

**BY LAWS**  
**INTERNATIONAL AUTOMOTIVE REMARKETERS ALLIANCE**  
*Revised December 19, 2008*  
**California Mutual Benefit Corporation**

**Article I**  
**Recitals and Definitions**

**Section 1. Name of Corporation:** The name of this Corporation shall be International Automotive Remarketers Alliance and shall be referred to herein as the “Corporation”.

**Section 2. Corporation is Nonprofit:** This Corporation has been formed pursuant to the California Nonprofit Mutual Benefit Corporation Law as a mutual benefit corporation.

**Section 3. Objective and Purpose:** The specific purpose of this Corporation shall be to promote education, unity and excellence in the field of automotive remarketing.

**Article II**  
**Offices**

**Section 1. Location of Principal Office:** The principal office shall be located within the State of California at such place as the Board of Directors shall from time-to-time designate. The Corporation shall continuously maintain within the State of California a registered office at such place as may be designated by the Board of Directors.

The Directors may change the principal office from one location to another. Any change of this location, shall be noted by the Secretary on these bylaws opposite this section, or this section may be amended to state the new location.

**Section 2. Other Offices:** The Board of Directors may at any time establish branch or subordinate offices at any place or places where the corporation is qualified to do business.

**Article III**  
**Dedication of Assets**

**Section 1. Dedication of Assets:** The properties and assets of this nonprofit corporation are irrevocably dedicated to fulfillment of the Objectives and Purposes of this Corporation as set forth in Article 1, Section 3 hereof. No part of the net earnings, properties, or assets of this Corporation, on dissolution or otherwise, shall inure to the exclusive benefit of any private person or individual, or any Member or Director of this Corporation, except in fulfillment of said Objectives and Purposes. On liquidation or dissolution, all properties and assets and obligations shall be distributed pursuant to the nonprofit provisions of the California Corporations Code then in effect.

## **Article IV Membership**

### **Section 1. Qualifications**

*The authorized membership of the Corporation shall consist of an unlimited number of memberships with subscription open to: institutional owners of automotive products that are used for the purposes of personal transportations, manufacturers of such products, and vendors/suppliers providing remarketing-related services or products to these institutional owners and manufacturers. Membership in the Corporation shall be evidenced by payment of a periodic membership fee. Membership fees shall be set by the Board of Directors. The owner of any such membership is hereinafter referred to as a Member. The Board shall review all applications and renewals for membership.*

**Section 2. Fees, Dues, and Assessments:** Each Member in good standing must pay, within the time and on the conditions set by the Board of Directors, the initiation fee and annual dues in amounts which may be fixed from time to time by the Board of Directors. The dues and fees shall be equal for all.

**Section 3. Members:** The Members shall consist of the incorporators and such subscribers as have been approved for membership by the Board of Directors, and who have paid for their membership. The status of the incorporators as Members shall terminate at the first annual meeting of Members.

**Section 4. Transfer of Membership:** Except as approved by the Board of Directors, membership shall not be transferable.

**Section 5. Termination of Membership:** The membership of any regular Member shall terminate upon occurrence of any of the following events:

(a) The resignation of the Member.

(b) The failure of a Member to pay annual dues in the amount and within the times set forth by the Board of Directors. Members shall receive annual dues renewal notices within 30 days of their respective membership expirations. If payment is not received within 30 days of the renewal date, a past due notice will be sent. If after 60 days of the member's renewal date the member's dues remain unpaid, a letter shall be sent placing the member on notice of possible membership termination. If the dues payment has not been received after 90 days of the member's renewal date, the member shall be deemed to have terminated their membership and a membership termination letter shall be sent. Their respective Committee positions and Board positions will then be vacated.

(c) The determination by the Board of Directors or a committee designated to make such determination that the Member has failed in a material and serious degree to observe the rules of conduct governing this Corporation as promulgated by the Board from time to time.

**Section 6. Procedure for Expulsion:** Following the determination that a Member should be expelled under subparagraph (c) above, the following procedure shall be implemented:

(a) A notice shall be sent by mail by prepaid, first-class, or registered mail to the most recent address of the Member as shown on the corporation's records, setting forth the expulsion and the reasons therefore. Such notice shall be sent at least fifteen (15) days before the proposed effective date of the expulsion.

(b) The Member being expelled shall be given an opportunity to be heard, either orally or in writing, at a hearing to be held not fewer than five (5) days before the effective date of the proposed expulsion. The hearing will be held by a special Member expulsion committee, composed of not fewer than three (3) Directors appointed by the President. The notice to the Member of the proposed expulsion shall state the date, time, and place of the hearing on the proposed expulsion.

(c) Following the hearing, the expulsion committee shall decide whether or not the Member should in fact be expelled, suspended, or sanctioned in some other way. The decision of the committee shall be final.

