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BYLAWS
OF THE
CREDIT MANAGERS ASSOCIATION OF CALIFORNIA

ARTICLE I
Membership

Section 1. Membership in Credit Managers Association of California, dba: CMA Business Credit Services (hereinafter referred to as CMA) shall consist of corporations, partnerships, sole proprietorships, LLC’s and LLP’s which extend commercial credit as an integral feature of their business as manufacturers, wholesalers, banks and other financial institutions, service providers and such other business entities as may be approved by the Board of Directors.

Each member shall designate the credit manager, financial officer or other person to be the authorized representative of such member. CMA reserves the right to refuse membership to any entity engaged in retail trade to a substantial degree, or any entity engaged substantially in activities in competition with those of CMA. The decision of the Board shall be final.

Section 2. All applications for membership must be made to CMA in writing and will be considered for membership if the applicant meets the criteria set forth in Section 1 above.

Section 3. (a) The membership of any member who shall be in arrears of any fees, charges or dues may be subject to suspension or cancellation.

(b) The resignation of any member shall not be accepted unless submitted in writing. All fees, charges and dues owing to CMA by a resigned member shall remain due and payable unless otherwise ordered by the Board.

Section 4. Any member may be suspended or expelled for the violation of any of the terms of these Articles of Incorporation or Bylaws, or for any conduct on its part likely, in the opinion of the Board, to endanger the welfare of the Corporation.

Section 5. Applications for membership that are not accepted, and the suspension or expulsion of members, shall be subject to the following “due process” procedures:

The applicant or member shall be served with a notice of hearing and the nature of the complaint at least ten days prior to the date of hearing, and a hearing shall be held thereon before the Board with sufficient attendance to constitute a quorum as defined in Article III, Section 6. At such hearing, the denial of an applicant, or the suspension or expulsion of a
member, shall require the affirmative vote of two-thirds of the Board members present. The decision of the Board shall be final.

Section 6. Memberships may not be assigned or transferred whether by operation of law or otherwise.

Section 7. Each member of CMA shall be entitled to one (1) vote at the meetings of the members thereof.

Section 8. No member shall be entitled to any service not available to all members.

ARTICLE II

Fees and Dues

Section 1. The fees, charges and dues of CMA, and of any division or department thereof, shall be determined by the Bylaws or by the Board.

Section 2. The President shall have the discretion of varying the fees charged for specific services, to ensure the fiscal soundness of CMA.

ARTICLE III

Directors

Section 1. CMA shall be governed by a Board of Directors (hereafter referred to as the Board) of not less than thirteen (13) nor more than sixteen (16) individuals.

(a) Thirteen (13) members of the Board shall be authorized representatives of member companies, consisting of four (4) Officers and nine (9) Directors.

(b) A maximum of three (3) additional Directors may be nominated and elected who are employees of member companies but who may not be designated representatives thereof. Such Directors shall not be eligible to be elected as Officers.

Section 2. Terms of office of Directors who are not Officers

(a) Directors who are designated representatives of member companies:

Three (3) Directors shall serve for one (1) year. Six (6) Directors shall serve for three (3) years. Three-year terms shall be staggered so that the terms of one-third of all Directors’ with three-year terms expire each year.
(b) Directors who are not designated representatives of their companies shall serve for terms of one (1) year.

(c) All terms of office shall coincide with CMA’s fiscal year.

Section 3. Term limits

(a) A Director who is a designated representative shall not be eligible for re-election following the completion of the number of consecutive terms indicated below.

   One-year terms – a maximum of three (3) terms

   Three-year terms – a maximum of two (2) terms

(b) A Director described in Section 3(a) above, who has exhausted the number of one-year terms shall be limited to one (1) three-year term. A Director who has exhausted the number of three-year terms shall thereupon be subject to the provisions of subsection (c) below.

(c) A Director who is not a designated representative, as defined in Section 1(b) above, shall not be eligible for re-election following the completion of five (5) consecutive one-year terms.

(d) A Director who has completed the maximum number of terms shall be eligible to be nominated and/or elected after an absence from the Board of at least one (1) year.

(e) Term limits shall not apply to an individual who is thereupon elected as an Officer.

Section 4. Duplication of Board service.

(a) No individual may serve on the Board as an officer or director while also serving on the Board of any other NACM Affiliate, or of NACM-National.

