

**APPRAISAL DATA NETWORK, INC.**

**BYLAWS**



# BYLAWS OF APPRAISAL DATA NETWORK, INC.

## PREAMBLE

Appraisal Data Network, Inc. ("ADN") is a for profit corporation formed to assist its shareholders by collecting, compiling, and disseminating information relating to the real estate market in the greater Minneapolis/Saint Paul Metropolitan area and surrounding region.

Each shareholder must be an appraiser with a current valid Certified General Real Estate license issued by the State of Minnesota or Wisconsin, conducting an active trade or business and must meet the qualifications outlined in these Bylaws, the corporation's Rules, and the Buy-Sell Agreement by the shareholders.

## ARTICLE I OFFICES; CORPORATE SEAL

**Section 1.1. Registered Office.** The registered office of the corporation shall be at the address specified in the Articles of Incorporation or any amendment or restatement thereof or in a certificate of change of registered office filed with the Secretary of State of Minnesota.

**Section 1.2. Other Offices.** The corporation may also have offices at such other places both within and without the State of Minnesota as the Board of Directors may from time to time determine or the business of the corporation may require.

## ARTICLE II SHAREHOLDERS

**Section 2.1. In General.** Except as required by Section 2.8, all meetings of the shareholders shall be held at the registered office of the corporation or at such other place either within or without the State of Minnesota as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting.

**Section 2.2. Regular Meetings.** Regular meetings of shareholders shall be held annually or more frequently if desired by the Board of Directors or if required by these Bylaws, the corporation's rules or the laws of the State of Minnesota.

**Section 2.3. Demand by Shareholder.** If a regular meeting of shareholder has not been held during the immediately precedent 15 months, a shareholder or shareholders holding three percent or more of all voting shares may demand a regular meeting of shareholders by written notice of demand given to the chief executive officer or the chief financial officer of the corporation. Within 30 days after receipt of the demand by one of those officers, the Board of Directors shall cause a regular meeting of shareholders to be called and held on notice not later than 90 days after receipt of the demand, all at the expense of the corporation. If the Board fails to cause a regular meeting to be called and held as required by this section, the shareholder or shareholders making the demand may call the regular meeting by giving notice as required by Section 2.8, all at the expense of the corporation.

**Section 2.4. Business at Regular Meetings.** At each regular meeting of shareholders there shall be an election of qualified successors for directors who serve for an indefinite

term or whose terms have expired or are due to expire within six months after the date of the meeting. No other particular business is required to be transacted at a regular meeting. Any business appropriate for action by the shareholders may be transacted at a regular meeting.

**Section 2.5. Special Meetings.** Special meetings of the shareholders may be called for any purposes at any time, by the President, the Secretary, the Treasurer, any two or more directors, or a shareholder or shareholders as described in Section 2.6.

**Section 2.6. Demand by Shareholders.** A shareholder or shareholders holding ten percent or more of the voting shares may demand a special meeting of shareholders by written notice of demand given to the President or Treasurer of the corporation and containing the purposes of the meeting. Within 30 days after receipt of the demand by one of those officers, the Board shall cause a special meeting of shareholders to be called and held on notice not later than 60 days after receipt of the demand, all at the expense of the corporation. If the Board fails to cause a special meeting to be called and held as required hereby, the shareholder or shareholders making the demand may call the meeting by giving notice as required by Section 2.8, all at the expense of the corporation.

**Section 2.7. Business at Special Meetings.** The business transacted at a special meeting shall be limited to the purposes stated in the notice of the meeting. Any business transacted at a special meeting that is not included in those stated purposes is voidable by or on behalf of the corporation, unless all of the shareholders have waived notice of the meeting in accordance with Section 2.9.

**Section 2.8. Notice of Meeting.** Written notice of all meetings of shareholders stating the place, date, and hour of the meeting and, in the case of special meetings, the purpose or purposes for which the meeting is called, shall be given to each shareholder entitled to vote at such meeting not less than ten nor more than 60 days before the date of the meeting, except that a meeting called by or at the demand of a shareholder or shareholders shall be held in the county where the principal executive office of the corporation is located.

