

NATIONAL ASSOCIATION OF HOME INSPECTORS
Starting and Running Your Chapter ...

A Practical Guide

The purpose of this manual is to provide a guideline for the administration of Chapter programs of the National Association of Home Inspectors (NAHI). It is intended to provide a guideline for starting and maintaining a successful Chapter in your State.

Keep the NAHI National Office informed of all activities!

NAHI Headquarters and Staff

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Background

National Association of Home Inspectors, Inc. (NAHI)

NAHI is a national organization representing approximately 2,300 members nationally as of 2005. The National Association of Home Inspectors (NAHI) was established in 1987 as a nonprofit association to promote and develop the home inspection industry.

NAHI Mission

The mission of the National Association of Home Inspectors is to promote excellence and professionalism in the Home Inspection industry; to provide standards of practice and a code of ethics; to educate its members; and to inform the public of the benefits and scope of a professional home inspection.

By working together to develop and maintain standards of excellence, NAHI members benefit from professional development and the exchange of ideas through continuing education and seminars. Information and support are available for members regarding their business and inspection practices and service to their clients.

NAHI's promotional activities educate the public and promote the importance of a reputable home inspection as an integral part of the residential real estate transaction. A national referral service helps consumers find facts about the industry and NAHI standards, and unites NAHI members with new clients.

Partnership With Chapters

As a national organization comprised of both individual and affiliate members, NAHI operates within a national/chapter structure. It is through a supportive relationship between the national organization and its chapters that NAHI has become the national voice for the home inspection industry. The success of this partnership relies upon the strengths of both the national office and its chapters, combined with a willingness to collaborate and cooperate in areas of mutual interest. This interdependence exists not only between national and its chapters, but also among chapters.

The national organization and its chapters are united by a strong common vision. By making the most of our resources, each of us has much to gain from our partnership. Similarly, we each have much to lose should one of us fail to fulfill our obligations to each other. The essence of our partnership is the understanding that:

- Each partner understands its strengths, roles and responsibilities.
- All parties perform as members of a team in creating positive, productive relationships.
- All parties pursue NAHI goals with the highest standards of quality, integrity and professionalism. While the national organization tends to focus on industry-wide issues and programs to support all members, the jurisdiction of a chapter is in its local area. Chapters deliver programs close to home to their members and on topics that reflect the needs and interests of their particular members. Chapters can best respond

quickly to localized concerns or problems, often with the assistance of the national office.

The rationale is to provide an expansive chapter network to provide convenient and accessible services with frequent contact among members, afford local representation of interests and concerns, affect local policies and regulations, and recruit members representing the majority of the industry.

The existence of a “critical mass” of potential members will determine the number of chapters. The formation of chapters is allowed in areas where ten or more people express interest in chapter status.

The relationship between national and the chapter is contractual. Chapters operate as autonomous or semi-autonomous separate entities, bound to the national by contract. This contract, also known as a charter, binds both organizations and clearly sets forth how each is to be governed, the extent to which one may hold itself out as an agent of the other, and how the chapter is permitted to use the name and other identifying characteristics of the parent body in conducting its own affairs. The bylaws of the national and the chapter outline the relationship. The national’s liability for the debts, obligations, and actions of the chapter are limited as stated in the charter. See Appendix B for Charter.

STEP ONE: GETTING STARTED

The first goal when organizing a NAHI chapter is finding a few individuals to form the core group. These individuals must be energetic and committed and will do the lion's share of the work, drive the organization, and ultimately determine the chapter's success or failure.

Trying to start a chapter by oneself can be very overwhelming. Creating a core group is a great way to distribute the work and share the rewards of organizing a new NAHI chapter.

A few pointers to keep in mind when building a new chapter:

- **Purpose:** A core group must be small enough to establish a primary sense of purpose for the NAHI chapter. A mission statement outlining broad goals for the coming year is essential for focused and active participation of the members.
- **Commitment:** It takes a lot of time and effort to build a solid foundation. Commitment and discipline are the key components of a successful organization.
- **Creativity:** Be creative in planning events and meetings. Use innovative methods to spark interest in the organization.
- **Enthusiasm:** Present the chapter with a positive spin and lots of excitement. People will be attracted to an organization or event if the organizers are excited about it.
- **Realism:** It is important to be realistic about how much work one person can do. Delegating responsibility to others will reduce the stress while maximizing the efficiency of the organization. It is very important to have a core group that can work together with a united focus on chapter objectives.

Starting Your NAHI Chapter

Your first step is to contact NAHI headquarters to make them aware of your interest and to determine if anyone else in your area has already expressed an interest in developing a chapter.

Gauging interest in forming a chapter

Networking is the best way to determine if you have enough people interested in forming and maintaining a chapter. Call, email, fax, phone, or mail NAHI members in your state to find out what their level of interest is in your area. Home inspectors who are not NAHI members may also be contacted for membership in the Chapter. Non-NAHI members may be provisional Chapter members for a period of one year, during which time they must become affiliated with NAHI.

Contact NAHI Headquarters and have the Membership Coordinator email or mail labels and/or a list of all NAHI members in your state. State member information can also be found on the NAHI website – www.nahi.org. The National office has a sample letter that they can send on your behalf to determine interest in starting a chapter. See sample

letter in Appendix C.

Are there enough members of NAHI in your area or at least enough persons involved in home inspections (potential members) to sustain a chapter? NAHI recommends there be at least ten such individuals who will frequently attend chapter events.

Chapter Committee

Once you have established an interest among at least ten inspectors, find a core group to function as a Chapter Leadership Committee. It is recommended that the Chapter committee meet at least 3 times during the initial organization of your chapter followed by regularly scheduled meetings until elections take place. This process can take several months to a year – be patient!

You will need a chairperson and vice chairperson; other positions are optional and depend upon the size of your committee. Tasks include stating the chapter objectives, formulating programs for member meetings, identifying leadership positions and determining how to fill them, and making arrangements to hold meetings. The individuals, who serve on the Chapter Committee, by volunteering for the positions, have made a commitment to oversee and provide direction to your chapter's operations.

NAHI Requirements Once you have your committee in place, complete the Application for Chapter Recognition, which requires at minimum the name, company, and phone number of interested parties; signatures are preferred but not mandatory. Submit your application to the Membership Coordinator. See Appendix D for application.

The NAHI Board, through guidelines for the NAHI staff, will sanction a chapter which it deems fit. You will receive a letter regarding the development of your chapter within 30 days of submission.

Non-NAHI members may be provisional Chapter members for a period of one year, during which time they must become affiliated with NAHI. This, along with voting rights and membership levels will be spelled out in your bylaws, but your chapter membership categories should be consistent with NAHI National.

Holding The First Meeting

Once you have received approval for the chapter, it's time to set up the first open meeting. This meeting should be used to outline the objectives of your chapter (as stated in your chapter application), to discuss frequency of meetings, location, and time; programs planned by the Chapter Committee; development of bylaws; organization of the chapter and elections.

Getting the Word Out Use local newspapers to advertise the upcoming meeting of the new chapter and for future meetings; sometimes they will run the advertisement for little

or no fee. You can also submit a press release that they will often run in their upcoming events calendar of the business section. Smaller local papers may be more likely to run these but check with all your papers; some may require a few weeks lead-time. The purpose of a press release is to communicate a message about an event that has already occurred that the press may have missed. Most newspapers are on a fax or email system, although a few will require direct mailing.