(b) An individual serving on the Board of any other entity that provides business credit services, whether or not such entity is part of NACM, is similarly disqualified from concurrently serving on the Board, unless such disqualification is waived by a two-thirds majority vote of the Board.
(c) Each member of the Board, and each candidate for election to the Board, must disclose his or her service (with vote) on any non-CMA board described in this Section 4.

Section 5. The Board may fill any vacancy in the Officers or Board for the unexpired term. Any remaining vacancies shall be filled at the next annual election.

Section 6. A majority of the members of the Board shall constitute a quorum for conducting regular Board business.

Section 7. Primary responsibilities of the Board

(a) The Board shall determine strategy and policy, as well as use and preservation of resources.

(b) The Board shall delegate implementation of its decisions to staff management and shall exercise oversight by monitoring performance of management.

(c) The Board shall select the President and shall have sole authority over such officer subject to the provisions of any contract of employment between CMA and the President.

Section 8. Meetings of the Board, and Notice

(a) There shall be not less than five (5) regular meetings of the Board in each fiscal year, to be held at such time and place as the Board may from time to time designate. Upon the installation of the new Chairman, the Board meeting schedule will be set for the next fiscal year.

(b) Special meetings of the Board may be called at any time by the Chairman, or on the written request to the Secretary of two (2) Directors.

(c) Written notice of the time, place and any other arrangements of special meetings shall be mailed at least four days, or faxed, sent by email, or delivered to each Director personally at least 48 hours, prior to the time of holding such meeting.
(d) Special meetings may be held without such notice if all of the Directors sign a waiver of notice of such meeting prior to or after holding the same.

ARTICLE IV

Officers

Section 1. There shall be four (4) Elected Officers of CMA consisting of a Chairman of the Board (hereinafter referred to as the Chairman), Chairman-Elect, Treasurer and Councilor, who shall be the most recent Past Chairman available to serve.

Section 2. The term of office of all Elected Officers shall be one year, said term of office to coincide with the fiscal year of CMA. The Elected Officers shall be members of the Board as set forth in Article III above.

Section 3. No Elected Officer or Director shall receive compensation for services rendered in such capacity.

Section 4. The Chairman shall be the Chief Elected Officer of the Corporation. The Chairman shall preside at all meetings of the Board, shall be an ex-officio member of all committees and the Boards of Governors (as described in Article IX Section 2(b) and shall have such other powers and duties as may be prescribed by the Board or these Bylaws. The Chairman, or designee, shall preside over all meetings to which all members have been invited.

Section 5. The Chairman-Elect shall, in the absence or disability of the Chairman, perform the duties and exercise the powers of the Chairman and shall perform such other duties as the Board shall prescribe.

Section 6. The Treasurer shall examine and report on the financial procedures and operations of CMA and perform such duties as shall be prescribed by the Board. The Treasurer shall also chair the Finance and Audit Committee and the Service Committee and shall be vice chairman of any Strategic Planning Committee.

Section 7. The Councilor is the most recent past Chairman of the Board available to serve.

(a) The Councilor shall act as Chairman of the Executive Committee as well as an advisor to the Chairman of the Board and to the Board itself.

(b) In addition, pursuant to the Whistleblower Policy contained in the Employee Handbook, an employee may submit to the Councilor suspected violations of company policy or the law. Upon receipt thereof the Councilor shall immediately
notify the appropriate Committee, i.e., the Finance and Audit Committee regarding accounting practices, internal controls or auditing, or the Executive Committee regarding any other concerns or complaints.

(c) If the Councilor is unable or unwilling to act as provided in Section 8(b), the Board may appoint another Director or Officer to serve in such capacity.

Section 8. The Appointed Officers of CMA (no less than 3 and no more than 4), shall consist of a President, a Vice-President, a Chief Financial Officer (who may be a, or the, Vice-President) and a Secretary, and such other officers as may be appointed by the Board, and such Appointed Officers shall hold their office until terminated by the Board.

Section 9. President

(a) The President shall be the Chief Executive Officer and shall be charged with the general management of the affairs of CMA, subject to the provisions of Article III. The President shall be the custodian of the funds of CMA and shall pay them out only on the check of CMA, signed by not less than two Appointed Officers of CMA, or otherwise in the manner authorized by the Board, and shall have such powers and duties as shall be prescribed by the Board or these Bylaws.