**Section 2.9. Waiver; Objections.** A shareholder may waive notice of a meeting of shareholders. A waiver of notice by a shareholder entitled to notice is effective whether given before, at, or after the meeting, and whether given in writing, oral or by attendance. Attendance by a shareholder at a meeting is a waiver of notice of that meeting, except where the shareholder objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened, or objects before a vote on an item of business because the item may not lawfully be considered at that meeting and does not participate in the consideration of the item at that meeting.

**Section 2.10. Stock Ledger.** At least ten days before every meeting of shareholders, the officer who has charge of the stock ledger of the corporation shall prepare and make a complete list of the shareholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address and the number of shares registered in the name of each shareholder. Such list shall be open to the examination of any shareholder for any purpose germane to the meeting during ordinary business hours for a period of at least ten days prior to the meeting. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any shareholder who is present.

**Section 2.11. Record Date.** The Board of Directors may fix a date not more than 60 days before the date of a meeting of shareholders as to the date for the determination of the holders of voting shares entitled to notice of and to vote at such meeting. When a date is so fixed, only shareholders on that date are entitled to notice and permitted to vote at that meeting of shareholders.

**Section 2.12. Quorum.** The holders of a majority of the voting power of the shares entitled to vote at a meeting present in person or by proxy at the meeting are a quorum for the transaction of business, unless a larger or smaller proportion or number is provided in the Articles of Incorporation. If a quorum is present when duly called or held meeting is convened, the shareholders present may continue to transact business until adjournment, even though the withdrawal of a number of shareholder originally present leaves less than the proportion or number otherwise required for a quorum.

**Section 2.13. Adjourned Meetings.** In the absence of a quorum, any meeting may be adjourned from time to time. If any meeting of the shareholders is adjourned to another time or place, no notice of the date, time, place of such adjourned meeting need be given other than by announcement at the time of adjournment.

**Section 2.14. Vote Required.** The shareholders shall take action by the affirmative vote of 60 percent of the shareholders present at any duly held meeting, except where a larger or smaller proportion or number is required by the Articles of Incorporation, these Bylaws or the State of Minnesota.

**Section 2.15. Voting Power.** Unless otherwise provided in the Articles of Incorporation or in the terms of the shares, a shareholder has one vote for each share held.

**Section 2.16. Registered Shareholders.** Except as otherwise provided in Section 2.11 or the laws of the State of Minnesota, the corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof.

**Section 2.17. Shareholder Management.** The holders of the voting shares of the corporation may, by unanimous affirmative vote, take any action that the Board of Directors is required or permitted to take or that the shareholders are permitted to take after action or approval of the Board.

**Section 2.18. Proxies.** A shareholder may cast or authorize the casting of a vote by filing written appointment of a proxy with an officer of the corporation at or before the meeting at which the appointment is to be effective. An appointment of a proxy for shares held jointly by two or more shareholders is valid if signed by any one of them, unless the corporation receives from any one of those shareholders written notice denying the authority of that person to appoint a proxy or appointing a different proxy.

**Section 2.19. Action Without a Meeting.** An action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting by written action signed by a majority of the shareholders entitled to a vote on such action. The written action is effective when it has been signed by a majority of those shareholders, unless a different time is provided in the written action.

## **ARTICLE III DIRECTORS**

**Section 3.1. Number and Election.** The Board of Directors shall consist of nine Directors. Each Director shall be elected for a term of three fiscal years. The terms are to be staggered so no more than three expire in the same year. The number of Directors and the term of any Director may only be changed by a vote of the shareholders.

