

STANDING RULES
of the
ARIZONA STATE ESCROW ASSOCIATION
Approved & Adopted January 23, 1999
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TABLE OF CONTENTS

SECTION 1.	CHARTERING.....	1
SECTION 2.	TREASURER'S DUTIES	2
SECTION 3.	FINANCE.....	4
SECTION 4.	SECRETARY'S DUTIES.....	5
SECTION 5.	POST OFFICE BOX	6
SECTION 6.	COMPENSATION FOR SERVICES	6
SECTION 7.	REPORTS	7
SECTION 8.	DIRECTOR AND ALTERNATE DIRECTOR TO A.E.A.....	7
SECTION 9.	AUDIT COMMITTEE.....	7
SECTION 10.	PROFESSIONAL DESIGNATIONS.....	8
SECTION 11.	CONTROVERSIES REGARDING APPLICATIONS OR TESTS	10
SECTION 12.	EDUCATIONAL CREDITS.....	10

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**SECTION 1
CHARTERING**

1. Application for Chartering

Any regional escrow association desiring a charter in the Arizona State Escrow Association (hereinafter referred to as this Association) shall submit a written application in the form provided by this Association. The application for chartering may include, but may not be limited to the following:

- a) A copy of the filed Articles of Incorporation *or* a letter from the Secretary of the Regional Association certifying that said Association is a nonprofit, unincorporated association.
- b) A copy of the Certificate of Good Standing (if applicable).
- c) A copy of the bylaws of the Regional Association.
- d) A list of the names, addresses and telephone numbers of the officers of the Regional Association.
- e) A list of the names, addresses and telephone numbers of the seven regional directors who will represent the Regional Association at each meeting of the Arizona State Escrow Association.
- f) A list of the names and addresses of the members of the Regional Association.
- g) A check in payment of dues for each of the members.
- h) A check in the amount of \$100 payable to the Arizona State Escrow Association as a non refundable application fee.

2. Application Process

The Membership Committee shall review the application and submit a recommendation to the Board of Directors at its next convened meeting.

- a) Any incomplete or insufficient application shall be returned to the regional association together with the application fee.
- b) The Board shall consider the recommendation of the Membership Committee and a charter shall be granted to the regional association upon a majority vote of the Directors present.
- c) Upon approval, the Membership Committee shall:
 1. Forward all fees collected to the Treasurer of this Association.
 2. Deliver a letter of acceptance to the regional association together with a Certificate of Charter. The Certificate of Charter may be presented to the Regional Association at the annual educational conference of this Association.
 3. Forward the application, a copy of the letter of acceptance and Certificate of Charter to the Secretary for filing in the permanent records of this Association.

SECTION 2 TREASURER'S DUTIES

The duties of the Treasurer shall include, but may not be limited to the following:

1. Signature Cards
 - a) As near as practicable to the commencement of the new fiscal year and tenure of the new officers, the Treasurer shall obtain the signatures of the incoming President, First Vice President and Treasurer for all bank accounts maintained by this Association.
2. Regular Checking Account
 - a) One regular checking account shall be maintained in the name of the Arizona State Escrow Association for use in the day-to-day operation of this Association.
 - b) The Treasurer shall insure that a sufficient balance is maintained in the regular checking account to meet the needs of the day-to-day operation of this Association. The Treasurer may, if necessary, transfer a sufficient amount from savings to the regular checking account to meet the needs of this Association.
 - c) The Treasurer shall insure that a sufficient supply of preprinted, prenumbered checks are available and shall reorder a continuing stock from the depository bank when necessary. Excess blank check supply shall be held by the Treasurer in such a manner to ensure safekeeping and prevention of defalcation or misuse by unauthorized individuals.
 - d) Checks shall be used in numerical order and all checks shall be accounted for either in unissued stock, reconciled items, outstanding items or voided checks. Voided checks shall have the signature line removed and shall be stored with the canceled checks, monthly bank statements and reconciled items.
 - e) The Treasurer shall maintain a check register, which shall commence as of the beginning of each fiscal year and shall be a continuation of prior year(s).
3. Investment Accounts
 - a) The Treasurer shall maintain at least one savings account in the name of the Arizona State Escrow Association, provided that such funds are available to do so.
4. Deposits
 - a) The Treasurer shall maintain a supply of preprinted deposit slips for each account maintained by this Association.
 - b) The Treasurer shall maintain an endorsement stamp in the name of the Arizona State Escrow Association with the appropriate depository information, and shall affix the endorsement to all deposited items. The Treasurer may, when necessary, hand endorse any item for deposit to the appropriate account.
 - c) All deposit slips shall be completed to include the date of the deposit and an itemized list of each item deposited. Each deposit slip shall be accompanied by a voucher documenting the source of each receipt together with copies of all items deposited. Deposits shall be posted to the applicable account register.

