments, shall be remitted as they are

collected and be accompanied by the report of such renewals.

(E) The annual dues amount for student chapter alumni members shall not be greater than the current dues amounts for affiliate members of the Association.

Section 4. CANCELLATION. Affiliated Local Associations or Chapters shall have the responsibility and it shall be their duty to notify the Pennsylvania Builders Association each month of those members of all classes which that Association or Chapter has canceled with the National Association of Home Builders.

Section 5. REINSTATEMENT. When affiliated Local Associations or Chapters reinstate a member with the National Association of Home Builders such Association or Chapter shall cause the Pennsylvania Builders Association to be notified of such reinstatement on a monthly basis.

ARTICLE VII

(Board of Directors)

Section 1. COMPOSITION AND AUTHORITY. The Board of Directors shall be elected from the builder or associate membership of the Pennsylvania Builders Association in accordance with Article VII. No person shall be qualified to serve as a member of the Board of Directors unless the person provides to PBA an email address for the purpose of receiving information from PBA and is encouraged to serve on a standing committee, special committee or task force.

Section 2. POWERS AND DUTIES. The Board shall (a) transact the general business of the Association except that reserved to the Membership by law or in bylaws; (b) elect officers; (c) establish the policies governing the affairs of the Pennsylvania Builders Association; (d) receive reports and monitor the effectiveness of all committees and councils; (e) act as governing body of the Pennsylvania Builders Association; (f) annually approve a report to the membership, which shall include a report on the strategic plan and the operation and activities of the Board; (g) oversee the comprehensive resources of the Association and ensure that expenditures support the

strategic direction and mission of the Association; and (h) obtain member feedback concerning the Board’s performance and effectiveness.

Section 3. DIRECTORS FROM AFFILIATED LOCAL ASSOCIATIONS. Each Affiliated Local Association shall elect, according to its own bylaws, State Directors based on the number of builder members as of October 31 of each year, except for a newly affiliated local association, whose initial Directors shall be based on the membership as of the date of affiliation in accordance with the following schedule:

<u>BUILDER MEMBERS</u>	<u>DIRECTORS</u>
Up to 25	Two
26 to 75	Three
76 to 125	Four
126 to 175	Five
176 and over	Six

Each Affiliated Local Association may elect up to two Alternate Directors. A two-thirds (2/3) majority of the Directors and one of the Alternate Directors from each Affiliated Local Association shall be builder members. Voting by Directors or Alternate Directors shall be limited as provided in Article VIII, Section 4.

Section 4. EX-OFFICIO MEMBERS OF THE BOARD. The President, Vice President, Associate Vice President, Secretary, Treasurer, Regional Vice Presidents, Regional Legislative Officers, State Representative to NAHB, State Directors to NAHB, Alternate State Directors to NAHB, Special Voting Member of the NAHB Executive Board or the NAHB National Area 3 Chairman who is a member of this Association, and all Presidents of Affiliated Local Associations, and all Presidents of Local Chapters not affiliated with a Local Association shall be ex-officio members of the Board of Directors. All Past Presidents and Past Associate Vice Presidents, who are members in good standing, shall be ex-officio members of the Board with the right to vote provided said Past Presidents and Past Associate Vice Presidents attend at least one of the two preceding regularly scheduled meetings of the Board.

(A) The Board of Directors may elect members of this Association as Life Directors, provided they are so recommended by the Affiliated Association of which he or she is a member; and provided they shall have personally attended two or more meetings of the Board of Directors per year as a voting member for ten or more years, which years need not be consecutive; provided that any Director who resigns from the Board in order to serve or continue serving as a Trustee of the Pennsylvania Builders Association Benefits Trust, or whose directorship or office becomes vacant pursuant to Section 12 of this Article as a result of service as a Trustee of the Pennsylvania Builders Association Benefits Trust, shall for the purposes of this subsection, be entitled to count the period served as a Trustee after such resignation or disqualification as a Director toward the minimum ten years required for eligibility for consideration as a Life Director. Upon their election, they shall have the right to vote, subject to the disqualification provisions of Section 12 of this Article, provided they attend at least one of the two preceding regularly scheduled meetings of the Board.

Section 5. TENURE OF OFFICE. The term for which a Director is elected shall be two calendar years. Terms for Directors shall be staggered so that, as nearly as possible, one-half of the Directors shall be elected each year. In Associations having an odd number of Directors, the Board shall, by resolution, establish the number of Directors to be elected in each year from each Association.

Section 6. VACANCIES. Vacancies on the Board of Directors, except in regard to Life Directors disqualified under Section 12 of this Article, shall be filled as follows:

(A) If a vacancy is caused by death, disability, or resignation of a Director, the Board shall elect a successor for the remainder of his term.

(B) If a vacancy occurs pursuant to Article VII, Section 12 or Article VIII, Section 6, the affiliated local association shall elect a successor for the remainder of the unexpired term, which successor may not be the Director whose office was deemed vacant.

Section 7. OFFICIAL LOGO. The Board of Directors shall adopt an official logo for the exclusive use of the Pennsylvania Builders Association, its affiliated Associations and Chapters and its members in good standing. The Board of Directors shall have the authority to limit or restrict the use of such logo from time to time as it deems proper.

Section 8. SEAL. The Board shall adopt an official seal which shall have inscribed thereon the name of the Association.

Section 9. PERSONAL LIABILITY OF DIRECTORS. A Director of this Association shall not be personally liable for monetary damages as such for any action taken, or any failure to take any action, unless:

(a) the director has breached or failed to perform the duties of the office as defined in Section 10 below; and

(b) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

The provisions of this section shall not apply to the responsibility or liability of a director pursuant to any criminal statute or the liability of a director for the payment of taxes pursuant to local, state or federal law and shall not apply to any actions filed or any breach of performance of duty or any failure of performance of duty prior to January 27, 1987.