(d) Any person expelled from the Corporation shall receive a refund of dues or assessments already paid. The refund shall be prorated to return only the un-accrued balance remaining for the period of the dues payment.

## **Article V Meeting of Members**

**Section 1. Place of Meeting:** Meetings of the membership shall be held at such places as may be designated by the Board of Directors.

**Section 2. Annual Meetings:** The annual meetings of the Corporation shall be held concurrent with at the Bobit Publishing's Conference of Automotive Remarketing in accordance with Agreements to that effect properly executed with Bobit Publishing. In the event that no such Agreements are currently effective, the annual meetings of the Corporation shall be fixed by the Board of Directors. At such meetings there shall be elected, by ballot of the Board of Directors in accordance with Article VI of these Bylaws. The Members may also transact such other business of the Corporation as may properly come before them. Subsequent annual meetings of the Corporation shall be held at such time and place as the Board of Directors designates.

**Section 3. Special Meetings:** It shall be the duty of the President to call a special meeting of the Members if so directed by resolution of the Board of Directors, or upon a petition signed by twenty (20) percent of the Members and presented to the Secretary. The notice of any special

meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

**Section 4. Notice of Meetings:** It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Member of record, at the Member's address as it appears on the membership books of the Corporation, or if no such address appears, at the Member's last known address, at least twenty (20) days prior to such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Postal Service mail.

**Section 5. Quorum:** The presence, either in person or by proxy, of at least fifteen (15) percent of the Members of record of the Corporation shall be requisite for, and shall constitute a quorum for, the transaction of business of all meetings of Members.

**Section 6. Adjourned Meetings:** If any meeting of Members cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than twenty-four (24) hours from the time the original meeting was called.

**Section 7. Voting:** At every meeting of the Members, each Member present, either in person or by proxy, shall have the right to cast one vote and no more on each question put to the vote. The vote of the majority of those present, in person or by proxy, shall decide any question brought before such meeting, unless the question is one upon which, by express provision of statute or of these Bylaws, a different vote is required, in which case such express provision shall govern and control. Voting on all matters, including the election of Directors or Officers where they are to be elected by the Members, may be conducted by mail.

**Section 8. Cumulative Voting Prohibited:** Cumulative voting shall not be permitted.

**Section 9. Proxies:** A member may appoint any person as a proxy. Proxies must be filed with the Secretary before the appointed time of each meeting. Proxies shall expire ninety (90) days after issue.

(a) **Right of members:** Every person entitled to vote shall have the right to do so either in person or by one or more agents authorized by a written proxy, signed by the person and filed with the Secretary of the Corporation. A proxy shall be deemed signed, if the Member's name is placed on the proxy, (whether by manual signature, typewriting, telegraphic transmission, or otherwise) by the Member or the Member's attorney in fact.

(b) **Revocability:** A validly executed proxy that does not state that it is irrevocable shall continue in full force and effect unless (i) revoked by the Member executing it, before the vote cast pursuant to that proxy, by a writing delivered to the Corporation stating that the proxy is revoked by a subsequent proxy executed by such Member, or by personal attendance and voting at a meeting by such Member, or (ii) written notice of the death or incapacity of the maker of the proxy is received by the Corporation before the vote pursuant to that proxy is counted; provided, however, that no proxy shall be valid after the expiration of ninety (90) days from the date of the

proxy, unless otherwise provided in the proxy. The revocability of a proxy that states, on its face, that it is irrevocable shall be governed by the provisions of the California Nonprofit Corporation Law.

(c) Form of solicited proxies: In any election of Directors, any form of proxy that is marked by a Member "withhold," or otherwise marked in a manner indicating that the authority to vote for the election of Directors is withheld, shall not be voted either for or against the election of a Director. Failure to comply with this paragraph shall not invalidate any corporate election taken, but may be the basis for challenging the proxy at a meeting.

(d) Effect of Member's death: A proxy is not revoked by the death or incapacity of the maker or the termination of a Member as a result thereof unless, before the vote is counted, written notice of the death or incapacity is received by the Corporation.

## **Article VI Directors**

### **Section 1. Powers:**

(a) General corporate powers. Subject to the provisions of the California Nonprofit Corporation Law and any limitations in the Corporation's Articles of Incorporation and/or these Bylaws relating to action required to be approved by the Members, the business and affairs of the Corporation shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board of Directors.