5. Reconciliations

1. The Treasurer shall, in a timely manner, upon receipt of any bank statement(s), reconcile such account(s) as of the last day of each month, utilizing the reconciliation format contained on the bank statement(s), and reconciling the account(s) as follows:
 - a) Any adjusting entries are to be made to the check register(s).
 - b) Reversals or correcting entries required by the depository are to be timely made and verified.
 - c) Reconciliations shall be effective to the statement date and the reconciliation should list all outstanding checks and deposits entered on the check register, but not reflected on the bank statement
 - d) Canceled checks are to be retained in numerical order with the reconciled bank statement together with any voided checks.
 - e) Stop payment items are to be added back to the check register with an entry including the date of the stop payment, the check number, and the amount.
 - f) Returned deposit items are to be deducted from the check register with an entry, including the date of the charge back, the original deposit date and total deposit amount and the amount of the charge back.
 - g) Notation is to be made on the check register of all cleared and outstanding items.
 - h) Notation is to be made in the check register balance to which each monthly bank statement is reconciled.
2. The Treasurer shall provide a comprehensive Treasurer's Report at each regular meeting of this Association showing the income, expenses and account balance(s).
3. The Treasurer shall have the current year's Treasurer's Records available for review at each regular meeting of this Association, which shall include, but may not be limited to all current check registers and bank statements for all accounts held by this Association.

6. Budget and Finance Committee

- a) The Treasurer shall serve as Chairperson of the Budget and Finance Committee.
- b) The Treasurer shall prepare and submit a proposed budget for the ensuing fiscal year at the annual Planning Meeting or at such other meeting as directed by the President.

7. Closing of the Fiscal Year

- a) The outgoing Treasurer shall close the books of the fiscal year on March 31st.
- b) The outgoing Treasurer shall reconcile all bank accounts upon receipt of the final statement for the fiscal year.
- c) The outgoing Treasurer shall deliver all Treasurer's Records to the Audit Committee on or before April 15th of the new fiscal year.

- d) The outgoing Treasurer shall prepare all final reports for the fiscal year and shall deliver said reports to the incoming Treasurer prior to the commencement of the new fiscal year.

8. Income Tax Returns

- a) The Treasurer shall file any income tax return as may be required under the provisions of the Internal Revenue Code on or before December 31 following the close of its fiscal year.
- b) The Immediate Past Treasurer shall deliver to a Certified Public Account (who has been approved by the Board of Directors), all Treasurer's Records and other information required for filing of said tax return on or before October 31 following the close of the fiscal year of this Association.
- c) The Immediate Past Treasurer shall obtain the signature of a duly licensed officer of this Association for the filing year, shall mail said return to the Internal Revenue Service and shall provide a copy of same to the President and to the Treasurer of this Association.

9. Treasurer's Records

- 1. The Treasurer shall maintain the financial records for the fiscal year of this Association, which may include, but not be limited to:
 - a) Copies of signature cards for all accounts.
 - b) Check registers and passbooks for all accounts.
 - c) Reconciled bank statements, including but not limited to all reconciled items, voided checks, deposit slips and debit/credit memos issued by the depository.
 - d) Deposit slips with copies of all items deposited.
 - e) Expense/Receipt Vouchers with accompanying documentation
 - f) A copy of the tax return for the fiscal year.
- 2. The Treasurer's Records shall be available for review by any member of this Association. Any member wishing to review the Treasurer's Records must submit a written request to the Treasurer and the President of this Association. Said review shall take place at a time and place determined by the Treasurer, which review shall occur no more than thirty (30) days from receipt of the request.

