

Standing Rules

Texas Apartment Association

Mission: to promote, foster, sponsor, advertise, and develop the rental housing industry throughout the state of Texas

Standing Rules Overview

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Standing Rules Overview

Definition:

Standing Rules are rules related to the details of the administration of Texas Apartment Association (TAA) rather than to a parliamentary procedure and can be adopted or changed upon the same conditions as any ordinary action. Defined terms used in these Standing Rules and not otherwise defined have the same meanings as used in the TAA Bylaws.

Purpose:

This manual of Standing Rules embodies rules for the governance of the Board of Directors, staff and committees. It is supplementary to the Bylaws of TAA, and it is not intended to be comprehensive in its coverage. The articles of incorporation of TAA and the TAA Bylaws shall take precedence over the provisions of this manual.

Additions, Corrections, or Changes to the Standing Rules:

A standing rule may be adopted by a Required Vote of the Board at any business meeting without previous notice. Although such a rule remains in effect until rescinded or amended, it does not bind future sessions if a majority desires to suspend it temporarily for the duration of a particular session.

Standing Rule 1: Board of Directors: Governance, Responsibilities and Duties

The TAA Board of Directors governs the organization. TAA exists to serve its members and the public through its mission to promote, foster, sponsor, advertise, and develop the residential rental housing industry throughout the state of Texas.

Responsibilities and duties of individual members of the Board of Directors are described in the Board Commitment Form found in Standing Rule 3 and Conflict of Interest Statement found in Standing Rule 2 of these Standing Rules.

Governance functions of the Board of Directors include:

- Amend the Bylaws and the Standing Rules
- Recommend changes to a Local Association territory to the National Apartment Association;
- Review and approve reports of officer slates from the Leadership Committee;
- Approve changes to membership dues;
- Approve forms officially published by TAA and made available for use by the Members;
- Approve substantial commitments and revenue sources which are not part of and are in excess of 10% of any pre-approved annual budget;
Endorse candidates for statewide office; and
Approve strategic plan for TAA.

Responsible for TAA's fiscal policy:

The fiscal health of TAA is the Board's responsibility. The Board approves TAA's annual budget, provides for an annual audit and ensures adequate controls are in place to provide for responsible fiscal management.

Board Attendance Policy:

Persons authorized to attend meetings of the TAA Board of Directors include the following:

- Voting and alternate members of the TAA Board of Directors.
- Members of the TAA Executive Committee.
- TAA Past Presidents.
- Members of any current TAA committee, council or task force.
- Local association officers, local association executives, local association staff, and designated attorneys representing local associations.
- Members of the TAA Education Foundation Board of Directors.
- NAA Officers, Regional Vice Presidents from Region VI or NAA staff.
- TAA staff, TAA legal counsel, and TAA legislative consultant(s).
- Past recipients of the Olin Steele, Frank Finch and Jennette Hunnicutt awards.
- Local association board members in the city the TAA Board meeting is held
- Persons invited to attend by the TAA President or Executive Vice President, including by way of illustration and not limitation, when meetings are held in a Local

Association's jurisdiction, the Lyceum candidates and committee chairs of such Local Associations.

- Anyone currently participating in a local, state or national Leadership Lyceum program.
- Representatives designated by Sustainer companies.
- Spouses or significant others of the above are welcome to attend social functions.

Standing Rule 2: Antitrust Policy; Conflicts of Interest

- A. **ANTITRUST POLICY**. Federal antitrust laws prohibit unreasonable restraints of trade, including such arrangements as price-fixing, allocation of markets, and boycotts directly aimed at excluding or limiting competition. It is the intent and affirmative policy of the Texas Apartment Association to prevent any violation of antitrust laws at their meetings and events. Discussions of competitive sensitive information are strictly prohibited.

The term "competitive sensitive information" is information which serves to constrain the independent decision making of competitors and/or which is exchanged without legitimate business rationale other than to constrain competition.

B. **CONFLICTS OF INTEREST**

Article I - Purpose

The purpose of this conflict of interest policy ("Policy") is to protect the interest of Texas Apartment Association ("Corporation") when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Members of the Executive Committee, Legislative Committee and TAA Education Foundation Board of Directors shall complete an annual Conflicts of Interest Disclosure Statement. A copy of the TAA Conflicts of Interest Policy shall be sent via electronic mail to all members of the TAA Board of Directors prior to the annual Winter Board of Directors meeting. A review of the Conflicts of Interests policy shall also be included in the Board of Directors orientation session.

Article II - Definitions

1. **Interested Person:** Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. **Financial Interest:** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

a. An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement,

b. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or

c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board

or committee decides that a conflict of interest exists. For purposes of this Policy, the Corporation's Ethics Committee shall be the appropriate committee.

Article III - Procedures

1. **Duty to Disclose.** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Ethics Committee.

2. **Determining Whether a Conflict of Interest Exists.** After disclosure of the financial interest and all material facts, and after any discussion with the interested person, the Ethics Committee shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest.

a. An interested person may make a presentation at the Ethics Committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

b. The Ethics Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the Ethics Committee shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Ethics Committee shall determine by a majority vote whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy.

a. If the Ethics Committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Ethics Committee determines the member has failed to disclose an actual or possible conflict of interest, it shall recommend appropriate disciplinary and corrective action to the Executive Committee.

Article IV - Records of Proceedings

The minutes of the Ethics Committee shall contain:

a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action

taken to determine whether a conflict of interest was present, and the Ethics Committee's decision as to whether a conflict of interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V - Compensation

a. A voting member of the governing board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI - Periodic Reviews

To ensure the Corporation operates in a manner consistent with tax exempt purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.

b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VII - Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

C. Privacy & Data Sharing

TAA is committed to protecting the privacy of our members. We do not share, disclose, or distribute any mailing lists or personal data to members or third parties unless required by law.

Standing Rule 3: Committee Structure

The TAA committee structure will include:

Standing Committees

The Standing Committees of the Board shall be:

- (a) Budget & Finance Committee
- (b) Ethics Committee
- (c) Leadership Committee
- (d) Legislative Committee

The Board may also have committees and councils constituted by the President and designated, by way of illustration and not limitation, as follows:

- Texas Suppliers Council
- Association Executives Council
- Education
- ONE Conference
- Affordable Housing
- Independent Rental Owners
- Lyceum
- Public Affairs

Except as may be otherwise provided by the Board from time to time in a resolution, members of each Standing Committee, committee or council need not be Directors of TAA. Each Committee, committee or council may adopt a charter or rules for its own government not inconsistent with these Bylaws or with rules adopted by the Board of Directors. Because Standing Committee charters are included in Standing Rule 4, any change to their charters must be approved by the Board.

(a) **Budget & Finance Committee Charter**

PURPOSE

To routinely monitor the financial health of the Texas Apartment Association (“Association”), and to assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control and the audit process.

Notwithstanding the foregoing, the responsibilities of the Budget & Finance Committee (“Committee”) set forth in this charter shall not be construed to expand the Committee’s duties and responsibilities with respect to the budgetary process and financial health, controls and reporting practices of the Association beyond those duties and responsibilities applicable to directors of nonprofit corporations under Texas law.

AUTHORITY

The Committee is to serve as an advisory committee of the Executive Committee and of the Board of Directors. As such, the Committee will generally not possess Board authority for corporate action on an ongoing basis. However, the Executive Committee or the Board of Directors may delegate specific corporate authority to the Committee from time to time.

The Committee is empowered to:

- Oversee the work of any registered public accounting firm employed by the Association to conduct the external audit.
- Seek any information it requires from employees—all of whom are directed to cooperate with the Committee’s requests—or external parties.
- Meet with Association officers, external auditors, or outside counsel, as necessary.

COMPOSITION

The Committee will consist of the following:

- The Association Treasurer shall serve as chair of the Committee
- The Association Secretary shall serve as vice-chair of the Committee
- The Association President shall appoint up to four additional Committee members, each of whom must be a Member of the Association.
- The Association Executive Vice President and immediate Past President shall serve as ex-officio members of the Committee, with voice but without vote.

Unless otherwise stated herein, once appointed, Committee members shall serve a term of one year and until such member’s successor is appointed unless the Committee is sooner terminated or unless such member is removed from the Committee or shall cease to qualify as a member of the Committee.

Each Committee member will be both independent and financially literate. A Committee member will be considered independent if the member has no material business relationship with the Association or the executive officers of the Association or any subsidiaries or affiliates (whether directly or as a partner, shareholder, director or officer of an organization that has a material relationship with the Association). A committee member will not be considered independent if an immediate family member of the committee member has a material business relationship with the Association. An “immediate family member” includes spouses, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone (other than domestic employees) who shares the committee member’s home. A committee member will not be considered independent if he or she is an employee of the Association.