The Director positions shall be rotated among shareholders according to a list maintained by the Administrator. The Director position shall be filled by the designated shareholder or by an Associate User, as defined in Section 7.3, affiliated with such shareholder. If the designated shareholder or an Associate User affiliated with such shareholder is unwilling or unable to serve as Director, he or she shall submit a letter of resignation to the Board of Directors.

If a shareholder, or an Associate User affiliated with such shareholder, has a desire to serve on the board, he or she can submit their name to be considered for election at a shareholder meeting without regard to the rotating member list. Only one qualifying person per shareholder (including any Associate Users affiliated with the shareholder) shall be permitted to hold a seat on the current Board. The shareholder, or an Associate User affiliated with such shareholder, shall be elected by an affirmative vote of a plurality of the shareholders present and entitled to vote on the election of directors at any duly held meeting.

A director may be removed at any time, with or without cause, by the affirmative vote of 60 percent of shareholders present at any duly held meeting.

**Section 3.2. Vacancies and New Directorships.** Vacancies on the Board resulting from the death, disqualification, resignation, or removal of a director may be filled by the affirmative vote of a majority of the remaining directors, if they constitute a quorum of the Board. Each director elected to fill a vacancy holds office until a qualified successor is elected by the shareholders at the next regular meeting or special meeting of the shareholders.

Qualified successors shall be elected by an affirmative vote of a plurality of the shareholders present and entitled to vote on the election of directors at any duly held meeting.

**Section 3.3. Powers.** Except as may otherwise be provided by shareholder control agreements or Section 2.17, the business and affairs of the corporation shall be managed by or under the direction of a Board of Directors, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by the Articles of Incorporation, these Bylaws, or the laws of the State of Minnesota directed or required to be exercised or done by the shareholders.

**Section 3.4. Time and Place of Meeting.** Meetings of the Board of Directors may be held from time to time at any place, within or without the State of Minnesota, that the Board of Directors may select or by any means described in Section 3.5. If the Board of Directors fails to select a place for a meeting, the meeting shall be held at the principal executive office of the corporation, except in the case of the first meeting of each newly elected Board of Directors, which shall be held as provided in Section 3.6.

**Section 3.5. Electronic Meetings.** A conference among directors by any means of communication through which the directors may simultaneously hear each other during the conference constitutes a board meeting, if the same notice is given of the conference as would be required by Section 3.7 for a meeting, and if the number of directors participating in the conference would be sufficient to constitute a quorum at a meeting. A director may participate in a board meeting not described above by any means of communication through which the directors, other directors so participating, and all directors physically present at the meeting may simultaneously hear each other during the meeting. Participation in a meeting by such electronic means constitutes presence in person at the meeting.

**Section 3.6. First Meeting.** The first meeting of each newly elected Board of Directors shall be held on the day of the regular meeting of shareholders immediately after the adjournment thereof at the place where the shareholders' meeting is held, or at such time and place as shall be fixed by the shareholders at the regular meeting, and no notice of such meeting shall be necessary in order to legally constitute the meeting, provided a quorum is present. If such meeting is not held, it may be held at such time and place and in the manner provided for other meetings of the Board of Directors or as specified in a written waiver signed by all of the directors.

**Section 3.7. Other Meetings.** Meetings of the Board, except for the first meeting, may be called by a director or by the President of the corporation on ten days notice to all directors, of the date, time, and place of the meeting. The notice need not state the purpose of the meeting. If the date, time, and place of a Board meeting have been announced at a previous meeting of the Board, no notice is required.

**Section 3.8. Quorum.** A majority of the directors currently holding office present at a meeting is a quorum for the transaction of business.

**Section 3.9. Adjourned Meetings.** In the absence of a quorum, any meeting may be adjourned from time to time. If any meeting of the Board of Directors is adjourned to another time or place, no notice of such adjourned meeting need be given other than by announcement at the time of adjournment.

