

POLITICAL ACTION COMMITTEE BY-LAWS
HOUSTON REAL ESTATE COUNCIL\REAL-PAC

Article 1. Name and Purpose.

The HOUSTON REAL ESTATE COUNCIL\REAL-PAC (the “PAC”) is a general purpose political action committee, as such term is described in the Texas Election Code, and is organized and administered by HREC, Inc., a Texas nonprofit corporation (d/b/a Houston Real Estate Council and so referred to herein). The purpose of the PAC is to promote the best interests of the development and building industry in Harris County, Texas, and such other counties as are in the service area of the Houston Real Estate Council and its members. Such purposes include the support or opposition of candidates for public office in state, county, municipality and/or special purpose districts in the State of Texas and to support or oppose particular statutes, ordinances, regulations or policies that may be applicable to the Houston Real Estate Council and its members. Funds of the PAC may only be used in accordance with the Texas Election Code and may not be used in any business of any kind ordinarily carried out for profit. Any and all income received by the PAC shall be applied exclusively to the purposes and objectives of the PAC as set forth herein.

Article 2. Offices, Records, and Fiscal Year.

The principal offices of the PAC shall be located at the principal offices of the Houston Real Estate Council. The official records of the PAC shall be kept at the principal offices of the Houston Real Estate Council. For record keeping purposes, the fiscal year for the PAC shall be from January 1 to December 31. All PAC activities shall be conducted within the fiscal year except as otherwise determined by the Executive Committee.

Article 3. Membership and Contributions.

(a) Membership.

(i) Qualifications. Membership in the PAC is open to any natural person who is employed by or affiliated with a member of Houston Real Estate Council. Notwithstanding the foregoing, no person who is an elected official shall be a member of the PAC until such time as that person is no longer an elected official. Natural persons seeking membership in the PAC must be acting on their own behalf or as a representative of a partnership or other unincorporated entity or organization.

(ii) Procedures for Membership. A person becomes a member of the PAC (each a “Member” and collectively, the “Membership”) after such person delivers to the PAC treasurer, or his agent, the minimum contribution needed for membership to the PAC. The Membership of the PAC will have authority to reject membership applications by 2/3 vote of those members present at the meeting called for that purpose. Membership in the PAC is for a period of one

year and lasts only from the first day of the PAC's fiscal year to the last day of the PAC's fiscal year unless otherwise extended by the Executive Committee.

(iii) Grandfathered Membership. Each person who, as of the effective date of adoption of these By-Laws, has been heretofore classified as a Member of the PAC shall continue to be a Member of the PAC. Such membership shall continue until the end of the fiscal year when all memberships are subject to renewal.

(iv) Resignation. Any Member may resign at anytime. The PAC shall not return any portion of any contribution made to the PAC by any member who resigns.

(v) Automatic Removal. Upon the determination of the Executive Committee or the Membership that a Member has made a contribution to the PAC in violation of applicable laws, then that person shall no longer be entitled to be a Member, shall be dropped from the membership rolls in the PAC, and shall be entitled to a refund of his contribution made during the applicable fiscal year unless such amount has previously been spent by the PAC.

(vi) Removal by Membership. Upon the affirmative vote of a simple majority of the Membership, any Member may be removed from membership in the PAC with or without cause. Any Member removed as prescribed by this paragraph shall be entitled to a return of his pro-rated contribution to the PAC for the balance of his membership, except in the case of a Member's removal for breach of confidentiality under the provisions of Article 5(g) below.

(vii) Classification of Members. The Membership shall from time to time establish specific rights and privileges appertaining to the classification of Members.

(b) Contributions.

(i) Payment of Minimum Contribution. A person desiring to become a Member for the current operating year of the PAC may make his minimum contribution or such additional amount to the PAC and thereupon shall be entitled to membership in the PAC and to the number of votes as is provided for in Article 4 below.

(ii) Minimum Contribution Amount. The minimum contribution for Membership shall be \$1000 per fiscal year. The amount of the minimum contribution to become a Member of the PAC may be increased or decreased from time to time by amendment to these By-Laws, but no such amendment shall have the effect of causing any Member to lose such status in the PAC during his membership.

(c) Thirty-Party Contributions.

The Membership may establish rules and procedures whereby a person, after he has become a Member, may collect and contribute to the PAC voluntary contributions from eligible contributors who are not members of the PAC (such being called “Third-Party Contributions”). Such collected contributions shall be added to the Member’s contribution to the PAC for the purpose of increasing that Member’s voting rights. However, regardless of the amount of contribution, no Member shall have more than three votes. A contributor of a Third-Party Contribution may elect to become a Member of the PAC if he or she is eligible to do so, whereupon such Third-Party Contribution shall be attributable to the contributor thereof in respect to his status as a Member of the Pac ,and not to the original Member soliciting such contribution.