At least one member must be considered a “financial expert.” A “financial expert” is a person who has the following attributes: (a) an understanding of generally accepted accounting principles (GAAP) and financial statements, (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to those that can reasonably be expected to be raised by the Association’s financial statements (or experiencing actively supervising a person who engages in those activities) and (c) an understanding of the Committee functions.

MEETINGS

The Committee will meet as needed to fulfill its responsibilities. All Committee members are expected to attend each meeting, in person or via tele- or video-conference. The Committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. It will hold private meetings with auditors (see below) and executive sessions. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

RESPONSIBILITIES

The Committee will carry out the following responsibilities:

Budget, Financial Policies and Investments

- Recommend financial policies that support the Association’s assets, vision, mission, and strategy.
- Review a first draft of the annual operating budget and forward recommendations to the Board of Directors for a 14-day comment period. The budget and all comments received from the Board will be sent to the Executive Committee.
- Review and monitor the financial reports submitted by management.
- Review the annual financial statements which are certified by the Executive Vice President or chief financial officer as to fairness and accuracy, and consider whether they are complete and consistent with information known to committee members. A Committee member may rely on the certification of the Executive Vice President or the chief financial officer in the Committee member’s review of the annual financial statements except to the

extent that such Committee member has actual knowledge of information that is inconsistent with such certification.

- Monitor investment reports and oversee policies that govern the management of investments.
- Maintain appropriate communications with internal management and the Board of Directors

Internal Control

- Review with management the process for assessing significant risks or exposures of risks and the steps management has taken to minimize them.
- Review with management the written reports and communications of the external auditors as to the effectiveness of the Association's internal control system, including information technology security and control, the overall control environment and accounting and financial controls.
- Review with management any significant findings and recommendations of the external auditors, including the timetable for procedures to correct weaknesses noted.
- Review the written opinion and recommendations of the external auditors with respect to internal processes for determining and managing key financial statement risks.

External Audit

- Recommend an external auditor to the Executive Committee to audit the financial statements of the Association and recommend to the Executive Committee to replace the external auditors, if necessary. The same individual should not serve as the engagement external auditor or the concurring external auditor for more than five (5) consecutive years; provided, however, that such consecutive term may be extended to not more than ten (10) years if, in the opinion of the Executive Committee, such an extension is in the Association's best interest.
- Review the compensation of the external auditors and make any modifications to such compensation, subject to approval by the Executive Committee
- Retain the external auditors for any non-audit services and establish the fee for such services, subject to approval by the Executive Committee
- Serve as a channel of communication between the external auditors and the Board of Directors and/or management of the Association. The external auditors are ultimately accountable to the Board of Directors of the Association.
- On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

Form 990

The Committee should review and comment on the Association Form 990 annually prior to submission.

The Association's Form 990 shall be distributed by management to the Committee first to solicit input, then to the Executive Committee, all in advance of filing. A copy of the Form 990 shall be provided to any member of the Board upon their request.

The Committee shall determine appropriate policies and procedures to document compliance regarding review and distribution of the Form 990

Other Responsibilities

- Perform other activities related to this charter as requested by the Board of Directors.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the Committee's and individual members' performance on a regular basis, including consideration of ongoing means of improving the financial education of the Committee.
- Regularly report to the Board of Directors about Committee activities, issues, and related recommendations.

CHARTER REVIEW

Pursuant to Article V, Section 3 of the Association Bylaws, the Committee has been established as a "standing committee" of the Association and, as such, is not subject to "sunset" except by action of the Association Board of Directors. Periodically (but not less than every three years) review and assess the adequacy of the Committee charter, requesting Executive Committee or Board approval for proposed changes. This charter may be amended, replaced or revoked by the Board of Directors.

(b) Ethics Committee Charter

PURPOSE

The Ethics Committee (“Committee”) is constituted to promote and help sustain a culture of ethical conduct throughout the Texas Apartment Association (“Association”).

Notwithstanding the foregoing, the responsibilities of the Committee set forth in this charter shall not be construed to expand the Committee’s duties and responsibilities with respect to efforts to foster a culture of ethics within the Association beyond those duties and responsibilities applicable to directors of nonprofit corporations under Texas law.

AUTHORITY

The Committee is to serve as an advisory committee to the President, President-Elect, Treasurer and Secretary (collectively, the “Executive Officers”) of the Executive Committee. As such, the Committee will generally not possess Board authority for corporate action on an ongoing basis. However, the Executive Committee or the Board of Directors may delegate specific corporate authority to the Committee from time to time. The Committee may retain legal counsel or other experts as necessary to fulfill the Committee’s duties.

The Committee has authority to seek any information it requires from employees—all of whom are directed to cooperate with the Committee’s requests—or external parties.

COMPOSITION

The Committee will consist of the following:

- The President, with the advice and consent of the Executive Committee, shall appoint four Committee members, each of whom must be a Past President willing to serve.
- The Association President shall designate, from the Committee members so chosen, the chair of the Committee.
- The current Association President-Elect shall automatically serve as a member of the Committee. Other than the President-Elect, no member of the Association Executive Committee may serve on the Committee.
- The Association Executive Vice President shall serve as an ex-officio member of the Committee, with voice but without vote.

Unless otherwise stated herein, once appointed, Committee members shall serve a term of three years and until such member’s successor is appointed unless the Committee is sooner terminated or unless such member is removed from the Committee or shall cease to qualify as a member of the Committee. To the extent possible terms shall be staggered so that approximately one-third of the Committee members are replaced each year. A Committee member may not serve consecutive full terms, but may be eligible to serve subsequent terms after an absence of at least one year. A term of less than three years (whether occasioned to provide for staggered terms or to fill the

remainder of an unexpired term) shall not count as a full term for purposes of calculating consecutive terms.

MEETINGS

The Committee will meet as needed to fulfill its responsibilities. All Committee members are expected to attend each meeting, in person or via tele- or video-conference. The Committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. It will hold private meetings with auditors (see below) and executive sessions. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

RESPONSIBILITIES

The Committee will carry out the following responsibilities, reporting directly to the Executive Officers as to all matters concerning or brought before the Committee:

Generally – Ethics and Whistleblower Policies

- Enact and oversee implementation of an appropriate Records Retention Policy and Whistleblower Policy for the Association.
- To the extent requested by the Board or the Executive Committee, act as external point of contact for any whistle-blowing issues, and, if necessary, initiate special investigations of policies, procedures, and practices related thereto.
- Review and assess the adequacy of the Association’s Whistleblower Policy and Code of Ethics annually, requesting Board approval for proposed changes.
- Review the process for communicating the Whistleblower Policy and Code of Ethics policy to Members, Affiliated Local Associations and organization personnel, and for monitoring compliance therewith.

Conflicts of Interest

- Review and evaluate TAA’s policies and procedures addressing the resolution of conflicts of interest involving TAA, its employees, Officers (defined to include both Executive Officers and Vice Presidents at Large), Directors or their immediate family members, including transactions involving TAA and such related persons.

Removal of Directors - Procedure

- Serve as the initial point of contact for inquiries, complaints and evaluation of Director or Officer conduct warranting possible disciplinary action.
- Evaluate and recommend whether “cause” exists for the removal of a Director or Officer. For this purpose, “cause” shall include only a material breach of TAA policies or obligations of the Director to TAA, the commission of a felony, gross negligence or willful neglect in the Director’s dealings with TAA, a material breach of a fiduciary duty to TAA,

or the commission of an act which the Executive Committee in good faith determines constitutes conduct contrary to community standards of justice, honesty or good morals and is detrimental to TAA.

- Communicate its findings directly to the Executive Officers for their further consideration and submission to the Executive Committee for subsequent action and recommendation to the full Board for final disposition.
- If the Committee's findings include a recommendation to remove an Officer, the Officer shall be recused from an Executive Committee discussion of the Ethics Committee's findings.

Other Responsibilities

- Perform other activities related to this charter as requested by the Board of Directors.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the Committee's and individual members' performance on a regular basis, including consideration of ongoing means of improving the financial education of the Committee.
- Regularly report to the Officers about Committee activities, issues, and related recommendations.

CHARTER REVIEW

Pursuant to Article V, Section 3 of the Association Bylaws, the Committee has been established as a "standing committee" of the Association and, as such, is not subject to "sunset" except by action of the Association Board of Directors. Periodically (but not less than every three years) review and assess the adequacy of the Committee charter, requesting Executive Committee or Board approval for proposed changes. This charter may be amended, replaced or revoked by the Board of Directors.

