

Bylaws of the American Association for Debt Resolution

ARTICLE I: NAME

The name of the association is the American Association for Debt Resolution (which hereafter may be referred to as “AADR”).

ARTICLE II: OFFICES

Section 1: Corporate Offices

AADR principal executive offices shall be located at such place as the Executive Board of Directors may designate at any time.

ARTICLE III: PURPOSE, MISSION, AND VISION

Section 1: Purpose

The corporation has been formed as a non-profit as described in section 501(c)(6) of the Internal Revenue Code to market, promote, and serve individuals, companies, and corporations involved in the debt resolution industry.

Section 2: Mission

To educate consumers and policymakers about debt resolution and its benefits, hold debt resolution companies to the highest industry standards, and protect and expand access to accredited debt resolution services nationwide.

Section 3: Vision

To ensure consumers in every state have access to high-quality accredited debt resolution services.

ARTICLE IV: MEMBERSHIP

Section 1: Membership

Membership is open to corporations, partnerships, or other entities that operate as full-service, front-end, back-end, or payment processors in the debt resolution industry or to businesses that support the industry, such as suppliers, vendors, and service providers. All AADR members must adhere to all applicable federal, state, and local laws governing the debt resolution industry and follow all AADR standards, policies, and accreditation requirements.

Section 2: Classes of Members

The corporation shall have the following categories of members: Corporate Members who are full-service, front-end, or back-end providers of debt resolution services or payment processors and Affiliate Members who are suppliers, vendors, and service providers.

Section 3: Dues

Notwithstanding anything in these Bylaws to the contrary, each member company must pay annual dues, payable at such times and in such manner and amounts as shall be established from time to time by the Executive Board.

The Executive Board, or CEO, as directed by the Executive Board, may from time to time reduce the dues or assessments otherwise payable by any member (or delay or extend the time of the member's payment obligation) for any period of time. Such reduction, delay, or extension shall not suspend the member's rights, privileges, or membership unless the Executive Board determines otherwise. Such reduction or delay in dues paid by the member is always at the sole discretion of the Executive Board, CEO, or Membership Committee, and nothing in this section provides any obligation to provide such reduction or delay regardless of the circumstance.

Section 4: Application for Membership

Applications for membership or changes in membership shall be made in writing to the Executive Board. To become AADR Members, applicants agree to abide by the bylaws of the AADR, its compliance and standards policies, including those concerning adherence to federal and state antitrust laws, and all applicable federal, state, and local laws and regulations governing debt resolution. In addition, all AADR corporate members must undergo an accreditation audit by an AADR approved independent auditor every other year. New members must have scheduled their accreditation audit within six (6) months of acceptance as an AADR member.

Section 5: Termination of Membership

Termination of membership may occur on any of the following events:

- a. Resignation of membership by any member in good standing by giving written notice to the AADR Executive Board. Such termination shall not be effective until 30 days after the giving of such notice.
- b. Failure of the member to pay dues, fees, or assessments, as set by the Executive Board within 30 days after they become due and payable,
- c. Occurrence of any event that renders the member ineligible for membership or failure to satisfy member requirements.
- d. The Executive Board or the CEO, with the consent of the Board, may at any time terminate the membership of any member if it determines, in its sole discretion, that the member has committed conduct unbecoming of a member of AADR, has intentionally violated the bylaws, standards, best practices, or policies of the AADR; has failed to meet accreditation or audit requirements as required by the AADR; refuses to remedy an inadvertent violation when it has been brought to the member's attention; or no longer falls into one of the categories of membership.

Except for nonpayment of dues, termination of membership shall occur only after the member has been advised of any complaint or deficiency alleged against them and has been given thirty (30) days to correct the deficiency. Termination of membership pursuant to this section shall be effective immediately unless otherwise specified by the Executive Board.

Termination of membership by action of the Executive Board as hereinabove provided shall not have the effect of terminating, releasing, or discharging any financial obligation of the member which shall have accrued prior to the effective date of such termination.

Section 6: Suspension of Membership

The Executive Board or its representative may elect in lieu of termination to suspend a member that has not paid applicable dues or assessments from all rights and privileges of membership for a period not to exceed thirty (30) days to afford that member an additional opportunity to pay such dues and assessments prior to termination.