(b) Specific powers. Without prejudice to these general powers, and subject to the same limitations, the Directors shall have the power to:

(i) select and remove all officers, agents, and employees of the Corporation; prescribe any powers and duties for them that are consistent with law, with the Articles of Incorporation, and with these Bylaws; and fix their compensation; and,

(ii) change the principal executive office in the State of California from one location to another; cause the Corporation to be qualified to do business in any other state, territory, dependency, or country and conduct business within or outside the State of California; and designate any place within or outside the State of California for the holding of any Members' meeting or meetings, including annual meetings; and,

(iii) adopt, make, and use a corporate seal; prescribe the forms of membership certificates; and alter the form of such seal and certificates; and,

(iv) borrow money and incur indebtedness on behalf of the Corporation and cause to be executed and delivered for the Corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.

**Section 2. Number and Qualification:** Effective after the 2004 annual meeting of the Members, the affairs of the Corporation shall be governed by a Board of Directors composed of not less than three (3) persons nor more than twenty (20), each of whom shall be Members of the Corporation. The Board of Directors shall be composed of at least four (4) Members representing automobile manufacturers, at least four (4) Members representing financial institutions, and at least two (2) Members representing vendors, suppliers, or affiliated companies to the remarketing industry. At no time, may, any individual corporation be represented on the Board of Directors, by more than one person. For purposes of this section, “individual corporation” shall refer to all wholly or partially owned subsidiaries. The past President of IARA, upon leaving office at the end of his/her term, will become the Chairman of The Board for a period of two years; To provide continuity, head up special projects, provide guidance and advice, and finish work in progress. After a two-year term as Chairman, this person returns to regular membership whereby they may run for a vacant Board seat, or be appointed to a vacant Board seat, if they and the Board so desire. Recognizing that the IARA is an organization of and for Remarketers, a determined effort by the Board members shall be made to maintain a simple majority of the Board members as such.

**Section 3. Powers and Duties:** The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Corporation and may do all such acts and things as are not prohibited by law or by these Bylaws directed to be exercised and done by the Members. The powers of the Board of Directors shall include, but are not limited to, the following:

- (a) to accept or reject all applications for membership; and,
- (b) to set initial and continuous membership fees; and,
- (c) to appoint persons to the Board of Directors to serve until an election is held at a duly constituted membership meeting.

**Section 4. Election and Term of Office:** The term of the directors named in the First Meeting of the Directors shall expire at the annual meeting of Members in 2004. For all other Directors, the term of office shall be three (3) years from the date of their election; thus Directors elected in 2001 shall cease to hold office in 2004, Directors elected in 2002 shall cease to hold office in 2005, and so on.

**Section 5. Vacancies:** Vacancies on the Board of Directors shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum, and each person so elected shall be a Director until, a successor is elected by the Members at the next annual meeting. Board seats, in the case of a person changing jobs, leaving the industry, resigning for personal reasons, or being dismissed by the Board for not fulfilling their obligations, will revert back to the Board and the Board will determine the disposition of that seat.

**Section 6. Removal of Directors:** At any regular or special meeting duly called, any one or more of the Directors elected by the Members may be removed with or without cause by a vote

of 2/3 of the majority of the Board of Directors. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting.

**Section 7. Compensation:** No compensation shall be paid to Directors for their services as Directors.

**Section 8. Reimbursement of Expenses:** An Officer may receive reimbursement for such actual expenses incurred as may be determined by resolution of the Board of Directors to be just and reasonable.

**Section 9. Regular Meetings:** A regular meeting of the Board of Directors shall be held monthly. The Board of Directors may determine that other regular meetings be held at such time and place, including by telephone conference call, as shall be determined by the Directors, but at least one regular meeting shall be held during each fiscal year. Notice of regular meetings of the Board of Directors other than the one following each annual meeting shall be given to each Director personally or by mail, electronic mail, telephone, or telegraph at least ten (10) days prior to the day named for such meeting.”

(a) Directors are expected to attend at least four of every six monthly scheduled Board meetings. Every month the Executive Director will review the past attendance of the Board members.

(b) In the event a Director misses three of six regularly scheduled consecutive Board meetings, the President will send a letter to said Board member to ascertain their ability to meet the required Board meeting attendance as stated above. If a Director misses a fourth meeting out of the previous six meetings, their Board seat is no longer active and reverts back to the Board.

(c) If said Director cannot meet the attendance requirement, said Director may recommend a replacement from their company to fill their position. The Board of Directors shall consider such a recommendation at the next scheduled Board meeting.

(d) In the event of the selection of replacement director from the same company as per item number three above, said replacement director will assume the past attendance record of their predecessor and will be held accountable for the required Board attendance accordingly.”

**Section 10. Special Meetings:** Special meetings of the Board of Directors may be called by the President on two (2) days' notice to each Director, given personally, or by mail, electronic mail, telephone, or telegraph, which notice shall state the time, place (as hereinabove provided), and purpose of the meeting. Special meetings of the Board of Directors may be held at such time and place, including by telephone conference call, as the President shall determine, and shall be called by the President or Secretary on the written request of at least five Directors.