Please be sure to let them know this is a nonprofit association and always include the NAHI mission statement: The mission of the National Association of Home Inspectors is to promote excellence and professionalism in the Home Inspection industry; to provide standards of practice and a code of ethics; to educate its members; and to inform the public of the benefits and scope of a professional home inspection.

Be sure to send a copy to the NAHI National Headquarters so it can be included either in the newsletter or on the web page! See sample press release and guidelines in Appendix E.

Notify the NAHI Executive Director and/or Membership Coordinator of the meeting schedule. NAHI Headquarters can do a mailing for you to NAHI members and prospective members in your state and announce it on the NAHI Discussion Board. Provide the agenda with location and time at least 3 weeks prior to your scheduled meeting date. Include a list of any prospective member addresses you may have. This is easiest if done through email but can also be done via fax or mail (allow an additional week if through mail). See sample agenda in Appendix F.

STEP TWO: CHAPTER BUILDING

Once the chapter is fully in place, it is important to maintain regularity and consistency. Here are some suggestions:

Continuing To Hold Meetings

Scheduling Your Meetings Develop and publish a schedule in advance for your meetings including your proposed speaker or topic. Generally, meetings should be held monthly or every other month during fall to early spring with a break for summer. You can poll your members for preferences but usually evening sessions of about 2 hours in duration are appropriate.

Suggested Locations You need to hold meetings in an area where you won't be interrupted. Check with your local library or city hall for meeting rooms that may be available for your group to meet in at no or low cost. Remember to indicate you are a non-profit group. These rooms may not allow refreshments, which can be a problem for evening meetings. Many restaurants have a separate banquet area you can use without charge as long as they get some business through food and beverage purchases. Members should be responsible for any food or beverage purchases.

Setting The Agenda/Topics For Discussion The agenda should contain the following as a minimum: name of the organization, name of the meeting, date and time of the meeting, location of the meeting, who to contact for details, old business to be addressed, new business, and the speaker and topic with a brief biography of the speaker. See sample agenda in Appendix F.

A program focusing on a specific area of home inspections, such as HVAC, electrical, structural, foundations, air quality, environmental, water proofing, specialty tools, manufacturers, state of the art products, legal issues, existing and potential regulatory issues facing the industry, marketing the inspector, and dealing with Realtors are just some of the topics to consider.

Selecting And Inviting Speakers Every potential speaker should be highly qualified in his/her area of expertise and capable of speaking before an audience. Your members will know many individuals of note in the industry and community. Ask for references or a tape of a past presentation if someone in the group does not know a potential speaker personally,

Once the speaker has accepted the invitation, confirm the appearance, date, location, title of presentation, etc., in writing. Confirm whether they will need any visual aids such as overhead projector or screen. If your group or meeting site doesn't have access to these, see if the speaker can bring his or her own equipment. A more complete briefing of the group the speaker will be addressing and agreement on the subject area to be covered should follow this. NAHI does not pay for speaker expenses. The chapter may offer to

purchase dinner for the speaker if the meeting is held in a restaurant. Speakers should be discouraged from promoting products during their presentation. However, time may be allotted after the presentation for promotion and sales of products during the networking. Generally, allow for a 15 to 30-minute presentation from your invited speaker with 20-30 minutes for questions.

Running The Meeting

Robert's Rules Of Order Originally published as a slim document in 1876, General Henry M. Robert's classic guide to smooth, orderly, and fairly conducted meetings have been revised numerous times and are still used for maintaining order. They can be found on-line at www.rulesonline.com. Of prime importance are Order of Precedence of Motions and Table of Rules. A careful study of these tables will enable any one to ascertain whether a motion is in order, and whether it may be debated, or amended, or reconsidered, or requires a second, or a two-thirds vote, or is in order when another member has the floor.

Who Runs The Meetings Your Chapter Chair or elected President should call the meeting to order and Board Members should be identified as present or absent; indicating if a quorum is present; announce the business before the meeting in the order in which it is to be acted upon (review and approval of the minutes, treasurer's report, other committee reports if any, and any updates); to recognize members entitled to the floor; to state and to put to vote all questions which are regularly moved, or necessarily arise in the course of the proceedings, and to announce the result of the vote, to declare the meeting adjourned.

Tracking Attendance /Continuing Education Units (CEU) Each attendee should sign in. In addition to tracking attendance, these sheets can also be used to contact members so be sure to ask for address, phone number, and email address. See Appendix G for a sample attendance sheet.

NAHI will give continuing education credit to its members for attending Chapter programs. Provisional members also receive credit toward reaching regular membership. Check to see if other industry associations will recognize a meeting for continuing education credits. Meetings without a speaker qualify for 1.5 NAHI CEUs. Meetings with a speaker qualify for 2.0. Send your attendance sheet to NAHI within 30 days so that all members get full CEU credit.

You may also want to give members certificates of attendance at the meeting. These can be printed in advance on any computer with a blank to fill in the attendee's name. No blank forms should be distributed.

Taking Minutes The secretary is responsible for maintaining an accurate recording of the business that occurs at a meeting. Minutes can be subpoenaed and therefore, should be clear, concise and accurately reflect the business conducted. Minutes are to be kept on file for the duration of the organization's existence and accessible to the membership and

outside on request. Minutes serve as historical references for decisions made by the leadership including policies and positions adopted by the group. Minutes are useful as guidelines for staff; they make it possible to determine precisely what action was taken on a matter at a previous meeting.

Meeting minutes are more than a convenient record; they are a necessary legal document. In many states, the law requires that minutes be kept of Board of Directors, membership, and other meetings if the association is incorporated. The agenda for the meeting provides the foundational outline for the minutes.

The secretary should sign and date the minutes and maintain them in a permanent minute's book. Minutes should accurately reflect actions taken at a meeting and should not include a record of each statement that was made by those attending. Personal opinions of members should be avoided. See Appendix H for outline of minutes.

STEP THREE: THE ORGANIZATION

Elections

After your first few meetings, you need to start formalizing your chapter. Your Chapter should be governed by a Board of Directors, similar to the National organization, with positions of President, Vice President, and Secretary/Treasurer. Some chapters have split this last position into two separate positions.

Send a memo to membership (through National) asking for nominations of individuals who are interested in running for the positions; they can also nominate themselves. Ask each nominated member to submit a brief autobiography along with their qualifications for a Board position, their talents or experience that will assist them in a Board position, and the goals they would like to fulfill for the chapter.

Schedule a time for confidential elections. Notify the NAHI Executive Director and/or Membership Coordinator of your upcoming elections and send them the candidate forms. They will mail ballots to NAHI members in your state, tally the votes, and announce the winners. Once established, stagger terms for the Board to keep continuity.

Basic duties are described for each position; alter them to meet your chapter's needs.