Section 10. STANDARD OF CARE AND JUSTIFIABLE RELIANCE.

(A) A director of the association shall stand in a fiduciary relationship to the association and shall perform the duties of a director, including the duties of a member of any committee of the Board upon which the director may serve, in good faith, in a manner the director reasonably believes to be in the best interests of the association, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing the duties, a director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(1) One or more officers or employees of the association whom the director reasonably believes to be reliable and competent in the matters presented;

(2) Counsel, public accountants or other persons as to matters which the director reasonably believes to be within the professional or expert competence of such person;

(3) A committee of the Board upon which the director does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the director reasonably believes to merit confidence.

A director shall not be considered to be acting in good faith if the director has knowledge concerning the matter in question that would cause the director's reliance to be unwarranted.

(B) In discharging the duties of their respective positions, the Board, committees of the Board and individual directors may, in considering the best interests of the association, consider the effects of any action upon employees, upon persons with whom the association has business and other relations and upon communities which the offices or other establishments of or related to the association are located, and all other pertinent factors. The consideration of those factors shall not constitute a violation of subsection (A) of this section.

(C) Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a director or any failure to take any action shall be presumed to be in the best interests of the association.

Section 11. INTERESTED DIRECTORS OR OFFICERS; QUORUM.

(A) No contract or transaction between (1) the association and one or more of its directors, executive officers or elective officers or (2) between the association and any other association, partnership, corporation or other organization in which one or more of its directors or officers are directors or officers or have a financial interest shall be void or voidable (1) solely for such reason or (2) solely because the director or officer is present at or participates in the meeting of the Board which authorizes the contract or transaction, or (3) solely because the directors or officers votes are counted for such purpose, if:

(1) The material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Board and the Board in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors are less than a quorum; or

(2) The contract or transaction is fair as to the association as of the time it is authorized, approved or ratified, by the Board.

(B) Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board which authorizes a contract or transaction specified in this section.

SECTION 12. DISQUALIFICATION OF OFFICERS AND DIRECTORS.

Any director, including an ex-officio or Life Director, or officer of this Association who also serves as an officer, director or in any fiduciary capacity of any entity, including the Pennsylvania Builders Association Benefits Trust, which has a currently effective intellectual property and license agreement with this Association, or is about to consider action which could result in entering into, such an agreement with this Association that provides or would provide for the payment of royalties by such entity to this Association shall be immediately disqualified from serving as a director, officer or in any fiduciary capacity of this Association. In such event the office, directorship or fiduciary capacity of such person in this Association shall immediately be deemed vacant. Action by another entity which could result in entering into an intellectual property and license agreement with this Association which will cause immediate disqualification under this section includes but is not limited to the publication of an agenda item for the consideration of such an agreement, or the consideration or presentation of any motion which, if adopted, would authorize or approve such entity to enter into an intellectual property and license agreement that provides for the payment of a royalty to this Association. If a Life Director of this Association elected pursuant to Section 4 (A) of this Article is disqualified from serving as a director of this Association under this section, such Life Director may regain voting privileges and status as a Life Director of this Association upon submitting proof which is

reviewed and accepted by the President of this Association as establishing that such person no longer serves in any fiduciary capacity with another entity described in this section.

ARTICLE VIII

(Meetings of the Board of Directors)

Section 1. REGULAR MEETINGS. The Board of Directors shall meet at least three times during the calendar year. The designation of the regular meeting dates of the Board of Directors shall be at the discretion of the President and said meetings shall be designated "first", "second", and "third". The "third" regular meeting shall be known as the "annual meeting" at which time the officers shall be elected. At least thirty (30) days' notice of the upcoming meeting shall be given to each member of the Board.

Section 2. SPECIAL MEETINGS. Special meetings of the Board may be called by the President or at the written request of twenty (20) or more of its members, upon ten (10) days' notice to each member, stating the time, place and purpose of the meeting.

Section 3. QUORUM. A quorum shall consist of twenty-five (25) elected Directors or Alternate Directors who are builder members and present in person. Alternate Directors shall not be counted unless entitled to vote under Section 4 of this Article.

Section 4. VOTING. (A) Each member of the Board and ex-officio member present at a meeting shall be entitled to one vote. If both Director and Alternate Director are present, only the Director shall vote. In the absence of a Director, an Alternate Director from the same local affiliated Association present at the meeting shall be entitled to cast one vote in the Director's place. An Alternate Director who is an associate member may only vote in the absence of a Director who is an associate member.

(B) Any member of the Board who has been elected to the Board for an initial term of office beginning on or after January 1, 2002 shall not be entitled to vote at any meeting of the Board until that member has attended an orientation program for new Board members, which the Association shall provide.

Section 5. APPROVAL OF INITIATIVES. Any legislative or regulatory initiative of the association shall be approved only upon a two-thirds vote of the members present and voting at any meeting of the Board of Directors.

Section 6. ATTENDANCE. The office of any Director absent from two consecutive meetings in a calendar year of the Board of Directors and not represented by an Alternate Director at either meeting, shall be deemed vacant, unless the President, upon a showing of good cause, submitted in writing no later than thirty (30) days after an absence for which an excuse is requested, excuses any such absence. A Director may not be excused from more than one meeting of the Board during any term as a Director.

ARTICLE IX

(Executive Committee)

Section 1. EXECUTIVE COMMITTEE. The following shall constitute the Executive Committee: the President, Vice President, Associate Vice President, Treasurer, Secretary, Immediate Past President, the Regional Vice Presidents, the chair of the Governmental Affairs Committee, State Representative to NAHB, and the Special Voting Member of the NAHB Executive Board, or the NAHB National Area 3 Chairman who is a member of this Association.

