

SERFF Tracking Number: BKAH-125870590 State: Arkansas
Filing Company: StarNet Insurance Company State Tracking Number: 40669
Company Tracking Number: AH51051NASE
TOI: H21 Health - Other Sub-TOI: H21.000 Health - Other
Product Name: Large Group Blanket Accident
Project Name/Number: Informational Single Case Large Group Blanket Accident filing/AH51051NASE

Filing at a Glance

Company: StarNet Insurance Company

Product Name: Large Group Blanket Accident SERFF Tr Num: BKAH-125870590 State: ArkansasLH
TOI: H21 Health - Other SERFF Status: Closed State Tr Num: 40669
Sub-TOI: H21.000 Health - Other Co Tr Num: AH51051NASE State Status: Approved-Closed
Filing Type: Form Co Status: Reviewer(s): Rosalind Minor
Authors: Barbara Glowatsky, Susan Disposition Date: 12/01/2008
Bradbury, Denise Beck, Diana
Mandile
Date Submitted: 10/23/2008 Disposition Status: Approved-Closed
Implementation Date Requested: 12/01/2008 Implementation Date:

State Filing Description:

General Information

Project Name: Informational Single Case Large Group Blanket Accident Status of Filing in Domicile: Authorized filing

Project Number: AH51051NASE

Requested Filing Mode:

Explanation for Combination/Other:

Submission Type: New Submission

Overall Rate Impact:

Filing Status Changed: 12/01/2008

State Status Changed: 12/01/2008

Corresponding Filing Tracking Number:

Filing Description:

This is an informational filing for your acknowledgement. We have filed a Single Case Large Group Blanket Accident Policy in the state of Texas for the National Association of Self Employed. This Association has members nationally, but since this product is blanket and there are no certificates to be issued, or to file for an out-of-state filing, I am sending this informational request for state comment on how to proceed.

Date Approved in Domicile: 10/21/2008

Domicile Status Comments: Filed and acknowledged.

Market Type: Group

Group Market Size: Large

Group Market Type: Association

Deemer Date:

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It is my understanding that since it is blanket and is filed and available for use in the situs state, that no further filing is needed in the other states. However, it is not clear that this is the case, and I want to be above board in the filing process.

If you find that you need further information, please advise and I will be happy to send you what you need.

I can be reached toll-free at 866.723.4452 x4644, or via this filing.

Company and Contact

Filing Contact Information

(This filing was made by a third party - berkleyaccidenthealth)

Susan Bradbury, Director of Compliance sbradbury@berkleyah.com
3655 North Point Parkway (770) 751-8930 [Phone]
Alpharetta, GA 30005 (866) 790-2179[FAX]

Filing Company Information

StarNet Insurance Company CoCode: 40045 State of Domicile: Delaware
475 Steamboat Road Group Code: Company Type:
Greenwich, CT 06830 Group Name: State ID Number:
(203) 542-3800 ext. [Phone] FEIN Number: 22-3590451

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:
Per Company: No

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Rosalind Minor	12/01/2008	12/01/2008

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Rosalind Minor	10/27/2008	10/27/2008	Susan Bradbury	11/21/2008	11/26/2008

SERFF Tracking Number: *BKAH-125870590* *State:* *Arkansas*
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Disposition

Disposition Date: 12/01/2008

Implementation Date:

Status: Approved-Closed

Comment:

Rate data does NOT apply to filing.

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Certification/Notice	Approved-Closed	Yes
Supporting Document	Application	Approved-Closed	Yes
Supporting Document	Health - Actuarial Justification	Approved-Closed	No
Supporting Document	Outline of Coverage	Approved-Closed	Yes
Supporting Document	Articles of Incorporation	Approved-Closed	Yes
Supporting Document	Bylaws	Approved-Closed	Yes
Supporting Document	Annual Statement	Approved-Closed	Yes
Supporting Document	AR Questionnaire	Approved-Closed	Yes
Supporting Document	List of AR Members	Approved-Closed	Yes
Form	Single Case Blanket Accident Policy	Approved-Closed	Yes
Form	AR State Specific Rider	Approved-Closed	Yes

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Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 10/27/2008

Submitted Date 10/27/2008

Respond By Date

Dear Susan Bradbury,

This will acknowledge receipt of the captioned filing.

Objection 1

- Single Case Blanket Accident Policy (Form)

Comment: We must review the policy for approval. Refer to ACA 23-86-101 (7) and also ACA 23-79-109.

With respect to the association, please submit the information requested in the attached questionnaire.

Objection 2

- Single Case Blanket Accident Policy (Form)

Comment: With respect to handicapped dependents, there can be no time limit set for furnishing proof of incapacity. Refer to ACA 23-86-102(8) and Bulletin 14-81.

Please feel free to contact me if you have questions.

Sincerely,

Rosalind Minor

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Attachment "Discretionary Group.doc" is not a PDF document and cannot be reproduced here.

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Response Letter

Response Letter Status Submitted to State
Response Letter Date 11/21/2008
Submitted Date 11/26/2008

Dear Rosalind Minor,

Comments:

SERFF is not allowing me to edit what I had previously attached. The Q&A attached below states that I am attaching a list of the AR members in this group. I had intended to replace that Q&A with one stating that I don't have access to that list and I have to get this resubmission in before the holiday. This group has been previously approved by the DOI in numerous filings. I hope that with the information I have provided you can continue your review. Thank you.

Response 1

Comments: In response to your first objection, this organization has been approved in all states since 1981. I have attached the questionnaire and supporting information for your review.

In response to your section objection, please find the AR policy amendment AH51051NASE-AR, which will be attached to the policy.

I hope that this will allow you to expedite your approval.

Related Objection 1

Applies To:

- Single Case Blanket Accident Policy (Form)

Comment:

We must review the policy for approval. Refer to ACA 23-86-101 (7) and also ACA 23-79-109.

With respect to the association, please submit the information requested in the attached questionnaire.

Related Objection 2

Applies To:

- Single Case Blanket Accident Policy (Form)

Comment:

With respect to handicapped dependents, there can be no time limit set for furnishing proof of incapacity. Refer to ACA 23-86-102(8) and Bulletin 14-81.

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Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Articles of Incorporation
 Comment: Attached
 Satisfied -Name: Bylaws
 Comment: Attached
 Satisfied -Name: Annual Statement
 Comment: Attached
 Satisfied -Name: AR Questionnaire
 Comment: Attached
 Satisfied -Name: List of AR Members
 Comment: Please treat as confidential.

Form Schedule Item Changes

Form Name	Form Number	Edition Date	Form Type	Action	Action Specific Data	Readability Score	Attach Document
AR State Specific Rider	AH51051 NASE-AR		Policy/Contract/Fraternal Certificate: Amendment, Insert Page, Endorsement or Rider	Initial			AH51051 NASE- AR_Rider. pdf

No Rate/Rule Schedule items changed.

Thank you for your continued review.

Sincerely,
 Barbara Glowatsky, Denise Beck, Diana Mandile, Susan Bradbury

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Form Schedule

Lead Form Number: AH51051NASE

Review Status	Form Number	Form Type	Form Name	Action	Action Specific Data	Readability	Attachment
Approved-Closed	AH51051NASE	Policy/Cont	Single Case Blanket Accident Policy Certificate	Initial		0	AH51051NASE.pdf
Approved-Closed	AH51051NASE-AR	Policy/Cont	AR State Specific Fraternal Rider Certificate: Amendment, Insert Page, Endorsement or Rider	Initial			AH51051NASE-AR_Rider.pdf

StarNet Insurance Company

Wilmington, Delaware

Administrative Office: 2445 Kuser Road, Suite 201, Hamilton Square, NJ 08690

A Berkley Company

Blanket Accident Policy

Policyholder: National Association for the Self-Employed, Inc.

Policy Number: [12345]

Effective Date: January 1, 2009

State of Issue: Texas

This Policy is a legal contract between the Policyholder and **StarNet Insurance Company** (herein referenced as "the Company"). The Company agrees to provide insurance to the Policyholder, in exchange for the payment of the required premium. Coverage is subject to the terms and conditions described in this Policy.

This Policy and the coverage provided by it become effective at 12:01 A.M. at the address of the Policyholder on the Policy Effective Date shown above. It continues in effect in accordance with the provisions set forth in this Policy.

This Policy is governed by the laws of Texas.

Signed for the Company at Wilmington, Delaware, as of the Effective Date above:



President



Secretary

**THIS IS A BLANKET ACCIDENT INSURANCE POLICY.
THE POLICY DOES NOT PAY BENEFITS FOR LOSSES CAUSED BY SICKNESS.
THIS IS A LIMITED POLICY.
PLEASE READ THE POLICY CAREFULLY.**

THIS IS NOT A POLICY OF WORKERS' COMPENSATION INSURANCE. THE EMPLOYER DOES NOT BECOME A SUBSCRIBER TO THE WORKERS' COMPENSATION SYSTEM BY PURCHASING THIS POLICY, AND IF THE EMPLOYER IS A NON-SUBSCRIBER, THE EMPLOYER LOSES THOSE BENEFITS WHICH WOULD OTHERWISE ACCRUE UNDER THE WORKERS' COMPENSATION LAWS. THE EMPLOYER MUST COMPLY WITH THE WORKERS' COMPENSATION LAW AS IT PERTAINS TO NON-SUBSCRIBERS AND THE REQUIRED NOTIFICATIONS THAT MUST BE FILED AND POSTED.

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DEFINITIONS

The male pronoun includes the female whenever used.

For the purposes of this Policy the capitalized terms used herein are defined as follows:

ACCIDENT means a sudden, unexpected event that results in Injury to the Covered Person.