(b) The President and/or the Secretary shall keep a book of minutes at the principal office of CMA, of all meetings of Directors and members.

(c) The relationship between CMA and the President shall be evidenced by a written contract of employment whose terms shall be negotiated and approved by the Advisory Committee and the Executive Committee acting jointly.

(d) The President shall oversee the conduct of the financial functions of CMA and shall comply with the following requirements:

1. Budgeting, ensuring that for any fiscal year or portion thereof, performance shall not deviate materially from the Strategic Plan, risk fiscal jeopardy nor fail to show a generally acceptable level of foresight.
2. Actual financial conditions at any time shall not incur fiscal jeopardy or compromise Strategic Objectives.
3. Information and advice to the Board will have no significant gaps in either timeliness, completeness or accuracy.
4. Assets may not be unprotected, inadequately maintained or placed unnecessarily at risk.
In complying with these requirements, the President shall delegate technical or specialized duties and responsibilities to a qualified staff officer to be appointed by the President, subject to approval by the Board, to be designated the Chief Financial Officer.

(e) In the event the President shall retire, resign, be involuntarily terminated or become unable to perform the duties and responsibilities of that office, the Board shall, to the extent deemed feasible and advisable, follow the procedures set forth under the following SUCCESSION POLICY:

SUCCESSION POLICY

The Board shall consider the following procedures in the event the President shall retire, resign, be involuntarily terminated or become unable to perform the duties and responsibilities of that office:

(1) If such action is an emergency, defined as the death, disability or involuntary termination of the President, then the Board may, if deemed necessary, first appoint an Acting President who shall be the Senior Appointed Officer in point of continuous service. The Chairman of the Board shall then appoint a Search Committee composed of the Chairman-Elect, who shall chair the Committee, and four (4) other members including one (1) other Officer or Director, two (2) members of the Advisory Committee and one (1) member at large. The Search Committee shall solicit applications and shall consider all applicants, both internal and external, giving consideration to the job description of the position of the President, and shall then make its recommendation to the Board, whose decision, arrived at by majority vote, shall be final.

(2) If such action is a non-emergency, defined as the retirement or voluntary resignation of the President, then the Board shall consider the recommendation of the outgoing President concerning a successor. If the Board does not approve such recommendation, it shall proceed with the Search Committee and other procedures specified in (i) immediately above.

Section 10. Chief Financial Officer [CFO].

(a) The CFO shall maintain and perform the financial and membership (billing) records and functions of the organization, and shall prepare budgets and financial statements / reports in form directed by the President and/or requested by the Board.
(b) The CFO shall report regularly to the President and directly to the Board concerning all material budgetary and financial performance data, including but not limited to material deviations from budget as defined by the Board.

Section 11. The Board may authorize additional staff Officers as recommended by the President.

ARTICLE V
Removal of Officers and Directors

Section 1. Any Director may be removed from office with or without cause by a 2/3 vote of the Board. The replacement of said Director shall be governed by Article III, Section 5.

Section 2. In the event that an Elected Officer shall leave the Board prior to the expiration of their term, either voluntarily or involuntarily, the Chairman of the Advisory Committee shall call for a joint meeting, as soon as is feasible, of the Advisory Committee and the Executive Committee, for the sole purpose of selecting a replacement of said Officer. The Chairman of the Advisory Committee shall serve as the Chairman of the meeting. The Committee shall present their recommendation to the full Board who shall elect the new Officer by a 2/3 majority vote of the Directors assembled. If the candidate is rejected by the Board, the whole process shall be repeated until a new Officer is elected or until the term of the vacated Officer expires.

Section 3. In the event any Elected Officer or Director shall cease to be connected with a member company for a period of ninety (90) days, or whenever such individual shall cease to act in a credit or financial capacity, or whenever such individual shall become associated with an entity that is substantially in competition with CMA, such position shall be considered vacated.

Section 4. Removal of the President shall be governed by the terms of such individual's employment contract. All other Appointed Officers shall serve at the discretion of the President. The Board shall promptly remove any Appointed Officer whose employment is terminated either voluntarily or involuntarily.