Section 2. DUTIES. The Committee shall conduct the affairs of the Association in accordance with its bylaws and the policies and instructions of the Board of Directors consistent with the strategic plan of the Association. It shall be the steering body of the Pennsylvania Builders Association, responsible for proposing a budget for financing of the Pennsylvania Builders Association, and for all matters of policy and public statement, subject to the approval of the Board of Directors.

Section 3. MEETINGS. The committee shall meet three (3) times per year in conjunction with the Board of Directors meeting, or upon the call of the President, the Board of Directors, or any five of its members, stating the time and place of the meeting. Ten members shall constitute a quorum, one of whom must be either the President or Vice President. At least thirty (30) days' notice of the upcoming regular meeting, and at least ten (10)

days' notice of any upcoming special meeting not held in conjunction with a meeting of the Board of Directors, shall be given to each member of the Executive Committee.

ARTICLE X

(Officers)

Section 1. (A) ELECTIVE OFFICERS. Elective Officers of the Pennsylvania Builders Association shall be the following:

President

Vice President

Associate Vice President

Treasurer

Secretary

One Regional Vice President for each Region

One Regional Legislative Officer for each Region

(B) NOMINATED and RECOMMENDED OFFICERS. The officers nominated or recommended to NAHB or

BUILD PAC shall be:

Builder State Director to NAHB

Associate State Director to NAHB

Alternate Builder State Director to NAHB

Alternate Associate State Director to NAHB

State Representative to NAHB

Special Voting Member of the NAHB Executive Board

NAHB National Area 3 Chairman

BUILD PAC Trustee (only for terms beginning in 2004 and later)

Alternate BUILD PAC Trustee (only for terms beginning in 2004 and later)

The number of State Directors to NAHB, Alternate State Directors to NAHB, State Representatives to NAHB and Special Voting Members of the NAHB Executive Board shall be in accordance with the bylaws of NAHB. The number of BUILD PAC Trustees and Alternate BUILD PAC Trustees shall be in accordance with the bylaws of BUILD PAC.

Section 2. ELIGIBILITY.

(A) In order to be eligible to hold any elected office or be nominated or recommended to an office of NAHB, a person must be a builder-member of the Pennsylvania Builders Association in good standing, except that the Associate State Director to NAHB, Alternate Associate State Director to NAHB, and the Associate Vice President shall be, and the Treasurer, Regional Vice Presidents, Regional Legislative Officers, BUILD PAC Trustees and Alternate BUILD PAC Trustees may be, an associate member in good standing. In order to be nominated or recommended to an office of NAHB or BUILD PAC, a person must meet the qualifications provided by the NAHB or BUILD PAC bylaws.

(B) In order to be eligible to hold the offices of President, Vice President, or Secretary, a builder-member must be a past or current president of an affiliated Local Association or Chapter, have served at least two years as a member of this Association's Board of Directors and have served as a Regional Vice President (RVP), Regional Legislative Officer (RLO), or chair of a PBA committee for a minimum of one year. For the purposes of this provision, "committee" shall include all committees defined by Article XVI of these bylaws.

(C) In order to be eligible to hold the office of State Representative to NAHB or special Voting Member of the NAHB Executive Board, a person shall be a builder-member who shall have served not less than one term as a Local or State director to NAHB, or as the President of a State or Local Affiliated Association or has previously served as a National Representative or State Representative to NAHB. A State Representative to NAHB or Special Voting Member of the NAHB Executive Board who has not attended two or more regular meetings of the NAHB Executive Board during the term, unless excused by the NAHB Vice President and Secretary, upon recommendation of his or her NAHB National Area 3 Chairman shall not be eligible to succeed in office.

Section 3. ELECTION OF OFFICERS. The election of officers shall take place at the "third" regular meeting of the year of the Board of Directors and shall be in accordance with Article XI of the bylaws.

Section 4. TENURE OF OFFICE. Officers shall hold office for a term of one calendar year or until their successors are elected, except that the terms of the State Representative to NAHB, State Directors to NAHB, Alternate State Directors to NAHB, and Special Voting Member of the NAHB Executive Board or NAHB National Area 3 Chairman shall be as provided by the NAHB bylaws and the BUILD PAC Trustees and Alternate BUILD PAC Trustees shall be as provided by the BUILD PAC bylaws. The President, Vice President, Associate Vice President, Treasurer, Secretary, Regional Vice Presidents and Regional Legislative Officers may not be elected to more than two successive terms in office. No person may serve more than four consecutive years during which that person is either a Regional Vice President or Regional Legislative Officer. The State Directors to NAHB, Alternate State Directors to NAHB, State Representative to NAHB, BUILD PAC Trustees, Alternate BUILD PAC Trustees and Special

Voting Member to the NAHB Executive Board or NAHB National Area 3 Chairman may not be nominated nor recommended to more than six successive terms in office, nor exceed any term limits under the NAHB or BUILD PAC bylaws.

Section 5. THE PRESIDENT. The President is the chief officer of the Pennsylvania Builders Association and shall preside at its meetings and those of the Board of Directors and Executive Committee.

He or she shall represent the Pennsylvania Builders Association and act in its name subject only to its declared policies. He or she shall appoint committees and be an ex-officio member of all committees, and he or she shall perform all other duties usual to the office.

Section 6. THE VICE PRESIDENT. The Vice President, in the absence of the President, or upon his or her direction, shall perform all the duties of the President.

Section 7. THE ASSOCIATE VICE PRESIDENT. The Associate Vice President shall be responsible for duties as specified by the President.