(c) Leadership Committee Charter

PURPOSE

To assist the Board of Directors of the Texas Apartment Association (“Association”) in fulfilling its responsibilities for the nomination and election of Association officers, and oversight for monitoring compliance with laws and regulations; and implementing a strategic process for identifying, selecting and managing volunteer leaders.

Notwithstanding the foregoing, the responsibilities of the Leadership Committee (“Committee”) set forth in this charter shall not be construed to expand the Committee’s duties and responsibilities with respect to the nomination and election of Association officers and oversight for monitoring compliance with laws and regulations beyond those duties and responsibilities applicable to directors of nonprofit corporations under Texas law.

AUTHORITY

The Committee is to serve as an advisory committee of the Executive Committee and of the Board of Directors. As such, the Committee will generally not possess Board authority for corporate action on an ongoing basis. However, the Executive Committee or the Board of Directors may delegate specific corporate authority to the Committee from time to time.

The Committee has authority to seek any information it requires from employees—all of whom are directed to cooperate with the Committee’s requests—or external parties.

COMPOSITION

The Committee will consist of the following:

- The three most immediate Past Presidents of the Association willing to serve.
- The current President and President-Elect of the Association.
- The Association President shall appoint up to two additional Committee members, each of whom must be a Member of the Association; provided that such appointee(s) shall have served previously as a member of the Association Board of Directors for at least one year; and provided further that all Committee members must be owners or owners' representatives of rental housing or the designated representatives of property management companies who operate rental housing, Geographical diversity should be taken into consideration for at-large appointments, with not more than one member from any one Local Association.
- The most immediate Past President serving on the Committee shall be the chair.

Unless otherwise stated herein, once appointed, Committee members shall serve a term of one year and until such member’s successor is appointed unless the Committee is sooner terminated or unless such member is removed from the Committee or shall cease to qualify as a member of the Committee. Members shall be eligible to serve up to three (3) successive one year terms.

MEETINGS

The Committee will meet as needed to fulfill its responsibilities. All Committee members are expected to attend each meeting, in person or via tele- or video-conference. The Committee will invite members of management or others to attend meetings and provide pertinent information, as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

RESPONSIBILITIES

The Committee will carry out the following responsibilities:

Compliance

- Periodically (but not less than every three years) review and assess the adequacy of Association governance documents, policies and procedures, including by way of illustration and not limitation the Association's articles of incorporation, bylaws and Standing Rules, and recommending proposed changes to the Executive Committee or Board of Directors as appropriate. Such review and evaluation is additionally intended to consider that the Association committee structure best serves the Association in the recruitment, development and evaluation of leadership talent.

Nominations

- Unless otherwise provided herein, from the time the Leadership Committee is announced until, June 30 any TAA voting or alternate Board member can recommend anyone for an Executive Committee Officer position by submitting the name of person to be considered in writing to the Committee Chair. The Chair shall present all such recommendations to the Committee.
- The Committee shall meet to discuss the recommendations and conduct business either in person or by conference call.
- Additional recommendations can be made by the Chair or any member of the Committee prior to or at the Committee's first meeting following June 30, or at any time prior to the Committee's final decision on nominations for Executive Committee Officers.
- The Committee shall determine the number of Vice Presidents at Large that will serve for the following calendar year.
- Prior to the Chair delivering the slate of nominations to the President, the Chair shall contact each nominee and ascertain their willingness to serve.
- The Committee shall deliver to the Board of Directors by nominations for officers no later than 14 days prior to the Fall Board of Directors meeting.
- From the time the Committee's slate of nominations is presented to the Board of Directors no later than 7 days prior to the Fall Board of Directors meeting, additional nominations will be placed on the ballot, provided the nominee satisfies the requirements of the Bylaws

and this Charter, and the nomination is made on a petition signed by at least twelve voting Board members. The petition must be submitted to the President at least 7 days prior to the Fall Board of Directors meeting to be valid.

Election Procedures

- Unless otherwise provided herein, the election of Executive Committee Officers and Vice Presidents at Large will take place at the Board of Directors meeting held in conjunction with the Fall Meeting.
- The Executive Committee Officers and Vice Presidents at Large will be elected by a majority vote of the Board.
- No nominations will be allowed from the floor.
- If no nominations were received via petition in accordance with all the criteria outlined above, then the slate of nominations submitted by the Committee will be voted on by the Board. If additional nominations are made via petition in accordance with the Bylaws, then the Board will vote for the persons nominated for each Executive Committee Officer and Vice President at Large position.
- The candidate receiving the most votes for each Executive Committee Officer or Vice President at Large position will be elected to that position. In the case of the Vice President at Large positions, the number of candidates elected will be based upon the number of positions recommended by the Committee – by way of illustration, if the Committee has recommended eight candidates for the Vice President at Large position, then the eight candidates receiving the most votes will be elected to that position.

Other Responsibilities

- Perform other activities related to this charter as requested by the Board of Directors.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the Committee's and individual members' performance on a regular basis, including consideration of ongoing means of improving the financial education of the Committee.
- Regularly report to the Board of Directors about Committee activities, issues, and related recommendations.

CHARTER REVIEW

Pursuant to Article V, Section 3 of the Association Bylaws, the Committee has been established as a “standing committee” of the Association and, as such, is not subject to “sunset” except by action of the Association Board of Directors. Periodically (but not less than every three years) review and assess the adequacy of the Committee charter, requesting Executive Committee or Board approval for proposed changes. This charter may be amended, replaced or revoked by the Board of Directors.

(d) Legislative Committee.

(1) *Composition.* Except as provided in paragraph (g) of this section, the Legislative Committee shall consist of fifteen (15) committee members as follows:

(a) Unless otherwise provided herein, one member from each of the five largest Local Associations as determined by the annualized dues to be paid by the Association to TAA based upon the December 1 member count in an odd numbered year. The TAA President shall appoint a member from each of the five largest Local Associations from a list of nominees submitted by the respective Local Association's Board of Directors.

(b) One member from each of the five following geographical regions of the state: Panhandle Region, West Texas Region, Central Texas Region, East Texas Region, Coastal Region. The TAA President shall appoint one member from each region from a list consisting of nominees submitted by each Local Association's Board of Directors in the region. The TAA Board of Directors shall have final authority in determining the assignment of Local Associations to each region.

(c) One member from the TAA Executive Committee who shall be appointed by the TAA President.

(d) Two members at large who shall be appointed by the TAA President.

(e) One member, who shall serve as the Chair, and who shall be appointed by the TAA President.

(f) The immediate past chair of the Legislative Committee willing to serve.

(g) In the second year of each term of service described in section (7) below, the TAA Treasurer shall, with the advice and consent of the TAA Executive Committee, designate a TAA Member meeting the qualifications described in section (8) below to serve as Vice Chair of the Legislative Committee. Such designee may, but need not, be an existing member of the Legislative Committee. In the event such designee is not an existing member of the Legislative Committee such designee will become a member of the Legislative Committee for a term of one year only, and the Legislative Committee will then consist of up to sixteen members. In the event any matter brought to the vote of the Legislative Committee members results in a tie, the vote of the TAA President shall be the deciding vote on such matter.

(2) *Alternate Members.* An alternate member shall be appointed at the same time as the Legislative Committee members to represent a Legislative Committee member who cannot attend a meeting as follows:

(a) For the five largest Local Associations, the TAA President shall appoint one alternate member to represent each Association from the respective Local Association's nominees submitted pursuant to subparagraph (1)A. above of this subsection; or, if no nominees have been

submitted or are available, from a new list of nominees submitted by the respective Local Association's Board of Directors.

(b) For the five regional members, the TAA President shall appoint an alternate member for each region from the region's nominee list referred to subparagraph (1)B. above of this subsection, or if no such nominees are available, from members of one of the Local Associations in that region.

(3) *Substitute Members.* Subject to subparagraph (4) below, if a Legislative Committee or alternate member cannot complete his or her term of office, a substitute member shall be appointed in the same manner as in subparagraphs (1) or (2) above.

(4) *Additional Nominees.* If none of the nominees on a Local Association or Region list are acceptable to the TAA President, the President shall request that additional nominees be submitted by the Association or Region involved, and the President shall make the Legislative Committee or alternate member appointment from the new list. The new list shall also be subject to this subsection.