ARTICLE VI
Nominations

Section 1. The Chairman shall appoint a Nominating Committee prior to December 1st of each year, which shall consist of the four (4) most recent Councilors available to serve and the representatives of three members at large, a total of seven. The past Chairman senior in service shall serve as Chairman of the Nominating Committee and shall exercise equal
privilege of other committee members as to voice and vote. Five members of said Committee shall constitute a quorum.

Section 2. The Nominating Committee shall meet at least twice prior to the January meeting of the Board to select nominees to fill all of the positions of Officers and Directors whose terms will expire at the end of the fiscal year, and any vacancies in unexpired terms.

(a) The first meeting of The Nominating Committee shall be to select candidates subject to the procedures specified in section (b) immediately below.

(b) Prior to the second meeting the Nominating Committee shall cause such candidates to be interviewed to determine their suitability for service on the Board. Criteria to be applied shall be at the discretion of the Committee but may include such attributes as demonstrated commitment and loyalty to CMA, time and energy to contribute to the activities of the Board and its committees, the motivation to do so, and the support of the candidate’s management to do so.

Section 3. The candidates receiving a majority of the votes of the members present at the second Committee meeting shall be reported to the Board as potential nominees.

Section 4. At the January meeting of the Board the report of the Nominating Committee shall be presented to the Board, which shall approve, disapprove or modify said report.

Section 5. The Secretary shall transmit, as defined in Article VII, Section 4, to each member a list of the nominees approved by the Board not later than the second business day of March. Each list so submitted shall state, "This is not a ballot. It is mailed to you under the provisions of Article VII of the Bylaws, which is quoted herewith."

Section 6. Additional nominations for each or any office may be made by not less than thirty members in good standing, or their accredited representatives, presenting in writing to the Secretary their nominations for such vacancies on or before March 15th before the annual election. Such additional names so presented shall bear the signatures of the nominators and shall be designated as other nominations. The names so presented shall be placed on the ballot and designated thereon as "Other Nominations".

ARTICLE VII

Annual Election; Fiscal Year

Section 1. The annual election of Officers and Directors shall be by written ballot. The Secretary of the CMA shall prepare a ballot listing thereon the names of the nominees submitted by the Nominating Committee, or any substituted in lieu thereof by the Board;
also any names submitted under the provisions of Article VI, Section 4, and said ballot shall provide adequate space for the writing in of the candidate of the voter's own choice. Such ballot shall be transmitted not later than the 3rd day of April to each member of CMA in good standing as of the 1st day of April and the same shall be returned to the office of the Secretary not later than the 10th day of April, or if returned by mail shall be postmarked not later than the 10th day of April. The Secretary of CMA shall count the ballots on the third succeeding business day following the 10th day of April. The candidate for each office receiving the greatest number of votes shall be deemed elected. It shall be the duty of the Secretary of CMA to transmit to each of its members a report showing the results of said election, the same to be transmitted on or before the 20th day of April following each election. The term of office of the newly elected Officers and Directors so elected shall start as of May 1st.

Section 2. The Officers and Directors so elected shall be installed at a meeting of CMA to be held at a date designated by the Board.

Section 3. The fiscal year shall commence on May 1st of each year and end on April 30th.

Section 4. As used in this Article VII, the term “transmitted” shall mean the following:

1st, by email to the representatives of all members for whom CMA has email addresses; or

2nd, by fax to representatives of members for whom CMA does not have email addresses but does have fax numbers, or members that have expressed a preference for fax over email communication; or

3rd, by US mail to the representatives of all other members, including members that have expressed a preference for US mail over all other forms of communication.

Section 5. Return by members of election ballots may be by any method of transmittal chosen by each applicable member representative. The Secretary shall, however, ensure that each member’s vote is tallied only once in each election or other voting procedure.

ARTICLE VIII

Committees

Section 1. The Standing Committees of CMA shall be the Executive Committee, Finance and Audit Committee, Advisory Committee, Nominating Committee, Chapter Boards of Governors and a Service Committee. These Committees shall be appointed in the manner prescribed by this Article and have the duties and obligations set forth therein, and others which may be prescribed by the Board.
Section 2. The Executive Committee shall consist of the Elected Officers as defined in Article IV, Section 1.