Section 8. THE TREASURER. The Treasurer shall have general charge of the financial affairs of the Pennsylvania Builders Association. He or she shall supervise the collection and disbursement of the funds of the Association and shall submit to the Board of Directors a quarterly, semi-annual and annual statement of the fiscal affairs of the Pennsylvania Builders Association. Upon direction of the President, he or she may perform other duties appropriate to this office.

Section 9. THE SECRETARY. The Secretary shall keep a record of all of the official proceedings of the Pennsylvania Builders Association and its Board of Directors, including all reports of committees. Upon direction of the President, he or she may perform other duties appropriate to this office.

Section 10. REGIONAL VICE PRESIDENTS. The Regional Vice Presidents are the representatives of the regions and shall serve as a communications link between the association and the region. They shall install newly affiliated Associations and Chapters in their regions; shall act in an advisory capacity with respect to jurisdiction of

the membership; and shall generally supervise activities of the Pennsylvania Builders Association in their respective regions.

Section 11. REGIONAL LEGISLATIVE OFFICERS. The Regional Legislative Officers are the representatives of the region that have responsibility for the legislative and political activity within that region. They shall preside at regional meetings when legislative and political matters are discussed, represent the region to the Governmental Affairs Committee, encourage participation in grassroots legislative efforts and encourage participation in political affairs, including fundraising and candidate support. A Regional Legislative Officer shall, in the absence of the Regional Vice President from the same region, be entitled to attend and vote in the stead of that Regional Vice President at meetings of the Executive Committee.

Section 12. (Reserved)

Section 13. STATE REPRESENTATIVE TO NAHB. The State Representative to NAHB shall, subject to the NAHB bylaws:

(A) In relation to affiliated Local Associations within Pennsylvania, be of service on matters of policy of NAHB, promote orientation of their officers to policies of NAHB, and assist in the formation of affiliated Local Associations and Chapters and may, upon invitation, install officers of such associations; and assist the NAHB National Area 3 Chairman in the performance of his or her duties.

(B) Each State Representative shall coordinate their activities with his or her NAHB National Area 3 Chairman.

(C) Serve as a member of the NAHB Executive Board, and otherwise perform duties in accordance with the NAHB bylaws.

Section 14. STATE DIRECTORS AND ALTERNATE STATE DIRECTOR TO NAHB.

(A) It shall be the duty of the State Directors to NAHB to attend and to participate in the deliberations of the Board of Directors of the National Association of Home Builders at each of its meetings. The State Directors shall receive policy guidance from the Board of Directors of the Pennsylvania Builders Association.

(B) It shall be the duty of the Alternate State Director to attend and to participate in the deliberations of the Board of Directors of the National Association of Home Builders at each of its meetings in the absence of the builder State Director to NAHB. The Alternate State Director shall receive policy guidance from the Board of Directors of the Pennsylvania Builders Association.

Section 14.1. BUILD PAC TRUSTEES AND ALTERNATE BUILD PAC TRUSTEES.

(A) It shall be the duty of the BUILD PAC Trustees to represent NAHB members in Pennsylvania on policy matters brought before the BUILD PAC Board of Trustees, approve certain candidate contribution requests, serve as BUILD PAC's principal fundraiser within their area of jurisdiction, and to fulfill the duties as set forth in the BUILD PAC bylaws.

(B) It shall be the duty of the Alternate BUILD PAC Trustees to attend and participate in the deliberations of the BUILD PAC Board of Trustees in the absence of the BUILD PAC Trustee.

Section 15. SUCCESSION OF OFFICE. In the event of the absence, disability, resignation, removal or death of the President, the Vice President, Secretary and Treasurer, only if he or she is a builder member, in that order, shall become the President of the Pennsylvania Builders Association.

Section 16. VACANCIES.

(A) In the event of a vacancy in any elective offices caused by the disability, resignation, removal or death of any officer other than the President, Regional Vice President, Regional Legislative Officer or officer of NAHB or BUILD PAC, the Executive Committee shall designate a Regional Vice President to perform the duties of the office. The Board of Directors at its next meeting shall then elect, nominate or recommend a

successor to serve for the unexpired term of office. At this Board meeting, at least one nomination for the vacant office shall be submitted to the Board by the Executive Committee and additional nominations may be made from the floor. In the event of a vacancy in the office of President, the Vice President shall become the President for the unexpired term of office.

(B) In the event of disability, death, resignation, removal or ineligibility of an officer of NAHB or BUILD PAC nominated or recommended by this Association, such office shall be filled in accordance with the provisions of the bylaws of NAHB or BUILD PAC.

(C) In the event of a vacancy in the office of Regional Vice President or Regional Legislative Officer, the Board members from such region shall elect a successor to serve for the unexpired term of office and the results shall be certified to the Board by the incumbent Regional Vice President or Regional Legislative Officer.

Section 17. REMOVAL (A) Any elected officer other than Regional Vice Presidents and Regional Legislative Officers may be removed from office by a two-thirds vote of the Board of Directors following written notification to the officer, at least 30 days prior to the removal vote, that a motion for removal of such officer will be made.

(B) Any Regional Vice President or Regional Legislative Officer may be removed from office by a two-thirds vote of the Board members in the applicable region present at a regional meeting following written notification to such officer, at least 30 days prior to the removal vote, that a motion for removal of such officer will be made. A vote for removal may only be taken at a regional meeting where fifty percent (50%) or more of the Board members from the applicable region are present. The removal of a Regional Vice President shall be certified to the Board by the Regional Legislative Officer. The removal of a Regional Legislative Officer shall be certified to the Board by the Regional Vice President.