**Section 11. Waiver of Notice:** Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall constitute waiver of notice by that Director of the time and place thereof. If all the Directors

are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

**Section 12. Quorum:** At all meetings of the Board of Directors, a majority of the Directors present in person or by proxy shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, in person or by proxy, the majority of those present may adjourn the meeting from time to time.

**Section 13. Executive Committee:** The officers of the Corporation shall constitute the Executive Committee, which shall have, and may exercise between meetings of the Board, all the powers, rights and duties of the Board of Directors, PROVIDED THAT, amendment of these Bylaws, the naming or removal of Officers, and the naming of additional Directors shall be reserved exclusively to the Board of Directors or to the Members as provided in these Bylaws. Neither shall the Executive Committee have the powers, rights and duties reserved to the Nominating Committee. The Executive Committee shall consist of at least three (3) Officers. The Executive Committee shall not take action without quorum of a majority of its members, and shall keep minutes of each meeting, which minutes shall be promptly distributed to each member of the Board of Directors.

**Section 14. Other Committees:** The Board of Directors may form other standing or temporary committees composed of members of the Board.

**Section 15. Advisory Committees:** The Board of Directors may designate advisory committees composed of Directors and other Members of the Corporation to address such topics as the Board of Directors may determine.

**Section 16. Action by Unanimous Written Consent:** Any action that can be taken by the Board of Directors or any of its Committees may be taken without a meeting, provided that each member of the Board or Committee assents to the action in a writing that indicates unanimous consent of the members of the Board or Committee.

**Section 17. Proxies:** Directors who are employees of Members may be represented at meetings of the Board of Directors in person or by other employees of their respective members.

## **Article VII Committees**

**Section 1. Committees of Directors:** The Board of Directors may, by resolution adopted by a majority of the Directors then in office, designate committees, each consisting of two (2) or more Directors, to serve at the pleasure of the Board. Such committees shall have all the authority of the Board to the extent provided in the resolution of the Board, but no committee, regardless of Board resolution, may:

- (a) take any final action on matters which, under the Nonprofit Corporation Law of California, also requires Members' approval or approval of the outstanding shares; or,
- (b) fill vacancies on the Board of Directors or in any committee; or,
- (c) fix compensation of the Directors for serving on the Board or on any committee; or,
- (d) amend or repeal these Bylaws, or adopt new Bylaws; or,
- (e) amend or repeal any resolution of the Board of Directors which by its express terms is not so amendable or repealable; or,
- (f) appoint any other committees of the Board of Directors or the members of these committees; or,
- (g) expend corporate funds to support a nominee for Director; or,
- (h) approve any transaction (1) to which the Corporation is a party and one or more Directors have a material financial interest; or (2) between the Corporation and one or more of its Directors or between the Corporation or any person in which one or more of its Directors have a material financial interest.

**Section 2. Meetings and Action of Committees:** Meetings and action of committees shall be governed by, and held and taken in accordance with, the provisions of Article VI of these Bylaws, with such changes in the context of those provisions as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time for regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee. Special meeting of committees may also be called by resolution of the Board of Directors. Notice of special meetings of committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the committee. Minutes shall be kept of each meeting of any committee and shall be filed with the corporate records. The Board of Directors may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

## **Article VIII Officers**

**Section 1. Designation:** The principal Officers of the Corporation shall be a President, a First Vice President, a Second Vice President, a Secretary, and a Treasurer, all of who shall be elected by the Board of Directors. The Directors may also appoint Assistant Treasurers, Assistant Secretaries, and such other Officers as in their judgment may be necessary.

**Section 2. Election of Officers:** The Officers of the Corporation shall be elected annually by the Board of Directors and shall hold office at the pleasure of the Board; provided, however, that no person may be elected as an Officer who has not first served as a Director for at least one (1) year.

**Section 3. Removal of Officers:** Upon an affirmative vote of a majority of the members of the Board of Directors, any Officer may be removed, either with or without cause, and a successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

**Section 4. Resignation of Officers:** Any Officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice, and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the right, if any, of the Corporation under any contract to which the Officer is a party.

**Section 5. Vacancies in Offices:** A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled only in the manner prescribed in these Bylaws for regular appointments to that office.

**Section 6. Responsibilities of Officers:**

(a) President: The President shall be the chief executive officer of the Corporation. He shall preside at all meetings of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of President of a Corporation, including, but not limited to, the power to appoint committees, other than the Management Committee and the Nominating committee, from among the membership of the Board of Directors and from among the Members from time to time as he may, in his discretion, decide is appropriate to assist in the conduct of the affairs of the Corporation.