(5) *Duties and Authority.* The Legislative Committee shall be responsible for adopting TAA's public policy positions regarding legislation, administrative rules and/or other related issues. The committee's decisions are subject to review by the Executive Committee

(6) *TAA PAC; Political Endorsements; Process.*

(a) TAA has established a political action committee (PAC) to help advance TAA's mission, interests and purposes through the financial support of candidates for elective office. Each local association shall remit contributions to the TAA PAC in accord with the association's "Fair Share" contribution program as established by TAA from time to time.

(b) The Board of Directors shall have the sole authority to endorse candidates for statewide offices, based upon recommendations from the Legislative or Executive Committee. In those cases where the Executive Committee and Legislative Committees are not in agreement regarding the endorsement, both recommendations shall be presented to the Board of Directors for final decision.

(c) It is the intent of the Board to make statewide candidate endorsements at the earliest practical date in each election cycle so as to maximize the impact and effectiveness of such endorsements. Accordingly, prior to PAC consideration of contribution requests for statewide office, the Legislative Committee and Executive Committee should be notified regarding the requests submitted. Subsequent to making contribution decisions the PAC should report such decisions to the Board. Concurrently with PAC report of such decisions to the Board, the Legislative Committee should make its endorsement recommendations for statewide offices to the Board. Upon receipt of both notifications from the PAC and recommendations from the Legislative Committee, the Board may consider and make endorsements for statewide offices. Within two weeks following the date of any such Board endorsement a Board member, with the support of at least 10% of all Board delegates, may petition the Board to convene a special meeting (whether in

person or via telephone conference, electronic vote or other means allowed by the Association Bylaws) to consider additional or other statewide candidate endorsements.

(d) The Legislative Committee may also make endorsements for the following non-statewide offices – candidates for justices to the Texas state court of appeals, and candidates for non-federal offices who are Members of the Association.

(7) Tenure of Service.

Legislative Committee members shall serve for a period of two years. Such service shall begin on January 1 of an even numbered year and continue until December 31 of the next odd numbered year. Committee members may be reappointed to serve on subsequent Legislative Committees.

(8) *Qualifications.* All Legislative Committee members, alternates and substitute members shall be Members who own or are owner's representatives of rental housing or property management companies engaged in rental housing and either (1) whose principal source of income is directly derived from the ownership or management of rental housing or (2) whose primary job responsibilities are the ownership or management of rental housing. Additionally, each Legislative Committee member must also be a Member in good standing of at least one Local Association. Legislative Committee members must also meet at least three of the following four criteria:

(a) Made an individual contribution to the TAA PAC within the twelve-month period preceding their appointment to the Legislative Committee;

(b) Participated in one of the two most recent TAA Days at the Capitol;

(c) Served in a leadership role of an Affiliated Local Association's Legislative Committee, PAC or government relations initiative; and

(d) Demonstrated an interest in political, legislative or regulatory issues impacting the residential rental housing industry.

(9) Minuteman Committee.

The Minuteman Committee may act when the Legislative Committee is in between meetings and as the Legislative Committee Chair deems it necessary for the association to take immediate action during a session of the Texas Legislature. The Minuteman Committee shall be composed of nine members including:

- TAA President
- TAA President-Elect
- TAA Treasurer
- TAA Secretary
- Legislative Committee Chair

- Two Past Chairs of the Legislative Committee
- Two members of the Legislative Committee selected by the Legislative Committee Chair

Five out of nine votes are required to approve any action of the Minuteman Committee. Any actions taken by the Minuteman Committee shall be reported at the next meeting of the Legislative Committee. All members of the Minuteman Committee not currently serving on the Legislative Committee shall be considered ex-officio members of the Legislative Committee.

(10) *Charter Review*. Pursuant to Article V, Section 3 of the Association Bylaws, the Committee has been established as a “standing committee” of the Association and, as such, is not subject to “sunset” except by action of the Association Board of Directors. Periodically (but not less than every three years) review and assess the adequacy of the Committee charter, requesting Executive Committee or Board approval for proposed changes. This charter may be amended, replaced or revoked by the Board of Directors.

(e) Other Committees

Texas Suppliers Council

(1) *Composition*, The Texas Suppliers Council (TSC) shall be composed of TAA members who are suppliers of products and / or services. Subject to the *PTSC Nominating Committee* procedures noted below, the TSC shall be appointed as follows:

(a) The TAA President shall make appointments of Council Chair, Chair-Elect, First Vice Chair and Second Vice Chair and council members to the TSC from the groups of eligible members noted below:

(i) *Board Delegates, Volunteer Leaders & TAA PSC Past Chairs*
Members representing companies who supply products and/or services who serve as (a) a voting or alternate delegate on the TAA Board of Directors, (b) a president of a local association, (c) a president of a local association’s TSC, or (d) a Past Chair of the TAA TSC may apply to serve on the TAA TSC.

(ii) *Annual Sustainer Representatives*
TAA Sustainers may designate company representatives to serve on the TSC as follows:

Platinum – up to 2 representatives per company
Gold – up to 1 representative per company
Silver –1 representative for 2025 only for 2024 sponsors who renew as Sustainers

Company representatives designated by Platinum and Gold Sustainers shall automatically be appointed to the TAA TSC. Individuals with Sustainer sponsors at all levels who are not appointed under the provision above may apply to serve on the TAA TSC.

- (iii) Notwithstanding the exhibitor eligibility criteria noted below, the TAA President may appoint two additional individuals from any supplier partner member of TAA.

(2) *Timeline; Term of service.* All persons applying to serve on the TAA TSC from one of the groups of eligible members noted above must submit a request to TAA by December 1. Sustainer companies must also submit their designated company representatives to TAA by December 1 of each year.

Unless otherwise stated herein, the TSC members shall serve a term of one year that coincides with the calendar year and until such member's successor is appointed unless the TSC is sooner terminated or unless such member is removed from the TSC or shall cease to qualify as a member of the Committee. All persons appointed to serve on the TAA TSC may serve their entire one-year term regardless of whether their employment changes to another product/service member of TAA during the year to which they were appointed.

(3) *Qualifications; Eligibility.* Persons serving on the TAA TSC who are not Sustainer representatives must either be an exhibitor in the TAA ONE Conference at the time of their application or, if no exhibit booths are available at the time of application, have officially joined the wait list for TAA ONE Conference exhibit booths.

(4) *Duties.* The Council shall: assist TAA in matters pertaining to products and/or services; assist TAA's Education Conference Committee in the production, promotion and execution of the annual trade show; and help Local Associations by advising on product/service matters.

(5) *TSC Nominating Committee.* The Texas Suppliers Council Nominating Committee shall be composed of the current Texas Suppliers Council Chair, the TAA President, the TAA Secretary and two former TAA product/service Chairs appointed by the current TAA President. This Committee shall nominate an eligible member to serve as Second Vice Chair of the Council. The TAA President-Elect shall appoint the nominee as Second Vice Chair of the Council for the term coinciding with the upcoming calendar year. Upon the appointment of the Second Vice Chair, the current Chair-Elect shall become Chair and the current First Vice Chair shall become Chair-Elect.

Association Executives Council

(1) *Composition.* The Association Executives Council shall be composed of association executives of TAA's affiliated local associations. Unless otherwise stated herein, the chair of the Association Executives Council shall serve for a term of one year that coincides with the calendar year. The chair of the committee shall be nominated by a committee of three members of the council, including the most immediate past chair willing to serve. The nomination shall be approved by a majority vote of the Association Executives Council. Council members shall serve for a term of one year beginning on January 1 of each year.

(2) *Duties.* The Association Executives Council shall provide a forum for Association Executives to consider issues related to the operation, membership and leadership development of Affiliated Local Associations.

Standing Rule 4: Financial Policies

General Accounting Policies

TAA will secure an auditor who will follow accounting practices that conform to Generally Accepted Accounting Principles as set forth by the Financial Accounting Standards Board and the American Institute of Certified Public Accountants.

An annual audit will be performed by an independent certified public accounting firm. The audited financial statements shall be issued together with the management letter no later than twelve months following the calendar year end or a later date if approved by the Executive Committee. The Budget & Finance Committee will consider changing auditing firms periodically (every 5-8 years) to ensure a fresh look at the financial statements.

Internal Revenue Service Form 990

The auditor shall complete the annual Form 990 informational return under the direction of the Treasurer. The return shall be reviewed by the Budget & Finance Committee and provided to the Executive Committee prior to filing. A copy of the Form 990 shall be provided to any member of the Board upon their request.