**Section 3.10. Board Action.** The Board shall take action by the affirmative vote of a majority of directors at duly held meetings, except where the affirmative vote of a larger proportion or number is required by the Articles of Incorporation, these Bylaws, or the laws of the State of Minnesota. If the Articles of Incorporation require a larger proportion or number than is required by the laws of the State of Minnesota for a particular action, the Articles of Incorporation shall control.

**Section 3.11. Waiver of Notice.** A director may waive notice of a meeting of the Board. A waiver of notice by a director entitled to notice is effective whether given before, at, or after the meeting, and whether given in writing, orally, or by attendance. Attendance by a director at a meeting is a waiver of notice of that meeting, except where the director objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate thereafter in the meeting.

**Section 3.12. Absent Directors.** A director may give advance written consent or opposition to a proposal to be acted on at a Board meeting. If the director is not present at the meeting, consent or opposition to a proposal does not constitute presence for purposes of determining the existence of a quorum, but consent or opposition shall be

counted as a vote in favor of or against the proposal and shall be entered in the minutes or other record of action at the meeting, if the proposal acted on at the meeting is substantially the same or has substantially the same effect as the proposal to which the director has consented or objected.

**Section 3.13. Committees.** A resolution approved by the affirmative vote of a majority of the entire Board of Directors may establish committees having the authority of the Board in the management of the business of the corporation to the extent provided in the resolution. Committee members shall be natural persons. A committee shall consist of one or more persons, who need not be directors, appointed by affirmative vote of a majority of the directors present. A majority of the members of the committee present at a meeting is a quorum for the transaction of business, unless a larger or smaller proportion or number is provided by the affirmative vote of a majority of the directors present. Minutes, if any, of committee meetings shall be made available upon request to members of the committee and to any director.

**Section 3.14. Action Taken Without a Meeting.** An action required or permitted to be taken at a board meeting or by a lawfully constituted committee thereof may be taken by written action signed by all of the directors or by all of the members of such committee.

**Section 3.15. Fees and Expenses.** The directors may be paid their expenses, if any, of attendance of each meeting of the Board of Directors. However, all directors and members of committees shall serve as volunteers and shall not be paid compensation for their services, unless expressly authorized by the shareholders.

## **ARTICLE IV OFFICERS**

**Section 4.1. Election of Required Officers.** The offices of President, Vice President, Secretary, and Treasurer shall be elected by the Board from among its shareholders. Officers are elected for a two year term, but each officer shall serve until a replacement is elected and qualifies or until the officer's earlier death, disqualification, resignation or removal.

**Section 4.2. Other Officers.** The Board of Directors may elect or appoint any other officers or agents the Board deems necessary for the operation and management of the corporation, each of whom shall have the powers, rights, duties, responsibilities, and terms in office provided for in the Articles of Incorporation, these Bylaws or as determined by the Board of Directors.

**Section 4.3. Multiple Offices.** Except for those officers named in Section 4.1, any number of offices or functions of those offices may be held or exercised by the same person. If a document must be signed by a person holding different offices or functions and a person holds or exercises more than one of those offices or functions, that person may sign the document in more than one capacity, but only if the document indicates each capacity in which the person signs.

**Section 4.4. Fees and Expenses.** The officers may be paid their expenses, if any, of performing their duties. However, all officers shall serve as volunteers and shall not be paid compensation for their services as an officer unless expressly authorized by the shareholders.

**Section 4.5. Tenure, Removal, or Vacancy.** Each officer shall hold office until his successor is elected and qualifies, or until his earlier death, disqualification, resignation, or removal. An officer may be removed at any time, with or without cause, by a resolution approved by the affirmative vote of a majority of the directors, or may be removed or replaced by an affirmative vote of 60 percent of the shareholders entitled to vote at any duly held meeting. Any officer may resign at any time by giving written notice to the corporation. Vacancies in an officer position may be filled by a majority vote of the Directors present at any duly called meeting.