(b) Vice Presidents: The First Vice President shall take the place of the President and perform those duties whenever the President shall be absent or unable to act. If neither the President nor the First Vice President is able to act, the Second Vice President shall take the place of the President and perform those duties. If neither the President, the First Vice President, nor the Second Vice President, is able to act, the Board of Directors shall appoint some other Director to do so on an interim basis. All Vice Presidents shall perform such duties as shall from time to time be imposed upon them by the President and the Board of Directors. The Board may appoint an Executive Vice President who shall be charged with the management of the daily affairs of the Corporation.

(c) Secretary: The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all the meetings of the Members of the Corporation, have the custody of the seal of the Corporation, have charge of the membership transfer books and of such other books and papers as the Board of Directors may direct, and generally perform all duties incident to the office of Secretary.

(d) Treasurer: The Treasurer shall have the responsibility for corporate funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and

disbursements in books belonging to the Corporation. The Treasurer shall also be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Corporation in such depositories as may from time to time be designated by the Board of Directors.

(e) Executive Director: The Board of Directors shall appoint an Executive Director to hold office at its pleasure. The Executive Director's duties, and compensation, shall be set forth by the Board of Directors.

## **Article IX Indemnification of Directors, Officers, Employees, and Other Agents**

### **Section 1. Definitions:**

For the purpose of this Article:

(a) "agent" means any person who is or was a Director, Officer, employee, or other agent of this Corporation, or is or was serving at the request of this Corporation as a Director, office employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, or was a director, officer, employee, or agent of a foreign or domestic corporation that was a predecessor corporation of this Corporation or of another enterprise at the request of the predecessor corporation.

(b) "proceeding" means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative; and

(c) "expenses" includes, without limitation, all attorneys' fees, costs, and any other expenses incurred in the defense of any claims or proceedings against an agent by reason of his position or relationship as agent and all attorneys' fees, costs, and other expenses incurred in establishing a right to indemnification under this Article.

**Section 2. Successful Defense by Agent:** To the extent that an agent of this Corporation has been successful on the merits in the defense of any proceeding referred to in this Article, or in the defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection with the claim. If an agent either settles any such claim or sustains a judgment rendered against him, then the provisions of Section 3 through 5 shall determine whether the agent is entitled to indemnification.

**Section 3. Actions Brought by Persons Other Than The Corporation:** Subject to the required findings to be made pursuant to Section 5, below, the Corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding other than an action brought by, or on behalf of, this corporation, or by an Officer, Director or person granted related status by the Attorney General, or by the Attorney General on the ground that the defendant Director was or is engaging in self-dealing within the meaning of California Corporations Code Section 9243, or by the Attorney General or a person granted related status

by the Attorney General for any breach of duty relating to assets held in charitable trust, by reason of the fact that such person is or was an agent of this Corporation, for all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with the proceeding.

**Section 4. Action Brought By Or On Behalf of the Corporation:**

(a) Claims settled out of court. If any agent settles or otherwise disposes of a threatened or pending action brought by or on behalf of this Corporation, with or without court approval, the agent shall receive no indemnification for either amounts paid pursuant to the terms of the settlement or other disposition or for any expenses incurred in defending against the proceeding.

(b) Claims and suits awarded against agent. This Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action brought by or on behalf of this Corporation by reason of the fact that the person is or was an agent of this Corporation, for all expenses actually and reasonably incurred in connection with the defense of that action, provided that both of the following are met:

(i) The determination of good faith conduct required by Section 5, below, must be made in the manner provided for in that section; and,

(ii) Upon application, the court in which the action was brought must determine that, in view of all of the circumstances of the case, the agent should be entitled to indemnification for the expenses incurred. If the agent is found to be so entitled, the court shall determine the appropriate amount of expenses to be reimbursed.

**Section 5. Determination of Agent's Good Faith Conduct:**

The indemnification granted to an agent in Sections 3 and 4 above is conditioned on the following:

(a) Required standard of conduct. The agent seeking reimbursement must be found, in the manner provided below, to have acted in good faith, in a manner s/he believed to be in the best interest of this Corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use in similar circumstances. The termination of any proceeding by judgment, order, settlement, conviction, or on a plea of *nolo contendere* or its equivalent shall not, of itself, create a presumption that the person did not act in good faith or in a manner which s/he reasonably believed to be in the best interest of this Corporation or that s/he had reasonable cause to believe that his/her conduct was unlawful. In the case of a criminal proceeding, the person must have had no reasonable cause to believe that his/her conduct was unlawful.