President The president is the chief executive officer of the chapter. He/she performs all duties specified by the Bylaws approved by the Board of Directors. He/she:

- Conducts a chapter assessment on a continual basis
- Prepares annual plan – establishes chapter objectives and strategies
- Prepares budget
- Appoints committee chairs
- Conducts Board meetings
- Conducts chapter meetings/special events
- Completes required reporting on an on-going basis for the chapter and all communications to NAHI national

Vice President The VP should be prepared to act on behalf of the president and begin planning for the presidency by learning:

- NAHI policies and procedures
- Continuing to develop chapter strategic plan
- Overall operation of the chapter
- Chapter policies and procedures

Secretary The secretary is the recording officer of the meeting and the custodian of the chapter's records except such as are specifically assigned to others, such as the treasurer's books. These records are open, however, to inspection by any member at reasonable times and include the chapter bylaws; Board, committee, and chapter minutes. In addition, the secretary tracks attendance. See specifics of minute taking in Running the Meeting –

Taking Minutes.

Treasurer The treasurer acts as a banker, holding the funds deposited with him or her and paying them out on the order of the chapter Board. The treasurer completes the following activities: prepares chapter budget, receives and deposits dues, reports income and expenses at chapter meetings, prepares a final report of the year's activities; is responsible for the bank account, recording all disbursements and reconciling the checkbook monthly; completing and filing all necessary tax forms.

Committees And Planning

Ideally, the Officers of the Chapter will conduct an annual planning session to develop your Chapter's plan of action for the coming months. A plan of action will assist you in providing a focus and directing energy in developing and achieving your chapter's goals.

Small chapters may find that providing a minimum number of educational programs and activities for their members is all they are able to do. NAHI requires Each Chapter hold at least 2 meetings per year. As chapters grow and their volunteer base increases, additional services and activities become visible.

You'll need to get volunteers from your state chapter to who are willing to participate in committees. The following committees are suggested, with their function outlined:

Education One of the main reasons for establishing a state chapter is to promote education among home inspectors and related businesses. Your education committee should evaluate the needs and interests of the chapter members (possibly through a short survey), arrange for speakers, ensure meetings meet requirements for CEUs from NAHI and possibly education requirements for other organizations for non-NAHI members, and develop an annual educational seminar. All of these are discussed in detail elsewhere.

Membership This committee will develop a planned and organized strategy for membership development by defining the chapter's mission, setting goals, maintaining a prospect list, and producing recruiting materials. It also has responsibility for member retention by welcoming new members, planning an orientation for new members, providing opportunities for members to become involved in chapter activities, and arranging for recognition for new members. Periodically evaluate and resell your benefits to chapter members. All of these activities are designed to promote the growth of your chapter.

Marketing And Public Relations This committee will look at ways to promote the chapter and NAHI within your state. This may include sending out press releases regarding chapter events or national events (coordinate with NAHI national), participating in local home shows or realtor shows, development of a brochure that promotes chapter members, and development of a chapter website. Many people choose the Internet as their preferred mode of communication.

Website Development Taking the chapter on the net is a great way to reach members throughout your state and build a strong chapter. Here are some key elements to an effective web site:

- Find a Web Editor: If no members of the chapter are proficient, search for someone outside the chapter. Designing and managing a web page takes time and considerable dedication.
- Fresh and Timely Content: Visitors come back to Web sites with constantly changing content. Think of the home page as the front page of a daily newspaper -try to have something new every week.
- Clear and Intuitive Front Page Menu: Make sure front page buttons are clearly worded and easily navigable. People should quickly understand how to find information on the web site.
- Use the Web to Build E-Mail Lists: Ask visitors to the web site to subscribe to the chapter e-mail list. Send subscribers updates and information about upcoming events.
- Interesting Links: There are many inspection related web sites that can provide chapter members instant information on legislative issues, building materials, recalls, industry changes, etc. Furthermore, contact NAHI's National Headquarters to add the chapter web page to NAHI's national web page links.

Legislative Make sure you stay on top of legislative issues involving home inspectors by having a committee that monitors local legislative news, and is ready to act when proposals are made. There are many state specific websites you can use for tracking bills and proposals. Conduct a web search or contact NAHI National or other chapters for assistance. Some other suggestions include:

- Organize a Letter Writing Campaign for members to voice their opinion on relevant issues.
- Devise a Lobbying Strategy and set up appointments with local legislators. Lobbying can be very effective but requires solid, thorough preparation. Lobbying for or against legislation of direct interest to the association or its members falls into the category of exempt purposes.
- Write an Op-Ed or Letter to the Editor and send it to the local newspapers.
- Captivate the Media. Media attention is a very persuasive way to advance legislative goals.
- Organize a Press Conference and announce the chapter's position on an issue.
- Build coalitions with other organizations that share a similar political agenda. Co-sponsor meetings and events.

Expenses

Setting A Fee And Collecting Dues Once you have elected your Board you need to discuss how much to charge for membership and/or meeting attendance. The chapter will have some expenses that can be covered by dues. As you grow in size, you can use fees for marketing the chapter, website development, education seminars, attending realtor

meetings in your area, etc. Fees have to be adjusted for your area but some suggested ranges are:

\$50 -\$100 annual membership fee for NAHI member \$100 -\$125 annual membership fee for non-NAHI (provisional) member \$7 -\$25 per meeting fee for guests; will vary depending on whether this includes food or beverages It is the treasurer's responsibility to collect membership dues and meeting fees.

Application for Chapter Membership Your bylaws will determine chapter membership requirements, which should be consistent with the NAHI Charter. Non-NAHI members may be provisional Chapter members for a period of one year, during which time they must become affiliated with NAHI.

An application for chapter membership will assist in determining if an applicant meets your chapter's criteria. It also provides you with contact information for both members and potential members. See Appendix I for a sample chapter membership application.

STEP FOUR: MAKING IT LEGAL

Incorporating As a Non Profit

NAHI and the chapters are separately incorporated and governed. Corporations are usually fairly simple and inexpensive to establish, and the corporate form of organization has the following benefits:

- Chapter will exist as a legal entity separate from its members, with the authority to open bank accounts, enter into contracts, and otherwise act in its own name.
- In the absence of fraud or failure to observe the requirements of corporate existence, protects members from being held personally liable for debts and obligations of Chapter.
- In some states, provision can be included in Articles of Incorporation and/or Bylaws protecting officers, officers, and other volunteers from personal liability for ordinary negligence.

Incorporation is a matter of state law. It is accomplished by filing articles of incorporation or a certificate of incorporation with the secretary of state of the jurisdiction, along with a fee. In addition to complying with all requirements of state law, articles of incorporation should contain everything necessary to qualify the organization for non-profit and tax-exempt status. Many states now offer web-based services to assist with the incorporating process.

After your articles of incorporation have been filed, you should apply for federal and state income tax exemption, and you will need to apply for an employer identification number (EIN). You will also need to draft the bylaws that provide the rules for governance of the chapter.