**SECTION 3
FINANCE**

- 1. The fiscal year of this Association shall be from April 1st through March 31st. The financial books of this Association shall be closed on March 31st of each fiscal year.
- 2. Payment of Dues to the American Escrow Association
 - a) This Association shall pay dues to the American Escrow Association in an amount as determined from time-to-time by A.E.A.

- b) Said dues shall be paid to A.E.A. within thirty (30) days of receipt of the name, employer and address of each new and renewal member together with a check from the member's Regional Association for the amount of dues paid by said member.

3. Bank Accounts

- a) Bank accounts may be established upon a majority vote of the Board of Directors present at any convened meeting of this Association.
- b) Only the President, First Vice President and Treasurer shall be authorized to sign on any account opened in the name of this Association.
- c) Pursuant to the directives of the Board of Directors, the Treasurer shall maintain a sufficient balance in the checking account to enable the payment of authorized expenses. Any excess funds shall be maintained in interest bearing account(s) as established in accordance with item 1 above.
- d) All such accounts shall be maintained at one depository, unless otherwise approved by a majority vote of the Directors present at any convened meeting of this Association.
- e) All accounts shall be opened only in federally insured depositories, unless otherwise approved by a majority vote of the Directors present at any convened meeting of this Association.

4. Insurance and Bonding

- a) The President, First Vice President and Treasurer of this Association shall be bonded by a fidelity "fraud and forgery" bond, the premium for which shall be paid by this Association.
- b) The amount of any insurance and the carrier for any policies shall be approved by a majority vote of the Directors present at any convened meeting of this Association.

5. Disposition of Revenue

- a) All revenue received by any Officer or Director of this Association shall be immediately remitted to the Treasurer together with a voucher explaining the source and reason for the income.
- b) The Treasurer shall immediately deposit said revenue into the appropriate bank account of this Association.

6. Issuance of Checks.

- a) No check shall be issued by the Treasurer unless documented by a voucher together with billings or receipts for payment.

7. Miscellaneous Fees

- a) The Board of Directors shall establish, by majority vote of the Directors present at any convened meeting of this Association, fees charged by this Association, including but not limited to, charter application fees, membership dues, testing fees, registration fees for conferences and seminars, etc.

SECTION 4 SECRETARY'S DUTIES

The duties of the Secretary shall include, but may not be limited to the following:

1. Make arrangements for meeting facilities for all regular and special Board Meetings.
2. Deliver all meeting notices (the "call to meeting") as directed by the President, which meeting notice shall include the date, time and place of said meeting, an agenda for said meeting and shall include the minutes from the previous Board meeting.
3. At each meeting, the Secretary shall:
 - a) Take attendance.
 - b) Keep the minutes of the meeting (by use of recorder, computer and/or notes taken by hand)
 - c) Have the following items available at each meeting: Minutes from previous meetings, agenda of the current meeting, list of unfinished business, list of all committee chairpersons and members, motion forms, and whatever other materials as may be needed to complete the business at hand, including but not limited to a copy of the
 - d) Bylaws, Standing Rules and Articles of Incorporation of this Association.
4. After each meeting, the Secretary shall:
 - a) Prepare the minutes from the meeting, send a draft of same to the President, and execute the final copy of said minutes. Said minutes shall include a summary of the meeting, including but not limited to an attendance list, all officer, committee and regional director reports (as attachments), committee appointments, a summary of all decisions made and votes taken, and a summary of unfinished business.
 - b) Notify the Directors and Committee Chairs of any items that require attention ("action item list").
5. Maintain one full set of books that shall belong to this Association that shall include, but may not be limited to: Bylaws, Standing Rules, Articles of Incorporation, correspondence sent by and received by this Association, meeting notices, agendas, minutes and attendance records of all convened meetings; written motions, officer, committee and regional director's reports; Treasurer's reports, and all other materials handed out at any convened meeting. The Secretary's Books shall be turned into this Association upon termination of office.
6. Submit the annual corporate filing to the Arizona Corporation Commission, which shall be approved by the President prior to filing.
7. Assist in the dissemination of other information for or to the Directors and Members of this Association, including but not limited to flyers, memos or other information as directed by the President or the Directors of this Association. No such materials shall be distributed without first being approved by the President.
8. The Secretary shall perform other duties as may be assigned by the President or the Board of Directors.