(b) Manner of determination of good faith conduct. The determination that the agent did act in a manner complying with paragraph (a) above shall be made by:

(i) the Board of Directors by a majority vote of a quorum consisting of Directors who are not parties to the proceeding; or,

(ii) the affirmative vote (or written ballot in accordance with Article VI, Section 9) of a majority of the votes represented and voting at a duly held meeting at which a quorum is present (which affirmative votes also constitute a majority of the required quorum); or,

(iii) the court in which the proceeding is or was pending. Such determination may be made on application brought by this Corporation or the agent or the attorney or other person rendering a defense to the agent, whether or not the application by the agent, attorney, or other person is opposed by this Corporation.

**Section 6. Limitations:** No indemnification or advance shall be made under this Article, except as provided in Sections 2 or 5(b)(iii), in any circumstance when it appears:

(a) That the indemnification or advance would be inconsistent with a provision of the articles, a resolution of the Members, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or,

(b) That the indemnification would be inconsistent with any condition expressly imposed by a court in approving a settlement.

**Section 7. Advance of Expenses:** Expenses incurred in defending any proceeding may be advanced by this Corporation before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the agent to repay the amount of the advance unless it is determined ultimately that the agent is entitled to be indemnified as authorized in this Article.

**Section 8. Contractual Rights of Non-Directors and Non-Officers :** Nothing contained in this Article shall affect any right to indemnification to which persons other than Directors and Officers of this corporation, or any subsidiary hereof, may be entitled by contract or otherwise.

**Section 9. Insurance:** The Board of Directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the Corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not this Corporation would have the power to indemnify the agent against that liability under the provisions of this section.

**Section 10. Fiduciaries or Corporate Employee Benefit Plan:** This Article does not apply to any proceeding against any trustee, investment manager, or other fiduciary of an employee benefit plan in that person's capacity as such, even though that person may also be an agent of the corporation as defined in Section 1 of this Article. Nothing contained in this Article shall limit any right to indemnification to which such a trustee, investment manager, or other fiduciary may be entitled by contract or otherwise, which shall be enforceable to the extent permitted by applicable law.

## **Article X Corporate Seal**

The Board of Directors shall provide a suitable corporate seal containing the name of the Corporation, which seal shall be in the charge of the Secretary. If so directed by the Board of Directors, a duplicate of the seal may be kept and used by the Treasurer or an Assistant Treasurer or an Assistant Secretary.

## **Article XI Fiscal Management**

**Section 1. Fiscal Year:** The fiscal year of the Corporation shall begin on the 1st day of January every year, except that the first fiscal year of the Corporation shall begin at the date of incorporation. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should corporate practice of law subsequently dictate.

**Section 2. Books and Accounts:** Books and accounts of the Corporations shall be kept under the direction of the Treasurer.

**Section 3. Inspection of Books:** Financial reports and the membership records of the Corporation shall be available at the principal office of the Corporation for inspection at reasonable times by any Member.

## **Article XII Amendments**

These Bylaws may be amended by a majority of the Members present and voting at any annual or special meeting of the membership, provided that a quorum as prescribed in Article V, Section 5, herein, is present at any such meeting, or by a majority of the Directors present and voting at any Regular or Special Meeting of the Board of Directors, provided that a quorum as prescribed in Article VI, Section 12, herein, is present.

**POLICY ADDENDUMS TO IARA BYLAWS ADOPTED BY THE IARA BOARD OF DIRECTORS 19TH, DECEMBER 2008.**

Conflict of Interest Policy

This Conflict of Interest Policy of the International Automotive Remarketers Alliance, (1) defines conflicts of interest; (2) identifies classes of individuals within the Organization covered by this policy; (3) facilitates disclosure of information that may help identify conflicts of interest; and (4) specifies procedures to be followed in managing conflicts of interest.

1. **Definition of conflicts of interest.** A conflict of interest arises when a person in a position of authority over the Organization may benefit financially from a decision he or she could make in that capacity, including indirect benefits such as to family members or businesses with which the person is closely associated. This policy is focused upon material financial interest of, or benefit to, such persons.

2. **Individuals covered.** Persons covered by this policy are the Organization's officers, directors, volunteers, chief employed executive, chief employed finance executive, all and any other paid employees.

3. **Facilitation of disclosure.** Persons covered by this policy will annually disclose or update to the Chairman of the Board of Directors on a form provided by the Organization their interests that could give rise to conflicts of interest, such as a list of family members, substantial business or investment holdings, and other transactions or affiliations with businesses and other organizations or those of family members.

4. **Procedures to manage conflicts.** For each interest disclosed to the Chairman of the Board of Directors, the Chairman will determine whether to: (a) take no action; (b) assure full disclosure to the Board of Directors and other individuals covered by this policy; (c) ask the person to recuse from participation in related discussions or decisions within the Organization; or (d) ask the person to resign from his or her position in the Organization or, if the person refuses to resign, become subject to possible removal in accordance with the Organization's removal procedures. The Organization's chief employed executive and chief employed finance executive will monitor proposed or ongoing transactions for conflicts of interest and disclose them to the Chairman of the Board of Directors in order to deal with potential or actual conflicts, whether discovered before or after the transaction has occurred. In the event that the conflict involves the Chairman of the Board of Directors, the Secretary of the organization shall be the party to receive the information and shall proceed in accordance with item (b) and (c) as above listed in this paragraph.