Bylaws While the charter agreement with the NAHI national association will provide the rules for the relationship between NAHI and each chapter, each chapter will need to develop a set of bylaws setting forth the rules for running the chapter and making decisions. In developing these bylaws, it is important to ensure that they are consistent with the chapter's charter agreement with NAHI. While not all of the following provisions are necessary, chapter bylaws may cover the following areas:

- Name, location, affiliation
- Purpose
- Membership classes, criteria, rights and privileges, suspension and revocation of membership
- Dues
- Board of directors:
 - Composition and authority
 - Description of duties
 - Representation

- Election procedures
- Terms of office
- Meetings
- Quorum
- Voting
- Elected officers:
 - Roles and duties
 - Succession of office
- Voting rights of the membership
- Elections:
 - Nomination process
 - Timing of election
 - Balloting
- Committees:
 - Standing committees
 - Special committees
 - Selection of chairs
 - Meetings
- Finances
- Rules of procedure
- Amendments

These categories are described in more detail throughout this document and sample bylaws are attached as Appendix J. You should be aware that many rules governing nonprofit corporations are established by state law, typically in a nonprofit corporations act. Many of these rules can be changed to suit the needs of a particular nonprofit corporation if the change is set forth in the articles of incorporation and/or the bylaws. If the articles of incorporation or bylaws do not address a particular issue, the state statute generally will provide a default rule that will apply.

Articles Of Incorporation NAHI recommends that each chapter incorporate as a nonprofit corporation that will be eligible as a not-for-profit organization under Section 501(c)(6) of the Internal Revenue Code. NAHI does not provide bonds or errors and omissions insurance for chapter members, and chapters may wish or need to explore local agencies for this coverage.

Incorporation is done on the state level. It is accomplished by filing articles of incorporation or a certificate of incorporation (state-specific forms) with the secretary of state of the jurisdiction -each chapter incorporates in its own state -along with a fee. In addition to complying with all requirements of state law, articles of incorporation should contain everything necessary to qualify the organization for tax-exempt status. A link to

all states' secretary of state websites can be found at <http://www.danbalsam.com/ihatespam/tracking/sos.html>. Once at a specific state's website, look for forms, articles of incorporation, or search on articles of incorporation. Each state is different and it may require a little digging on your part to find the forms. In addition, you should investigate what additional protections may be available under your state's laws for directors, officers, members, and volunteers of non-profit corporations so that these provisions can be included in your articles of incorporation if so required.

In the absence of state laws protecting volunteer directors and officers, decisions made by directors and officers may lead to personal liability for these decisions. While these types of claims resulting in personal liability are infrequent with nonprofit corporations and are unlikely to occur, several steps may be taken to prevent or handle these claims:

1. Know the current Association and chapter policies, including the articles of incorporation and bylaws.
2. Keep accurate minutes of Board meetings, including records of motions and votes.
3. Develop a written procedure for approving invoices. The system should guard against misuse and mismanagement of funds.
4. Have monthly financial reports, preferably written, and a yearly audit. The audit should be done by an outside certified public accountant or by a committee of three chapter members, none of whom may be an officer or director.
5. Consult an attorney on legal matters.
6. Purchase errors and omissions insurance.

Income Tax Reporting

All chapters are required to file income tax reports whether or not they owe taxes. NAHI encourages chapters to apply for tax exemption under IRS classification 501(c)(6), which refers to "business leagues, trade associations, and professional societies that are organized and operated primarily to promote their members' common business interests." This classification qualifies chapters for tax exemption on the federal level.

The chapter must be primarily engaged in the activities or functions that are the basis for its exemption. It must be primarily supported by membership dues and other income from activities substantially related to its exempt purpose.

As of January 1, 1984, chapters that have failed to file for tax exemption are subject to 20% withholding on all interest and dividends. Since banks are required by law to withhold this amount and report any interest payments to the IRS, it is imperative that each chapter files a tax return whether or not it is exempt.

How To Apply For Federal Tax Exemption & Employer Identification Number (EIN)

1. Obtain Form SS-4, Package 1024, and Publication 557 from your local IRS office or the IRS website. You may also call the Tax Information number listed in your phone book under “United States Government, Internal Revenue Service” or go to the IRS website at www.irs.gov.
2. Complete Form SS-4 to obtain an employer identification number. (This form may be submitted at the same time as the application for tax exempt status.)
3. Complete Form 1024. This is your application for tax exempt status. Publication 557, an informational booklet titled Tax Exempt Status for Your Organization, and Package 1024 explain the procedure. File Form 1024 with the appropriate regional IRS office indicated in Package 1024.
4. Wait for a determination letter from the IRS.
5. If your chapter is refused a federal tax exemption from the regional IRS office, you may follow the appeal procedures described in Package 1024.

Maintaining Tax Exempt Status Obtaining tax-exempt status does not mean a chapter has no further responsibilities to the IRS. Most important, the chapter must continue to be organized and operated for its exempt purposes. Continuing to be “organized” requires filing an annual report and/or other documents required by the state of incorporation to remain an active corporation.

In addition, the chapter may not amend its articles of incorporation, bylaws, and/or constitution to include any provisions that would be contrary to the requirements of §501(c)(6). For example, a chapter wishing to remain exempt under §501(c)(6) cannot amend its articles of incorporation to require annual payment of chapter net profits to members. Such a provision is contrary to the requirement that §501(c)(6) associations not permit their net income to inure to the benefit of individuals.

Form 990 and 990EZ Each chapter whose annual gross income normally exceeds \$25,000 must file an annual information return (Form 990). It is advisable, although not required, for an organization with less than \$25,000 to also file a return to ensure the IRS does not delete it from the master file of exempt organizations. Associations with annual gross revenues under \$100,000, whose total assets at the end of the year do not exceed \$250,000, may file a simplified form (Form 990EZ) instead. Forms 990 and 990-EZ require each association to provide an income-and-expense statement, balance sheet, and other information about programs and operations. These enable the IRS to determine whether the association continues to qualify for tax-exempt status. The forms are due no later than the 15th day of the fifth month after the association’s fiscal year ends. An association operating on a calendar year tax year, for example, must file by May 15th. Filing Form 2758 before the due date can provide a reasonable extension of time. All

forms are available from the IRS website at www.irs.gov. A balance sheet shows the value of all assets, less any liabilities. Assets are anything that has value: a checking account or any equipment the chapter owns are assets. Liabilities are recurring debt and include monthly rent payments, utility bills, etc. Unless a chapter has an office or a contract for meeting space, it is likely to only have assets. The primary purpose of the income statement is to report your chapter's earnings over a specific period of time, generally one year. An income statement shows total revenue less expenses. Revenue may come from member dues, the sale of goods, or seminars. Expenses would include any fees paid to speakers, meeting room rental, advertising, postage, etc.

See Appendix K & L for sample income-and-expense statement and balance sheet. Modify these to fit your chapter's needs.

Each association must make its three most recent Forms 990 or 990-EZ (with all attachments and schedules) available for public inspection at its office (where its records are kept). Failure to meet this requirement may subject the association to penalties of \$10 per day, up to \$5,000 per return. An additional \$1,000 penalty applies if the failure is willful.

For the sake of your future officers, please send copies of your IRS determination letter and completed 990 forms to National headquarters for their permanent records.

State Tax Exemption You must file for a state income tax exemption and/or sales tax exemption at the state level. Contact your state's Department of Revenue for details and eligibility requirements. The following website has links to all states with detailed information on filing rules and regulations by state:
www.bizfilings.com/learning/detailedstateinfo.htm.