**Section 4.6. Duties of President.** The president shall be the chief executive officer of the corporation and shall have general active management of the business of the corporation. The President shall:

- a) Be responsible for the day to day operation of the corporation;
- b) Be primarily, but not solely, responsible for supervising and monitoring the activities of contractors hired by the corporation, especially the contractor hired to collect, assemble and disseminate real estate market information;
- c) When present, preside at all meetings of the shareholders and the Board of Directors;
- d) See that all orders and resolutions of the Board are carried into effect; and,
- e) Perform other duties prescribed by the Board.

**Section 4.7. Duties of Secretary.** The Secretary has the primary responsibility for keeping the records of the corporation. The Secretary shall:

- a) Attend all meetings of the Board of Directors and of the shareholders;
- b) Give, or cause to be given, notice of all meetings of the shareholders and, when required, meetings of the Board of Directors;
- c) Have primary responsibility for record keeping of meetings and bylaw changes;
- d) Supervise a contractor regarding various record keeping functions the contractor shall perform such as membership status reports, point submissions, meeting notification and preparation of record for all meetings.
- e) Have custody of the corporate seal of the corporation, if there is one, and shall have the authority to affix the same to any instrument requiring it, and, when so affixed, it may be attested by his signature. The Board of Directors may give general authority to any other officer to affix the seal of the corporation, if there be one, and to attest the affixing by his/her signature;
- f) Perform other duties prescribed by the Board of Directors or the President.

**Section 4.8. Duties of Treasurer.** The Treasurer is the Chief Financial Officer of the corporation. The Treasurer shall:

- a) Attend all meetings of the Board of Directors and of the shareholders;



- b) Keep accurate financial records of the corporation; deposit all money, drafts, and checks in the name of and to the credit of the corporation in the banks and depositories designated by the Board, endorse for deposit all notes, checks, and drafts received by the corporation as ordered by the Board of Directors, making proper vouchers therefore, disburse corporate funds, and issue checks and drafts in the name of the corporation, as ordered by the Board; render to the President and the Board whenever requested, an account of all transactions by and of the financial condition of the corporation;
- c) The Treasurer may delegate the preparation of checks, drafts, etc., but must review all expenditures of the corporation. Expenditures in excess of \$5,000 require the signature of the Treasurer and one other Board member, or an approved motion at a duly called meeting;
- d) Perform duties prescribed by the Board of Directors or the President.

**Section 4.9. Duties of Vice President.** The Vice President shall have such powers and perform such duties as may from time to time be assigned to them respectively by the Board of Directors or the President. In the absence of the President or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

## **ARTICLE V CERTIFICATE OF SHARES**

**Section 5.1. Uncertificated Shares.** Uncertificated shares are prohibited.

**Section 5.2. Certificates; Shareownership.** Each shareholder of the corporation shall be entitled to have a share certificate signed by or in the name of the corporation by an officer. No shareholder may own more than one of the corporation's shares.

**Section 5.3. Facsimile Signatures.** If a person signs or has a facsimile signature placed upon a certificate while an officer, transfer agent, or registrar of a corporation, the certificate may be issued by the corporation, even if the person has ceased to have that capacity before the certificate is issued with the same effect as if the person had that capacity at the date of its issue.

**Section 5.4. New Certificate.** The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed upon the making of an affidavit of that fact by that person claiming the certificate to be lost, stolen, or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its own discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.

**Section 5.5. Transfer of Shares.** All shareholders must sign and agree to be bound by the terms of the Buy-Sell Agreement dated 12/16/2008, which will restrict the sale, or transfer of shares of this corporation. All certificates shall bear the notation:

“Transfer of these shares is restricted by the terms of a Buy-Sell Agreement dated 12/16/2008.”

## **ARTICLE VI CONTRACTORS**

**Section 6.1. Hiring Contractors to Perform Services.** The corporation may enter into service agreements with independent contractors for the purpose of processing the market information submitted by subscribers and administering the operation of the organization. The duties of the Contractors will be defined by the Board of Directors in written contractual agreement.