Public Disclosure Policy

Form 1024 and Form 990 are available for inspection by the public during normal office hours. Copies will be provided immediately in the case of in-person requests. Requests received by written, phone, fax, or e-mail will be honored within 5 business days. We reserve the right to charge a reasonable copying fee plus actual postage for multiple copies requested from the same individual or related group of individuals. Other corporate documents, such as bylaws, minutes, financials, and policies and procedures shall be maintained as internal documents and shall not be made available to the general public, unless for a business reason as determined by the executive vice president and approved by the Board of Directors.

Standing Rule 5: Investment & Reserve Policy

TEXAS APARTMENT ASSOCIATION INVESTMENT & RESERVE POLICY STATEMENT

Introduction

This investment and reserve policy statement has been adopted by the Texas Apartment Association (TAA) to provide guidelines for investments and reserves held by the Association.

For purposes of managing daily operating expenses, maintaining sufficient operating reserves, managing investment risk, and optimizing investment returns, the funds will be divided into three separate accounts. The process for determining the dollar amount in each account is set forth in the “procedures” section of this document. The three accounts shall be called the “**Daily Operating Account**”, the “**Operating Reserve Account**”, and the “**Long-Term Reserve Account**”.

Procedures

To ensure the policy statement is consistent with the current mission of TAA and accurately reflects the current financial condition, the policy shall be reviewed biannually by the Budget & Finance Committee for any necessary revisions. The Budget & Finance Committee revisions or modifications will be recommended to the Executive Committee for approval. The Executive Committee will recommend the policy to TAA’s Board of Directors for final approval. The Budget & Finance Committee will approve the dollar amounts to be placed in each account, in adherence with this policy.

The services of an Investment Advisor will be sought to assist and consult with TAA regarding the investment of its accounts. The Budget & Finance Committee will review candidate(s) and determine the hiring or replacing of an Investment Advisor.

DAILY OPERATING ACCOUNT

Purpose: The purpose of the Daily Operating Account is to provide sufficient cash to meet the financial obligations of the TAA in a timely manner.

Objectives: The objectives of the Daily Operating Account are to maintain liquidity for day-to-day operations, preserve capital, optimize the investment return within the constraints of the policy, and maintain a minimum level of \$150,000. The Chief Financial Officer shall review the Daily Operating Account in order to transfer funds to the Operating Reserve Account if the balance is determined to be in excess of reasonable needs.

Allowable Investments: The Executive Vice President, in consultation with the Budget & Finance Committee, shall be authorized to invest the Daily Operating Account in interest bearing checking, savings, and sweep accounts, with federally insured banks, not to exceed federally insured limits.

Maturity: The maturities on investments for the Daily Operating Account shall be limited to three months or less (cash or cash equivalents).

OPERATING RESERVE ACCOUNT

Purpose: The primary purpose of the Operating Reserve Account is to ensure TAA has sufficient funds in the event of an unanticipated event or to provide financial support for initiatives arising outside of the annual budgeting process. Funds withdrawn from the Operating Reserve Account are to be replenished within a reasonable period of time to ensure the account remains in compliance with this policy.

Objectives: The investment objectives of the Operating Reserve Account are to preserve capital, maintain liquidity, and optimize investment return within the constraints of the policy.

The Operating Reserve Account target minimum balance is equivalent to 50% of fifteen months (equivalent to 7 ½ months) of TAA's budgeted base fixed operating expenses including but not limited to expenses associated with occupancy, property taxes, professional fees, previous commitments, and personnel expenses. The amount of the Operating Reserve Account target minimum balance will be calculated each year in conjunction with the approval of the annual budget.

Allowable Investments: The Executive Vice President, in consultation with the Budget & Finance Committee, shall be authorized to invest the TAA Operating Reserve Account as follows:

- 1) Federally-insured money market funds (not to exceed federal insurance limits) and money markets funds that invest in government backed securities
- 2) Federally-insured Certificates of Deposit, not to exceed federal insurance limits;
- 3) Direct obligations of the U.S. Government, its agencies and instrumentalities or comparable security mutual funds;
- 4) Commercial Paper rated A-1/P-1 by Standard & Poor's and Moody's;
- 5) Repurchase agreements in conjunction with the bank sweep accounts collateralized by the U.S. Government obligations

Maturity: The maturities on investments for the Operating Reserve Account shall be as follows:

- 1) 50% of the balance limited to three months or less (cash or cash equivalents)
- 2) 50% of the balance limited to twelve months or less

Diversification: No more than 5% at cost of the Operating Reserve Account may be in the securities of any one issuer with the exception of the obligations of the U.S. Government, its agencies and instrumentalities; repurchase agreements collateralized by obligations of the U.S. Government, its agencies and instrumentalities; and federally insured certificates of deposit.

Performance Reporting: The Chief Financial Officer shall prepare reports for presentation on no less than a quarterly basis to the Budget & Finance Committee and Executive Committee, which include a schedule of investments, interest income year-to-date, current yield, performance of portfolio, and calculation of adherence to this policy.

LONG-TERM RESERVE ACCOUNT

Purpose: The purpose of the Long-Term Reserve Account is to enhance the purchasing power of the funds held for future expenditure and to maintain the financial stability of TAA. The Long-Term Reserve Account should hold all funds beyond those in the Daily Operating Account and Operating Reserve Account.

Objectives: The portfolio goal is to maximize investment returns without exposure to undue risk, as defined herein. The primary concern should be long-term appreciation of the assets and consistency of total return. It is understood that fluctuating rates of return are characteristic of the securities markets and that short-term market fluctuations may cause variations in the account performance.

The investment goal of the Long-Term Reserves Account is to achieve a total expected return (income and appreciation) of the applicable wealth management risk profile or investment model recommended by TAA's assigned Investment Advisors, over a full market cycle (3-5 years).

Investment Guidelines

The investment policies and restrictions presented in this statement serve as a framework to achieve the investment objectives at the level of risk deemed acceptable. These policies and restrictions are designed to minimize interference with efforts to attain overall objectives, and to minimize the possibility of excluding appropriate investment opportunities.

Diversification: Individual stocks are subject to a maximum 5% commitment at cost or 7% commitment of the account's market value for an individual security and 15% for a particular industry.

Individual bonds not guaranteed by the U.S. Government, its agencies or instrumentalities are subject to a maximum 5% commitment at cost. Money market funds will be limited to those that are FDIC insured and those that invest in government-backed securities. Certificates of Deposit must be federally insured (investments in FDIC insured securities should not exceed federal insurance limits).

Prohibited Investments: The following investments and investment activities are prohibited:

- 1) Private placements;
- 2) Letter stock;
- 3) Derivatives. However, to the extent that mutual funds are used by TAA, the mutual funds may buy or sell derivatives for the purposes of managing portfolio risk;
- 4) Securities whose issuers have filed a petition for bankruptcy;
- 5) Direct commodities or commodities contracts;
- 6) Short sales;
- 7) Margin transactions; and
- 8) Any speculative investment activities not including an investment related to the commercial development of a TAA product or service.

Long-Term Reserve Account Target Asset Mix: The Long-Term Reserve Account shall adhere to strategic asset allocation models in institutional funds which consist of traditional asset classes such as equities, fixed income, and commodities.

Equities: Allowable range, minimum 20% and maximum 70%

The equity asset classes should be maintained at risk levels roughly equivalent to the sectors of the market represented, with the objective in line with a nationally recognized index measuring the performance of the designated sector over a three-year moving time period net of fees and commissions. Mutual funds and exchange traded funds conforming to the policy guidelines may be used to implement the investment program.

Fixed Income: Allowable range, minimum 20% and maximum 70%

Investments in fixed income securities will be managed actively to pursue opportunities presented by changes in interest rates, credit ratings, and maturity premiums. Mutual funds and exchange traded funds conforming to the policy guidelines may be used to implement the investment program.

Performance Reporting: The Long-Term Reserve Account will be evaluated semi-annually on a total return basis. Returns will also be compared to nationally recognized indices measuring the performance of the classes specified in the target asset mix and managers are expected to outperform their respective benchmark on a rolling 3-5 year period.

The Chief Financial Officer shall prepare reports for presentation on no less than a quarterly basis to the Budget & Finance Committee and Executive Committee which include schedule of investments, interest income year-to-date, current yield, performance of portfolio, and calculation of adherence to this policy.

Line of Credit: The purpose of the line of credit is to provide an alternative source if liquid funds are needed due to an unanticipated event and to avoid permanent losses on investments. The line of credit is collateralized by the TAA's Long-Term Reserve Account assets. The available credit number is the amount TAA could potentially borrow based on the lending value of the collateral and the credit line approval amount.