SECTION 5 POST OFFICE BOX

1. This Association shall maintain a post office box in the Phoenix area, which shall be the official mailing address for this Association.
2. The Board of Directors shall appoint (by majority vote) a custodian of the post office box at the onset of each fiscal year.
3. Only the President, Secretary and Custodian shall have keys to the post office box.
4. The Custodian shall retrieve mail at least once per week and shall forward all mail, unopened, to the President of this Association (regardless of the named addressee) for review and further dissemination by the President.

SECTION 6 COMPENSATION FOR SERVICES

1. All Officers, Directors, Committee Chairpersons, and other elected or appointed positions are served without compensation for services.
2. This Association may pay or reimburse some portion of the expenses incurred by any person upon approval by a majority vote of the Directors present at any convened meeting of this Association and provided that funds are available at the time. There is no guaranty made by this Association that there will be funds available for such purposes.
- 3.. Budget Allocation. Providing that funds are available, this Association may allocate a fiscal budget for the following positions or purposes:
 - a) The President of this Association may be allocated a budget for each fiscal year for the purposes of reimbursing the President for expenses (including but not limited to attendance at regional conferences) incurred on behalf of this Association.
 - b) The Director to the American Escrow Association may be allocated a budget for each fiscal year for the purposes of reimbursing the Director for expenses (including but not limited to travel expenses, hotel accommodations, and registration fees to the A.E.A. Annual Educational Conference).
 - c) Any other Officer, Director or Committee of this Association may be allocated a budget for each fiscal year as may be determined necessary from time-to-time by the Board of Directors of this Association.
4. Reimbursement Procedure:
 - a) Any person may be reimbursed for an expense incurred on behalf of this Association by submitted a voucher to the Treasurer, together with a receipt for the item.
 - b) All such vouchers must be submitted to the Treasurer no later than sixty (60) days after incurrence of the expense, and in no event later than 30 days after the Officer or Director has vacated the office, or the end of the current fiscal year, whichever occurs first.
 - c) No expense shall be reimbursed unless approved by the Board of Directors of this Association.

SECTION 7 REPORTS

1. Reports shall be presented at each regular meeting of this Association, or at such other time as requested by the President as set forth below. All reports shall be included in the minutes of the meeting at which the report is presented.
 - a) **REGULAR AND SPECIAL COMMITTEE REPORTS.** Each Committee Chairperson shall submit a written report to the Board of Directors at each regular meeting of this Association, which report shall include any action or inaction of said committee.
 - b) **REGIONAL DIRECTOR'S REPORTS.** At least one Director from each of the Regional Associations shall submit a written director's report regarding the activities of their respective region to this Board at each convened meeting. Each Regional Director to this Association shall report the activities of this Association to their respective Regions in a format as determined by the Region.
 - c) **TREASURER'S REPORTS.** The Treasurer shall provide a written report as set forth herein under Treasurer's Duties.
 - d) **A.E.A. DIRECTOR'S REPORTS.** The Director to the American Escrow Association shall submit a written report at each regular meeting of this Association as set forth herein.

SECTION 8 DIRECTOR AND ALTERNATE DIRECTOR TO A.E.A.

1. The Director shall prepare a written Director's Report from the State of Arizona to be presented at each regular board meeting of the American Escrow Association.
2. The Director shall return to this Association with a written report of what occurred at all A.E.A. board meetings to include any handouts from the meeting(s), including but not limited to financial reports, State Directors' Reports and Committee Reports.
3. The Alternate Director may, but shall not be required to attend any scheduled meeting of the American Escrow Association, except in the absence of the Director.
4. The Alternate Director shall perform all duties and responsibilities of the Director should the Director be unable or unwilling to do so.
5. Once elected to office, the incoming Director and Alternate Director may, but shall not be required to attend (as non-voting guests) the Annual Business Meeting and any board meetings of the American Escrow Association held concurrently with its annual educational conference.
6. The Director and Alternate Director to the American Escrow Association shall comply with and abide by all rules, regulations and duties as determined from time-to-time by the American Escrow Association.

