



BYLAWS

The Bylaws of the ARELLO® Foundation were updated on April 12, 2012
at the Foundation Meeting in Austin, Texas

BYLAWS
OF
ARELLO FOUNDATION

A nonstock corporation

(Last Updated April 12, 2012)

Article I

NAME AND LOCATION

Section 1. Name. The name of this organization shall be **ARELLO FOUNDATION**, a nonprofit corporation incorporated in the State of Utah.

Section 2. Location. The principal office of ARELLO Foundation shall be located in the State of Utah, or in such other locations as may be determined by the Board of Trustees.

Section 3. Registered Office. ARELLO Foundation shall have and continuously maintain, in the State of Utah, a registered office and a registered agent whose office is located in such registered office. The registered office may be, but need not be, located in the principal office of ARELLO Foundation. The address of the registered office may be changed from time to time by the Board of Trustees.

Article II

PURPOSES

Section 1. Purposes. The purpose of ARELLO Foundation shall be:

- (a) To operate exclusively for the benefit of, to perform the functions of, or to carry out the purposes of the Association of Real Estate License Law Officials (“ARELLO”), a “publicly supported organization” described in Sections 509(a)(1) and 509(a)(2) of the Internal Revenue Code of 1986, as amended (the “Tax Code”), and Treasury Regulations Section 1.509(a)-4(k).
- (b) To act and operate exclusively as a nonprofit corporation pursuant to the laws of the State of Utah, to conduct research, gather and publish

information, provide public education, and enhance the development, administration, and enforcement of real estate laws.

- (c) ARELLO Foundation shall educate the public on subjects useful to the individual and beneficial to the community. ARELLO Foundation's educational and research activities shall be conducted in an objective manner, and shall be presented with a sufficiently full and fair exposition of the pertinent facts as will permit an individual or the public to form an independent opinion or conclusion. The corporation shall present its educational programs through public discussion groups, forums, panels, lectures, and similar activities.

Section 2. Restrictions on Activities. ARELLO Foundation shall operate under the following restrictions:

- (a) ARELLO Foundation shall conduct all its activities within the restrictions established by Sections 170(c)(2), 501(c)(3), and 509(a)(3) of the Tax Code as amended, and the Regulations relating thereto as issued by the Department of Treasury.
- (b) No part of the net earnings or assets of the ARELLO Foundation shall inure to the benefit of any trustee, officer, or other private individual or corporation established for profit.
- (c) No substantial part of the activities of ARELLO Foundation shall consist of carrying on propaganda, or otherwise attempting to influence legislation; and ARELLO Foundation shall not participate or intervene in any political campaign (including publishing or distributing statements) on behalf of, or in opposition to, any candidate for public office. ARELLO Foundation shall exercise strict expenditure control to assure that none of its funds are used for such "action" activities by earmarking them with appropriate limitations and requiring regular reports on their use.
- (d) ARELLO Foundation shall not engage in any "excess benefit transaction" with a "disqualified person" as those terms are defined by Section 4958 of the Tax Code.

Article III

BOARD OF TRUSTEES

Section 1. Authority and Responsibility. The governing body of ARELLO Foundation shall be the Board of Trustees. The Board of Trustees shall have supervision, control, and direction of the affairs of ARELLO Foundation; shall actively

prosecute ARELLO Foundation's objectives; and shall supervise the disbursement of ARELLO Foundation's funds. The Board may adopt such rules and regulations for the conduct of its business as shall be deemed advisable, and may, in the execution of the powers granted, delegate certain of its authority and responsibility to one or more committees.

Section 2. Number and Tenure of Office. The Board of Trustees shall consist of seven (7) Trustees, to include the ARELLO Chief Executive Officer and six (6) Trustees appointed by the ARELLO Board of Directors. Beginning with the September 2012 ARELLO Board of Directors' annual appointments of Foundation Trustees, new Trustees (with the exception of the ARELLO CEO) shall hold office for a period of three (3) years, or until a successor is duly elected and qualifies. Trustees may serve more than one three (3) year term and Trustees shall be appointed so that no more than one-third (1/3) of the Board of Trustees expires in a given year.

Section 3. Disqualified Persons. Control of the Board may not vest in disqualified persons (other than foundation managers) as defined in Section 4946 of the Internal Revenue Code. "Control by disqualified persons" shall be defined as any disqualified person or group of disqualified persons possessing fifty percent or more of ARELLO Foundation's total voting power or one or more disqualified persons having the right to exercise veto power over the actions of ARELLO Foundation.

Section 4. Manner of Appointment. The ARELLO Board of Directors shall appoint the governing body of ARELLO Foundation. At every annual meeting of the ARELLO Board of Directors, it shall appoint the governing body of ARELLO Foundation, all in accordance with procedures to be adopted by ARELLO's Board of Directors.