AGGREGATE LIMIT OF LIABILITY means the maximum amount the Company will pay for all Covered Losses resulting from the same Accident will not exceed the Aggregate Limit of Liability as described in the Schedule of Benefits.

If the total amount payable for all Covered Losses in any one Accident exceeds the Aggregate Limit of Liability, each Covered Person's Covered Loss will be paid at the same ratio that the Aggregate Limit of Liability has to the total amount of all Covered Losses. The Company shall not be liable for amounts in excess of the Aggregate Limit of Liability.

BENEFIT PERIOD means the period of time, as stated on the Schedule of Benefits, between the date of the Accident or commencement of the Sickness causing the Injury or Sickness for which benefits are payable and the date after which no further benefits will be paid.

CHILD means the Covered Person's natural child, adopted child (or child placed in the Covered Person's home for purposes of adoption), foster child, stepchild, or other child for whom the Covered Person has legal guardianship (proof will be required). A child must reside with the Covered Person in a parent-child relationship and be eligible to be claimed as an exemption on the Covered Person's federal income tax return. NOTE: In the event the Covered Person shares physical custody of the child with another parent, the requirement that the child reside with the Covered Person will be waived.

COVERED ACCIDENT means an Accident that occurs while coverage is in force for a Covered Person and results in a Covered Loss or Injury for which benefits are payable.

COVERED LOSS or COVERED LOSSES means an accidental death, dismemberment or other Injury or Sickness covered under this Policy and indicated on the Schedule of Covered Losses.

COVERED PERSON means an eligible person who is within the covered class(es) listed in the Policy, and for whom the required premium is paid when due.

DEPENDENT means a Covered Person's:

- 1) lawful spouse, if not legally separated or divorced .
- 2) unmarried Children under age 21.
- 3) unmarried Children at least 21 years of age but less than age 25 who are:
 - (a) not regularly employed on a full-time basis; and
 - (b) primarily dependent upon the Covered Person for support and maintenance; and
 - (c) enrolled as a full-time student at an accredited college, university or other institution of higher learning or a vocational or licensed technical school.

The age limitations will not apply to a Covered Person's unmarried Child who is incapable of self-support due to a mental or physical incapacity. Proof of such incapacity must be furnished to the Company immediately upon enrollment or within 31 days of the Child reaching the age limitation. Thereafter proof will be required whenever reasonably necessary, but not more often than once a year after the 2-year period following the age limitation.

HOSPITAL means an institution that:

- 1) operates as a Hospital pursuant to law for the care, treatment and providing in-patient services for sick or injured persons;
- 2) provides 24-hour nursing service by registered nurses on duty or call;
- 3) has a staff of one or more licensed Physicians available at all times;
- 4) provides organized facilities for diagnosis, treatment and surgery, either
 - a) on its premises; or
 - b) in facilities available to it, on a pre-arranged basis;
- 5) is not primarily a nursing care facility, rest home, convalescent home or similar establishment, or any separate ward, wing or section of a Hospital used as such; and
- 6) is not a place for drug addicts, alcoholics or the aged.

We will not deny a claim for services solely because the Hospital lacks major surgical facilities and is primarily of a rehabilitative nature, if such rehabilitation is specifically for the treatment of a physical disability, and the Hospital is accredited by any one of the following:

- 1) the Joint Commission of Accreditation of Hospitals; or
- 2) the American Osteopathic Association; or
- 3) the Commission on the Accreditation of Rehabilitative Facilities.

HOSPITAL CONFINED means a stay of 24 or more consecutive hours as a registered resident bed-patient in a Hospital.

IMMEDIATE FAMILY means the Covered Person's parent, grandparent, spouse, child(ren) (includes legally adopted or step child(ren)), brother, sister, step-child(ren), grandchild(ren), or in-laws.

INJURY means bodily injury caused by an Accident. It must result, directly and independently of all other causes, in a Covered Loss.

PHYSICIAN means a person who is a qualified practitioner of the healing arts, including an acupuncturist, advanced practice nurse, audiologist, chemical dependency counselor, chiropractor, dentist, dietitian, hearing instrument fitter and dispenser, licensed clinical social worker, licensed professional counselor, marriage and family therapist, occupational therapist, optometrist, physical therapist, physician, physician assistant, podiatrist, psychological associate, psychologist, speech-language pathologist and surgical assistant. As such, he or she must be acting within the scope of his/her license under the laws in the state in which he or she practices and providing only those medical services which are within the scope of his/her license or certificate. It does not include a Covered Person, a Covered Person's spouse, son, daughter, father, mother, brother or sister or other relative.

WE, OUR, US means [StarNet Insurance Company](#) underwriting this insurance.

ELIGIBILITY FOR INSURANCE

If the Covered Person is in one of the classes of Eligible Persons shown on the Policy Schedule of Benefits, he or she is eligible to be covered on the Policy Effective Date. We retain the right to investigate eligibility status and attendance records to verify eligibility requirements are met. If We discover the eligibility requirements are not met, Our only obligation is to refund any premium paid for that person.

A Covered Person's Dependent(s), as applicable, are eligible on the latest of the date:

- 1) the Covered Person is eligible, if the Covered Person has Dependents on that date; or
- 2) the date the person becomes a Dependent; or
- 3) the next Annual Open Enrollment (if applicable) following the date the person becomes a Dependent.

If the Covered Person is in a Class of Eligible Persons and is also eligible as a Dependent, he or she may be Covered only once under this Policy. In no event will a Dependent be eligible if the Covered Person is not eligible.

EFFECTIVE DATE OF INSURANCE

POLICY EFFECTIVE DATE -This Policy begins on the Policy Effective Date shown in the Schedule of Benefits at 12:01 A.M. at the address of the Policyholder.

COVERED PERSON'S EFFECTIVE DATE

A Covered Person's coverage under this Policy begins on the later of:

- 1) the Policy Effective Date; or
- 2) the date such person becomes eligible.

TERMINATION DATE OF INSURANCE

POLICY TERMINATION DATE

Termination takes effect at 12:01 A.M. time at the address of the Policyholder on the date of termination. Termination by the Policyholder or by the Company will be without prejudice to any claims originating prior to the date of termination.

This Policy terminates automatically on the earlier of:

- 1) The Policy Termination Date shown in this Policy; or
- 2) The premium due date if premiums are not paid when due subject to any grace period provided in the Section entitled Premium.

Failure by the Policyholder to pay all required premiums due by the last day of the grace period shall be deemed notice by the Policyholder to the Company to terminate this Policy on the last day of the period for which premiums have been paid.

This Policy may be terminated by the Policyholder or the Company as of any premium due date or Policy Anniversary Date by giving written notice to the other at least 31 days prior to such date. Any premium rate guarantee will not affect Our or the Policyholder's right to cancel this Policy.

If premiums have been paid beyond the termination date, the Company will refund the excess; or if premiums have been paid short of the termination date, the Policyholder will owe the Company the difference.

COVERED PERSON'S TERMINATION DATE

A Covered Person's coverage under this Policy ends on the earliest of:

- 1) The date this Policy terminates;
- 2) The date the Covered Person enters full-time active duty in the armed forces of any country or international authority;
- 3) The date the Covered Person ceases to be eligible as described in the Policy provided all required premiums are paid; or
- 4) The last day of the period for which premiums have been paid;

DEPENDENT'S TERMINATION DATE

A Dependent's coverage under the Policy ends on the earliest of:

- 1) The date the Policy terminates; or
- 2) The date the Covered Person's coverage ends; or
- 3) The date the Dependent is no longer a Dependent; or
- 4) The last day of the period for which premiums have been paid.

PREMIUMS

The Company provides insurance in return for premium payments. The premium shown in the Schedule of Benefits is payable to the Company in the manner described and is based on rates currently in force, the plan, and the amount of insurance in force. Premium is due on the Policy Effective Date. After that premium will be due monthly unless otherwise stated in the Policy.

The Company has the right to rely upon the accuracy of the Policyholder's calculations and to require the Policyholder to furnish a census from time to time but not more than twice in a 12-month period. If, at any time, it is determined that additional premium or a premium credit is due, the Policyholder will pay the additional premium or apply the premium credit at the next premium due date.

If any premium payment is not paid when due, the Policy will be cancelled as of the premium due date, except as provided under the Grace Period section.

CHANGES IN PREMIUM RATE

The Company may change the premium rates from time to time with at least 31 days advanced written or authorized electronic notice. No change in rates will be made until 12 months after the Policy Effective Date. An increase in rates will not be made more than once in a 12 month period. However, the Company reserves the right to change rates at any time if any of the following events occur:

- 1) A change in the terms of the Policy.
- 2) A change in any federal or state law or regulation affecting this Policy and our benefit obligation.
- 3) A misrepresentation in the information relied on in establishing the rate for this Policy.

GRACE PERIOD

A Grace Period of 31 days will be provided for the payment of any premium due after the first. This Policy will not be terminated for nonpayment of premium during the Grace Period if the Policyholder pays all premiums due by the last day of the Grace Period. This Policy will terminate on the last day of the period for which all premiums have been paid if the Policyholder fails to pay all premiums due by the last day of the Grace Period.

If the Company expressly agrees to accept late payment of a premium without terminating this Policy, the Company does so in accordance with the Noncompliance with Policy Requirements provision of the General Provisions section. In such case, the Policyholder will be liable to the Company for any unpaid premiums for the time this Policy is in force, plus all costs and expenses (including, but not limited to, reasonable attorney fees, collection fees and court costs) incurred by the Company in the collection of all overdue amounts.