Section 7: Meeting of Members

Meetings and special meetings of the members may be called and held at such a time and place and in such manner upon such notice as determined at the sole discretion of the Executive Board from time to time.

Section 8: Voting Rights, Member Rights, and Liabilities

Members shall have no voting rights beyond the election of Executive Board members. Members may participate on one or more committees and vote on matters before any such committee, all to the extent and subject to such limitations, rules, and procedures that may be established for the committee. No member shall have any right, title, or interest in and to any of the property or assets of AADR, nor shall any of the property or assets of AADR be distributed to any member on its dissolution or other termination. No member shall be personally liable for any of the liabilities or obligations of AADR.

Section 9: Special Assessments

At any time and from time to time, the Executive Board of Directors may impose special assessments on the member companies in such amounts and for such special purposes as the Executive Board deems appropriate. The Executive Board may allocate the amounts of such assessments among the members as it deems fair and appropriate.

ARTICLE V: EXECUTIVE BOARD OF DIRECTORS

Section 1: Board Roles and Responsibilities

The Executive Board of Directors shall have and may exercise all powers necessary or appropriate to carry out the objectives of the AADR. Each Director shall serve in good faith and in a manner he/she believes to be in the best interest of AADR.

The Executive Board's responsibilities include managing the AADR in partnership with the CEO.

Section 2: Qualifications

Executive Board Directors must be employees of corporate or affiliate members of AADR. Any Director who shall cease to be affiliated with or employed by the member with whom he/she was associated at the time of election shall automatically be removed from the Executive Board as of the date that such affiliation shall cease.

Section 3: Composition and Term

- (a) The Executive Board shall consist of up to eleven (11) Directors with one (1) representative from any Executive Steering Member. Representatives shall consist of senior c-suite employees or owner-operators. If an Executive Director's company is no longer an Executive Steering Member of AADR, that Director shall resign from the Board.
- (b) The remaining at-large Directors shall consist of Representatives from any Advisory, Strategic Partner, Supporter, or Affiliate Member, with up to one (1) Executive Board Member being elected from the Affiliate Member category.
- (c) The Executive Board may select no more than two (2) Independent Directors chosen for their work in the consumer debt industry.
- (d) Unless otherwise stated, each at-large or independent director shall serve a three-year term commencing on January 1 of the year following their election.

The Board may make bylaws governing the conduct of elections and the voting entitlement of members.

The CEO of AADR serves as a non-voting ex-officio member of the Executive Board of Directors. The Board, at its discretion, may elect to invite outside consultant(s) to attend Board Meetings as non-voting ex-officio members.

No more than one (1) employee of the same member company or affiliate may be concurrent Directors of the Executive Board. An affiliate is defined as a company with common ownership or primarily controlled by officers, executives, or directors of a member company.

Section 4: Vacancy

If a vacancy occurs, for any cause, the Executive Board shall determine whether such vacancy shall be filled, and it may fill such vacancy for the balance of the unexpired term of the departed Director by a majority vote of the remaining Executive Board members.

Section 5: Meetings

The Executive Board shall meet upon the call of the Chair at such time and place as he/she may designate. Two-thirds of the Executive Directors may constitute a quorum.

Section 6: Conflicts of Interest

Executive Board Directors may not serve concurrently on the AADR Executive Board and on any other board of a trade association in the consumer debt space without the express consent of the AADR Executive Board.

Whenever a director has a financial or personal interest in any matter coming before the board of directors, the affected person shall a) fully disclose the nature of the interest and b) withdraw from

discussion, lobbying, and voting on the matter. Any transaction or vote involving a potential conflict of interest shall be approved only when a majority of disinterested directors determine that it is in the organization's best interest to do so. The minutes of meetings at which such votes are taken shall record such disclosure, abstention, and rationale for approval.

Each Executive Board member shall be provided a copy of the AADR Conflict of Interest Policy on an annual basis.

Section 7: Removal of Directors

A member of the Executive Board may be removed with or without cause by a three-quarters vote of the Executive Board for any reason. The Director proposed to be removed shall be recused from voting. The Director proposed to be removed will be provided with advance written notice including the reason for the proposed removal, an opportunity to contest the proposed removal in writing or in person at a meeting of the Executive Board, and a final written notice of the Board's decision.