## **ARTICLE VII SHAREHOLDER QUALIFICATION REQUIREMENTS**

**Section 7.1. Minimum Shareholder Qualification.** To be eligible for consideration to purchase shares in ADN the applicant shall:

- a) Submit a request and all supplemental information in writing to the ADN Board of Directors along with a check or money order for the application fee, the share purchase price, and the first quarterly dues;
- b) Possess a current valid 2-year Certified General Real Property Appraiser license issued by the State of Minnesota or Wisconsin and be a designated member of one of the Appraisal organizations comprising the Appraisal Foundation which include only the original eight members listed as AIREA (MAI), ASA, ASFMRA, IAAO, IRWA, IFA, NSREA, SREA (SREA,SRPA,SRA);
- c) Be actively performing real estate appraisal functions involving mainly commercial, industrial, or multi-family;
- d) The principal residence and place of business of the applicant must be within the State of Minnesota or the western part of the State of Wisconsin as per the discretion of the Board;
- e) Be self-employed in the private sector independent fee real estate appraisal business or employed by a private sector real estate oriented firm that follows USPAP guidelines for performing appraisals, except that employment by full service, multiple-disciplined real estate companies will be permitted;
- f) Illustrate how he/she plans to furnish the ADN accurate and useful real estate market information;
- g) Provide a letter of recommendation from at least two (2) existing shareholders of ADN who know the applicant;
- h) Affirm an unreserved acceptance of obligations in the Buy-Sell Agreement, Bylaws and Rules, by signed agreement;
- i) Sign a Subscription Agreement for the purchase of one share of ADN stock, waiving all rights to bring legal actions against the ADN or any member for decisions and activities pertaining to ADN business;

**Section 7.2. Processing and Voting for New Member/Shareholder.** A written application to become a member for persons meeting eligibility standards shall be processed as follows:

- a) A representative of the Board of Directors, as selected by the President, shall thoroughly review the application to ascertain whether the applicant meets the eligibility requirements and the skill and ability of the applicant to furnish accurate and useful real estate market information to ADN;
- b) The representative will present a report on the applicant to the Board of Directors. The Board of Directors will submit the name of the applicant to the shareholders for a vote together with a designation of whether or not the board of Directors recommends the applicant.
- c) An application shall be voted on individually by the shareholders. This vote shall take place at a regular scheduled meeting of the shareholders or by mail/facsimile. For voting taking place at a regular scheduled meeting, the application will be approved by an affirmative vote of 60 percent of the shareholders, together with proxies, present. For voting taking place by mail/facsimile, the application will be approved by an affirmative vote of a majority of all shareholders.
- d) In order to insure proper voting procedure, each vote will be identified by the shareholder's signature. The results of voting will be kept strictly confidential.

**Section 7.3. Authorization of Associate Users.**

“Associate User” shall mean any appraiser with a current license issued by the State of Minnesota, which is valid for greater than an initial thirteen (13) month period, who is an employee of or is formally working with the shareholder, and who would use the ADN Data (as defined below in Section 8.4) and/or its proprietary data system for performing appraisals or market research.

- a) Each shareholder shall furnish the ADN President the names of the Associate Users in their group authorized to use their ADN Data, materials and information in their real estate activities. The Associate User must share an office with the shareholder.
- b) All Associate Users must meet the same residency requirements as the shareholder.
- c) All Associate Users must affirm an unreserved acceptance of obligations in the Associate User Agreement, Bylaws and Rules, by signed agreement;
- d) The ADN Board of Directors shall review the names furnished and assure themselves that all Associates Users plus proper use type are reported;
- e) During the first quarter of each year, the President shall approve, prepare and distribute to each shareholder a new roster of shareholders, and Associate Users, including required monthly credit points assigned to each person. This roster shall be prepared based upon the receipt of the completed point requirement report form by each shareholder, which must be submitted by the

individual shareholders on or before the end of the month in which the annual meeting of shareholders is held each year, in accordance with the Rules of Operation. Updated roster lists shall be distributed during the year, as needed. Only those persons named on the current ADN roster are authorized by the ADN to have direct access to and use of, the ADN Data, materials and information.