No grace period will be provided if the Company receives notice to terminate this Policy prior to a premium due date.

HAZARDS INSURED AGAINST

We will pay benefits described in this Policy when a Covered Person suffers a Covered Loss as a result of a Covered Accident. Unless otherwise specified, We pay benefits only once for any one Covered Accident, even if it is covered by more than one Hazard.

Hazard # 1

LAND, WATER OR AIR COMMON CARRIER AND MILITARY AIR TRANSPORT

We will pay the benefits described in the Policy for any of the types of Accidents described below which occur:

- 1) while riding as a Passenger in or on (including getting in or out of, or on or off of):
 - a) any land, water or air conveyance operated under a license for the transportation of Passengers for hire; or
 - b) any Military Air Transport Aircraft; or
- 2) by being struck or run down by any aircraft.

Hazard #2

24-HOUR ACCIDENT PROTECTION

With respect to any period of time such Insured Person is traveling on a conveyance, Hazard H-20 applies only with respect to Injury sustained by the person:

- 1) while riding as a Passenger in or on (including getting in or out of, or on or off of):
 - a) any Civilian Aircraft; or
 - b) any Military Air Transport Aircraft; or
- 2) while operating or riding in or on (including getting in or out of, or on or off of), or by being struck or run down by any conveyance being used as a means of land or water transportation; or
- 3) by being struck or run down by any aircraft.

DESCRIPTION OF BENEFITS

All benefits payable are shown in the Schedule of Benefits.

ACCIDENTAL DEATH AND DISMEMBERMENT BENEFIT

If Injury to the Covered Person results in any of the Covered Losses shown below, within the Time Period for Loss as shown in Schedule of Benefits, the Company will pay the percentage of the Principal Sum shown below for that loss. The Principal Sum is shown in the Schedule of Benefits. If multiple losses occur, only one Benefit, the largest, will be paid for all Covered Losses due to the same Covered Accident.

SCHEDULE OF COVERED LOSSES

<u>Loss of:</u>	<u>Benefit:</u> (Percentage of Principal Sum)
Life	100%
Brain Death	100%
Quadriplegia.....	100%
Two or More Members	100%
One Member.....	50%

“Member” means Loss of Hand or Foot, Loss of Arm or Leg, Loss of Sight, “Loss of a hand or foot” means complete severance through or above the wrist or ankle joint. “Loss of Arm or Leg” means complete Severance through or above the elbow or knee joint. “Loss of sight” means total and permanent loss of sight of one/both eye(s) that is irrecoverable, including by surgical and artificial means. Severance means the complete separation and dismemberment of the part from the body.

EXPOSURE AND DISAPPEARANCE - If by reason of an accident occurring while an Insured Person's coverage is in force under this Policy, the Insured Person is unavoidably exposed to the elements and as a result of such exposure suffers a loss for which a benefit is otherwise payable under this Policy, the loss will be covered under the terms of this Policy.

If the body of an Insured Person has not been found within one year of the disappearance, forced landing, stranding, sinking or wrecking of a conveyance in which the person was an occupant while covered under this Policy, then it will be deemed, subject to all other terms and provisions of this Policy, that the Insured Person has suffered accidental death within the meaning of this Policy.

LIMITATIONS

LIMITATION ON MULTIPLE HAZARDS - If an Insured Person's Injury is caused by an accident that occurs under the circumstances described in more than one Hazard applicable to that person as shown in the Principal Sums, Hazards and Benefits section of this Policy, for Policy purposes the Principal Sum for that Covered Person for that accident will be determined as though the accident occurred under the circumstances described in only one such Hazard, the Hazard with the largest Principal Sum.

IN HOSPITAL SICKNESS BENEFIT

If an Insured Person suffers a Sickness that, within 60 days of the date of the onset of the Sickness, requires him or her to be confined in a Hospital as an Inpatient, the Company will pay a benefit after 1 consecutive Day(s) of Confinement due to that Sickness. No benefit is provided for the first Day(s) of Confinement. The amount of the benefit is shown in the Schedule of Benefits. Only one benefit is provided for any one Day of Confinement, regardless of the number of Sicknesses for which the confinement is required. It is payable monthly for a maximum of 10 days during any 12 months of coverage.

DAY(S) OF CONFINEMENT - means a day of Hospital confinement as an Inpatient.

INPATIENT - as used in this benefit, means a person: (1) who is confined in a Hospital as a registered bed patient; and (2) for whom at least one day's room and board is charged by the Hospital unless the Insured Person is confined as an Inpatient in any military, veterans or other government supported or sponsored Hospital for which a charge for room and board is not made.

SICKNESS – means an illness or disease which is diagnosed or treated by a Physician after the effective date of coverage under this Policy.

Any exclusion within the Exclusions section regarding sickness or disease; stroke or cerebrovascular accident or event; cardiovascular accident or event; myocardial infarction or heart attack; coronary thrombosis or aneurysm is hereby waived for this benefit.

EMERGENCY TREATMENT BENEFIT (Fractures and Dislocations)

If an Insured Person suffers an Injury that results in a Dislocation or Fracture and requires him or her to receive Emergency Treatment in a Hospital emergency room or a Satellite Emergency Center, the Company will pay an Emergency Treatment Benefit Amount in shown in the Schedule of Benefits. Only one Emergency Treatment Benefit is payable for any one accident per Insured Person.

DISLOCATION – means that one or more bones are out of place, out of joint, or out of position.

EMERGENCY TREATMENT – treatment for a medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that a prudent layperson with average knowledge of health and medicine could reasonably expect the absence of immediate medical attention to result in:

- 1) Placing the health of the person (or with respect to a pregnant woman, the health of her unborn child) in serious jeopardy;
- 2) Serious impairment to bodily functions; or
- 3) Serious dysfunction of any bodily organ or part.

FRACTURE – as used in this benefit, means a break or rupture in the continuity of the bone or cartilage and includes, but is not limited to: complete fractures; compound fractures; compression fractures; depressed fractures; open fractures; simple fractures.

SATELLITE EMERGENCY CENTER – means a licensed facility providing outpatient care under the direction of a Physician on a 24 hour basis. Available services must include:

- 1) diagnostic care, including laboratory services and diagnostic x-rays; and
- 2) treatment or medical care, including availability of the means for stabilization of emergency medical conditions. A Satellite Emergency Center does not include a Hospital or an office maintained by a Physician for the practice of medicine or dentistry.

IN-HOSPITAL INDEMNITY BENEFIT

If an Covered Person suffers an Injury that, within the loss period shown on the Schedule of Benefits, requires him or her to be confined in a Hospital as an Inpatient, the Company will pay a benefit after 1 consecutive Day(s) of Confinement due to that Injury, retroactive to the first Day of Confinement. The amount of the benefit for the Insured is shown in the Schedule of Benefits. The amount of the benefit for the Insured Spouse is shown in the Schedule of Benefits. The amount of the benefit for the Insured Dependent Child is shown on the Schedule of Benefits. Only one benefit is provided for any one Day of Confinement, regardless of the number of Injuries for which the confinement is required. It is payable monthly for a maximum of 180 days during any 12 months of coverage.

DAY(S) OF CONFINEMENT - means a day of Hospital confinement as an Inpatient.

INPATIENT - means a Covered Person: (1) who is confined in a Hospital as a registered bed patient; and (2) for whom at least one day's room and board is charged by the Hospital unless the Insured Person is confined as an Inpatient in any military, veterans or other government supported or sponsored Hospital for which a charge for room and board is not made.

EXCLUSIONS - In addition to the Exclusions in the Exclusions section of the Policy, and any amendment thereto, Emergency Treatment benefits are not payable for any condition for which the Insured Person is entitled to benefits under any Workers' Compensation Act or similar law.

EXCLUSIONS

This Policy does not cover any loss caused in whole or in part by, or resulting in whole or in part from, the following:

- 1) suicide or any attempt at suicide or intentionally self-inflicted injury or any attempt at intentionally self-inflicted injury.
- 2) travel or flight in or on (including getting in or out of, or on or off of) any vehicle used for aerial navigation, whether as a Passenger, pilot, operator or crew member, unless specifically provided by this Policy.
- 3) declared or undeclared war, or any act of declared or undeclared war, or any act of declared or undeclared war.
- 4) sickness, disease, mental incapacity or bodily infirmity whether the loss results directly or indirectly from any of these.
- 5) infection of any kind regardless of how contacted, except bacterial infections that are directly caused by botulism, ptomaine poisoning or an accidental cut or wound independent and in the absence of any underlying sickness, disease or conditions.
- 6) the Covered Person being under the influence of intoxicants unless taken under the advise of and as specified by a Physician.
- 7) the Covered Person being under the influence of drugs unless taken under the advise of and as specified by a Physician.
- 8) the Covered Person's commission of or attempt to commit a crime.
- 9) the medical or surgical treatment of sickness, disease, mental incapacity or bodily infirmity whether the loss results directly or indirectly from the treatment.
- 10) Stroke or cerebrovascular accident or event; cardiovascular accident or event; myocardial infarction or heart attack; coronary thrombosis; aneurysm.

CLAIMS PROVISIONS

NOTICE OF CLAIM

Written notice of death or injury must be given to the Company within 30 days after a Covered Loss begins or as soon as reasonably possible. Notice can be given to the Company at Berkley Accident and Health, 2445 Kuser Road Suite 201, Hamilton Square NJ 08690, Attn: Claims Department. Notice should include the Covered Person's name and address as well as this Policy Number. If written notice is not received within 30 days, the claim may be reduced or invalidated. However, the claim will not be reduced or invalidated if:

- 1) it can be shown that it was not possible within reason to submit notice within the 30 day period; and
- 2) it is further shown that notice was given as soon as possible.