Section 8: Compensation

No members, executive board members, directors, or representatives of the AADR, other than the CEO or AADR staff, shall be entitled to any compensation for services rendered or reimbursement for expenses incurred by them, with the exception of any independent director who has been appointed by the Executive Board and who shall be reimbursed for travel costs associated with attending AADR meetings.

Section 9: Committees

The Executive Board may occasionally establish and maintain committees and/or working groups or project groups and delegate matters to them.

ARTICLE VI: EXECUTIVE BOARD OFFICERS AND CEO

Section 1: Officers

The officers of the Association shall consist of the Chairman, Vice-Chairman, and Treasurer.

Section 2: Officer Elections

At the last meeting of each financial year, the Board shall elect a Chairman to hold office for one year. The Board shall also elect a Vice-Chairman and a Treasurer. In the event the Chairman or Vice-Chairman resigns their Board seat during their tenure, the Board shall have the power to elect a replacement to serve for the remainder of the term. Each elected officer shall serve a two-year, non-consecutive term.

Section 3: Roles and Responsibilities:

The Chairman shall preside over all Executive Board Meetings. He/She shall call at least one in-person Executive Board meeting each year. The Chair may delegate to the CEO the right to preside over meetings.

The Vice-Chairman shall perform all the functions of the Chairman in the absence or inability of the Chairman and, in case of the resignation of the Chair, shall become the acting officer.

The Treasurer shall be responsible for AADR's funds, financial books, and records. The Treasurer shall, with the CEO, establish proper accounting procedures and shall be responsible for keeping those funds in such banks, trust companies, and/or investments as approved by the Executive Board. The treasurer may delegate administrative functions to the CEO.

Section 4: Chief Executive Officer

The Executive Board shall appoint a Chief Executive Officer (CEO) to oversee the management of AADR. The CEO shall be an ex-officio member of the Board. He/She shall not be an employee of, or paid consultant to, any member of AADR.

The CEO shall be the Chief Financial Officer and Chief Administrative Officer of the AADR.

The CEO shall have supervision over Association employees and the day-to-day activities of AADR and shall be empowered to hire staff as necessary to ensure orderly operations. The CEO shall oversee all regular and special funds approved by the Board and manage the day-to-day expenses and budget. The CEO or Chairman of the Executive Board, under the Seal of the AADR, may execute financial instruments, contracts, leases, and other instruments requiring a seal and may execute such documents where not requiring a seal, except where such documents are required by law to be otherwise signed and executed, and except where the signing and execution thereof shall be exclusively delegated to some other officer or agent of AADR. The duties and powers of the CEO shall be as provided in or pursuant to the bylaws or (except to the extent inconsistent with these bylaws) those customarily exercised by corporate officers holding such offices.

ARTICLE VII: INDEMNIFICATION

Section 1: Power to Indemnify

AADR shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, proceeding or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person is or was an officer, director, Board at Large member, employee or agent of AADR, or is or was serving at the request of AADR as a director, Board at Large member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of AADR; provided that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to AADR, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Section 2: Insurance

AADR shall purchase and maintain insurance on behalf of any person who is or was an officer, director, Board at Large member, employee, or agent of AADR or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprises against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not AADR would have the power to indemnify him or her against such liability under the provisions of this article.

Section 3: Expenses incurred defending litigation

Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by AADR in advance of the final disposition of such action, suit, or proceeding, as authorized by the Executive Board in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, Board at Large member, employee or agent to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the corporation as authorized in this Section.

ARTICLE VIII: DISSOLUTION

Section 1: Dissolution of Association

Dissolution of the AADR may be accomplished only at a meeting of the Executive Board of Directors scheduled in accordance with these bylaws, with the required notice clearly indicating that a resolution of dissolution will be considered. A two-thirds majority vote of the Executive Board shall be required to approve the resolution of dissolution. The resolution shall include a plan to pay, satisfy, or otherwise adequately provide for its liabilities, debts, and other obligations, and to distribute any remaining assets, in such manner as the Executive Board shall determine, to one or more organizations that qualify as tax-exempt under Section 501(c)(6) of the Internal Revenue Code, as it may be amended from time to time.

ARTICLE IX. AMENDMENT OF BYLAWS

These bylaws may be amended at any meeting of the Executive Board by a majority vote and constituting a quorum, provided that notice of the substance of the proposed amendment shall be given with the notice of the meeting.