ARTICLE XI

(Elections)

Section 1. NOMINATION PROCEDURE. Not later than the "first" regular meeting of the year of the Board of Directors, the President shall appoint a Nominating Committee consisting of at least five (5) members. It shall be the duty of the Nominating Committee to nominate and present qualified candidates for the elective and nominated or recommended officers of the Pennsylvania Builders Association, except for the offices of Regional Vice President, Regional Legislative Officer, BUILD PAC Trustee and Alternate BUILD PAC Trustee and to furnish their report to the Board thirty (30) days prior to the "second" regular meeting. Nominations from the floor may be made only at the "second" regular meeting of the Board. Not later than thirty (30) days prior to the "third" regular or annual meeting of the Board, all names of nominees shall be mailed to members of the Board having a right to vote. The Nominating Committee shall also review and report to the Board of Directors on the eligibility of all candidates to hold office.

Section 2. ELECTION OF OFFICERS. Election of elective officers and voting on officers to be nominated or recommended shall be conducted at the "third" or annual meeting of the Board of Directors, except as may hereafter be provided for the office of President, Regional Vice President and Regional Legislative Officer.

Whenever only one nomination for an office is presented to the Board of Directors, election shall be by voice vote. Whenever only one nomination for President is presented at the "second" regular meeting of the Board, the Board by resolution shall declare the sole nominee to be, and the nominee shall become President-Elect, and no subsequent nomination or election shall be held. If there is more than one nominee for President submitted at the "second" regular meeting of the Board, the election shall be held at the "third" regular or annual meeting.

Whenever more than one nomination is presented, vote shall be by secret ballot. If more than two candidates are nominated to an office, a majority of the Directors voting shall be necessary to elect. If no

candidate receives a majority, a second vote shall be taken upon the two leading candidates. There shall be no cumulative voting, so that no member may cast more than one vote for any candidate. Regional Vice Presidents and Regional Legislative Officers shall be elected by a majority vote of the Board members in each region on or before the "third" regular meeting, and the election results shall be certified to the Board by the incumbent Regional Vice President.

(A) The President shall appoint, within a reasonable time before election, not less than three members as Tellers of Election for the purpose of conducting the election, insuring only eligible voters vote, opening and counting the ballots.

(B) The Tellers of Election shall certify to the Pennsylvania Builders Association, in writing, the names of the officers elected for the ensuing year, which shall be regarded as their credentials to act as such, and the same shall be announced at the meeting at which the election takes place.

Section 3. NOMINATION AND ELECTION OF STATE DIRECTORS TO NAHB, STATE REPRESENTATIVE TO NAHB AND SPECIAL VOTING MEMBER OF THE NAHB EXECUTIVE BOARD OR NAHB NATIONAL AREA 3 CHAIRMAN. The State Directors to NAHB, Alternate State Directors to NAHB, Special Voting Member of the NAHB Executive Board and State Representative to NAHB shall be nominated, and NAHB National Area 3 Chairman from this association shall be recommended, by the Board of Directors of this Association from among the members of NAHB in Pennsylvania who are duly qualified for the office. NAHB, upon verification of the qualifications of the persons nominated pursuant to this section, shall present the qualified nominees to the regular NAHB Annual Meeting of the members for election, or as may otherwise be provided by the NAHB bylaws.

Section 4. RECOMMENDATION OF NAHB BUILD PAC TRUSTEES. For terms of office beginning in 2004 and after, candidates for BUILD PAC Trustee and Alternate BUILD PAC Trustee shall be a BUILD PAC contributor from recommendations made by Pennsylvania BUILD PAC contributors, subject to ratification by the Board of Directors of this Association. Upon ratification by the Board of Directors of this Association, the candidates shall be recommended to BUILD PAC for nomination and election in accordance with the bylaws of BUILD PAC.

ARTICLE XII

(Administrative Officers and Staff)

Section 1. CHIEF EXECUTIVE OFFICER. The chief administrative office of the Pennsylvania Builders Association is the Chief Executive Officer. The Chief Executive Officer shall be employed by the Executive Committee at whatever rate of compensation it may determine. Decisions to employ or terminate the Chief Executive Officer shall require a two-thirds vote.

(A) The Chief Executive Officer shall supervise and direct the entire staff of the Pennsylvania Builders Association and its subdivisions. He or she shall perform all duties usual to the office in accordance with the policies of the Pennsylvania Builders Association, and may perform other duties appropriate to the office and delegated by the Executive Committee or the President.

(B) The Chief Executive Officer may employ, and discharge, the staff of the Pennsylvania Builders Association, and its subdivisions. Rates of compensation shall be approved by a committee specified by the President within the limits of the annual budget. Members of the staff shall carry on the business of the Pennsylvania Builders Association as instructed by the Chief Executive Officer.

Section 2. REMOVAL. Any administrative officer, staff member or other employee appointed, designated or retained by the Pennsylvania Builders Association, other than the Chief Executive Officer, may be removed by the Executive Committee whenever, in the judgment of a majority present at a meeting where there is a quorum,

the best interests of the Pennsylvania Builders Association will be served thereby. Removal shall be without prejudice to the contract rights, if any, of the Pennsylvania Builders Association or the person removed.

ARTICLE XIII

(Finance)

Section 1. GENERAL FUNDS. Dues and other monies collected by the Pennsylvania Builders Association shall be placed in a depository selected by the Chief Executive Officer, and shall be disbursed in such manner as the Board of Directors may direct.

Section 2. AUTHORITY TO SIGN CHECKS. The President, Treasurer and Chief Executive Officer of the Pennsylvania Builders Association and other PBA staff members as designated by the Executive Committee, shall have authority to sign checks for and on behalf of the Pennsylvania Builders Association. Two authorized signatures shall be necessary on all checks drawn on the account of the Pennsylvania Builders Association, unless directed otherwise by the Executive Committee.