CLAIM FORMS

When the Company receives a notice of claim, the Company will send forms for filing proof of loss. If claim forms are not sent within 15 days after receipt of such notice, Proof of Loss requirements stated below will be deemed to have been met if, within the Proof of Loss time period specified below, written proof of the nature and extent of the loss is submitted.

PROOF OF LOSS

Written proof of loss must be given to the Company within 90 days after the date of loss. If the proof of loss is not submitted within 90 days, the claim may be reduced or invalidated. However, the claim will not be reduced or invalidated if:

- 1) it can be shown that it was not possible within reason to submit notice within the 90 day period; and
- 2) it is further shown that notice was given as soon as possible, and in no event, except in the absence of legal capacity, later than one year from the time proof is otherwise required.

TIME OF PAYMENT OF CLAIMS

Benefits for loss covered by this Policy, other than benefits that require periodic payment, will be paid as soon as the Company receives proper written proof of such loss. Benefits for loss covered by this Policy that require periodic payment shall be paid monthly provided that the Company receives proper written proof of such loss.

PAYMENT OF CLAIMS

All benefits will be paid in United States currency. Loss of life benefits will be paid to the beneficiary as described in the Designation or Change of Beneficiary provision of this Policy entitled 'General Provisions'. To receive proceeds, a beneficiary must be living on the earlier of the following dates: the date the Company receives proof of the loss of life; or the 10th day after the death.

If the Covered Person dies, any unpaid accrued benefits will be payable according to the assignment on the claim, if any. If there is no valid assignment, unpaid accrued benefits will be payable in accordance with the beneficiary designation, if any, or to the Covered Person's estate.

If any benefit becomes payable to the Covered Person's estate, or to someone who is a minor or otherwise not competent to give a valid release, We may pay such benefit up to \$1,000.00 to any relative by blood, or connection by marriage of the Covered Person or beneficiary who is deemed by Us to be equitably entitled to it.

Benefits will be payable to the Texas Department of Human Services if any of the following conditions exist:

- 1) The Covered Person or, if a minor, the Covered Person's parent has executed an assignment of benefits by reason of making application for or receiving benefits for medical assistance under the Medical Assistance Act of 1967 of the State of Texas, as amended;
- 2) The minor Covered Person's parent is:
 - a) possessory conservator of said minor Covered Person under an order issued by a Texas court or is not entitled to possession or access to said minor Covered Person; and
 - b) required by court order or court approved agreement to pay child support; or

- 3) The Texas Department of Human Services is paying benefits on behalf of the minor Covered Person under Chapter 31 or 32 of the Human Resources Code.

We must receive written notice of any of the above conditions and the assignment created by them by an attachment to the claim form originally submitted for benefits under the Policy.

Benefits for a minor may be paid on behalf of the minor to a person who is not the Covered Person if an order issued by a court of competent jurisdiction in Texas names such person the managing conservator of the minor. Such benefits will be payable to the managing conservator provided the conservator has submitted:

- 1) Written notice to Us with the claim application that such person is the Covered Person's managing conservator; and
- 2) A certified copy of a court order establishing the person as managing conservator or other evidence designed by rule of the State Board of Insurance that such person qualifies to be paid the benefits.

Such requirements shall not apply in the cases of any unpaid medical bill for which a valid assignment of benefits has been exercised or to claims submitted by the parent of a minor Covered Person where the parent has paid any portion of a medical bill that would be covered under the terms of the Policy.

Any payment made in good faith and compliance with Texas regulations regarding payment of benefits for medical services shall fully discharge Us to the extent of such payment.

All other benefits will be paid to the Covered Person suffering the loss. If the Covered Person dies before all payments due have been made, the amount still payable will be paid to his/her beneficiary as described in the Designation and Change of Beneficiary provision of this Policy entitled 'General Provisions'.

PHYSICAL EXAMINATIONS AND AUTOPSY: We have the right to have a Physician of Our choice examine the Covered Person as often as is reasonably necessary. This section applies when a claim is pending or while benefits are being paid. We also have the right to request an autopsy in the case of death, unless the law forbids it. We will pay the cost of the examination or autopsy.

RECOVERY OF OVERPAYMENT: If benefits are overpaid, or paid in error We have the right to recover the amount overpaid or paid in error by any of the following methods.

- 1) A request for lump sum payment of the amount overpaid or paid in error or
- 2) Reduction of any proceeds payable under this Policy by the amount overpaid or paid in error.

RIGHT OF RECOVERY: A Covered Person may incur charges due to an Injury for which benefits are paid by this Policy. The Injury may be caused by the act or omission of another person. If so, the Covered Person may have a claim against that other person for payment of expense-incurred charges. If Recovery under the claim is made, the Covered Person must repay Us the Recovery made from 1) the other person; or 2) the other person's insurer.

Only the amount recovered for charges incurred will be subject to Refund. One-third of the Net Recovery will be deemed to be for such charges. However, in no case will the amount of Refund exceed the amount of benefits paid for the Injury under this Policy.

The right of Refund also applies when the Covered Person recovers under an uninsured or underinsured motorist plan.

Recovery means monies paid to the Covered Person through judgment, settlement or otherwise to compensate for all losses caused by the Injury.

Net Recovery means the Covered Person's Recovery less attorney's fees and court costs incurred in making the Recovery.

Refund means repayment to Us for benefits paid.

SUBROGATION: The Policyholder is required to investigate and prosecute all valid claims that it may have against third parties arising out of any claim for which benefits were paid by this Policy. The Policyholder shall account to the Company for all amounts recovered. If the Policyholder fails to pursue any action against a third party and the Company has made benefit payments under this Policy, the Company will be subrogated to all of the Policyholder's rights to make recoveries. However, the Company's Subrogation right is secondary to the Policyholder's right to be fully compensated for its damages. The Policyholder is required to cooperate fully and do all things necessary and required for the Company to pursue any action to recover against the third party; the scope of the Policyholder's cooperation shall include, without limitation, the execution of a Subrogation receipt or assignment in favor of the Company and the granting of authorization to the Company to commence litigation or other legal proceedings in the name of the Policyholder to seek recoveries from third parties. The Company agrees to pay its portion of the Policyholder's attorneys' fees or other costs associated with a claim or lawsuit to the extent that the Company recovers any portion of the benefits paid under this Policy pursuant to its Subrogation right.

GENERAL PROVISIONS

ENTIRE CONTRACT/CHANGES

This Policy, with the Policyholder's Master Application and all endorsements, amendments and attached papers are the entire contract between the Policyholder and the Company.

Changes to this Policy may be made at any time by an endorsement or amendment and must be agreed upon, in writing, between the Policyholder and the Company. The Company may also, upon 31 days written notice to the Policyholder, change or modify the provisions of this Policy to comply with any applicable requirements of the Internal Revenue Service and/or any state or other federal law or regulation. No agent may change this Policy or waive any of its provisions.

TIME LIMIT ON CERTAIN DEFENSES

In the absence of fraud, all statements made by the Policyholder or by a Covered Person shall be deemed representations and not warranties. No such statement shall be used to contest this Policy or reduce benefits unless contained in a signed, written application, a copy of which has been provided to the person who made the statement, or to their beneficiary or representative. No such statement will be used to contest this Policy after this Policy has been in force for two years.

NONCOMPLIANCE WITH POLICY REQUIREMENTS

Any express waiver by the Company of any requirements of this Policy will not constitute a continuing waiver of such requirements. Any failure by the Company to insist upon compliance with any Policy provision will not operate as a waiver or amendment of that provision.

CLERICAL ERROR

Clerical error in keeping any records pertaining to the coverage, whether by the Policyholder or by the Company, will not invalidate coverage otherwise validly in force nor continue coverage otherwise validly terminated, provided such clerical error is not prejudicial to the Company and is rectified promptly upon discovery.

CONFORMITY WITH STATE STATUTES

Any provision of this Policy in conflict on its effective date with the laws of Texas is amended to conform to the minimum requirements of such laws.

DESIGNATION OR CHANGE OF BENEFICIARY

Each Covered Person may designate a beneficiary to whom loss of life benefits are payable. The designation shall be as follows in descending order of preference:

- 1) Beneficiaries designated in writing by the Covered Person for this Policy on file with the Policyholder, if any, otherwise;
- 2) Beneficiaries as designated in writing for any group life insurance plan or its renewals in force for the Policyholder, if any, otherwise;
- 3) In equal shares to the members of the first surviving class of those that follow, if any:
 - a) a Covered Person's lawful spouse, if not legally separated or divorced, or Domestic Partner;
 - b) a Covered Person's natural Child, adopted Child, foster Child, stepChild, or other Child for whom the Covered Person has or had legal guardianship (proof will be required); or
 - c) a Covered Person's parents, whether natural, step or adoptive; otherwise.
- 4) The estate of the Covered Person.

A Covered Person may change his/her beneficiary designation from time to time without the consent of the designated beneficiary by giving notice, in writing, to the Policyholder. When a request for designation or change is received by the Policyholder, it will take effect on the date of its execution, whether or not the Covered Person is living on the date it is received by the Policyholder. Any interest created by the request will be subject to any payment made or action taken before its receipt.

A Dependent's beneficiary is the Covered Person. If no beneficiary is living on the date of a Dependent's death, the beneficiary is the Covered Person's estate.

ASSIGNMENT

No assignment of interest in loss of life benefits shall be binding on the Company until the original or duplicate thereof is received by the Company. The Company assumes no responsibility for the validity of such assignment.