Any draws on the line of credit shall be reviewed by the Budget & Finance Committee and recommended for final approval by the Executive Committee.

Note: For the first 18-24 months after establishing a new investment and reserve program, changing Investment Advisors, or during drastic economic periods, allocations may deviate from the target and the range during such periods and will not be considered in violation of this policy statement.

Standing Rule 6: Affiliated Local Associations

(a) *Territorial Jurisdiction.* Territorial jurisdiction of each Affiliated Local Association shall be defined by cities, counties or parts thereof as established by the National Apartment Association and submitted to TAA's Board for acceptance.

(1) A Local Association shall have the sole right to secure Members doing business within the confines of the territory assigned to it. Other Local Associations shall not have the authority to secure such members from a Local Association's assigned territory.

(2) The TAA Board may review the territory assigned to any Local Association at any time. A decision by a Required Vote of the Board votes cast to increase or decrease the territory assigned to a Local Association shall be binding upon the Local Association provided 60 days' notice of the proposed change has been given the Local Association with an opportunity, if it so desires, to appear before the TAA Board to protest pending action.

(b) *Member Rosters and Updates.* Each Local Association shall provide and certify to TAA on or before December 15 of each year a roster, containing a count and list of its Members and including the units they own and / or manage as of the preceding December 1. Each Local Association shall be responsible for payment of dues to TAA for each of such Members based upon the rate as established by the TAA Board of Directors. The number of Directors and the votes they represent from each Local Association, as contemplated in the Bylaws, shall be based upon this December 1 count. Every Member who pays dues to the Local Association shall be reported to TAA for purpose of assessing TAA dues.

Throughout the year and on or before the fifteenth day of every month, it shall be the responsibility of the Local Association to provide TAA with information regarding additions, deletions or changes in names, addresses, phone numbers, electronic mail addresses, unit counts and designated representatives of each member of the Local Association.

(c) *Local Association Compliance with TAA Bylaws.* The bylaws of the Local Association shall be subject to periodic review by TAA and may not conflict with the charter and Bylaws of TAA. Local Association bylaws must provide that Local Associations are subject to TAA Bylaws and Standing Rules and that, in the event of conflict, the TAA Bylaws and Standing Rules shall prevail.

(d) *Disciplinary Remedies.*

(1) Mandatory Remedies. Standing Rule 9 – Lease Forms and REDBOOK, and Standing Rule 10 – Dues establishes certain mandatory disciplinary remedies in the event any Affiliated Local Association which becomes delinquent in the remittance of a Member's TAA dues to the TAA office; and/or in the payment of money owed TAA for the purchase of forms or REDBOOK; and/or which fails to provide member information, counts and member rosters as required.

(2) Additional Remedies. TAA may assert additional appropriate disciplinary remedies in connection with its oversight and enforcement of Local Association rights and obligations. Such disciplinary remedies shall be recommended by the Executive Committee to the Board of Directors for final approval. For purposes of illustration only, disciplinary remedies may include but are not limited to the following:

- (a) Suspension of voting rights for a single or multiple meetings of TAA Board of Directors.
- (b) Suspension of member and local association membership privileges.
- (c) Loss of right to purchase additional forms and or REDBOOK.
- (d) Suspension of receiving local association's share of proceeds from Click and Lease
- (e) Recommendation to NAA that local association's territory be amended
- (f) Censure

Standing Rule 7: Performance Standards

TEXAS APARTMENT ASSOCIATION PERFORMANCE STANDARDS FOR TAA AFFILIATES

A. Organization Experience

- (1) Each local association must adopt bylaws establishing procedures for the organization and governance of the association. Local association bylaws shall not include any provision that conflicts or is inconsistent with bylaws or standing rules of either TAA or NAA. Local associations that amend their bylaws must provide TAA a timely copy of their amended bylaws.

- (2) Each local association's Board of Directors shall adopt an annual budget and utilize periodic financial reports to remain apprised of the association's financial status.

- (3) Local associations may select one of the following options regarding audit or financial reviews:

Option A – Complete a financial audit conducted by a certified public accountant (“CPA”) once every three years;

Option B – Complete an annual financial review conducted by a CPA

Option C – The local association's Board of Directors shall complete an annual board financial review which includes a detailed review of assets, liabilities, net assets, revenues and expenses. The board should understand the primary sources of revenues and expenses and review measurable financial key performance indicators (“KPI’s”). Additionally, the board's review shall demonstrate the association's current cash position and projected cash position relative to anticipated liabilities.

- (4) Each local association shall prepare and maintain copies of meeting minutes of all meetings of its Board of Directors and Executive Committee.
- (5) Each local association shall purchase and maintain directors' and officers' liability insurance coverage.
- (6) Each local association shall ensure compliance with federal and state laws governing organizational status including but not limited to those laws related to taxation and its organizational entity type.
- (7) Each local association will establish and maintain a website which includes links to TAA and NAA, an online calendar of events and an online membership application.

- (8) Unless otherwise provided herein, each Local Association shall provide and certify to TAA a membership roster on or before December 15 of each year. The roster shall contain a count and list of its members and include the units they own and/or manage as of the preceding December 1st. Each local association shall be responsible for payment of dues to TAA based upon the rate established by the TAA Board of Directors. Each member who pays dues to their local association shall be reported to TAA for the purpose of assessing TAA dues.

Throughout the year and on or before the fifteenth day of every month, it shall be the responsibility of the local association to provide TAA with information regarding additions, deletions or changes in names, addresses, phone numbers, electronic mail addresses, unit counts and designated representatives of each member of the local association. Member record updates may be made through TAA's member portal or via export from a local association's association management system (AMS). AMS used by local associations must have the capability of organizing data in such a manner that it adheres to network-wide common data fields established by TAA.

- (9) By December 1 of each year, each local association shall submit its list of voting and alternate directors to TAA for service on the TAA Board of Directors. The number of Directors and the vote they represent from each Local Association, as contemplated in the Bylaws, shall be based upon the December 1 membership count.
- (10) Each local association shall participate in TAA's Career Center.
- (11) Each local association shall exclusively promote the TAA Click & Lease program and regularly update local association members regarding the benefits of the program. Local association executives shall utilize the online portal for Click & Lease to manage access to the Click & Lease program.

B. Member Experience

- (1) Each local association shall undertake reasonable efforts to fulfill its two-year cycle goal for the TAA PAC Fair Share program.
- (2) Each local association shall organize or materially participate in a minimum of one charitable activity/community service initiative within the territorial jurisdiction of the local association per year.
- (3) Each local association shall promote and make available education courses offered by TAA and NAA. Each local association must provide at least 6 hours per year of in-person education. Local associations may meet this requirement by collaborating with a neighboring local association to offer TAA or NAA education courses.

- (4) Each local association shall be governed by a properly functioning, professional board of directors that operates in accordance with its governing documents.
- (5) Each local association shall be represented at each meeting of the TAA Board of Directors by at least one member of their delegation serving on the TAA Board of Directors and/or or the local association executive.

To satisfy the Board Attendance requirement, local associations must demonstrate the following:

- Overall minimum attendance by a quorum (more than 50 percent) of the association's voting delegates at each of the meetings of the TAA Board of Directors during the reporting cycle; and
 - Attendance by full-time local association AEs at two of the three meetings of the TAA Board of Directors; or
 - Attendance by part-time local association AEs at one of the three meetings of the TAA Board of Directors
- (6) Each local association will communicate with its membership on a monthly, membership-wide format via print, online or in-person meeting. Communications must keep members informed of local, TAA and/or NAA activities, member benefits, upcoming calendar of events and opportunities for education or professional development.

C. Online Member Satisfaction Survey

(1) Unless otherwise provided herein, TAA will prepare and administer a member satisfaction survey of each Local Association's members. Results of the member satisfaction survey shall be provided to the local association's board of directors representing the members surveyed. TAA shall compile an overall, anonymized summary of the responses to the assessment to share with the TAA Board of Directors.

D. Online Board of Directors Self-Assessment

(1) Unless otherwise provided herein, to measure effectiveness of governance activities, TAA will prepare and administer an online self-assessment of each Local Association's board performance. Two-thirds of all local association board members must complete assessment in order to demonstrate compliance. Results of the board self-assessment shall be provided to the local association's board of directors. TAA shall compile an overall, anonymized summary of the responses to the assessment to share with the TAA Board of Directors.