Section 5. Place and Manner of Meeting; Action Without Meeting. Annual and regular meetings of the Board of Trustees may be held at such place and time as the Trustees may determine. Special meetings of the Board of Trustees may be held from time to time upon call of the Chairman of the Board or a majority of the Trustees. Members of the Board of Trustees may act by means of conference telephone network or similar communications methods by which all persons participating in the meeting can hear each other, and without meetings by unanimous written consent to such action signed by all Trustees and filed with the Minutes of the proceedings of the Board.

Section 6. Notice of Meeting. Written or printed notice of every annual and regular meeting of the Board of Trustees, stating the place, day, and hour of the meeting must be given personally, by mail, electronic mail, or telecopy to Trustees not less than seven (7) nor more than fifty (50) days prior to the date of the meeting. Notice of the time and place of a special meeting shall be served upon or e-mailed, telecopied, or telephoned to each Trustee at least forty-eight (48) hours prior to the time of the meeting. No notice need be given to any Trustee who actually attends, or who executes and files written waiver of notice of such meeting, either before or after the meeting.

Section 7. Quorum. A majority of the members of the Board of Trustees shall constitute a quorum at such meetings. No vote shall be taken unless a quorum is

present. The vote of a majority of those present at a meeting at which a quorum is present shall be sufficient to constitute action of the Board of Trustees except for actions for which a greater vote may be required by statute, the Articles of Incorporation, or these Bylaws.

Section 8. Chairman of the Board. The Board of Trustees shall, by majority vote of the entire Board, elect a Chairman, who shall serve for a period of one (1) year or until his successor is duly elected, and may not simultaneously serve as a member of the ARELLO Board of Directors. The Chair shall preside at all meetings of the Board of Trustees and shall have such other duties as the Board shall determine.

Section 9. Compensation of Trustees. Trustees shall not receive compensation from ARELLO Foundation for service on the Board of Trustees. Trustees may be reimbursed for any reasonable expenses incurred by them in the execution of their official duties, including travel expenses.

Section 10. Voting. At all meetings of the Board of Trustees, each Trustee shall have one (1) vote.

Section 11. Vacancies. The ARELLO Board of Directors shall appoint temporary Trustees to fill any vacancies on the Board caused by death, resignation, or otherwise; such temporary Trustees shall serve until the term of the vacating Trustee expires.

Section 12. Removal of Trustees. Any Trustee may be removed with or without cause at the pleasure of a vote of a majority of the ARELLO Board of Directors.

Section 13. Resignation. Any Trustee may resign from the Board by giving written notice to the Chairman of the Board. Such resignation shall be effective upon receipt of notice by the Chairman or at such later date as specified in the notice.

Article IV

COMMITTEES OF THE BOARD

Section 1. Committees. The Board of Trustees may create or eliminate committees by resolution adopted by a majority vote of the entire Board. Such committees shall include no less than two (2) Trustees, and must not be controlled by disqualified persons. The members of any such committee shall serve at the pleasure of the Chairman of the Board. Committee members may be removed for cause by majority vote of the entire Board. Committees shall exercise such powers as may be designated by the Board of Trustees as permitted by law. Each committee may, subject to the approval of the Board of Trustees, prescribe rules and regulations for the call and conduct of committee meetings and other matters relating to its procedure.

Section 2. Compensation. Committee members shall not receive compensation from ARELLO Foundation for service on the Board of Trustees. Committee

members may be reimbursed for reasonable expenses incurred by them in the execution of their official duties, including travel expenses, as approved by a majority vote of the entire Board.

Article V

OFFICERS

Section 1. Officers and Qualifications. The officers of ARELLO Foundation shall be a Chairman, a Vice Chairman, a Secretary/Treasurer, and such other officers as the Board of Trustees deems advisable from time to time.

Section 2. Election. Officers shall be elected by the Board of Trustees at its annual meeting. Provided that the ARELLO CEO shall automatically serve as the Secretary/Treasurer for the Foundation.

Section 3. Term of Office. All officers with the exception of the Secretary/Treasurer shall hold office for one (1) year, or until their successors have been duly elected and have qualified, or until removed. The Secretary/Treasurer shall serve a term of office corresponding to his employment as ARELLO CEO.

Section 4. Removal of Officers. Any officer with the exception of the Secretary/Treasurer may be removed either with or without cause by the vote of a majority of the Board of Trustees.

Section 5. Duties of Officers. The duties and powers of the officers of ARELLO Foundation shall be as follows or as shall hereafter be set by resolution of the Board of Trustees:

Chairman

The Chairman shall be the principal executive officer of ARELLO Foundation and shall in general supervise and control all of the business and affairs of the corporation. He may sign any deed, mortgage, bond, contract or other instrument unless the Board of Trustees has expressly delegated authority for signing to another officer or agent of ARELLO Foundation. The Chairman shall perform all duties incident to the office of Chairman and such other duties as may be prescribed by the Board of Trustees from time to time.