INSOLVENCY

The insolvency, bankruptcy, financial impairment, receivership, voluntary plan of arrangement with creditors, or dissolution of the Policyholder will not impose upon the Company any liability other than the liability defined in this Policy. The insolvency of the Policyholder will not make the Company liable to the creditors of the Policyholder, including Covered Persons under the Policy.

LEGAL ACTION

All Policy terms will be interpreted under the laws of the state in which this Policy was issued. No legal action may be brought to recover on this Policy within 60 days after written Proof of Loss has been furnished. No legal action may be brought after three (3) years from the time written Proof of Loss is required to be furnished.

MISSTATED DATA

The Company has relied upon the underwriting information provided by the Policyholder, its Third Party Administrator or other Agent in the issuance of this Policy. Should subsequent information become known which, if known prior to issuance of this Policy, would have affected the rates, deductibles, terms or conditions for coverage, the Company will have the right to revise the rates, deductibles, terms or conditions as of the Effective Date of issuance, by providing written notice to the Policyholder.

WAIVER

Failure of the Company to strictly enforce its rights under this Policy at any time or under any circumstance shall not constitute a waiver of such rights by the Company at any time under the same or different circumstances.

WORKERS' COMPENSATION

This Policy is not in lieu of and does not affect any requirements for coverage by any Workers' Compensation Act or similar law.

SCHEDULE OF BENEFITS

[CLASSES OF ELIGIBLE PERSONS

Class 1	All members and their eligible Dependents who have purchased the policyholders Platinum Plus membership
Class 2	All members and their eligible Dependents who have purchased the policyholders Premier membership
Class 3	All members and their eligible Dependents who have purchased the policyholders Platinum membership
Class 4	All members and their eligible Dependents who have purchased the policyholders Access membership

AGGREGATE LIMIT OF LIABILITY

Benefit Maximum	\$1,000,000
Applies	per covered accident.
Applies To	Accidental Death and Dismemberment

CLASS 1

ACCIDENTAL DEATH BENEFIT

Principal Sum/Amount of Insurance:

24 Hour Coverage

Member	\$30,000*
Spouse	\$15,000*
Each Child	\$ 3,750*
Time Period for Loss	365 Days

Common Carrier

Member	\$45,000*
Spouse	\$15,000*
Each Child	\$15,000*
Time Period for Loss	365 Days

Emergency Room Benefit Fractures & Dislocations

Maximum per visit

Member	\$750
Spouse	\$750
Dependent Children	\$750

Hospital Confinement Illness Member only

Maximum Benefit per day	\$200
Maximum number of days per year	10
Loss Period	60 days from date of onset
Waiting period	1 Day

Hospital Confinement Accident	
Maximum Benefit per day	
Member	\$200
Spouse	\$100
Each Child	\$100
Maximum number of days per year	180
Loss Period	60 days from date of Accident
Waiting period	None

***Doubles after 3 years of membership in the same class**

CLASS 2

ACCIDENTAL DEATH BENEFIT

Principal Sum/Amount of Insurance:

24 Hour Coverage

Member	\$20,000*
Spouse	\$10,000*
Each Child	\$ 2,500*
Time Period for Loss	365 Days

Common Carrier

Member	\$30,000*
Spouse	\$10,000*
Each Child	\$10,000*
Time Period for Loss	365 Days

Emergency Room Benefit Fractures & Dislocations

Maximum per visit

Member	\$750
Spouse	\$750
Dependent Children	\$750

Hospital Confinement Illness Member only

Maximum Benefit per day	\$300
Maximum number of days per year	10
Loss Period	60 days from date of onset
Waiting period	1 Day

Hospital Confinement Accident

Maximum Benefit per day	
Member	\$300
Spouse	\$200
Each Child	\$100
Maximum number of days per year	180
Loss Period	60 days from date of Accident
Waiting period	None

***Doubles after 3 years of membership in the same class**

**CLASS 3
ACCIDENTAL DEATH BENEFIT**

Principal Sum/Amount of Insurance:

24 Hour Coverage

Member	\$20,000*
Spouse	\$10,000*
Each Child	\$ 2,500*
Time Period for Loss	365 Days

Common Carrier

Member	\$30,000*
Spouse	\$10,000*
Each Child	\$10,000*
Time Period for Loss	365 Days

Emergency Room Benefit Fractures & Dislocations

Maximum per visit

Member	\$375
Spouse	\$375
Dependent Children	\$375

Hospital Confinement Illness Member only

Maximum Benefit per day	\$100
Maximum number of days per year	10
Loss Period	60 days from date of onset
Waiting period	None

Hospital Confinement Accident

Maximum Benefit per day	
Member	\$100
Spouse	\$50
Each Child	\$50
Maximum number of days per year	180
Loss Period	60 days from date of Accident
Waiting period	None

***Doubles after 3 years of membership in the same class**

**CLASS 4
ACCIDENTAL DEATH BENEFIT**

Principal Sum/Amount of Insurance:

24 Hour Coverage

Member	\$ 2,500
Time Period for Loss	365 Days

Common Carrier

Member	\$10,000
Time Period for Loss	365 Days]

***Doubles after 3 years of membership in the same class**

PREMIUMS

[Monthly Rates

Class	Benefit	Rate
1	Accidental Death	\$.63
2	Accidental Death	\$.42
3	Accidental Death	\$.42
4	Accidental Death	\$.10

Class	Benefit	Rate
1	Emergency Room Fractures & Dislocations	\$.37
2	Emergency Room Fractures & Dislocations	\$.41
3	Emergency Room Fractures & Dislocations	\$.20

Class	Benefit	Rate
1	Hospital Confinement Illness	\$.43
2	Hospital Confinement Illness	\$.64
3	Hospital Confinement Illness	\$.20

Class	Benefit	Rate
1	Hospital Confinement Accident	\$.21
2	Hospital Confinement Accident	\$.29
3	Hospital Confinement Accident	\$.10]

StarNet Insurance Company

Wilmington, Delaware

Administrative Office: 2445 Kuser Road, Suite 201, Hamilton Square, NJ 08690

A Berkley Company

ARKANSAS RIDER

This Rider is attached to and made a part of Policy Number [12345] issued to [ABC Company] (the Policyholder). The Policy/Certificate are hereby amended for Arkansas as follows:

[DEFINITIONS

The definition of DEPENDENT is amended as follows:

The 31 day requirement for due proof of a Child's incapacity is deleted. We will require notice of the Child's incapacity and dependency. In no event, however, will this requirement preclude eligible Dependents regardless of age. If dependency or incapacity is removed or terminated the Covered Person must notify Us.]

[EFFECTIVE DATE OF INSURANCE

The paragraphs regarding Newborn and Adopted Children are replaced with the following:

A Child born to the Covered Person or the Covered Person's insured Dependent spouse is automatically insured as a Dependent. The effective date of insurance for the Child will be the moment of birth. Coverage will be to the same extent as is provided for other covered Dependent Children.

In the event additional premium is required for such Child then the insurance will terminate 90 days from the date of birth unless written request to continue insurance is made to Us and the premium is paid within 90 days from the date of birth or before the next premium due date, whichever is later.

In the case of minor children under the Covered Person's charge, care and control for whom the Covered Person has filed a petition to adopt, coverage will be effective:

1. From the date of birth if the petition for adoption is filed and a request for coverage is made within 60 days of the date of birth; or
2. On the date of the filing of the petition for adoption if a request for coverage is made within 60 days of the date of filing.

Coverage will be to the same extent as specified above. Any additional premium required for such Child must be paid at the time application is made.]

Signed for the Company:



President



Secretary

SERFF Tracking Number: BKAH-125870590 State: Arkansas
Filing Company: StarNet Insurance Company State Tracking Number: 40669
Company Tracking Number: AH51051NASE
TOI: H21 Health - Other Sub-TOI: H21.000 Health - Other
Product Name: Large Group Blanket Accident
Project Name/Number: Informational Single Case Large Group Blanket Accident filing/AH51051NASE

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: BKAH-125870590 State: Arkansas
 Filing Company: StarNet Insurance Company State Tracking Number: 40669
 Company Tracking Number: AH51051NASE
 TOI: H21 Health - Other Sub-TOI: H21.000 Health - Other
 Product Name: Large Group Blanket Accident
 Project Name/Number: Informational Single Case Large Group Blanket Accident filing/AH51051NASE

Supporting Document Schedules

Review Status:
Bypassed -Name: Certification/Notice Approved-Closed 12/01/2008
Bypass Reason: This is an informational single case out-of-state blanket large group accident policy.
Comments:

Review Status:
Bypassed -Name: Application Approved-Closed 12/01/2008
Bypass Reason: This is an informational single case out-of-state blanket large group accident policy.
Comments:

Review Status:
Bypassed -Name: Outline of Coverage Approved-Closed 12/01/2008
Bypass Reason: This is an informational single case out-of-state blanket large group accident policy.
Comments:

Review Status:
Satisfied -Name: Articles of Incorporation Approved-Closed 12/01/2008
Comments:
 Attached
Attachments:
 NASE Articles & By-Laws- original.pdf
 NASE Restated Articles of Inc..pdf

Review Status:
Satisfied -Name: Bylaws Approved-Closed 12/01/2008
Comments:
 Attached
Attachment:
 NASE Restated By-Laws.pdf

Review Status:
Satisfied -Name: Annual Statement Approved-Closed 12/01/2008

SERFF Tracking Number: BKAH-125870590 State: Arkansas
Filing Company: StarNet Insurance Company State Tracking Number: 40669
Company Tracking Number: AH51051NASE
TOI: H21 Health - Other Sub-TOI: H21.000 Health - Other
Product Name: Large Group Blanket Accident
Project Name/Number: Informational Single Case Large Group Blanket Accident filing/AH51051NASE

Comments:

Attached

Attachment:

NASE_Annual2007.pdf

SERFF Tracking Number: BKAH-125870590 State: Arkansas
Filing Company: StarNet Insurance Company State Tracking Number: 40669
Company Tracking Number: AH51051NASE
TOI: H21 Health - Other Sub-TOI: H21.000 Health - Other
Product Name: Large Group Blanket Accident
Project Name/Number: Informational Single Case Large Group Blanket Accident filing/AH51051NASE

Satisfied -Name: AR Questionnaire **Review Status:** Approved-Closed 12/01/2008
Comments:
Attached
Attachment:
AR Q&A.pdf

Satisfied -Name: List of AR Members **Review Status:** Approved-Closed 12/01/2008
Comments:
Please treat as confidential.