SECTION 9 AUDIT COMMITTEE

1. The President shall appoint an Audit Committee prior to the commencement of the new fiscal year.
2. The outgoing Treasurer shall deliver the Treasurer's Records from the previous fiscal year to the Audit Committee on or before April 15 of the new fiscal year. Should the Treasurer's Records not be

delivered to the Audit Committee, the Chairperson of said committee shall notify the President and the Secretary in writing no later than April 20th.

3. The Audit Committee shall review the Treasurer's Records and prepare a written report of said audit, which report shall include any irregularities or deviations from the Treasurer's Duties or from standard bookkeeping procedures.
4. The Audit Committee shall submit a written report of the Audit to the Directors of this Association at the first convened meeting of the new fiscal year.
5. The Treasurer's Records together with a copy of the written Audit Report shall be turned over to the incoming Treasurer with 90 days following the last day of the previous fiscal year to be archived as a part of the permanent records of this Association.

SECTION 10 PROFESSIONAL DESIGNATIONS

1. Application Process.
 - A. Any member of this Association who wishes to earn a Professional Designation must submit a complete application to the Professional Designations Committee (PDC) on a form provided by this Association, which must include, but not limited to the following:
 1. The name, address and telephone numbers of the Applicant.
 2. The name, address and telephone number of the Applicant's current employer.
 3. A record of the Applicants employment history documenting the required years experience for the designation being applied for, including the name, address and telephone number of the Applicant's previous employer.
 4. A consent form signed by the applicant authorizing current and former employers to release information to this Association. A separate form will be required for each employer shown on the application. All periods of employment will be verified by the PDC prior to the test date.
 5. A record of all educational credits earned. The applicant must provide copies of any certificates or other documentation verifying the educational credits earned.
 - B. All applications must be submitted to the PDC at least thirty (30) days prior to the scheduled testing date.
 - C. All educational credits must be earned at least thirty (30) days prior to the scheduled testing date
 - D. All applications must include an application fee as may be set from time-to-time by this Association. The application fee shall be non-refundable regardless of whether or not the Applicant passes the test.

2. Testing Process

Professional designation tests shall be offered at least once per year, at a place and time as determined by the PDC.

- a) The PDC shall cause a Notice of Professional Designation Testing to be posted on the Association's website and an email notification sent to the current membership least ninety (90) days prior to the test date, which notice shall include, but may not be limited to the date, time and place of the test and the names and phone numbers of each member of the PDC.
- b) Each applicant shall complete a series of comprehensive written and oral examinations as developed by the Professional Designations Committee for the designation being applied.
- c) Each applicant shall achieve a minimum passing score on each portion of the test as follows:

Vocabulary, Questions and Answers as applicable:

Certified Escrow Assistant	58%
Certified Assistant Escrow Officer	66%
Certified Escrow Officer	79%
Certified Senior Escrow Officer	86%

Orals & Problems:

All applicable Designations	Pass or Fail
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- d) Should the applicant fail all or any portion of the test, the applicant may retest under the original application and fee at any regularly scheduled test date within one (1) year from the original test date and shall notify the PDC in writing of his/her desire to retest at least fifteen (15) days prior to the scheduled test date. If the applicant has not passed all portions of the test for the designation originally applied for within one (1) year from the original test date, then the applicant must reapply in accordance with the application provisions set forth herein, and pay the applicable application fee.
- e) Each applicant shall complete the test for the designation applied. No applicant may change designations during the course of the test.
- f) Should the applicant pass any portion of the test with a score that meets the minimum passing grade for a higher designation, then such score(s) may be applied to a higher designation for that applicant if and when the applicant submits an application and fee to test for a higher designation.
 - a. All passing scores shall be valid for a period of three (3) years from the original test date. If the applicant has not tested and met the minimum passing grades for a higher designation within three (3) years of the original test date, then the applicant must complete and pass all portions

of the test for any higher designation if and when the applicant submits an application and fee to test for a higher designation.