Vice Chairman

The Vice Chairman shall assist the Chairman to the extent determined by the Chairman or the Board of Trustees, and, in the absence or incapacity of the Chairman, shall succeed to the duties of the Chairman. The Vice Chairman shall perform such other duties as may be prescribed by the Board of Trustees from time to time.

Secretary/Treasurer

The Secretary/Treasurer shall keep the minutes of the meetings of the Board of Trustees in one or more books provided for that purpose and see that all notices are duly given in accordance with these bylaws or as required by law. He shall present to the Board of Trustees at its meetings all official communications received by him and be custodian of ARELLO Foundation's records. The Secretary/Treasurer shall have the care and custody of, and be responsible for, all the funds and securities of ARELLO Foundation and shall deposit such funds and securities in such banks or safe deposit companies as the Board of Trustees may designate. He shall receive and give receipts for moneys due and payable to ARELLO Foundation under the direction of the Chairman or the Board of Trustees; keep accurate books of account of all of ARELLO Foundation's business and transactions, and exhibit the books and accounts to any person duly authorized to inspect such records. In general, the Secretary/Treasurer shall perform all duties incident to the office of Secretary/Treasurer and such other duties as the Chairman or Board of Trustees may assign.

Section 6. Vacancies. All vacancies in any office shall be filed promptly by the Board of Trustees either at a regular meeting or at a meeting specially called for that purpose.

Section 7. Compensation of Officers. The officers shall not receive compensation from ARELLO Foundation for service as officers. Officers may be reimbursed for reasonable expenses incurred by them in the execution of their official duties, including travel expenses.

Article VI

CONFLICT OF INTEREST AND REVIEW OF CERTAIN TRANSACTIONS

Section 1. Disclosure of Conflict of Interest. A trustee, officer, or other person exercising substantial influence over the affairs of ARELLO Foundation shall disclose to the Board of Trustees any material financial interest which the person directly or indirectly has in any person or entity which is a party to a transaction under consideration by the Board of Trustees. An interested person shall abstain from voting on the transaction, provided, however, that such interested party's presence may be counted in determining whether a quorum is present for purposes of Article III, Section 7 of these Bylaws.

Section 2. Review of Potential Excess Benefit Transaction. Prior to ARELLO Foundation entering into any compensation agreement, contract for goods or services, or any other transaction with any person who was, at any time during the five (5) year period preceding the transaction, in a position to exercise substantial influence over the affairs of ARELLO Foundation, the Board of Trustees shall take the following precautions to ensure that the transaction is reasonable for purposes of Section 4958 of the Code:

- (a) The panel of the Board of Trustees approving the transaction must be composed entirely of individuals unrelated to and not under the control of the disqualified person or persons involved in the transaction;
- (b) The Board of Trustees shall obtain and rely upon a “comparability study” indicating that the proposed transaction is reasonable when compared with similarly-situated Foundations for functionally comparable positions, goods or services rendered, taking into account the location of ARELLO Foundation and the availability of similar specialties in the geographic area;
- (c) Approval of the transaction shall be ratified by the majority vote of the Board of Trustees then in office, without counting the vote of the disqualified person; and
- (d) The Board of Trustees shall set forth in the resolution approving the transaction, the terms of the transaction, and the basis for its determination that the compensation is reasonable. This resolution shall be dated and attached to the minutes of the meeting of the Board of Trustees at which the transaction is approved. In addition, the minutes of the meeting at which the transaction is approved shall document the members of the Board of Trustees who were present during the discussion of the transaction, the names of the Trustees who voted on the transaction and their votes, the actions taken by Trustees with a conflict of interest with respect to the transaction (if any), and the comparability data relied upon and how it was obtained.

Article VII

LIABILITY AND INDEMNIFICATION

Section 1. **Liability.** In the absence of fraud, the Trustees of ARELLO Foundation shall not be personally liable for its debts, obligations, or liabilities.

Section 2. **Indemnification.** ARELLO Foundation may indemnify and reimburse all persons whom it has the power to indemnify and reimburse in the manner and to the fullest extent provided therein, for all expenses, judgments, fines and amounts actually and reasonably incurred in connection with the defense of any action, threatened or pending, any suit, or proceeding in which he is made a party by reason of having been a trustee, officer, or committee member, except with respect to matters as to which such person has been adjudged liable by virtue of negligence or misconduct in the performance of a duty. ARELLO Foundation may purchase and maintain insurance for this purpose. The indemnification provided for in this Article shall not be deemed exclusive of any other rights to which those seeking indemnification for any reason whatever may be entitled under any agreement, vote

of disinterested Trustees, or otherwise.