MAR 03 1981

ARTICLES OF INCORPORATION CLERK I A
Corporation Division

ARTICLE ONE

The name of the corporation is: NATIONAL ASSOCIATION FOR THE SELF-EMPLOYED, INC.

ARTICLE TWO

The corporation is a non-profit corporation.

ARTICLE THREE

The period of its duration is perpetual.

ARTICLE FOUR

The purpose or purposes for which the corporation is organized are to organize and maintain an association for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or designated beneficiaries; to exercise all the powers granted to non-profit corporations of the State of Texas by the Non-Profit Corporation Act; and to carry on all activities and operations reasonably necessary or convenient to accomplish any and all of the foregoing purposes.

To produce, acquire, distribute, buy, sell, lease and trade or deal in and with personal property, real property and services, subject to Part Four of the Texas Miscellaneous Laws Act.

ARTICLE FIVE

This is a non-profit corporation without control by membership, the management and control of which shall be vested in its Board of Directors. The power to alter, amend or repeal the by-laws or to adopt new by-laws shall be vested in the Board of Directors. The by-laws may contain any provisions for the regulation and management of the affairs of the corporation not inconsistent with the laws of the State of Texas or the Articles of Incorporation.

ARTICLE SIX

No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to, its members, trustees, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article Two hereof. No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting, to influence legislation and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these articles, the corporation shall not

carry on any other activities not permitted to be carried on (a) by a corporation exempt from Federal income tax under Section 501(c)(8) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law), or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law).

ARTICLE SEVEN

Upon the dissolution of the corporation, the Board of Trustees shall, after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all of the assets of the corporation exclusively for the purpose of the corporation in such manner, or to such organization or organizations organized and operated exclusively for charitable, education, religious, or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(8) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law), as the Board of Trustees shall determine. Any of such assets not so disposed of shall be disposed of by the Court of Common Pleas of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

ARTICLE EIGHT

The street address of the initial registered office of the corporation is 3621 McKinney, #209, Dallas, Texas 75204, and the name of its initial registered agent at such address is Keith Wood.

ARTICLE NINE

The number of Directors constituting the Initial Board of Directors is three (3) and the names and addresses of the persons who are to serve as the initial directors are:

R. Y. Titterington
714 Citizens Bank Center
Richardson, Texas 75080

Keith Wood
3621 McKinney, #209
Dallas, Texas 75204

Raymond B. McCoy
5151 Belt Line Road, Suite 820
Dallas, Texas 75240

ARTICLE TEN

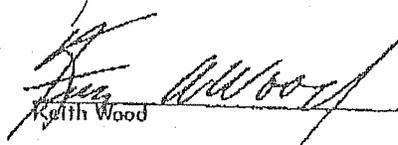
The name and street address of each incorporator is:

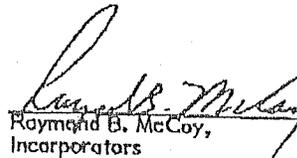
R. Y. Titterington
714 Citizens Bank Center
Richardson, Texas 75080

Kelth Wood
3621 McKinney, #209
Dallas, Texas 75204

Raymond B. McCoy
5151 Belt Line Road, Suite 820
Dallas, Texas 75240


R. Y. Titterington

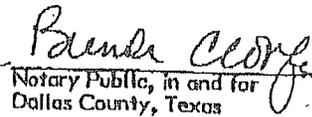

Kelth Wood


Raymond B. McCoy,
Incorporators

STATE OF TEXAS
COUNTY OF DALLAS

BEFORE ME, a Notary Public, on this day personally appeared R. Y. Titterington, Kelth Wood and Raymond B. McCoy known to me to be the persons whose names are subscribed to the foregoing document and, being by me first duly sworn, severally declared that the statements therein contained are true and correct.

Given under my hand and seal of office this 25 day of February, 1981.


Notary Public, in and for
Dallas County, Texas

My Commission expires:

7-16-84

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CONSTITUTION AND BYLAWS
of
THE NATIONAL ASSOCIATION FOR THE SELF-EMPLOYED
a non-profit corporation

ARTICLE I.

SECTION 1.01

The name of this Corporation shall be "The National Association For the Self-Employed".

This Corporation does not contemplate pecuniary gain or profit to the members thereof, and the purposes for which this Corporation are formed are:

(a) To inform and educate American citizens on matters relating to the concerns and needs of self-employed individuals;

(b) To inform and educate self-employed individuals concerning current events and matters of interest to them and to provide to them general information concerning benefits available to them from all levels of government, the private sector and other charitable and educational organizations;

(c) To act as a clearing house and information center for matters relating to the concerns and needs of self-employed individuals;

(d) To engage in non-partisan research, study and analysis for the benefit of the general public on matters relating to the concerns and needs of self-employed individuals;

(e) To prepare educational materials and conduct educational activities in support of the general purposes of this corporation;

(f) To conduct and sponsor forums, lectures, debates and similar programs to carry out the general purposes of this corporation;

(g) To assist other charitable, educational and social welfare organizations in the conduct of similar activities;

(h) To establish in the main office of this corporation or elsewhere all departments, programs, projects and activities necessary to carry out the general purposes of this corporation;

(i) To engage in any and all lawful activities incidental to the foregoing purposes except as restricted herein.

In order to accomplish the foregoing charitable and educational purposes and for no other purpose or purposes, this corporation shall also have the power to:

- (1) sue and be sued;
- (2) make contracts;
- (3) receive property by devise or bequest, subject to the laws regulating the transfer of property by will, and otherwise acquire

and hold all property, real or personal including shares of stock, bonds and securities of other corporations;

(4) act as trustee under any trust whose objects are related to the principle objects of this corporation, and to receive, hold, administer and expend funds and property subject to such trust;

(5) convey, exchange, lease, mortgage, encumber, transfer upon trust or otherwise dispose of all property, real or personal;

(6) borrow money, contract debts and issue bonds, notes and debentures, and secure the payment of and performance of its obligations; and

(7) do all other acts necessary or expedient for the administration of the affairs and attainment of the purposes of this corporation; provided, however, that this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of this corporation.

ARTICLE II

OFFICES

SECTION 2.01

PRINCIPAL OFFICE: The principal office and place of business of the Corporation shall be established by the Board of Directors within

the County specified in the Articles of Incorporation as originally filed, or in any amendment or amendments thereto, and until changed by the Board of Directors, it shall be at 2974 LBJ Freeway, Commonwealth Plaza Building, Suite 401, Dallas, Texas.

SECTION 2.02

OTHER OFFICES: The Corporation may also have an office at such other place or places within or without the State of Texas as the Board of Directors may from time to time designate or the business of the Corporation may require.

ARTICLE III

MEMBERS

SECTION 3.01

CLASSES: The Corporation shall have three classes of memberships which shall be Trustee Memberships, Regular Memberships, and Multiple Memberships. Regular Memberships and Multiple Memberships shall be designated as "Certificate of Voting" Memberships. Those holding Trustee Memberships shall be called Regular Members, and those holding Multiple Memberships shall be called Multiple Members.

SECTION 3.02

CERTIFICATES: The Corporation shall issue to its members of all classes Membership Certificates in such form and of such design as the Board of Directors may from time to time prescribe. The Membership Certificates for Trustee Members shall state:

(a) The Corporation is a non-profit mutual benefit corporation which may not make distributions to its Trustee Members during its life or upon dissolution; and

(b) A copy of the restrictions on transferability of the Membership Certificates for Trustee Members are on file with the Secretary of the Corporation and are open for inspection by any Trustee Member on the same basis as the records of the Corporation.

SECTION 3.03

TRUSTEE MEMBERS:

(a) NUMBER: The total number of Trustee Memberships which the Corporation shall have authority to create shall be four (4). The persons elected as the first Board of Directors and succeeding those named in the Articles of Incorporation shall be the original Trustee Members of this Corporation. The authorized number of Trustee Members herein provided for may be increased or decreased from time to time only by the vote or written consent of seventy-five percent (75%) of all of the Trustee Members.

(b) QUALIFICATION AND ADMISSION: Only a (natural) person having an excellent background and reputation and who firmly believes in and has been devoted to the advancement and furtherance of small and independent business in this country and who subscribes to the principles and policies upon which this non-profit Corporation is founded, shall be eligible to become a Trustee Member.

(c) TRANSFER OF MEMBERSHIPS: Trustee Memberships are not transferable and are not assignable by reason of death, operation of law or in any other manner.

(d) MULTIPLE TRUSTEE MEMBERSHIPS: No Trustee Member may hold more than one Trustee Membership.

(e) DUES: The holders of Trustee Memberships as such shall not be subject to the payment of dues or assessments.