(a) The Executive Committee, during the intervals between regular meetings of the Board, shall have and may exercise all of the powers of the Board except as is inconsistent with these bylaws or with respect to any matter upon which the Board has acted. Actions of the Executive Committee shall be subject to ratification by the Board at its next duly called meeting. The Executive Committee shall not have any of the following powers:

- Repeal or amendment of the Bylaws
- Changing the dues
- Filling of vacancies in the Board

(b) The Executive Committee shall receive any reported concerns or complaints submitted by employees to the Councilor under the Whistleblower Policy regarding any areas other than those enumerated in Section 3(b) below, and shall thereupon acknowledge receipt of such reports to the complainant, investigate such complaints, and report its findings to the Board for further action.

(c) The Executive Committee shall be responsible for the annual performance review of the President in accordance with the employment contract.

Section 3. The Finance and Audit Committee shall consist of the Elected Officers as defined in Article IV, Section 1.

Section 4. The Advisory Committee shall consist of the four (4) most recent past Chairmen available to serve.

Section 5. Each geographical Chapter shall have a Board of Governors as specified in Section 1 hereof.

Section 6. There shall be a Service Committee to oversee membership, the Chapters and the major services of the Association, and to review financial and operating statements in detail. Each of said areas shall be represented on the Service Committee by one member of the committee who shall be a member of the Board.

Section 7. The Advisory and Executive Committees shall jointly review the salaries of all Appointed Officers, and shall recommend adjustment to other key personnel pursuant to a general Compensation Plan to be devised by said Committees.
Section 8. The Chairman, with the approval of the Board, may constitute and appoint additional ad hoc committees.

Such *ad hoc* committees may be chaired by members of the Board or by members at large, and should include additional individuals who shall be members at large.

Section 9. The Chairman shall appoint the members of all committees, subject to the terms and conditions of the Bylaws and with the approval of the Board, which shall prescribe the duties and obligations of all committees.

**ARTICLE IX**

Departments & Chapters; Tradestyles

Section 1.

(a) CMA shall have such departments as shall be authorized by the Bylaws and as may hereafter be authorized by the Board, to perform effectively and efficiently the activities of CMA, including but not limited to the Credit Information Services Department (incorporating credit reporting and industry credit group services), Adjustment Bureau, and Collection Division. The same shall be governed and administered in the manner provided by the Bylaws.

(b) The Board may prepare and adopt rules and regulations for the governance and supervision of each department as it may deem advisable.

Section 2.

(a) CMA may also have one or more geographical Chapters in areas where the size of the membership and/or the scope of operations are sufficient, in the opinion of the Board, to justify establishment of a Chapter.

(b) Each of said Chapters shall have a separate Board of Governors which shall be subordinate to the Board and subject to ratification by the Board. Each member of a Board of Governors shall be employed in a credit or financial capacity by a member of CMA local to the area served by the Chapter.

(c) The Boards of Governors shall each consist of not less than five members, who shall serve for a term of one year including, but not limited to one member serving on the Board of Directors.

Section 3. The Board may authorize additional tradestyles, names, acronyms or designations as may further the marketing of or the provision of services offered by CMA or any of its Departments or Chapters.
ARTICLE X

Bonds, Insurance and Audit

Section 1. All employees and Appointed Officers of CMA shall be bonded in such amounts as shall be prescribed by the Board.

Section 2. All insurance coverage of CMA shall be reviewed by the Executive Committee at a meeting of the Committee closest to the renewal date of all or the major portion of CMA’s insurance policies. The Board may review the insurance report at any time upon its request.

Section 3. An audit of the books and records CMA shall be made at least once a year by a Certified Public Accountant authorized by the Board. The audit shall be conducted under the direction of the Finance and Audit Committee and the audit report shall be made direct to the said Committee. The Board may review the audit report at any time upon its request.

ARTICLE XI

Indemnification and Insurance

Section 1. To the fullest extent permitted by law, CMA shall indemnify and hold harmless its duly elected, appointed and qualified officers, directors and employees against any personal liability whatsoever asserted by any third person, or persons, arising from or growing out of acts or representations in the course of their official duties, or within the scope of their service or employment for and on behalf of CMA, or because of their acting or having acted as Trustee, Receiver, Disbursing Agent, Liquidating Agent, Auctioneer or in any other capacity in the course of their official duties for CMA and/or within the scope of their employment by CMA.