## Whistleblower Policy

This Whistleblower Policy of the International Automotive Remarketers Alliance; (1) encourages staff and volunteers to come forward with credible information on illegal practices or serious violations of adopted policies of the Organization; (2) specifies that the Organization will protect the person from retaliation; and (3) identifies where such information can be reported.

- 1. Encouragement of reporting.** The Organization encourages complaints, reports or inquiries about illegal practices or serious violations of the Organization's policies, including illegal or improper conduct by the Organization itself, by its leadership, or by others on its behalf. Appropriate subjects to raise under this policy would include financial improprieties, accounting or audit matters, ethical violations, or other similar illegal or improper practices or policies. Other subjects for which the Organization has existing complaint mechanisms should be addressed under those mechanisms, such as raising matters of alleged discrimination or harassment via the Organization's human resources channels, unless those channels are themselves implicated in the wrongdoing. This policy is not intended to provide a means of appeal from outcomes in those other mechanisms.
- 2. Protection from retaliation.** The Organization prohibits retaliation by or on behalf of the Organization against staff or volunteers for making good faith complaints, reports or inquiries under this policy or for participating in a review or investigation under this policy. This protection extends to those whose allegations are made in good faith but prove to be mistaken. The Organization reserves the right to discipline persons who make bad faith, knowingly false, or vexatious complaints, reports or inquiries or who otherwise abuse this policy.
- 3. Where to report.** Complaints, reports or inquiries may be made under this policy on a confidential or anonymous basis. They should describe in detail the specific facts demonstrating the bases for the complaints, reports or inquiries. They should be directed to the Organization's chief employed executive or Chairman of the Board of Directors. If both of those persons are implicated in the complaint, report or inquiry, it should be directed to the Secretary. The Organization will conduct a prompt, discreet, and objective review or investigation. Staff or volunteers must recognize that the Organization may be unable to fully evaluate a vague or general complaint, report or inquiry that is made anonymously.

## Document Retention and Destruction Policy

This Document Retention and Destruction Policy of the International Automotive Remarketers Alliance identifies the record retention responsibilities of staff, volunteers, members of the Board of Directors, and outsiders for maintaining and documenting the storage and destruction of the Organization's documents and records.

1. **Rules.** The Organization's staff, volunteers, members of the Board of Directors and outsiders (i.e., independent contractors via agreements with them) are required to honor these rules: (a) paper or electronic documents indicated under the terms for retention below will be transferred and maintained by the Human Resources, Legal or Administrative staffs/departments or their equivalents; (b) all other paper documents will be destroyed after three years; (c) all other electronic documents will be deleted from all individual computers, data bases, networks, and back-up storage after one year; and (d) **no paper or electronic documents will be destroyed or deleted if pertinent to any ongoing or anticipated government investigation or proceeding or private litigation.**

### 2. **Terms for retention.**

#### a. Retain permanently:

*Governance records* – Charter and amendments, Bylaws, other organizational documents, governing board and board committee minutes.

*Tax records* – Filed state and federal tax returns/reports and supporting records, tax exemption determination letter and related correspondence, files related to tax audits.

*Intellectual property records* – Copyright and trademark registrations and samples of protected works.

*Financial records* – Audited financial statements, attorney contingent liability letters.

#### b. Retain for ten years:

*Pension and benefit records* -- Pension (ERISA) plan participant/beneficiary records, actuarial reports, related correspondence with government agencies, and supporting records.

*Government relations records* – State and federal lobbying and political contribution reports and supporting records.

#### c. Retain for three years:

*Employee/employment records* – Employee names, addresses, social security numbers, dates of birth, INS Form I-9, resume/application materials, job descriptions, dates of hire and termination/separation, evaluations, compensation information, promotions, transfers, disciplinary matters, time/payroll records, leave/comp time/FMLA, engagement and discharge correspondence, documentation of basis for independent contractor status

(retain for all current employees and independent contractors and for three years after departure of each individual).

*Lease, insurance, and contract/license records* – Software license agreements, vendor, hotel, and service agreements, independent contractor agreements, employment agreements, consultant agreements, and all other agreements (retain during the term of the agreement and for three years after the termination, expiration, non-renewal of each agreement).

d. Retain for one year:

*All other electronic records, documents and files* – Correspondence files, past budgets, bank statements, publications, employee manuals/policies and procedures, survey information.

3. **Exceptions.** Exceptions to these rules and the terms for retention, may be granted only by the Organization's chief staff executive, or Chairman of the Board.