E. Performance Ratings

- (1) Performing – Local association has demonstrated compliance with Organization Experience and Membership Experience standards.
- (2) Achieving – Local association is exceeding Organization Experience and Membership Experience standards and is delivering a higher-level

member experience as evidenced by its membership satisfaction survey and online board self-assessment.

- (3) Excelling – Local association is exceeding Organization Experience and Membership Experience standards and outperforming comparable local associations. Excelling associations also deliver innovative benefits, services or products that enhance membership experience.

Examples of actions that distinguish Achieving and Excelling Performance Ratings include, but are not limited to, the following:

- (a) Local Leadership Lyceum program
- (b) Local NextGen program
- (c) Local supplier/product service member program
- (d) Multiple community service programs
- (e) Utilize an Association Management System (AMS) for member record updates;
- (f) Fully meet or exceed local association's TAA PAC Fair Share requirements
- (g) 100% attendance at TAA Board of Directors meetings
- (h) Adopt a local association strategic plan for three or five year cycles
- (i) Host REDBOOK or other education seminars

F. Compliance

TAA's Bylaws and Standing Rules authorize the Executive Committee to recommend to the Board of Directors that remedial and/or disciplinary action(s) be taken against a local association that fails to comply with TAA's Performance Standards for Local Associations.

Local associations may be subject to remedial or disciplinary action for a deficient performance rating. Local associations receiving a deficient performance rating shall be provided 30 days following the receipt of the rating to notify TAA in writing of their disagreement with the rating. The TAA Executive Committee shall consider the local association's request and notify the association of the committee's decision.

G. Chapter Status (*pending amendments to the TAA Bylaws and Standing Rules*)

Local associations in existence as of March 1, 2019 who do not wish to comply with TAA's Performance Standards may opt to become TAA Chapters. A chapter is an affiliated TAA membership organization that allows members to continue to meet and perform limited membership functions. A chapter will not be eligible to receive the same benefits as a local association including but not limited to representation on the TAA Board of Directors, Click & Lease program royalties and other membership programs. Local associations choosing to become a chapter shall surrender their NAA charter and dissolve their organization with appropriate state and federal authorities.

Chapters may enter into an agreement with an adjoining local association or TAA to manage membership dues, TAA Click & Lease program access, education opportunities or other programs.

H. Reporting

Annual reporting of Performance Standards by local associations shall be completed via an Online Performance Form prepared by TAA. Online Performance Form shall be completed and returned to TAA. Local associations timely submitting their Online Performance Form to TAA will not be required to submit a Minimum Standards Compliance Form to NAA. TAA will annually report compliance with its Performance Standards to NAA on behalf of TAA's affiliated local associations.

Following submission of the Online Performance Form and completion of the local association's member satisfaction survey and board self-assessment, the local association shall participate in a meeting with their designated TAA staff liaison, TAA Vice President at Large liaison and local leader(s) to discuss results. This meeting must be held by December 31 and may be held in person or via conference call.

Those local associations who achieve an "Excelling" performance rating shall be allowed to skip the annual review noted above in the year following their "Excelling" designation.

Standing Rule 8: Lease Forms and REDBOOK

Section 1: Lease Forms and REDBOOK. Lease forms officially published by TAA and made available for use by the Members must be approved by the TAA Board of Directors. Local Associations must exclusively sell, promote, and maintain TAA Lease forms and REDBOOK, including any lease form and any other form published by TAA and made available for use by Members.

Section 2: Sales to Members. TAA may not sell lease forms, REDBOOK and other similar products directly to Members. Affiliated Local Associations shall have the exclusive right to sell lease forms and REDBOOK to Members. Such exclusive right to sell may be withdrawn by the TAA Board of Directors from an Affiliated Local Association for good cause by a Required Vote of the Board votes cast, with at least 30 days written notice prior to voting. There shall be a quorum of at least 50% of the total Board delegates for such vote. The Board delegation of the Affiliated Local Association impacted by such vote shall be ineligible to vote; and the Board delegation of the impacted Affiliated Local Association shall not be considered in fulfilling the 50% quorum requirement or Required Vote requirement as specified above.

Additionally and unless otherwise determined by a Required Vote of the Board, the exclusive right described in this Section shall be automatically terminated upon failure of an Affiliated Local Association to timely remit dues, remit payment of money owed TAA for the purchase of lease forms or REDBOOK, or make other payments due TAA. Imposition of automatic or mandatory disciplinary remedies, including those as set forth in Standing Rule 7 – Affiliated Local Association and Standing Rule 10 - Dues, are not subject to the Board of Directors vote described in this Section.

If such exclusive right to sell is so withdrawn, TAA may then sell direct to the Members in such area and the Affiliated Local Association may no longer sell such TAA lease forms or REDBOOK. TAA may also sell directly to Members in territories where the Charter of the Affiliated Local Association has been revoked or suspended by the National Apartment Association until the TAA Board of Directors assigns the territory to another Affiliated Local Association or takes other action.

Section 3: Unlawful Use of Forms. TAA lease forms and other addenda and REDBOOK may be purchased by Members through any Affiliated Local Association for use anywhere in Texas, subject to Section 2 above and to the following: TAA forms shall not be used for a dwelling unit unless the owner, the management company representing the owner, the locator service representing the owner and/or resident, or the condominium association in which the owner is a member, is a member in good standing of TAA and the Affiliated Local Association where the dwelling unit is located. Such Member must be either an owner/management company Member or a Texas Suppliers Council Member doing business as a locator service or condominium association. Notwithstanding the preceding, governmental entities may be granted permission by the Executive Committee to use TAA forms for a specified period of time on specific properties upon written request to TAA. TAA and/or the Affiliated Local Association shall have the right to enforce this provision. Such enforcement remedies shall include, but shall not be limited to: (1) written demand to the owner and/or the owner's management company for compliance with the Bylaws, (2) written notice to the occupants of the dwelling unit or dwelling unit complex where the TAA forms have been used in violation of these Bylaws, informing them of the owner's or management company's non-membership in the Affiliated Local Association, (3) suit for injunction and/or damages, and (4) recovery of attorney's fees and all other costs incurred by TAA or the Affiliated Local Association in enforcement, bearing interest at the highest lawful rate.

Standing Rule 9: Dues

Section 1: Annual Dues. Annual dues based upon the number of members and/or the total number of units owned or managed by those members in that Affiliated Local Association's territory shall be fixed and determined by the TAA Board of Directors each year. The Affiliated Local Association shall be responsible for the collection and payment of TAA dues of the Members in accordance with Section 3 below and shall report and remit such dues to the TAA Office as provided in this Article.

Section 2: Member Rosters. Each Local Association shall certify to TAA on or before December 15 of each year a count and list of members, including the units they own and/or manage, on the Local Association's roster, with a copy of that roster as of the preceding December 1st and shall be responsible for payment of dues for each of such members based upon the rate as established by the TAA Board of Directors. The number of Directors and the votes they represent from each Local Association, as contemplated in the TAA Bylaws, shall be based upon this December 1 count. Every member who pays dues to the Local Association shall be reported to TAA for the purpose of assessing TAA dues.

Section 3: Remittance of Dues and Other Funds. TAA dues shall be due in advance at TAA's Office on January 1st of each calendar year based on the number of Members and units they own and/or manage, as provided in the preceding Section 2. The amount of TAA dues may be remitted monthly by the Affiliated Local Association in which event 1/12 of the annual dues shall be invoiced and due on the first of the month, and 1/12 on each succeeding month thereafter until remitted in full.

Section 4: Dues Adjustment and Member Counts.

The Local Association shall send to the TAA Office a certified count and list of its members, and the units they own and/or manage, on the Local Association's roster, with a copy of that roster provided if requested, as of the preceding May 1st. TAA shall thereupon adjust the annual dues for the remainder of the calendar year based upon the number of Local Association members and the units they own and/or manage, thus certified as TAA Members.