(f) TERMINATION OF TRUSTEE MEMBERSHIPS: Trustee Memberships and all rights of Trustee Members thereunder shall terminate upon the death or resignation of the Trustee Member holding such Trustee Membership, or upon removal of the Trustee Member as provided hereunder.

A Trustee Member may be removed upon a determination by an affirmative vote of three-fourths (3/4) majority of the Board of Directors (i) that the Trustee Member is no longer qualified to be a Trustee Member, (ii) that the Trustee Member no longer abides by the principles and purposes of the Corporation, that (iii) the Trustee Member has breached any of his obligations as set forth in these Bylaws, or (iv) for any other reason which the Board of Directors, in good faith, determine to be sufficient grounds for such removal. Upon a determination that the Trustee Member shall be removed, the Board of Directors shall notify the Trustee Member of such action at least fifteen (15) days before the proposed effective date of the removal. The Trustee Member shall then be given an opportunity to be heard, either orally or in writing, at a hearing to be held not fewer than five days before the effective date of the proposed removal. Such hearing will be held before the Board of Directors, or, if the Board of Directors so designates, a Committee designated by the Board of Directors composed of no fewer than three (3) Directors. Following such hearing, the Board of Directors or the appointed committee shall decide whether or not the Trustee Member should in fact be removed; the decision of the Board of Directors or the appointed committee shall be final.

Upon a termination of the Trustee Membership by death, resignation or removal, the Trustee Membership shall be terminated and so dissolved and cancelled upon the records of the Corporation relating to the issuance of Trustee Membership Certificates.

(g) VACANCIES: Each vacancy to be filled shall require the consent of the majority of the remaining Trustee Members.

SECTION 3.04

REGULAR MEMBERS:

(a) NUMBER: The total number of Regular Memberships which this Corporation shall have authority to issue shall be unlimited, and each of said Regular Members shall receive a "Certificate of Voting" Membership which shall be in such form and of such design as may be from time to time fixed by the Board of Directors.

(b) QUALIFICATION: Any person who is an independent business man or woman, sole proprietorship, partnership, firm or corporation and in sympathy with the purposes and objectives of the Corporation as set forth in Article I hereof, shall be eligible to Regular Membership in the Corporation and to the extent permitted in the "Certificate of Voting" Membership and by these Bylaws. Regular Memberships are limited to one regular membership for each business, whether that business be sole proprietorship, partnership, firm or corporation.

(c) ADMISSION: Persons eligible to membership may be admitted at the discretion of the Board of Directors in such manner and upon making such application as said Board may from time to time determine.

(d) ADMISSION FEES: The Board of Directors shall have power and authority to establish admission fees for the admission of Regular Members, said fees to be in such amount and payable in such manner as may be determined from time to time by the Board of Directors.

(e) TRANSFER OF MEMBERSHIPS" Regular Memberships, designated "Certificate of Voting" Memberships, shall not be transferable by sale, gift, inheritance, operation of law or otherwise and shall at all times be personal to the individual firm or corporation holding such membership.

(f) DUES: The Board of Directors shall have power and authority to levy and collect dues from its Regular Members holding "Certificate of Voting" Memberships, in such amounts and payable in such manner and at such times as it may from time to time determine.

(g) TERMINATION OF MEMBERSHIPS: Regular Memberships and all rights of members thereunder shall terminate in any of the following ways:

- (1) By death of the member holding such membership;
- (2) By the voluntary withdrawal of such member from this Corporation;
- (3) By failure to renew said membership upon the expiration thereof;
- (4) By failure to pay the amount of dues and fees as fixed from time to time by the Board of Directors;
- (5) By majority action of the Board of Directors.

SECTION 3.05

MULTIPLE MEMBERS:

(a) NUMBER: The total number of Multiple Memberships which this corporation shall have authority to issue shall be unlimited, and each of said Multiple Members shall receive a "Certificate of Voting" Membership which shall be in such form and of such design as may be from time to time fixed by the Board of Directors.

(b) QUALIFICATION: Any person who is an Officer, Director, partner, employee, or agent of a Regular Member of the Corporation and who is in sympathy with the purposes and objectives of the Corporation as set forth in Article I hereof, shall be eligible to Multiple Membership

in the Corporation and to the extent permitted in the "Certificate of Voting" Membership and by these Bylaws.

(c) ADMISSION: Persons eligible to Multiple Membership may be admitted at the discretion of the Board of Directors in such manner and upon making such application as said Board may from time to time determine.

(d) ADMISSION FEES: The Board of Directors shall have power and authority to establish admission fees for the admission of Multiple Members, said fees to be in such amount and payable in such manner as may be determined from time to time by the Board of Directors.

(e) TRANSFER OF MEMBERSHIP: Multiple Memberships, designated "Certificate of Voting" Memberships, shall not be transferable by sale, gift, inheritance, operation of law or otherwise and shall at all times be personal to the individual firm or corporation holding such membership.

(f) DUES: The Board of Directors shall have power and authority to levy and collect dues from its Multiple Members holding "Certificate of Voting" Memberships, in such amounts and payable in such manner and at such times as it may from time to time to determine.

(g) TERMINATION OF MEMBERSHIPS: Multiple Memberships and all rights of members thereunder shall terminate in any of the following ways:

- (1) By death of the member holding such membership;
- (2) By the voluntary withdrawal of such member from this Corporation;
- (3) By failure to renew said membership upon the

expiration thereof;

(4) By failure to pay the amount of dues and fees as fixed from time to time by the Board of Directors;

(5) By majority action of the Board of Directors.

SECTION 3.06

RIGHTS OF MEMBERS:

Seems to (a) VOTING RIGHTS: Trustee Members shall have the exclusive right to elect all members of the Board of Directors, to fill any vacancies among its own members, to vote upon the disposition of all or substantially all of the assets of the Corporation or on a merger or on a dissolution, and to vote upon any Corporation matter normally requiring the consent of "shareholders" as set forth in the Corporation's Code of the State of Texas.

(b) Regular Members and Multiple Members shall be entitled to vote on legislative issues with the assistance of bulletins and ballots supplied by the Corporation. The voting rights of Regular Members and Multiple Members holding "Certificate of Voting" Memberships shall be limited to the foregoing.

(c) PROPERTY RIGHTS: Upon the dissolution, liquidation, and/ or winding up of the Corporation after all of the bills of said Corporation have been paid, the Trustee Members shall direct the Board of Directors to distribute the remaining assets to any non-profit organization or organizations which, in the collective opinion of said Trustee Members, has or have been created with the same beliefs and objectives as set forth in Article I, Section 1.02 of these Bylaws. A two-thirds (2/3) written consent of all the Trustee Members will be required before any

assets are distributed in accordance with this Seciton. If the Trustee Members fail to consent to the distribution of all or a portion of the Corporation's distributable assets, then upon petiiton of any Trustee Member, the District Court of Dallas County is by decree to direct the manner of distribution of the assets, and they are to be disposed of in accordance with the Court decree.

(d) PRIVILEGES: Regular Members and Multiple Members shall be entitled to such benefits and privileges of the Corporation as furnished from time to time from the Board of Directors and made available to them through ballots and/or the publications put out by the Corporation.

ARTICLE IV

MEETING OF TRUSTEE MEMBERS

SECTION 4.01

PLACE OF HOLDING MEETINGS: Meetings of the Trustee Members entitled to vote shall be held at the principal office of this Corporation, or any place or places within or without the State of Texas, designated by the written consent of the majority of members entitled to vote thereat, provided however, any meeting shall be valid wherever held if held by written consent of seventy-five percent (75%) of all the members entitled to vote thereat, given either before or after the meeting and filed with the Secretary.

SECTION 4.02

ANNUAL MEETING: The regular Annual Meeting of Trustee Members for the election of Directors and transation of such other business as may

properly come before the meeting, shall be held on the fourth Tuesday in March of each year at the hour of 9:30 a.m., of said day. Should the aforesaid fall upon a legal holiday the annual meeting of said members in said year shall be held on the next day thereafter which is not a legal holiday, at the same hour and place. If for any reason the annual meeting is not held at the time herein specified, or if the Directors shall not be elected at the annual meeting or at any adjournment thereof, Directors may be elected at a special meeting of the Trustee Members called for that purpose.

SECTION 4.03

SPECIAL MEETINGS: Special Meetings of Trustee Members for any purpose or purposes whatsoever may be called at any time by the president of the Corporation, by the Chairman of the Board of Directors, by any two or more members of the Board of Directors, or by any three or more Trustee Members or five percent or more of the Trustee Members, whichever is greater.

SECTION 4.04

NOTICE OF TRUSTEE MEMBERS MEETINGS: Notice of all meetings of Trustee Members shall be given in writing to each Trustee Member entitled to vote at such meeting at least thirty days prior to the date of the meeting, and no more than ninety days prior to the date of the meeting, by written communication, charges prepaid, addressed to such Trustee Member at his address appearing on the books of the Corporation for the purpose of notice. Such notice shall specify the place, date, and hour of the meeting. Notices for any meeting at which Directors are to be elected shall include the names of all those who are nominees at the time the notice is given. In addition, such notice shall contain

(a) In the case of a special meeting, the general nature of the business to be transacted, and no other business may in that case be transacted, or

(b) In the case of the annual meeting, those matters which the Board of Directors, at the time of giving the notice, intends to present for action by the Trustee Members.