Section 2. To the fullest extent permitted by law, CMA shall also, at its own cost and expense, defend any legal action or other proceedings of whatever kind brought against any such Officer, Director or Employee by reason of such person’s acts or representations in the course of his or her duties for and on behalf of CMA.

Section 3. CMA shall, to the extent feasible, purchase insurance to protect its financial stability through reimbursement of any damages, losses or expenses arising from its indemnification of its Officers, Directors and Employees as provided herein.
ARTICLE XII

Seal

Section 1. The Board shall provide a corporate seal which shall be in circular form and shall bear the name of CMA and the year of its incorporation.

ARTICLE XIII

Assets

Section 1. The major portion in value of the assets of CMA shall not be sold, assigned or transferred, or in any manner be made subject to the control of any other entity without first securing the approval and consent of at least 66-2/3 percent of the Board.

Section 2. The members of CMA shall have no vested interest in any of the assets, other than the benefits that may accrue from the use thereof to the general membership, and no member shall have any right to any part of such assets. Upon liquidation of CMA the assets of CMA shall be distributed to or for the benefit of one or more nonprofit organizations.

ARTICLE XIV

Order of Business

Section 1. The order of business and parliamentary procedure for all meetings, unless otherwise prescribed by these Articles of Incorporation, or by the Bylaws, or by the Board, shall be governed by Robert's Rules of Order.

ARTICLE XV

Quorum

Section 1. At any meeting of the membership, be it physical, virtual or otherwise, five percent (5%) of the members shall constitute a quorum.

Section 2. No proxy shall be counted in determining the number present for the purpose of a quorum.
ARTICLE XVI

Retirement Pay

Section 1. The Board shall be empowered to provide retirement pay for the employees of CMA, subject to such qualifications and limitations as the Board may determine.

ARTICLE XVII

Amendments

Section 1. Any proposal for the amendment of these Bylaws shall be made in writing by the Board or by members constituting 5% of the total membership ("members at large"), and shall be filed in the office of the Secretary, and shall be published in the official newsletter of the Association for at least two months immediately preceding the meeting at which the same are to be considered by the Board. Notice of such proposed amendment shall be included in the notice of any such meeting.

Section 2. These Bylaws may be amended or repealed at any regular meeting of the members of the Board provided that any such amendment shall require the affirmative vote of two-thirds of those board members present after two months notice to the members in the official newsletter of CMA. Such amendment shall not take effect for 30 days.

Section 3. If, during such 30 day period, 5% or more of the members of CMA petition the Secretary for membership review, of a proposed amendment to the Bylaws that was either approved or disapproved by the Board, such proposed amendment shall be voted on by the membership in the following manner:

(a) The President or, in his/her absence, the Secretary shall cause a copy of such proposed amendment to be transmitted to each member in good standing within the time provided herein, together with a form of ballot for the member to vote thereon.

(b) The ballot shall be returned to the office of the Secretary within ten days from and after the mailing of said ballot to the members. If the ballot is returned by mail, it shall be postmarked (or if faxed, it shall bear a fax transmittal date) not later than the 10th day from the date it was mailed by the President or Secretary to the members.

(c) The Chairman shall appoint a committee of three members to meet with the Secretary and count the ballots on the third succeeding business day following the termination of the voting period as provided herein. It shall require the favorable
vote of not less than two-thirds (2/3) of the total votes cast to defeat any amendments to these Bylaws that were approved by the Board.

Section 4. Any proposal for the amendment of these Bylaws made by members at large, as defined in Section 1 of this Article, shall be submitted to the Board. If the Board approves such proposal the amendment shall take effect as provided in Section 1 of this Article. If the Board does not approve such proposal it shall be submitted to the members as provided in Section 3 of this Article.

Section 5. Transmittal of amendment documents to and from members shall follow the procedures specified in Article VII Sections 4 and 5 pertaining to elections.

Section 6. Notwithstanding anything herein to the contrary, the Board shall not amend Article III, Section 1, absent an affirmative vote of the members, by a simple majority of votes cast under the procedures specified in Sections 3 (a) and (b) of this Article.

Section 7. No amendment of these Bylaws shall deny membership to any sole proprietorship, partnership, corporation, LLC or LLP which is properly a member of CMA at the date such amendment has been adopted.

ARTICLE XVIII

Principal Office

The principal office for the transaction of business of CMA shall be located in the State of California, at such location as may be designated by the Board.