Section 3. BONDS. The Chief Executive Officer shall furnish comprehensive crime bonds at the expense of the Pennsylvania Builders Association in such amounts as the Executive Committee shall determine.

Section 4. APPROVED BUDGET. The Directors shall adopt a budget for each calendar year. The Pennsylvania Builders Association shall function within the totals of such budget. Any motion or resolution requiring the expenditures of funds in excess of this approved budget, whether contained in a committee report or initiated from the floor, should have the budgetary amendment included as part of the motion for consideration. If the motion does not include the budgetary amendment, the motion can be presented, debated and voted upon, but the motion, if passed, shall not be implemented until the Executive Committee has reviewed the budgetary impact and approved implementation of the motion. Should the motion, after review by the Executive Committee,

fail due to budgetary reasons, it would be referred back to the Board of Directors for further consideration. The President, Vice President, Associate Vice President, Treasurer, Secretary and Immediate Past President may, by unanimous vote, authorize expenditure of funds in excess of the budget not to exceed \$5,000 between meetings of the Executive Committee and shall report such expenditures at the subsequent meeting of the Executive Committee. The Executive Committee may authorize expenditure of funds in excess of the budget not to exceed \$100,000 between meetings of the Board of Directors, provided that any such expenditure is for purposes consistent with the strategic plan of the Association and provision is made to balance the budget. Any expenditure in excess of the approved budget authorized by the officers or Executive Committee pursuant to this section shall be reported at the subsequent meeting of the Board of Directors.

Section 5. RESERVE FUNDS. The Executive Committee shall recommend for adoption by the Board of Directors as part of the budget, such reserve funds for the future operation of the Pennsylvania Builders Association as they shall deem necessary and desirable in the prudent administration of the Pennsylvania Builders Association's financial affairs. No expenditures may be made from such reserve funds except after recommendation of the Executive Committee and upon an affirmative vote of the majority of the Directors present at any meeting. In the absence of a favorable recommendation by the Executive Committee for such expenditures, such fund or funds may be used for such purposes as may be approved by a vote of two-thirds of the entire Board of Directors.

Section 6. INDUSTRY ACTION FUND.

(A) ESTABLISHMENT AND PURPOSE. The Association shall establish a separate account known as the Industry Action Fund which shall include all funds designated by the Board of Directors or contributors as being for the purposes set forth in this section. Industry Action Fund monies may only be expended to initiate, support or maintain advocacy positions in any judicial or administrative proceeding or to provide public relations programs on matters which involve issues significantly and generally affecting the construction industry in Pennsylvania.

(B) PROCEDURES FOR EXPENDITURES. The Governmental Affairs Committee shall review all cases proposed to be funded in whole or part with Industry Action Fund monies and shall make recommendations to the Board of Directors. The Governmental Affairs Committee may adopt procedural guidelines for the submission to and review by the Governmental Affairs Committee of cases to be considered for financing from the Industry Action Fund. No monies shall be expended from the Industry Action Fund unless approved by the Board of Directors after considering the recommendations of the Governmental Affairs Committee; provided, however, that the President, Vice President, Associate Vice President, Treasurer, Secretary and Governmental Affairs Committee Chairman may, between meetings of the Board of Directors, by unanimous vote, authorize the expenditure of monies from the Industry Action Fund in an aggregate amount not to exceed \$5,000, which authorization shall be reported at the next meetings of the Executive Committee and Board of Directors.

ARTICLE XIV

(Councils)

Section 1. ESTABLISHMENT. The Board of Directors may from time to time approve such councils as may be appropriate to support needs of the Association. Except for the Executive Officers Council, only a member of the Association in good standing may participate in the activities of any such council unless stipulated in their rules of procedure or bylaws and approved by the Executive Committee. Any such council shall be managed by a separate Board of Directors or officers which shall initially be appointed by the Board of Directors. All councils shall operate so as not to be in conflict with the policies and bylaws of the Association. The Board of Directors or officers first appointed for each such council shall forthwith adopt Rules of Procedure or bylaws for its council, and those Rules of Procedure or bylaws and any subsequent proposed changes must be approved by the Executive Committee. Each council shall be subject to the general supervision of the Executive Committee. A council formed pursuant to this Article may require, as a condition of membership in the Council, such payments as the council's Board of Directors from time to time recommends and the Executive Committee approves.

ARTICLE XV

(Affiliation Reference)

Section 1. REFERENCE. Members in good standing may use the name of the Association on their stationery only in the following manner: "Member of the Pennsylvania Builders Association".

ARTICLE XVI

(Committees)

Section 1. General Provisions. Except as these bylaws may provide otherwise the following general provisions shall govern all committees of this Association.

(A) No committee shall have or exercise the authority of the President in reference to removal of any members of any committee; amending, altering or repealing any resolution or policy of the Board of Directors; or conduct any other business normally reserved for the President, other officers, or Board of Directors.

(B) Qualifications. All committee members shall be members in good standing of this Association. Except as these bylaws provide otherwise, not less than one half of all committee members shall be builder members. Association staff persons may be appointed as non-voting members of committees.

(C) Appointment. Unless otherwise provided for in these bylaws, the President shall appoint all members and chairmen of each committee. It shall be the responsibility of the Vice President to appoint a Vice Chairman to each committee. It should be general practice that Vice Chairmen expect to serve as committee chairman in the ensuing year.

(D) Terms. Each committee member, chairman and vice chairman of a standing or special committee shall serve a one-year term commencing January 1 of each year.