## Policy on the Process for Determining Compensation

This Policy on the Process for Determining Compensation of the International Automotive Remarketers Alliance applies to the compensation of the following persons employed by the Organization:

X The Organization's **chief employed executive**<sup>1</sup> (CHECK IF APPLICABLE)  
    Other **Officers**<sup>2</sup> or **Key Employees**<sup>3</sup> of the Organization by title: \_\_\_\_\_

\_\_\_\_\_  
(CHECK IF APPLICABLE; SUPPLY TITLES).

The process includes all of these elements: (1) review and approval by the board of directors or compensation committee of the Organization; (2) use of data as to comparable compensation; and (3) contemporaneous documentation and recordkeeping.

1. **Review and approval.** The compensation of the person is reviewed and approved by the board of directors or compensation committee of the Organization, provided that persons with conflicts of interest with respect to the compensation arrangement at issue are not involved in this review and approval.

2. **Use of data as to comparable compensation.** The compensation of the person is reviewed and approved using data as to comparable compensation for similarly qualified persons in functionally comparable positions at similarly situated organizations.

3. **Contemporaneous documentation and recordkeeping.** There is contemporaneous documentation and recordkeeping with respect to the deliberations and decisions regarding the compensation arrangement.

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<sup>1</sup> **Chief employed executive** – The CEO (i.e., Chief Executive Officer), executive director, or top management official (i.e., a person who has ultimate responsibility for implementing the decisions of the Organization's governing body or for supervising the management, administration, or operations of the Organization).

<sup>2</sup> **Officer** – A person elected or appointed to manage the Organization's daily operations, such as a president, vice-president, secretary or treasurer. The officers of the Organization are determined by reference to its organizing document, bylaws, or resolutions of its governing body, or as otherwise designated consistent with state law, but at a minimum include those officers required by applicable state law. Include as officers the Organization's top management official and top financial official (the person who has ultimate responsibility for managing the Organization's finances).

<sup>3</sup> **Key Employee** – An employee of the Organization who meets all three of the following tests: (a) \$150,000 Test: receives reportable compensation from the Organization and all related organizations in excess of \$150,000 for the year; (b) Responsibility Test: the employee: (i) has responsibility, powers, or influence over the Organization as a whole that is similar to those of officers, directors, or trustees; (ii) manages a discrete segment or activity of the Organization that represents 10% or more of the activities, assets, income, or expenses of the Organization, as compared to the Organization as a whole; or (iii) has or shares authority to control or determine 10% or more of the Organization's capital expenditures, operating budget, or compensation for employees; and (c) Top 20 Test: is one of the 20 employees (that satisfy the \$150,000 Test and Responsibility Test) with the highest reportable compensation from the Organization and related organizations for the year.

## Joint Venture Policy

This Joint Venture Policy of the International Automotive Remarketers Alliance requires that the Organization evaluate its participation in joint venture arrangements under Federal tax law and take steps to safeguard the Organization's exempt status with respect to such arrangements. It applies to any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment, or exempt-purpose activity as further defined in this policy.

**A. Joint ventures or similar arrangements with taxable entities.** For purposes of this policy, a joint venture or similar arrangement (or a "venture or arrangement") means any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment, or exempt-purpose activity without regard to: (1) whether the Organization controls the venture or arrangement; (2) the legal structure of the venture or arrangement; or (3) whether the venture or arrangement is taxed as a partnership or as an association or corporation for federal income tax purposes. A venture or arrangement is disregarded if it meets both of the following conditions:

- (a) 95% or more of the venture's or arrangement's income for its tax year ending within the Organization's tax year is excluded from unrelated business income taxation [including but not limited to: (i) dividends, interest, and annuities; (ii) royalties; (iii) rent from real property and incidental related personal property except to the extent of debt-financing; and (iv) gains or losses from the sale of property]; and
- (b) the primary purpose of the Organization's contribution to, or investment or participation in, the venture or arrangement is the production of income or appreciation of property.

**2. Safeguards to ensure exempt status protection.** The Organization will: (a) negotiate in its transactions and arrangements with other members of the venture or arrangement such terms and safeguards adequate to ensure that the Organization's exempt status is protected; and (b) take steps to safeguard the Organization's exempt status with respect to the venture or arrangement. Some examples of safeguards include:

- (i) control over the venture or arrangement sufficient to ensure that it furthers the exempt purpose of the organization;
- (ii) requirements that the venture or arrangement gives priority to exempt purposes over maximizing profits for the other participants;
- (iii) that the venture or arrangement not engage in activities that would jeopardize the Organization's exemption; and
- (iv) that all contracts entered into with the organization be on terms that are arm's length or more favorable to the Organization.