Article 4. Voting.

With respect to all matters submitted to a vote at each meeting of the Membership held during an operating year, the number of votes to which a Member shall be entitled to shall be equal to the number obtained by dividing the amount his total contributions to the PAC during such fiscal year and prior to such meeting (including Third-Party Contributions) by \$1,000. If that number is not a whole number, such number shall be rounded to the next lowest whole number. However, no Member shall have more than three votes.

Article 5. Miscellaneous Matters Respecting Meetings.

(a) Meetings, Chairman, Notices, Guests, and Annual Meeting.

The Chairman shall call the meeting to order and conduct all business of the meeting according to Roberts Rules of Order. In the event of the absence of the Chairman or his refusal to act, the meeting shall be conducted by the Vice-Chairman, or in his absence, the Treasurer. No meeting of the Membership may be called to order without one of the above Members present. Notices for all meetings shall be delivered to the Members then in good standing stating the purpose of the meeting and the time, date and location thereof, at least five working days in advance of the meeting. Only the Members and any guests invited by the PAC Chairman may attend meetings of the Membership. An annual meeting may be called once a year by the Chairman or by the Membership and shall be open to all Members of the PAC.

(b) Quorum.

A quorum shall consist of Members present in person or by telephone, as provided in Article 5(f) below, holding at least 10 percent of the votes then applicable to all Members. No meeting of the Membership may be called to order without a quorum present. If a gathering of Members is assembled, no official action may be taken, and no decision made shall be considered as being made by the quorum of the Membership, unless a quorum is actually present or otherwise participating in the meeting as provided in these By-Laws. The Chairman, or the then-acting leader of the meeting, shall

determine whether there is a quorum by a roll call of the Members present in person or by telephone in accordance with these By-Laws.

(c) Records.

At each meeting, the Treasurer or any Assistant Treasurer will be the record keeper of that meeting. All such records shall be kept in the primary offices of the PAC.

(d) Proxies Prohibited.

Votes taken during a Membership meeting shall be made in person or by written vote as provided in Article 5(f) below. No votes by proxy shall be permitted.

(e) Actions Authorized by Written Vote or Written Consent.

A vote may be made in writing, by facsimile or by email from Members eligible to vote. Notice of proposed action to be approved by written vote shall be given by the Chairman, and written votes from any Member during such a written vote call shall be signed and dated by that Member. A vote may be considered as true and applicable if written votes a majority of Members entitled to vote are cast. The PAC Chairman may request votes be taken in the form of consents by Members which may be made in writing, by facsimile or by email with no notice, whereupon such votes shall be considered to be made by consent of the applicable Members.

(f) Meetings Held by Telephone.

Meetings may be conducted by telephone only if such a meeting is by means of a conference call or otherwise whereby all voting Members participating in such meeting are able to hear each other during the duration of the meeting.

(g) Confidentiality of Meetings.

All matters discussed by the officers of the PAC and its Members during any meeting of the Executive Committee or the Membership or any committees created by the Executive Committee or the Membership shall be considered confidential. A breach of confidentiality may be considered grounds for revocation of a Member's membership in the PAC and retention by the PAC of such Member's contribution to the PAC.

(h) Contribution Recommendations.

Members shall recommend to the Chairman those offices, candidates, measures or positions to be considered for support or opposition, monetarily or otherwise, by the PAC. Decisions shall be made by an affirmative vote of a simple majority of the eligible voting Members present at a meeting called for that purpose. Action by the Membership with respect to offices, candidates, measures or positions shall be binding on the PAC.

Article 6. Officers and Committees of the PAC.

(a) Officers.

(i) Initial Officers. The Chairman of the PAC shall be the Immediate Past President of Houston Real Estate Council. The Vice-Chairman shall be the Vice-President of Houston Real Estate Council. These positions will automatically rotate each year with the changing of officers for Houston Real Estate Council. The Chairman shall be installed at the beginning of each fiscal year of the PAC. The Treasurer shall be the Director of Governmental Relations. This office shall remain in effect until the dissolution of the PAC.

(ii) Resignation, Removal, Vacancies. Any vacancy occurring by the removal, resignation, death, or incapacity of any PAC officer or for any other reason, shall be filled in the same manner as described in Article 6(a)(1).

(iii) Duties and Authority of the Chairman. In addition to such duties and authority otherwise set forth in these By-Laws, the Chairman shall have the following duties and authority: (a) to call meetings of the Executive Committee and the Membership; (b) establishing the agenda for all meetings; (c) guiding the activities of the PAC; (d) establishing, coordinating, and implementing all fund-raising activities of the PAC; (e) acting on an emergency basis, on behalf of the Executive Committee or the Membership; (f) accepting any gift up to a maximum of \$500.00 without Executive Committee or Membership approval; (g) developing a budget for the entire fiscal year for contribution to candidates, measures or programs; (h) presenting such budget to the Membership for its approval at the Annual Meeting; and (i) approving the attendance of guests at any and all functions of the Membership.