(E) Termination. The President may remove any committee member or committee chairman appointed by the President provided he finds that such removal is in the best interest of the Association. Any other committee member or committee chairman may be removed by a majority vote of the Executive Committee for cause after an appropriate hearing.

(F) Vacancies. Any vacancy occurring in a committee and any committee membership to be filled by reason of an increase in the number of committee members may be filled by the President. A committee member or a committee chairman appointed to fill a vacancy shall be appointed for the unexpired term of his predecessor in that position.

(G) Meetings. Special meetings of a committee may be called by the committee chairman or by petition of a majority of committee members or by the President.

(H) Notice. Notice of any meeting of a committee shall be given at least ten (10) days prior to the meeting in writing.

(I) Quorum. A quorum of each committee, except otherwise specified in these bylaws, shall consist of one-quarter (1/4) of the membership of the committee entitled to vote.

(J) Reports. Committees shall be accountable to the Board of Directors. Committee reports shall be submitted regularly by the Chairman to the Board of Directors. The acceptance or approval of reports by the Board shall not constitute policy or authorize the expenditure of funds by the Association.

Section 2. STANDING COMMITTEES. Standing committees are constituted to perform a continuing function and remain in existence permanently. There shall be standing committees as set forth in this section.

(A) Executive Committee. The Executive Committee is provided for by Article IX of these bylaws.

(B) Governmental Affairs Committee. The Governmental Affairs Committee shall monitor all matters affecting the housing industry in all branches of state government and make recommendations on such matters to the Board of Directors. The following shall be ex-officio members of the committee: the Immediate Past

President, President, Vice President, Associate Vice President, Treasurer, Secretary, the immediate past Chairman of the committee, Chairman and Vice Chairman of the Pennsylvania Committee for Affordable Housing (PaCAH), and the Regional Legislative Officers. Further, the committee will be composed of one member and one alternate duly selected by each of the Local Affiliated Associations in good standing for a one- year period. Additionally, the President shall appoint as members of the committee a Chairman, and at least two, but no more than four, Vice Chairmen (including one for legislative analysis, who shall serve as First Vice Chairman.) The President shall appoint the chairman of each legislative priority task force. In the absence of a Regional Legislative Officer, the Regional Vice President from the same region shall have the right to participate and vote. The chairmen of the legislative priority task forces shall be appointed by the President, after consultation with the chairman of the committee. 25% of the members entitled to vote shall constitute a quorum.

(C) Personnel Committee. The Personnel Committee shall oversee the personnel matters of the Association, including review of employee progress and employee benefits and recommend changes when appropriate and shall consult with the Chief Executive Officer on the personnel manual. The Personnel Committee shall consist of the two most recent Past Presidents, the President, Vice President, Associate Vice President, Treasurer and Secretary. The Immediate Past President shall serve as the chairman.

(D) Finance Committee. The Finance Committee shall monitor the financial affairs of the association. The committee will provide oversight and review of the financial statements and budgets, accounting, tax and investment issues, audit issues and policies. The Finance Committee shall consist of the Treasurer, Past Treasurer and the Chief Executive Officer. Additionally, the President may appoint up to two additional members of the committee and the Vice President may appoint one additional member. The Chairman of the committee shall be the current Treasurer.

(E) Nominating Committee. The Nominating Committee shall seek recommendations and recruit candidates to serve as the association's Elective Officers. The Nominating Committee shall determine whether

each candidate or potential candidate meets the requirements for the applicable office sought. The Nominating Committee shall nominate and present qualified candidates fit for service in the positions to which the candidates have been nominated. The Nominating Committee shall consist of the two most recent Past Presidents, the Immediate Past Treasurer, the Immediate Past Associate Vice President and one Regional Vice President to be appointed by the President. The Committee shall be chaired by the Immediate Past President. Vacancies shall be appointed by the President and may be filled by any director of the association.

(F) Bylaws Committee. The Bylaws Committee shall periodically review the bylaws of the association and shall advise the Board on additions, deletions, corrections and any other recommended changes. The Bylaws Committee shall consist of no fewer than three members and at least three members shall be required to constitute a quorum.

(G) Membership Committee. The Membership Committee shall develop and monitor strategies to support local associations with their recruitment, retention and engagement with members of the Association. The Membership Committee shall endeavor to increase the Association's membership numbers and level of engagement. The Committee shall consist of no fewer than five members and at least three members shall be required to constitute a quorum. Local association executive officers, affiliate members, student members and student chapter alumni members may serve as voting members of the Committee although the chair must be a builder or associate member.

Section 3. MANAGEMENT COMMITTEES. Management Committees may be created by the President, Executive Committee or Board of Directors and shall have a specified continuing function. A Management Committee shall cease to exist thirty months after its creation or re-authorization by the Board of Directors. The Board of Directors may re-authorize a Management Committee at any time within thirty months of its creation or re-authorization.

Section 4. SPECIAL COMMITTEES. Special Committees may be established from time to time by the President, Executive Committee or Board of Directors. The President shall determine the composition of the Committee and name the chair of each committee in accordance with the adopted policies of the Board of Directors. The President, Executive Committee or Board of Directors shall clearly set forth the duties and responsibilities for each committee established, which shall be consistent with the strategic plan of the Association, and shall give a deadline to the committee for submitting a report. Upon completion of its specified task and presentation of its final report, the committee shall automatically cease to exist. No special committee may be appointed for a term of more than two years.

ARTICLE XVII

(Subsidiary Corporation)

Section 1. ESTABLISHMENT. This Association may establish from time to time any wholly or partially owned subsidiaries as it sees fit by a majority vote of the Board of Directors provided:

- (A) The subsidiary is chartered to conduct a business of direct service to the Association or its members;
- (B) is directly related to the building industry or the operations of this Association; and
- (C) it does not affect the non-profit status of this Association.