Incorporated But Not Filed As Tax Exempt Chapters which are incorporated but have not filed for tax exempt status must complete IRS Form 1120 by fifteenth of the fifth month following the end of your chapter's fiscal year. The first \$25,000 of gross income and assets is tax free. Anything over this amount will be taxed.

Opening A Bank Account

Below is a list of some things you need to consider when establishing your bank account. Also, please realize that each area is different and the most efficient approach is to directly contact your bank and set up a meeting to discuss your needs and the bank's requirements.

The first step to a bank account is acquiring an Employer Identification Number or EIN, described above. If available, it may be beneficial to establish a Non-profit Checking Account. Non-Profit Checking is designed for non-profit organizations that are eligible for tax-exempt status under section 501(c)(6) of the Internal Revenue Code.

1. Choose a bank that is easily accessible.

2. Require two signatures on checks, for example the President and the Treasurer. This will allow two people to always know where your funds are spent.
3. Use a permanent address for the checks.
4. REMEMBER: when elections take place you may have to change the signatures on the check.
Have the signature card changed so that there is not a lag with account accessibility.

These are only guidelines and you should consult with a local bank about each step of your process.

Reports and Record Retention Guidelines

The following are suggested guidelines for reports your chapter should maintain and guidelines for the retention of records:

Financial Reports You will need to complete an income-and-expense statement and balance sheet when you file your tax return, described above. Although NAHI does not require that you send it these reports, it will help them in tracking the financial health of the chapters.

Your chapter may also choose to provide separate financial recaps of major functions and meetings to your members.

Chapter Membership Reports An annual list of all chapter members should be sent to NAHI National so that they can track growth and be able to start getting more members developed to take over larger roles within the association. Reports should include member name, company name, complete address, phone number, email address, and NAHI affiliation.

Record Retention Period:

- | | |
|--------------------------------------|-------------|
| • Annual Income & Expense Statement: | Permanent |
| • Annual Balance Sheet: | Permanent |
| • Tax Returns: | Permanent |
| • Bylaws and incorporation papers: | Permanent |
| • EIN and tax-exempt papers: | Permanent |
| • Monthly Report (if used): | Three Years |
| • Function Reports (if used): | Three Years |
| • Chapter Membership Report: | Three Years |

Appendix A Glossary

501(c)(6) Corporation: A section [501(c)(6)] of the Internal Revenue Code that exempts from income tax business leagues, trade associations, and professional societies that are organized and operated primarily to promote their members' common business interests. Chapters normally qualify under the same section as their parent bodies. Section 501(c)(6) organizations are subject to rules prohibiting private inurement, such as payment of dividends, but may engage in substantial lobbying and political activities to the extent permitted under the Federal Election Campaign Act (FECA) and other federal and state laws.

Agenda: The meeting agenda is a roadmap for the meeting. It lets participants know where they're headed so they don't get off track. Most importantly, the meeting agenda gives a sense of purpose and direction to the meeting. All agendas should list the following:

- Meeting start time
- Meeting end time
- Meeting location
- Topic headings

And

- Include some topic detail for each heading
- Indicate the time each topic is expected to last
- Indicate which meeting participants are expected to be the main topic participants

Articles of Incorporation: Articles of incorporation or a certificate of incorporation is a state-specific form filed with the secretary of state of the jurisdiction -each chapter incorporates in its own state.

Bylaws: A private law or regulation made by a corporation for its own government; organizations often adopt a constitution and by-laws for the government of their members.

Charter: An instrument in writing, from the governing authority, executed in due form, bestowing rights, franchises, or privileges.

Lobbying: Any attempt to influence the passage or defeat of legislation, either by contact with legislators (including city or county councilmen) and their staff members, or by publications stating the association's position to members or the public and urging them to communicate with legislators.

Motion: To propose formally in a debate or parliamentary meeting, a proposal or declaration of a plan for something.

Nomination: The act of officially naming a suitable candidate for appointment or election.

Nonprofit organization: A nonprofit corporation is a corporation formed for purposes other than generating a profit and in which no part of the organization's income is distributed to its directors or officers. Nonprofit corporations are formed pursuant to state law, often under the Revised Model Non-Profit Corporation Act (1986). A nonprofit corporation can be a church or church association, school, charity, medical provider, legal aid society, volunteer services organization, professional association, research institute, museum, or in some cases a sports association. Nonprofit corporations must apply for tax-exempt status at both the federal and state level.

Quorum: It is the minimum number of voting members who must be present at a meeting in order to conduct business, usually specified by the bylaws. If not specified in the bylaws, then in most societies a quorum is a majority of the entire membership

Subpoena: A subpoena is a court order requiring an individual to testify in court or requiring a witness to bring documents in the possession or under the control of the witness to a certain place at a certain time.

Appendix B – Charter

NATIONAL ASSOCIATION OF HOME INSPECTORS

CHARTER

This Charter is made this _____ day of _____, _____, by and between the National Association of Home Inspectors, Inc. (“NAHI”), a Minnesota non-profit corporation, and the _____ Chapter of the National Association of Home Inspectors, Inc. (“Chapter”).

WHEREAS, NAHI desires to grant a charter to Chapter pursuant to which Chapter will be affiliated with NAHI;

WHEREAS, NAHI and Chapter desire to set forth their mutual understandings and agreements pertaining to the grant of the Charter and the mutual rights and responsibilities of each pursuant to the Charter;

THEREFORE, in consideration of NAHI granting a charter to Chapter and the mutual agreements and promises set forth below, NAHI and Chapter agree as follows:

1. **Criteria for Affiliation.** At least ten NAHI members are required to apply to NAHI to form a local chapter, but the Board of Directors of NAHI may waive this membership requirement in its sole discretion based on the circumstances. The Board of Directors of NAHI, either directly or through a delegated committee, shall be the sole authority in determining whether a group meets the necessary criteria to form an affiliated chapter, as established by the NAHI Board of Directors from time to time.
2. **Rights of Chapter.** Chapter shall have the right to use the NAHI name and logo in the name of the Chapter, to acknowledge its affiliation with NAHI, and to receive such benefits provided by NAHI to its affiliated chapters, as amended, modified or changed from time to time.
3. **Relationship.** NAHI and Chapter are separately incorporated and governed, and they are discrete institutions whose relationship is described and limited by this agreement. NAHI and Chapter are not and shall not be deemed to be joint venturers, partners, legal representatives, and/or agents of the other. At no time shall either party act or represent itself to be acting in any of these capacities. NAHI and Chapter shall not have the right or power to bind or obligate the other party in any manner and shall not make, or represent that it has the power to make, any contract, agreement, representation, warranty, or obligation, express or implied, on behalf of the other party. Neither NAHI nor Chapter shall be liable for any act, error, omission, debt, or other liability or obligation of the other party.