- g) The PDC may recruit assistance from among the general membership of this Association in proctoring at any designation testing. No person may proctor at any designation testing unless that person holds a designation as Certified Senior Escrow Officer.
 - h) All records regarding professional designation tests shall be maintained by the PDC, and shall be held in the strictest confidence.
3. A Professional Designation may be renewed upon completion of the following:
- a) Maintain continued membership in good standing.
 - b) It shall be required the holder of any Professional Designation earn at least ten (10) educational credits over a two year period beginning the fiscal year following the year earning the Professional Designation
4. Certified Escrow Instructor
- a) The designation of Certified Escrow Instructor will have the following testing requirements. The applicant must attend a mandatory class as provided by the PDC immediately prior to the testing. There will be no retest available. Should the applicant fail to achieve a passing score of 86%, the applicant will have to re-apply, submit the appropriate application fee and retake the class and test at the next regularly scheduled testing.

The Certified Escrow Instructor must renew their Professional Designation every 3 years. That renewal shall take place no later than the next available test date following the fourth calendar year the applicant successfully passing of the test. In order to test the applicant must submit a timely application as previously provided herein. The applicant will again take the mandatory class and pay the appropriate application fee.

SECTION 11 CONTROVERSIES REGARDING APPLICATIONS OR TESTS

1. Any application subject to denial shall first be reviewed by all members of the PDC prior to notifying the applicant of the denial.
- a). Any controversy regarding any application or test shall first be referred to the President of this Association prior to notifying the applicant of the PDC's decision.

SECTION 12 EDUCATIONAL CREDITS

2. Any member of this Association may earn educational credits as follows:

- a) One (1) educational credit for each hour of attendance at any educational event sponsored by this Association, or one (1) educational credit hour for attending any convened meeting of the Association.
 - b) One (1) educational credit for each hour of instructing a class or seminar sponsored by the Arizona State Escrow Association.
 - c) One (1) educational credit for each hour of proctoring at a professional designations testing. Only Certified Senior Escrow Officers may proctor during testing.
 - d) The following may be used for up to a maximum of three (3) credit hours for any of the following per year:
 - I. One (1) educational credit for each hour of attendance at educational event sponsored by the American Escrow Association, or one (1) educational credit hour for attending any convened meeting of the American Escrow Association..
 - II. One (1) educational credit for each hour of attendance for the following event: at any educational event sponsored by the Arizona Association of Realtors; the Arizona Department of Real Estate; the American Land Title Association; the Land Title Association of Arizona; the Arizona Association of Mortgage Brokers; the Arizona Association of Mortgage Bankers.
3. Recording and verification of all educational credits shall be the responsibility of the Association by:
- a) Use of Sign-In/Sheets.
 - b) Issuance of Certificates of Completion.
 - c) Certification on the "Educational Credits Record" in the form as attached to the *Application to Test for a Professional Designation*.

No credits shall be granted for any educational event unless that member provides at least one of the above verifications, or any other such verification as approved from time-to-time by the Professional Designations Committee.

No educational credits will be earned by any member who arrives after the close of registration or leaves prior to the completion of any educational event or meeting.

- 4. No educational credits will be earned by any person who is not a member in good standing of this Association.

SECTION 13 ESCROW COURSES I & II

- 1. Application Process For Challenging a Course
 - A. Any member of this Association who wishes to challenge and test-out of Escrow I or II, may do so upon completion of the following:

1. Submit an application on a form provided by this Association to the Professional Designations Committee at least thirty (30) days prior to any regularly scheduled professional designations test date.
 2. Pay any non-refundable testing fee as may be set from time-to-time by the Board of Directors of this Association.
 3. Take and pass the appropriate Escrow I or II examination.
2. Testing Procedure - Escrow Courses I or II.
- a) Each applicant shall complete a comprehensive written examination as developed for the course being challenged.
 - b) Each applicant must achieve a minimum passing score as follows:
 - a. Escrow I 75%
 - b. Escrow II 75%
 - c) If the applicant passes the test, the applicant may, providing all other criteria are met, sit for a professional designations test at the next regularly scheduled test date.