Section 5: Delinquent Dues, Member Counts and Member Rosters. Any Affiliated Local Association which becomes delinquent in the remittance of Member's TAA dues to the TAA office; and/or in the payment of money owed TAA for the purchase of forms or REDBOOK; and/or which fails to provide member information, counts and member rosters as required, shall be subject to remedial and disciplinary action as permitted by the TAA Bylaws and the Standing Rules. Timely payment of dues and other funds shall be made within sixty (60) days of such payment becoming due to TAA. Failure of an Affiliated Local Association to remit such dues or funds within such sixty (60) day period shall result in all Member and Affiliated Local Association services privileges being immediately suspended upon written notice by TAA to the Affiliated Local Association in addition to any other remedial or disciplinary actions recommended by the Executive Committee. T

Standing Rule 10: Code of Ethics

The Members of TAA shall abide by the following Code of Ethics. Each Member of TAA shall:

- (a) Promote, employ and maintain a high standard of integrity in the performance of all rental obligations and services in the operation of rental housing communities.
- (b) Maintain and operate rental housing communities in accordance with fair and honorable standards of competition, ever mindful of the purposes of TAA in compliance with the Bylaws thereof.
- (c) Strive continually to promote the education and fraternity of the Membership and to promote the progress and dignity of the rental housing industry in creating a better image of itself in order that the public may be better served.
- (d) Seek to provide better values, so that an even greater share of the public may enjoy the many benefits of rental housing living.
- (e) Establish high ethical standards of conduct with multi-housing rental agencies, suppliers and others doing business with the rental housing industry.
- (f) Endeavor to expose all schemes to mislead or defraud the rental housing residing public and to aid in the exposure of those responsible.
- (g) Refrain from attempting to obtain residents, through advertising or otherwise, by means of deceptive, misleading or fraudulent statements, misrepresentations or the use of implications, unwarranted by fact or reasonable probability.
- (h) Not use the TAA logo on forms other than official TAA lease related forms or give an incorrect impression that a form is approved by TAA.
- (i) Abide by all national, state and local laws of every kind and nature where the failure to do so would have a material adverse effect on TAA.
- (j) Not reproduce or reprint any publication which is copyrighted by TAA and sold by TAA or one of the Local Associations.
- (k) Not knowingly use any unlawfully reproduced or reprinted TAA forms or publications.
- (l) Not use the TAA logo in any manner without using the phrase 'member of' above and in conjunction with the logo.
- (m) Not infringe upon or violate TAA's copyright on any official TAA lease forms.

Disciplinary action for any violation of the above Code of Ethics shall be delegated to and be the exclusive responsibility of the appropriate Local Association; however, the Board of Directors retains the power to recommend to a Local Association that a Member who fails to observe the Code of Ethics of TAA be terminated as a Local Association member.

Standing Rule 11: Succession Plan

TAA Executive Vice President Succession Plan

Preamble: To avoid confusion and disruption of TAA activities, it is prudent to have a succession plan in place in the event of the untimely death, disability, involuntary separation or voluntary departure of TAA's Executive Vice President (EVP). The existence of established procedures will more likely lead to continued daily functioning of the organization and to the selection of a qualified successor. This will provide time for volunteers to carefully consider the skills and attributes of candidates matched with the objectives of the organization.

The EVP is an at-will position and serves at the pleasure of the Executive Committee. This document lays out specific recommendations for the selection of the EVP if such office becomes vacated. Once approved by the Executive Committee, it will become a permanent part of the official policies and procedures of the Association, and will be reviewed and updated by the Executive Committee as needed.

Search Committee: The President shall appoint, with the concurrence of the Executive Committee, a Search Committee. The Search Committee shall be composed of not less than seven or more than eleven members, all of who shall be selected from the current Officers, Past Presidents or current owner member representatives of the Board of Directors. The Search Committee must include the four current Officers and at least three Past Presidents. The President shall appoint the Chair from the Search Committee members.

The composition of any Search Committee named shall not change unless a member voluntarily resigns from the Committee or from the Association. The Search Committee shall be empowered to determine and engage a third-party search firm to assist the Committee and the Executive Committee in identifying qualified candidates, if it so chooses. The Executive Committee will approve a budget for the search process. The Search Committee will be responsible for interviewing candidates and will be empowered to negotiate salary and benefits and other terms with the candidate within the budgetary guidelines established by the Executive Committee, and to make final recommendations on the selection of one or more individuals to the Executive Committee. The final selection of the EVP will be made by the Executive Committee.

Voluntary Resignation or Retirement of EVP: The EVP may choose to voluntarily resign to accept another position or to retire from his/her position at the Association.

1. Upon the decision to retire from the Association, the Association expects the EVP to give at least one year, but preferably two years notice to the Executive Committee, prior to such retirement. At the appropriate time, the President shall inform the Board of Directors and affiliated local associations of the intentions of the EVP.
2. Upon the EVP's decision to resign and accept another position, the Association expects that the EVP will give notice to the Executive Committee at least three months prior to taking the new position.

3. The members of the Search Committee shall be appointed and the Search Committee convened at least nine months (but preferably one year) before the effective date of the EVP's planned retirement or within one week upon the EVP's notice of intent to accept another position. In the event of a retirement, the EVP may be named an ex officio member of the Committee.
4. In the case of the EVP resigning to accept another position, the Search Committee shall meet in person or by telephone within two weeks of the voluntary resignation of the EVP.
5. The EVP will work with the Search Committee (and the search firm if one is engaged) to identify internal or external candidates with the intent to have a successor candidate selected and on the job no later than one month before, or earlier if possible, the departure date of the EVP.
6. The retiring EVP would continue to serve during any overlapping time period. The EVP may also serve for a longer period, either as an employee or as a consultant, in whatever capacity the Executive Committee determines in its sole discretion.

Involuntary Departure of EVP: Should the Executive Committee determine to terminate or request the resignation of the EVP, (hereinafter collectively referred to as "termination") the following procedure should be followed:

1. The President should review the reasons for the proposed termination and consult with qualified outside legal counsel specializing in labor and employment law to confirm the proposed action's compliance with applicable laws.
 - a. The President should advise the Executive Committee of the results of the consultation with legal counsel, seek approval of the Executive Committee to proceed with the termination, and obtain any guidelines for negotiating the EVP's departure.
 - b. After a decision to terminate has been made by the Executive Committee, the President has the responsibility of notifying the EVP of the Executive Committee's decision and confirming the terms of the departure under the guidelines established by the Executive Committee.
 - c. The President, with the concurrence of the three other Officers, will appoint a senior level member of the TAA staff to act as interim EVP and notify the Executive Committee of the appointment.
 - d. The President shall meet with the staff to advise them of the departure of the EVP, announce the interim EVP and outline the steps in selecting the new EVP.
 2. After the Executive Committee and staff have been notified, the President shall notify the Board of Directors and affiliated local associations of the decision to terminate the EVP and the selection of the interim EVP.
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3. The President may appoint the interim EVP as an ex officio member of the Search Committee, unless the interim EVP requests to be considered for the EVP position, in which case the President, with the concurrence of the three other Officers, may select another senior-level staff member to serve as an ex officio member.
4. The Search Committee shall meet in person or by telephone within two weeks of removal of the EVP to set the parameters and timetable for the search.

Disability of EVP: Should the EVP be unable to continue to perform the job duties and functions of the EVP position due to a disability, the following procedure should be followed:

1. The President should review the EVP's long-term disability policy and possible benefits under that policy. The President shall confer with the legal counsel, to provide advice to the Executive Committee on decisions regarding the EVP's disability.
 - a. The President and Executive Committee, after consultation with the EVP, his/her family or representatives, and legal counsel, shall determine the likelihood and date of the EVP being able to return to work. If it is determined that the EVP is not able to resume performing the duties and functions of the position within a reasonable time period, the Executive Committee shall proceed with the search process.
 - b. The President, with the concurrence of the three other Officers, will appoint a senior level member of the TAA staff to act as the interim EVP and notify the Executive Committee of the appointment.
2. The President should apprise the Board of Directors, affiliated local associations and TAA staff of the selection of the interim EVP.
3. The President may appoint the staff member named interim EVP as an ex officio member of the Search Committee, unless the interim EVP requests to be considered for the EVP position, in which case the President, with the concurrence of the three other Officers, may select another senior-level staff member to serve as an ex officio member.
4. The Search Committee shall meet in person or by telephone within four weeks of the determination of the EVP's inability to continue to serve.

Death of EVP: Should the EVP die while employed by the Association, the following procedure should be followed:

1. The President shall apprise the TAA staff, Executive Committee, Board of Directors and affiliated local associations of the death.
2. The President, with the concurrence of the three other Officers, will appoint a senior level member of the TAA staff to act as the interim EVP and notify the Executive Committee of the appointment.

3. The President shall meet with the staff to advise them about the interim EVP and the next steps in selecting the new EVP.
4. After the staff has been notified, the President shall notify the Board of Directors and affiliated local associations of the selection of the interim EVP.
5. The President may appoint the staff member named interim EVP as an ex officio member of the Search Committee, unless the interim EVP decides to be considered for the EVP position, in which case the President, with the concurrence of the three other officers, may select a senior-level staff member to serve as an ex officio member.
6. The Search Committee shall meet in person or by telephone within four weeks of the EVP's death.