4. **Membership.** All NAHI members in good standing are eligible to become Chapter members. Chapter may also admit non-NAHI members as provisional Chapter members. Each non-NAHI provisional Chapter member must become a member in good standing in NAHI within one year of joining the Chapter in order to continue Chapter membership. Chapter is responsible for timely revoking Chapter membership for each non-provisional Chapter member who fails to become a NAHI member in good standing within one year. Non-NAHI provisional Chapter members shall not, directly or indirectly, hold themselves out to the public as being a member of NAHI.
5. **Dues.** Chapter may set and impose Chapter dues on Chapter members.
6. **Bylaws.** Chapter shall abide by and promote the purposes and Objectives of NAHI as set forth in the NAHI Bylaws, as amended or modified from time to time. Chapter shall also adopt its own Bylaws that are not contrary or inconsistent with the NAHI Bylaws or this Charter. Chapter shall submit its Bylaws, and all subsequent amendments thereto, to NAHI for review and comment prior to adoption by Chapter to allow for informed compliance with this provision.
7. **Political and Policy Activity.** Chapter agrees that is important for NAHI and its affiliated chapters to be consistent when proposing or commenting on actual or proposed legislation, rules, or policy affecting the home inspection industry. Chapter therefore agrees to submit any proposed legislation and/or comments on existing or proposed legislation, rules, or policy for review and comment prior to its submission to the legislative, rule making, or policy making body.
8. **Annual Report.** Chapter shall submit an Annual Report not later than two weeks prior to the NAHI Annual Meeting at the NAHI National Educational Conference. Annual Reports should include:
 - a) List of outgoing and newly elected Chapter Officers and chairs of Chapter Committees;
 - b) Summary of activities over the past year, including meetings, special events, and seminars;
 - c) Roster of current members and attendance lists; and
 - d) A balance sheet as of December 31 of the past year, showing current assets and liabilities and bank account balances.
1. **Bank Account; Taxes.** Chapter shall establish and maintain its own bank account(s). Chapter shall also obtain its own federal employer identification number and register as a separate 501(c)(6) corporation with Internal Revenue Service and, if required,

with its state and/or local taxing authorities. Chapter shall file in its name all federal, state, and local tax returns required by law.

2. **Use of Chapter Name.** Chapter's and NAHI's names must be kept distinct, especially in communications with the public. Communication by Chapter, its officers or members, in correspondence, advertising, or promotional material must always identify the Chapter by name in such a manner that clearly communicates that the communication is with the Chapter and not NAHI.

Chapter's authority to use the NAHI logo, the name "National Association of Home Inspectors," and the NAHI acronym is governed by this Charter and may be terminated by NAHI in accordance with the provisions of this Charter. The trademark registrations for "National Association of Home Inspectors," "NAHI," and the NAHI logo, are held by NAHI and control over the use of these trademarks will be enforced by the NAHI Board of Directors. Chapter is required to obtain advance permission from NAHI prior to granting permission for sponsors or any other person or organization to publicize an affinity with NAHI or use the NAHI name.

3. **Use of Membership List.** The NAHI membership list, whether in electronic or printed form, is the exclusive property of NAHI. No chapter may rent, sell, or trade the membership list, or use it for any purpose other than promoting NAHI or NAHI events, except as expressly permitted by NAHI in writing.
4. **Termination.** Either party may terminate this Charter on 30 days written notice. In the event of breach by a party, the other party may terminate immediately by written notice. Upon termination of this Charter for any reason, Chapter shall immediately cease using the names "National Association of Home Inspectors" and "NAHI" and the NAHI logo, all of which are owned completely and exclusively by NAHI, and may no longer claim any affiliation with NAHI. Chapter members will remain NAHI members regardless of this termination unless they allow their NAHI membership to lapse or their membership is otherwise terminated by NAHI.
5. **Amendment.** This Charter contains the entire agreement of the parties as to the subject matter herein, and this Charter may only be amended in a writing signed by both parties hereto.
6. **Authority.** The President of the Chapter signing this agreement represents and warrants that he or she is authorized to enter into this agreement on behalf of the Chapter.

National Association Of Home Inspectors, Inc.

By: _____ Date: _____

Its: Executive Director

I agree to the terms of this Charter on behalf of the
_____ Chapter of the National Association of Home
Inspectors and certify that the Chapter is:

- Affiliated with NAHI, and
- Subject to the general supervision and control of NAHI.

I further agree that NAHI is authorized to publicize that Chapter is a local NAHI chapter.

Chapter, National Association of
Home Inspectors

By: _____ Date: _____

Its: _____

Appendix C Sample Letter To Gauge Interest In Forming A NAHI Chapter

Dear *(insert state)* NAHI Member:

I have some exciting news! One of NAHI's members *(name and company name)* has taken on the exciting task of starting a NAHI Chapter in *(insert state)*. This letter is an invitation to all *(insert state)* home inspectors to help the National Office and *(name)* get this chapter off the ground.

NAHI Chapters are being developed throughout the United States at this time. The NAHI Board of Directors firmly believes that by bringing educational seminars and informative programs relevant to the home inspection industry to Chapter meetings, you can best serve your area. As home inspectors, you know your area best and know what topics would be of the most interest to you.

We encourage you to help form the *(insert state)* of the National Association of Home Inspectors (NAHI). I would like to join *(name)* in inviting you to join other *(insert state)* members as planning begins for this new Chapter. *(Name)* has located an affordable facility in *(location)* at which to hold meetings. The cost would be *($\$$) per person and includes (doesn't include) dinner*. Other locations could also be considered. We want your input!

We are looking for members who are willing to assist in the planning and execution of events in *(insert year)*. Can you help? Please let *(name)* know of any topics you would like addressed at educational events during *(insert year)* or if you know of a great speaker for an event.

If you are willing to help plan and organize your chapter, if you want a chapter formed in *(insert state)*, or if you have questions or suggestions for meeting topics or places, please contact *(name, phone #, and email)*. You may also contact me at the NAHI Office (800-448-3942)/ info@nahi.org.

I look forward to talking to you and working with you as your Chapter develops. Thank you!

Sincerely,

Mallory C. Anderson
Executive Director

Appendix D -Application for Chapter Recognition

CHAPTER RECOGNITION

All chapters must be approved by the NAHI Board of Directors. The NAHI Board has a right, and responsibility, to uphold minimal standards for defining a NAHI Chapter. A potential chapter must complete an application (see next page) meeting the following criteria:

1. Identify a Committee willing to perform functions necessary to keep the Chapter active.
2. Submit signatures of a minimum of 10 NAHI members or other interested home inspectors who expect to attend Chapter events or participate in Chapter activities and believe the Chapter will serve the best interests of NAHI.
3. Define Chapter objectives; including a description of the geographic area the Chapter foresees serving. The NAHI Board of Trustees will consider manageability and possible infringement on another Chapter's area.
4. Explain leadership positions within the Chapter and the method of selection. At a minimum, there shall be two officers performing the functions of a Chapter Committee Chairperson and Vice Chairperson.
5. Specify the number of Chapter Committee meetings expected to be held each year. Each Chapter shall hold at least 2 meetings per year and report on its proceedings to the NAHI Board via the NAHI staff.
6. Certify that the Chapter shall strive to fulfill the mission of NAHI by providing educational seminars and informative programs relevant to the home inspection industry.
7. Verify that the Chapter will **not** charge dues or make membership assessments without authorization of the NAHI Board. This does not prohibit charges for programs, seminars, meals, recreational events, or similar functions.
8. Affirm that the Chapter will promote the benefits of NAHI membership to nonmembers the home inspection industry.

The NAHI Board of Directors has sole discretion to approve or reject any application in the best interests of NAHI and its members.