(iv) Duties and Authority of the Treasurer. The Treasurer shall perform the duties and exercise the powers expressly conferred and provided for in these By-Laws, and other such duties as may be assigned to him by the Executive Committee or the Membership. The Treasurer or his agent shall have custody of all the funds of the PAC that come into his hands and the Treasurer will have the authority to disburse such funds upon approval of such disbursements in accordance with the provisions of these By-Laws. When necessary and proper, he may endorse on behalf of the PAC checks or other obligations, and be responsible for the accounting of such obligations. The Treasurer may, with the written consent of the Chairman, establish one or more bank accounts for the deposit and disbursement of PAC funds. The signature of the Treasurer or his designated agent (upon written approval of such agent by the Chairman) will have the authority on behalf of the PAC to write checks and disburse PAC funds if disbursement thereof is approved as provided in these By-Laws. Only one signature will be required on any PAC check unless the amount thereof is more than \$2000. The Treasurer is also responsible for the filing of any

and all necessary reports to state and federal agencies regarding the financial transactions of the PAC.

(v) Resignation or Removal of the PAC Treasurer. The PAC Treasurer may resign at any time providing proper notice to the Chairman of the PAC and any state or federal agencies required by law. The Treasurer may be removed at any time by the Executive Committee without cause. Any vacancy occurring in the office of the PAC Treasurer shall be filled by the Executive Committee.

(vi) Other Officers. The Executive Committee or the Membership may appoint such other officers or agents of the PAC as it shall deem necessary or appropriate.

(vii) Compensation. No Member shall be entitled to compensation from the PAC for services to the PAC.

(b) Committees.

(i) Executive Committee.

Except as otherwise provided for herein, the Executive Committee of the PAC at any time shall consist of three persons who shall be the following: The Chairman, the Vice Chairman and the Treasurer.

(ii) Other Committees.

The Chairman may at any time, with the consent of the Executive Committee, create from among the Members any number of committees, each of which may exercise the authority given to it by the Chairman and approved by the Executive Committee. The Chairman, with the consent of the Executive Committee, may also change at any time the make-up of any such committee. Any action taken by any such committee must be reported to the Membership at the next scheduled meeting thereof.

Article 7. Miscellaneous Provisions.

(a) Operating Year.

The operating year of the PAC is the same as the fiscal year and begins on the first day of January and lasts until the last day of December.

(b) Contributions from Corporations.

The PAC may accept funds from corporations, as such term is defined by the Texas Election Code, only if such funds are collected, accounted for, and utilized without being in violation of any applicable law.

(c) Notices.

Whenever notices are required to be given under these By-Laws, such notice is deemed sufficient if given by deposit in the postal system or similar common carrier, and addressed to the person intended to receive the notice, at least 5 working days prior to the event. However, emergency meetings may be called with 48 hours' notice. Such notice is also deemed sufficient if given and received by other means authorized by these By-Laws. Facsimile or email communication may be deemed sufficient means by the PAC Chairman in order to conduct PAC business.

(d) Gender and Number.

Whenever used in these By-Laws, pronouns of the masculine gender shall include persons of the feminine and neuter gender, and singular shall include plural, without intent of discrimination.

(e) Amendments.

These By-Laws may from time to time be added to, changed, altered, amended, or repealed by affirmative vote of the majority of the Membership in attendance at any meeting thereof.

(f) Incorporation.

The Executive Committee shall have the right to determine if the HOUSTON REAL ESTATE COUNCIL\REAL-PAC should be incorporated. If it so determines, then the Executive Committee shall have the right and authority to incorporate as a Texas non-profit corporation with substantially similar provisions to those set forth herein (as amended from time to time in accordance with the terms hereof), with only such changes as are reasonably necessary in the judgment of the Executive Committee in order to be a properly organized and existing non-profit corporation under Texas law and in order to be a properly organized and existing political action committee, as such term is described in the Texas Election Code.

THESE BY-LAWS OF THE HOUSTON REAL ESTATE COUNCIL\REAL-PAC HAVE BEEN ADOPTED BY THE EXECUTIVE COMMITTEE APPOINTED HEREUNDER ON THIS _____ DAY OF JANUARY, 2005.

Printed Name: James R. Holcomb, Past President,
Houston Real Estate Council
Title: Chairman
Date: _____

Peter Barnhart, Vice-President, Houston Real Estate Council
and Vice-Chairman, Houston Real Estate Council\REAL-PAC
Date: _____

Jim Box, Director of Governmental Relations, Houston
Real Estate Council, and Treasurer, Houston Real
Estate Council\REAL-PAC
Date: _____