Article VIII

GENERAL PROVISIONS

Section 1. Execution of Contracts. The Board of Trustees, except as otherwise provided in these Bylaws, may prospectively or retroactively authorize any officer or officers, agent or agents, in the name, and on behalf, of ARELLO Foundation, to enter into any contract, or execute and deliver any instrument as may be necessary to carry out the purposes of ARELLO Foundation. Any such authority may be general or confined to specific instances.

Section 2. Loans. The Board of Trustees may authorize the Chairman or any officer or agent of ARELLO Foundation to: (i) obtain loans and advances at any time for ARELLO Foundation from any bank, trust company, firm, corporation, individual, or other institution; (ii) make, execute, and deliver promissory notes, bonds, or other evidence of indebtedness of ARELLO Foundation; and (iii) pledge and hypothecate, or transfer any securities or other property of ARELLO Foundation as security for any such loans or advances. Such authority conferred by the Board of Trustees may be general or confined to specific instances. No loans shall be made by ARELLO Foundation to any Trustee or officer thereof, or any member of ARELLO.

Section 3. Investments. ARELLO Foundation shall have the right to retain all or any part of any securities or property acquired by it in whatever manner, and to invest and reinvest any funds held by it according to the judgment of the Board of Trustees. The Board of Trustees is restricted to the prudent investments which a Trustee is or may hereafter be permitted by law to make. The Board of Trustees may delegate to the Secretary/Treasurer the day-to-day management of such investments as the Board of Trustees may authorize.

Section 4. Books and Records. There shall be kept, at the principal office of ARELLO Foundation, correct books of accounts of all the business and transactions of ARELLO Foundation.

Section 5. Depositories. The funds of ARELLO Foundation not otherwise employed shall from time to time be deposited to the order of ARELLO Foundation in such banks, trust companies, or other depositories as the Board of Trustees may select, or as may be selected by any one or more officers or agents of ARELLO Foundation to whom such power may from time to time be delegated by the Board of Trustees.

Section 6. Signatories. All checks, drafts, and other orders for payment of money out of the funds of ARELLO Foundation, and all notes and other evidences of indebtedness of ARELLO Foundation, shall be signed on behalf of ARELLO Foundation in such a manner as shall from time to time be determined by the Board of Trustees. In the

absence of such determination by the Board of Trustees, such instruments shall be signed by the Secretary/Treasurer or Chairman.

Section 7. Annual Audit. The Board of Trustees may require an annual audit of the books and accounting records of ARELLO Foundation.

Section 8. Fiscal Year. The fiscal year of ARELLO Foundation shall be the calendar year.

Section 9. Corporate Seal. ARELLO Foundation may have a corporate seal with its name, year of incorporation, and the words "Corporate Seal, State of Utah" inscribed thereon. The seal shall be in the custody of the Secretary/Treasurer or Chairman and used by him, or any other officer so authorized by the Board of Trustees, by causing it, or a facsimile thereof, to be impressed, affixed, or reproduced otherwise on any instrument or document as may be required by law, these Bylaws, the Board of Trustees, or the Chairman of the Board. The presence or absence of the seal on any instrument, or its addition thereto, shall not affect the character, validity, or legal effect of the instrument in any respect.

Article IX

DISSOLUTION

Upon dissolution or final liquidation of ARELLO Foundation, all assets remaining after the application and distribution of assets as required under the laws of the State of Utah and shall be transferred or conveyed to ARELLO under terms that earmark their use to uses approved for Foundations described in Section 501(c)(3) of the Internal Revenue Code, or to one or more domestic corporations, societies, or Foundations which have qualified for nonprofit and tax exempt status under Section 501(c)(3) of the Internal Revenue Code, and which are engaged in activities substantially similar to those of the Foundation; or to the federal, state, or local government or exclusive public purpose. Such transfer or conveyance shall be pursuant to a plan of distribution adopted as provided for under the laws of the State of Utah.

Article X

AMENDMENT OF BYLAWS

The Bylaws of ARELLO Foundation may be altered, amended, added to, or repealed by majority vote of the entire Board of Trustees as is necessary or appropriate to carry out the purposes of ARELLO Foundation to the fullest extent permitted by law.

ADOPTION OF BYLAWS

On April 12, 2012, the Board of Trustees, by a majority vote of Trustees holding office, adopted the foregoing Bylaws, as the Bylaws of ARELLO Foundation.

These Bylaws are executed by the Chairman of ARELLO Foundation in his capacity as the Chairman of the Corporation. Executed by the undersigned on April 12, 2012.

Karen Crowson, Chair

Leon Lewis

Jeanne Jackson-Heim

Gary Isom

Grace Berger

Gene Bentley

William Wald, ARELLO CEO