NATIONAL ASSOCIATION OF HOME INSPECTORS
4248 Park Glen Road Minneapolis, MN 55416
Phone: 952-928-4641 or 800-448-3942 Fax: 952-929-1318
APPLICATION FOR CHAPTER RECOGNITION (page 1)

(Use additional sheets if necessary)

Chapter Name _____

Geographic Area _____

Chapter Committee Members

(Name, Company, Phone)

Leadership Positions

Method of Selection

Chapter committee Chairperson _____

Vice Chairperson _____

Representative to Chapter Advisory Group _____

Other _____

Frequency of Chapter Committee Meetings _____

Chapter Objectives

The Chapter will not charge dues or make membership assessments without authorization by the NAHI Board. This does not prohibit charges for programs, seminars, meals, recreational events, or similar functions in compliance with NAHI procedures. The Chapter will promote the benefits of NAHI membership to persons in the home inspection industry.

The NAHI Board of Directors has sole discretion to approve or reject any application in the best interests of NAHI and its members.

Appendix E

Sample Press Release & Guidelines

FOR IMMEDIATE RELEASE February 11, 2002 Contact: YOUR NAME YOUR PHONE NUMBER

National Association Holds Annual Meeting

The National Association of Home Inspectors (NAHI) holds their annual meeting February 21-24, 2002 at the Holiday Inn SunSpree Resort, Clearwater Beach, Florida. Whether you are new to the industry, in a related field, or a seasoned home inspector, you will find informative sessions as well as an opportunity to take the NAHI Certified Real Estate Inspector Exam. Join NAHI Board of Directors and fellow colleagues for an educational and enjoyable conference.

The conference is approved for 16 Continuing Educational Units. For additional information on the meeting, visit the NAHI website at www.nahi.org or call the NAHI office at (800) 448-3942.

The National Association of Home Inspectors (NAHI) is the leading national professional association established for independent home and building inspectors. Its objectives include the promotion of excellence within the profession and continual improvement of its members' inspection services to the public. NAHI admits only those inspectors who have met its rigorous technical and professional requirements.

The STATE NAME Chapter holds meetings on the third Tuesday of each month. Contact YOUR NAME for more details.

###

Guidelines

1. Press releases have headlines. The headline should be written as it would appear in the newspaper.
2. In the body of the press release, include the who, what, where, when and why.
3. It should be no more than one page.
4. Be sure to have a contact name and phone number in the event the press needs to talk to someone for more information.
5. Write the press release exactly like the way it should appear in the newspaper.
6. Remember, the press might be reluctant to read the entire release. Make the important information clear and concise, and get to the point right away.
7. Always end the press release with either -30-or ###.

Appendix F Sample Agenda

CHAPTER MEETING NOTICE CHAPTER NAME

Meeting Date: Time: Location:

Topics for Discussion

NEW & OLD BUSINESS

- Previous Minutes
- Reports

SPEAKER: INSERT SPEAKER NAME, COMPANY, AND BRIEF DESCRIPTION OF BACKGROUND OR QUALIFICATIONS

PRESENTATION: INSERT TITLE AND BRIEF DESCRIPTION

This Meeting is worth XX NAHI CEU

Please RSVP or obtain further information by contacting NAME at PHONE or EMAIL. A \$NN charge for non-members is required at the door. You are welcome to enjoy dinner from the restaurant menu that has a great soup & salad bar as well as full dinners. Drinks are available at the bar as well.

Appendix G Sample Attendance Sheet

Chapter Website:
President:
Vice President:
Secretary:
Treasurer:

Meeting Date:
Chapter President Signature (for CEU)

CHAPTER NAME Meeting Sign-In Sheet

Please write legibly for CEU credit

Name _____
Company Name _____
Mailing Address _____
Additional Address _____
Phone _____ Fax _____
Email Address _____
Michigan Chapter Member: Yes___ No___ National Member: Yes___ No___

Please write legibly for CEU credit

Name _____
Company Name _____
Mailing Address _____
Additional Address _____
Phone _____ Fax _____
Email Address _____
Michigan Chapter Member: Yes___ No___ National Member: Yes___ No___

Please write legibly for CEU credit

Name _____
Company Name _____
Mailing Address _____
Additional Address _____
Phone _____ Fax _____
Email Address _____
_____ Michigan
Chapter Member: Yes___ No___ National Member: Yes___ No___

Appendix H Contents of Minutes

Preparation should include the following:

Name of the organization Name of the meeting Date and time of the meeting Location

Call to order:

- I. Identify persons present and absent by title (Executive Committee, Board, staff, guests.) If a person leaves a meeting and requests that his/her departure be noted, the minutes should reflect this.
- II. Indicate if a quorum was present and the fact that proper notice of the meeting was given or waived.
- III. Approval of minutes of the previous meeting
 - A. Corrections/additions to the minutes should be recorded before action is taken to approve the minutes.
 - B. Minutes of the previous meeting should be distributed.
- IV. Reports (optional)
 - A. The report from the _____ Committee was reviewed.
- V. New Business
 - A. Action taken by the leadership should include the following elements:
 1. Number the action as it occurs within the agenda, note the month and year the action was taken and reference the group. Example: The Chapter Board (CB) took action on the first item (1) of business at their meeting in April 2004 (4-04), (CB 1-4-04).
 2. Identify the maker of the motion by name.
 3. The action should clearly state what is to occur, who is responsible for the outcome, when reports are due or the charge is to be completed and reflect the fiscal impact.
 4. Actions may have a rationale or support statement in order to clarify the intent of the action for the reader of the minutes.

5. Indicate the outcome of the action: passed, defeated, and amended. The number of votes for or against an action should be recorded in the minutes.

VI. Appointments

- A. Committee and liaison appointments should identify the appointee consenting to serve the term of the appointment.
- B. Task Force appointments should identify the appointee consenting to serve. The term of the appointment coincides with the completion of the task.

VII. Date and time for the next meeting

VIII. Adjournment

Appendix I Application For Chapter Membership

NAHI-[insert chapter name] Membership Application

DATE OF APPLICATION _____

Applicant's Full Name: _____

Company Name: _____

Mailing Address _____

City _____ State _____ Zip _____

Phone: (_____) _____ Fax: (_____) _____

E-Mail Address: _____ Cell Phone (_____) _____

Web Site Address: _____

Years in Business: _____ Full-time _____ Part-time _____

Current NAHI Member: Yes ____ No ____

Affiliations: _____

Certifications: _____

Your signature: _____

You must send the following items with your application. Failure to provide the following information will delay processing of your application.

- 1. This completed and signed application.***
- 2. Payment of the annual dues of \$NN, in U.S. funds. Renewable in MONTH of each year.***

Send your application and check made payable to INSERT NAME to: INSERT NAME AND MAILING ADDRESS.

Appendix J Sample Bylaws

NAHI-[insert chapter name] Bylaws

Article 1. Name and Purpose

This National Association of Home Inspectors (“NAHI”) chapter shall be called the NAHI-_____ Chapter. This Chapter is composed of a group of NAHI members who live or work in the _____ area and who, as a matter of geographic convenience, have organized themselves to promote the goals of NAHI cooperatively. This Chapter shall engage only in activities that conform to NAHI’s goals and policies, including NAHI’s mission of promoting excellence and professionalism in the home inspection industry, educating its members, and informing the public of the benefits and scope of a professional home inspection.