- f) Whenever the status of persons working with a shareholder and using ADN Data changes, the shareholder shall immediately notify the President in writing.

#### **Section 7.4. Termination of Membership Status with ADN (Automatic Redemption of Shares)**

- a) Upon the death of a shareholder, the shareholder's share shall automatically be redeemed by ADN, unless a Transfer of Shareholder application is submitted to ADN within 90 days by an existing Associate Member who is listed on the deceased Shareholder's current Point Requirement Form, and as described under Sec. 7.7. ADN shall pay the price designated in the Buy-Sell Agreement for repurchase of shares.
- b) A shareholder's shares shall automatically be forfeited upon the occurrence of one or more of the conditions listed below. When such a condition develops, the President shall notify the affected shareholder by receipt confirmation mail. Unless the condition is remedied by the shareholder within thirty (30) days, the shareholder's rights are automatically terminated. A person so terminated may reapply to ADN in accordance with the application procedure set forth in Section 7.1 of these Bylaws. The Board of Directors may, in its own discretion, require such an applicant to remedy any outstanding or continuing occurrences of any of the conditions listed below before access to the system is allowed.
  - 1. Three (3) months delinquency in payment of ADN quarterly fees.
  - 2. Five (5) months delinquency in submission of required ADN real estate market information under the Credit Points and Charge Schedule.
  - 3. Suspension of a professional license that is required under Section 7.1.
  - 4. Failure to furnish an annual "ADN Point Requirement Form" naming their Associate Users.
  - 5. Change of employment affiliation. If a shareholder who changes employment affiliation continues to meet all requirements for initial shareholder status, the shareholder may request that his shares not automatically terminate and that his shareholder status continue. The Board of Directors, after an appropriate investigation, may continue the shareholder status of the shareholder.
- c) A shareholder's rights may be terminated by an affirmative vote of a majority of all shareholders eligible to vote.

#### **Section 7.5. Temporary Suspension or Withdrawal of ADN Services**

- a) Upon unanimous agreement, the Board of Directors may suspend the provision of all ADN services to a shareholder who is:
  - 1. Thirty (30) days delinquent in payment of ADN charges, or
  - 2. Thirty (30) days delinquent in submission of required ADN real estate market information under the Credit Points Schedule.
- b) The suspension of services ends when delinquency ends.
- c) Shareholders who are suspended will be entitled to subscription materials disseminated during the suspension, upon correction of all deficiencies.
- d) When a suspension is either imposed or lifted, the affected shareholder shall be given written notification, and a copy of each notification shall be delivered to each ADN shareholder.
- e) When the Buy-Sell Agreement, Bylaws, or Rules are violated by an ADN shareholder or their staff, the Board of Directors, upon unanimous agreement, is authorized to sanction and/or temporarily suspend that shareholder. Except for the conditions listed in the Bylaws Section 7.4(b), a shareholder may only be expelled by an affirmative vote of a majority of all shareholders eligible to vote.
- f) Upon unanimous agreement, the Board of Directors may grant temporary withdrawal by a shareholder. Upon receive a grant for temporary withdrawal, the shareholder will sell back its share to ADN for the original share purchase price. No data shall be provided to that member while under temporary withdrawal. Temporary withdrawal requests, and requests for reinstatement must be in writing to the President and must be approved annually.

When a temporary withdrawal is granted due to major illness or injury, the shareholder will not be required to pay dues in arrears upon reinstatement. However, when temporary withdrawal is granted for any other reason, the shareholder must pay all dues in arrears for the period of withdrawal before being reinstated.
- g) Upon reinstatement from suspension or temporary withdrawal, the shareholder shall repurchase his or her share at the then current purchase price as established by the Board of Directors.