Section 2. VOTING OF SUBSIDIARY SHARES. The shares of all subsidiary corporations shall be voted as directed by a two-thirds vote of the Executive Committee.

Section 3. OFFICERS. The Board of Directors of each subsidiary shall elect from among itself such officers as required in accordance with its bylaws.

Section 4. BYLAWS. Each subsidiary shall be established with its own bylaws as required by the laws of incorporation.

Section 5. FINANCES. The Board of Directors of each subsidiary shall establish such financial accounts and records as it sees fit for its operation provided:

(A) it is capable of making a financial report to the Board of Directors quarterly and maintains its records so they may be reviewed by the elected officers, Chief Executive Officer or his or her designee at any time; and

(B) it does not jeopardize any funds not so designated for the subsidiary.

ARTICLE XVIII

(Regions)

Section 1. REGIONS. For the purpose of this Association, the Commonwealth of Pennsylvania shall be divided into eight (8) geographical regions by counties as follows:

(A) SOUTHEAST REGION. Counties: Berks, Lehigh, Northampton, Philadelphia, Delaware, Chester, Bucks and Montgomery.

(B) NORTHEAST REGION. Counties: Bradford, Lackawanna, Luzerne, Monroe, Pike, Carbon, Susquehanna, Wyoming and Wayne.

(C) MIDEAST REGION. Counties: Dauphin, Perry, Cumberland, Lebanon, Schuylkill, Mifflin, Juniata and Huntington.

(D) SOUTHCENTRAL REGION. Counties: Lancaster, Adams, Franklin, Fulton and York.

(E) NORTHCENTRAL REGION. Counties: Potter, Northumberland, Tioga, Snyder, Columbia, Mifflin, Montour, Centre, Union, Sullivan, Lycoming and Clinton.

(F) MIDWEST REGION. Counties: Clearfield, Cambria, Elk, Indiana, Armstrong, Jefferson, Blair, Somerset, Cameron and Bedford.

(G) NORTHWEST REGION. Counties: Clarion, Crawford, Erie, Forest, McKean, Mercer, Lawrence, Venango, and Warren.

(H) SOUTHWEST REGION. Counties: Allegheny, Westmoreland, Butler, Beaver, Fayette, Washington and Greene.

Section 2. LOCAL ASSOCIATION JURISDICTIONAL AREAS. The jurisdictional area of a local Association shall not fall in two geographical regions. If NAHB expands the jurisdictional area in a manner causing a local association jurisdiction to fall in two regions these bylaws shall automatically be considered amended to place the newly assigned territory in the Association's original geographical region.

ARTICLE XIX

(Indemnification)

Section 1. Indemnification.

(A) Subject to the limitations hereinafter set forth the Association shall indemnify each director, officer, employee or agent of the Association or of any organization that he or she is serving as a Director, Officer, employee or agent at the request of the Association, and his or her heirs, executors or administrators, to the full extent permitted by law, against all judgments, fines, liabilities and reasonable expenses (including, but not limited to, court costs, attorneys' fees and any amount paid in any settlement), which judgments, fines and liabilities and expenses were incurred or expended in connection with any claim, suit, action or proceeding, whether civil, criminal, administrative or investigative, and whether or not the indemnified liability arises or arose from any action by or in the right of the Association, in which he or she was involved because of anything he or she may have done or omitted to do as a director, officer, employee or agent of the Association, but such indemnification can be made only if a determination is made as hereinafter provided that such indemnification should be made. Such indemnification shall not impair any other right any such person may have.

(B) Said indemnification can be made only if a determination has been made, with the advice of Counsel for the Association, by members of the Board of Directors not involved in the claim or proceeding or by a disinterested person or persons named by said members of the Board of Directors not involved in the claim or

proceeding, or by independent legal counsel in a written opinion: (1) that the Director, officer, employee or agent acted or failed to act, and in either case, in good faith, and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Association, and with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful, and (2) that the amount of the proposed indemnification is reasonable, and (3) that the proposed indemnification is just and proper and can be legally made by the Association under then existing law and (4) that the indemnification shall be made by the Association in an amount stated in the determination; provided, however, that the indemnification provided for herein shall not be available if the act or failure to act giving rise to the claim for indemnification has been determined by a court to have constituted willful misconduct or recklessness.

Section 2. Advance Payment of Expenses. Expenses incurred by an officer, Director, employee or agent in defending a civil or criminal action, suit or proceeding shall be paid by the Association in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that the person is not entitled to be indemnified by the Association.

Section 3. Validity. The invalidity of any portion of this Article XIX shall not affect the validity of the remainder hereof.

Section 4. Application. This Article shall not apply to any actions filed or any breach of performance of duty or any failure of performance of duty prior to January 27, 1987.

Section 5. Contract Rights, Amendment or Repeal. All rights to indemnification under this Article XIX shall be deemed a contract between the Association and the persons to be indemnified under this Article XIX pursuant to which the Association and each such person intended to be legally bound. Any repeal, amendment or modification of this Article shall be prospective only and shall not affect any rights or obligations then existing.

ARTICLE XX

(Amendments)

Section 1. These bylaws may be amended by a two-thirds (2/3) vote of the members of the Board of Directors present at any meeting provided the substance of the proposed amendments shall have been submitted to the Directors at least thirty (30) days in advance.

ARTICLE XXI

(Reserved)

ARTICLE XXII

(Parliamentary Authority)

Section 1. PARLIAMENTARY AUTHORITY. The rules contained in the current edition of Robert's Rules of Order shall govern the Association in all cases to which they are applicable and in which they are not inconsistent with these by-laws and any special rules of order the Association may adopt.

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