Article 2. Membership

All NAHI members residing or working within the boundaries of the Chapter are eligible to join this Chapter. Non-NAHI members may be provisional Chapter members for a period of one year, during which time they must become affiliated with NAHI. The Chapter shall determine during the application process whether a potential Chapter member is a current NAHI member before granting Chapter membership.

Article 3. Operational Relationship with NAHI

This Chapter shall:

- a. Advise NAHI promptly of the names and positions of its newly elected officers.
- b. Furnish information on progress and activities to NAHI on an annual basis.
- c. Notify NAHI promptly of new Chapter members.
- d. Operate under rules and procedures consistent with the Chapter’s Charter, these bylaws, and NAHI.
- e. Not obligate NAHI to any financial or other commitment.
- f. Only use the NAHI name and/or logo with the Chapter designation and in accordance with NAHI’s guidelines.

Article 4. Operations

4.1 Boundaries

The Chapter boundaries shall be proposed by the Chapter and approved by NAHI. Any proposed change to the boundaries must be submitted to NAHI for approval. The boundaries may be changed by NAHI if it is in the best interest of NAHI to do so.

4.2 Directors and Officers

The affairs of the Chapter shall be managed by a Board of Directors, all of whom are members in good standing of the Chapter, who shall have authority to appoint such persons and form such committees as deemed necessary to assist with the Board's duties and to perform all acts and to make such expenditures that are necessary or prudent to run the Chapter. There shall be four Directors who shall serve for a term of two years. Terms of Directors shall be for two years, with two Directors being elected every two years. To create this staggering, at the first election of Directors, two will be elected for initial four year terms and two shall be elected for two year terms. Directors shall be elected by a majority vote of the members at a duly noticed annual business meeting where a quorum is present.

After each election of the Directors, the Directors shall elect a President, Vice-President, Secretary, and Treasurer from members of the Board. The President shall organize and preside over the meetings of the Board and members. The Vice-President shall act as the President in the absence of the President. The Secretary shall be responsible for keeping records of the proceedings of the Board and members, for safekeeping Chapter records, for the filing of documents with governmental agencies, and shall perform all other duties normally incident to the position of Secretary. The Treasurer shall have care and custody of and be responsible for all funds of the Chapter, shall keep all regular books of account, shall cause to be deposited all funds in the name of the Chapter in a depository designated by the Board, shall be responsible for filing all tax returns, and shall perform all other duties incident to the position of Treasurer. If a vacancy should occur on the Board, the remaining Directors shall appoint a replacement. Directors and Officers shall not be compensated for their services.

4.3 Elections

The initial organizers of the Chapter will set the date of the first Chapter elections, and subsequent elections will be held during the annual business meeting to be held during this same month each subsequent year. Nominations may be made by providing a written nomination to the Secretary prior to the annual meeting or by members from the floor during the annual business meeting. Following each election, the Secretary shall inform NAHI of the new Directors and Officers.

4.4 Meetings and Quorum

The Chapter will hold an annual business meeting once each year. Notice of the meeting

and a meeting agenda shall be mailed to the last known address of each Chapter member not less than thirty days prior to the meeting. A quorum of twenty-five percent or 15 members in good standing, whichever is less, shall be necessary to conduct business at the annual business meeting or any other Chapter meeting.

The Chapter will hold at least five regularly scheduled program meetings during each year for the purposes of furthering the purposes of the Chapter and NAHI. It is the President's responsibility to notify all Chapter members of the date, time, and location of the program meetings.

The Board of Directors shall hold all meetings necessary to carry out the business of the Chapter. A quorum of three Directors is necessary for the Directors to conduct business. Except when necessary to hold an executive session, meetings of the Directors shall be open to any member who wants to attend. Minutes shall be kept of the Directors' meetings.

4.5 Dues

Annual dues shall be set by the Board in an amount reasonably calculated to cover the Chapter's expenses. Notice of the amount of annual dues shall be set forth in the notice of the annual business meeting. Dues of members who join the Chapter during any year shall be prorated. Dues are to be paid prior to or at the annual business meeting, and dues must be paid to be a member in good standing. A member of the Chapter who fails to pay his or her dues within sixty days after the annual business meeting will be considered to have resigned from his or her Chapter membership. The Directors may set a reasonable reinstatement fee for members whose membership has lapsed because of the failure to pay dues.

4.6 Services to Non-Members

This Chapter may charge additional fees to non-members for Chapter events. All amounts charged must be reasonable in relation to the cost and benefits derived.

Article 5. Amendment of Bylaws

These bylaws may be amended by a two-thirds majority of the Board and two-thirds majority of the total membership of the Chapter upon proper notice at any annual business meeting or a special meeting called by the Board for that purpose, with notice to be given in the same manner as the annual business meeting.

Appendix K -Sample Income & Expense Statement

INCOME AND EXPENSE STATEMENT			
	Year 1	Year 2	Year 3
	20NN	20NN	20NN
Revenue:			
Membership dues			
Seminar Fees			
Sales			
Net Revenue <i>(sum of all revenue)</i>	0.00	0.00	0.00
Gross Profit <i>(same as net revenue)</i>	0.00	0.00	0.00
Operating Expenses:			
Advertising			
Expo's, trade shows			
Total	0.00	0.00	0.00
Administrative			
Insurance			
Total	0.00	0.00	0.00
General			
Rent			
Utilities			
Telephone			
Office Supplies			
Postage			
Advertising			
Printing			
Total	0.00	0.00	0.00
Total Operating Expenses <i>(sum of all expenses)</i>	0.00	0.00	0.00
Total Operating Income <i>(gross profit less expenses)</i>	0.00	0.00	0.00

Appendix L -Balance Sheet

Balance Sheet			
	Year 1	Year 2	Year 3
	20NN	20NN	20NN
ASSETS			
Cash			
Accounts Receivable			
Notes Receivable			
Inventory			
Total Current Assets	0.00	0.00	0.00
Fixed Assets			
Less: accumulated depreciation			
Net Fixed assets	0.00	0.00	0.00
Total Assets (sum of all assets)	0.00	0.00	0.00
LIABILITIES			
Accounts payable			
Bank notes			
Notes payable			
Taxes Payable			
Total Current Liabilities	0.00	0.00	0.00
Deferred Credits	0.00	0.00	0.00
Total Liabilities	0.00	0.00	0.00
NET WORTH			
Common Stock	0.00	0.00	0.00
Retained Earnings	0.00	0.00	0.00
Total Net Worth	0.00	0.00	0.00
TOTAL LIABILITIES &			
NET WORTH	0.00	0.00	0.00

Appendix M -Resources

Website with links to all states with detailed information on filing rules and regulations for state tax exemption: <http://www.danbalsam.com/ihatespam/tracking/sos.html>

Website for IRS for tax forms and publications and EIN forms: www.irs.gov

Website with links to all states' secretary of state websites for articles of incorporation by state: <http://www.danbalsam.com/ihatespam/tracking/sos.html>

Robert's Rules of Order website: www.rulesonline.com

NAHI website: www.nahi.org