#### **Section 7.6. Shareholder Merger**

- a) To avoid duplication of cost, a shareholder in good standing may wish to terminate his/her membership when a change of employment creates a merger with another shareholder. In recognizing the volatility of employment, it is noted that a former shareholder may, at some future date, change employment again and thus wish to reinstate his/her membership. A former shareholder in good standing shall have the right of reinstatement, subject to the approval of the Board of Directors.

If approved, the applicant will:

1. Repurchase his or her share at the then current purchase price as established by the Board of Directors; and
2. Sign a document stipulating agreement to abide by current Bylaws, Rules and the Buy-Sell Agreement.

The processing of and voting on the applicant will be waived in this instance. However, if application for reinstatement is denied by the Board of Directors, the applicant requesting reinstatement may request that his/her application be submitted to the shareholders for a vote.

- b) Shareholders involved in a merger shall abide by the Rules, Bylaws, and the Buy-Sell Agreement of Appraisal Data Network, Inc.

### **Section 7.7. Transfer of Shareholder Interest**

- a) In the event of the retirement, death, or leaving from the appraisal profession by a shareholder, his/her share may be transferred to a current associate user who is reported by the shareholder on his/her current Point Requirement Form.
- b) In the event of death or severe hardship of the shareholder, the Board of Directors may grant access of ADN services to the current associate users listed on his/her current Point Requirement Form for a period of (three) 3 months, with additional renewable (three) 3 month continuation periods, for a maximum of (twelve) 12 total months of access.
- c) The new shareholder must meet all qualifications listed in Section 7.1, and follow processing procedures listed in Section 7.2, of the Bylaws.

## **ARTICLE VIII GENERAL PROVISIONS**

**Section 8.1. Manner of Amendment.** These Bylaws may be altered, amended, or repealed or new Bylaws may be adopted only by an affirmative vote of 60 percent of the shareholders present at any duly called annual or special meeting of shareholders.

**Section 8.2. Dividends.** The corporation has no intent to ever pay dividends to its shareholders.

**Section 8.3. Notice; General.** Whenever notice is required to be given to any person or shareholder under the laws of the State of Minnesota, the ADN Articles of Incorporation, the ADN Rules, or these Bylaws, it shall not be construed to require personal notice, but such notice may be given in writing, by mail, addressed to such person or shareholder at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given personally or by electronic means.

**Section 8.4. Transfer of ADN Data.** ADN Data is the property of Appraisal Data Network, Inc. The term "ADN Data" means any data submitted to ADN by a shareholder, or any Associate User, employee or other affiliate of a shareholder, whether such data is in written, oral, digital or other form, to be used by ADN in its

business. When a shareholder terminates membership with ADN, all ADN Data in the possession of the shareholder, or any Associate User, employee or other affiliate of a shareholder, in whatever form and including all summaries, extractions or compilations thereof, must be handled in one of the following manners:

- a) All ADN Data to be returned to the executive secretary within one hundred and twenty (120) days from termination of membership; or
- b) With the written approval of the Board of Directors, a shareholder may transfer data to another shareholder in good standing within one hundred and twenty (120) days from termination of membership.

In no event may a terminated shareholder, or any Associate User, employee or other affiliate of a shareholder, retain any copies, summaries, extractions or compilations of ADN Data. In regard to option (b) above, a shareholder wishing to transfer data must submit written application to transfer. The Board of Directors, at its next scheduled meeting, will consider whether the proposed recipient of the ADN Data is a shareholder in good standing and approve or reject on this basis.

I certify that the foregoing bylaws were adopted at a duly called meeting of the shareholders on December 14, 2010 in Bloomington, Minnesota and amended December 9, 1991; December 8, 1992; May 11, 1993; December 10, 1993; May 12, 1998; May 11, 1999, December 13, 2005, December 16 , 2008, and December 14<sup>th</sup>, 2010

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President

\_\_\_\_\_  
Date

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date