Trustee Member action on the following items whether at an annual or special meeting, is invalid unless the notice or written waiver of notice states the general nature of the proposal(s):

(a) Removing a Director without cause;

(b) Filling vacancies on the Board of Directors by the

Trustee Members;

- (c) Amending the Articles of Incorporation;
- (d) Approving a contract or transaction in which a Director has a material financial interest;
- (e) Approving a plan of distribution of assets, other than cash, in liquidation when the Corporation has more than one class of Trustee Memberships outstanding.

If a Trustee Member gives no address, notice shall be deemed to have been given if sent by mail or other written communication to the place where the principal office of the Corporation is situated or if published at least once in some newspaper of general circulation in the county in which said office is located. If any such act is necessary, the Secretary shall obtain an affidavit as to the method by which notice has been given, and such affidavit shall be placed in the records of the Corporation or attached to the minutes of the meeting for which notice has been given.

It shall not be necessary to give notice of the time and place of an adjourned meeting or the business to be transacted thereat other than by announcement at the meeting at which such adjournment is taken, unless the meeting is adjourned for forty-five (45) days or more, in which event notice of such adjourned meeting shall be given as in the case of any original meeting.

If a special meeting is called by any three or more Trustee Members or by five percent of the Trustee Members, whichever is greater, the request shall be submitted by such Trustee Members in writing, specifying the general nature of the business proposed to transacted, and shall be

delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the Chairman of the Board, the President, any Vice President, or the Secretary of the Corporation. The Officer receiving the request shall cause notice to be promptly given to the Trustee Members entitled to vote as otherwise specified herein, stating that a meeting will be held, the date of such meeting, which date shall be not less than thirty-five nor more than ninety days following the receipt of the request and the general nature of the business proposed to be transacted, as if the meeting to be held was called in any other manner as provided in Section 4.03 of these Bylaws.

SECTION 4.05

RECORD DATE FOR MEMBER NOTICE, FOR TRUSTEE MEMBER NOTICE, VOTING AND GIVING CONSENTS: For the purposes of determining which Trustee Members are entitled to receive notice of any meeting, to vote, or to give consent to corporate action without a meeting, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor fewer than ten days before the date of any such meeting, nor more than sixty days before any such action without a meeting. Only Trustee Members of record on the date so fixed are entitled to notice, to vote, or to give consents, as the case may be, notwithstanding any transfer of any Trustee Membership on the books of the Corporation after the record date, except as otherwise provided in the Articles of Incorporation, by agreement, or in the Texas Non-Profit Corporation Law.

Unless fixed by the Board of Directors, the record date for determining those Trustee Members entitled to notice of, or to vote at, a meeting of Trustee Members shall be the next business day preceding

the day on which the meeting is held. Unless fixed by the Board, the record date for determining those Trustee Members entitled to vote by ballot on corporate action without a meeting, when no prior action by Board of Directors has been taken, shall be the day on which the first written consent is given. When the prior action of the Board has been taken, it shall be the day on which the Board of Directors adopts the resolution relating to that action. For purposes of this Section 4.05, a person holding Trustee Membership as of the close of business on the record date shall be deemed the Trustee Member of record.

SECTION 4.06

WAIVER OF NOTICE OR CONSENT: The transactions of any meeting of Trustee Members, either annual or special, however called or noticed, and wherever held, shall be as valid as though taken at a meeting duly held after regular call and after the meeting, each Trustee Member entitled to vote, who was not present in person or by proxy, signs a written waiver of notice or a consent to a holding of the meeting, or an approval of the minutes. The waiver of notice or consent need not specify either the business to be transacted or the purpose of any annual or special meeting of Trustee Members, except that if action is taken or proposed to be taken on any matter where omission of the general nature of the proposal would invalidate the Trustee Member action, the general nature of said proposal shall be stated in the waiver of notice or consent. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Attendance by a person at a meeting shall also constitute a waiver of notice of that meeting, except when the person objects at the begin-

ning of the meeting to the transaction of any business due to the inadequacy or illegality of the notice. Also, attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of the meeting, if that objection is expressly made at the meeting.

SECTION 4.07

QUORUM: The presence in person or by written proxy of a majority of the Trustee Members entitled to vote at any meeting shall constitute a quorum for the transaction of any and all business at such meeting. Trustee Memberships, the voting of which at any meeting has been enjoined or which for any reason cannot be lawfully voted at said meeting, shall not be counted to make up a quorum for said meeting. In the absence of a quorum, any meeting of Trustee Members may be adjourned from time to time by the vote of a majority of the Trustee Memberships, the holders of which are either present in person or represented by proxy thereat, but no other business may be transacted.

The Trustee Members present at a duly called or duly held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the Trustee Members required to constitute a quorum.

SECTION 4.08

CONDUCT OF MEETINGS: The Chairman, or in his absence, a Chairman elected by the members present in person or by proxy, shall call the meeting of the members to order and shall act as the presiding officer

thereof. The Secretary, or in his absence, the Assistant Secretary, or in the absence of the Assistant Secretary, a person appointed by the presiding officer shall act as Secretary of the meeting.

SECTION 4.09.

VOTING: Trustee members entitled to vote at any meeting of the Trustee Members shall be the Trustee Members as of the date determined in accordance with Section 4.05 of this Article VI, subject to the provisions of the Texas Non-Profit Corporation Law. Voting may be by voice or ballot, provided that any election of Directors must be by ballot if demanded by any member before the voting begins.

If a quorum is present, the affirmative vote of the majority of the Trustee Members represented at the meeting, entitled to vote and voting on any matter shall be the act of the Trustee Members.

SECTION 4.10.

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

A validly executed proxy that does not state that it is irrevocable shall continue in full force and effect unless:

- (a) Revoked by the Trustee Member executing it, before the vote cast pursuant to that proxy, by writing delivered to the Corporation

before the vote pursuant to that proxy is counted; provided, however, that no proxy shall be valid after the expiration of eleven(11) months from the date of the proxy, unless otherwise provided in the proxy, except that the maximum term of any proxy shall be three(3) years from the date of execution. The irrevocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of the Texas Non-Profit Corporation Law.

In any election of Directors, any form of proxy that is marked by a member "withhold" or otherwise marked in a manner indicating that the authority to vote for the election of Directors is withheld shall not be voted either for or against the election of a Director. Failure to comply with this paragraph shall not invalidate any corporate election, but may be the basis for challenging the proxy at a meeting. No amendment of these Bylaws repealing, restricting, creating or expanding proxy rights may be adopted without an act of the Trustee Members of the Corporation.

SECTION 4.11.

INSPECTORS OF ELECTION: In advance of any meeting of Trustee Members, the Board of Directors may appoint inspectors of election to act at the meeting and any adjournment thereof. If inspectors of election are not so appointed, or if any persons so appointed fail to appear or refuse to act, the chairman of any meeting of Trustee Members may, and on the request of any Trustee Member or a Trustee Member's proxy shall, appoint inspectors of election (or persons to replace those who so fail or refuse) at the meeting. The number of inspectors shall be either one or three. If appointed at a meeting on the request of one or more Trustee Members or proxies, the majority of Trustee

Members represented in person or by proxy shall determine whether one or three inspectors are to be appointed. The inspectors of election shall (a) determine the number of Trustee Memberships outstanding and the voting power of each, the number represented at the meeting, the existence of a quorum and the authenticity, validity and effect of proxies, (b) receive votes, ballots or consents here, (c) determine all challenges and questions in any way arising in connection with the right to vote, (d) count and tabulate all votes or consents, (e) determine when the polls shall close, (f) determine the result, and (g) do such acts as may be proper to conduct the election or vote with fairness to all Trustee Members. The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are three inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspectors of election is prima facie evidence of the facts stated therein.

SECTION 4.12.

ACTION WITHOUT MEETING: Any action that may be taken at any annual or special meeting of the Trustee Members, including the election of Directors, may be taken without a meeting if the Corporation distributes a written ballot to every Trustee Member entitled to vote on the matter. Such ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Corporation in order to be counted. Such ballot shall also set forth

the number of responses needed to meet the quorum requirement and shall state the percentage of approvals necessary to pass the measures submitted.

Approval by written ballot pursuant to this Section 4.12 shall be valid only when the number of votes cast by the ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. A written ballot may not be revoked.

ARTICLE V

DIRECTORS

SECTION 5.01.

NUMBER AND ELECTION OF DIRECTORS: The Board of Directors of this Corporation shall be composed of four(4) Members who shall be elected by the Trustee Members at the annual meeting of the Trustee Members or at a special meeting called for the purpose as herein before provided. The number of the members of the Board of Directors may be changed from time to time by duly adopted amendment to these Bylaws.

Any Officer of the Corporation, any member of the Board of Directors, and any three Trustee Members may nominate a candidate for election to the Board of Directors. Nominations shall close thirty (30) days before the date of the election. The secretary shall forward to each Trustee Member, with the notice of the meeting at which the election is to take place or the written ballot which is to be submitted for said election, a list of the candidates nominated. Prior to the close of nominations,

the number of responses needed to meet the quorum requirement and shall state the percentage of approvals necessary to pass the measures submitted.

Approval by written ballot pursuant to this Section 4.12 shall be valid only when the number of votes cast by the ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. A written ballot may not be revoked.

ARTICLE V

DIRECTORS

SECTION 5.01.

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time to time by duly adopted amendment to these Bylaws.

Any Officer of the Corporation, any member of the Board of Directors, and any three Trustee Members may nominate a candidate for election to the Board of Directors. Nominations shall close thirty (30) days before the date of the election. The secretary shall forward to each Trustee Member, with the notice of the meeting at which the election is to take place or the written ballot which is to be submitted for said election, a list of the candidates nominated. Prior to the close of nominations,

the nominators shall furnish to the incumbent Directors information on the general background, qualification, reputation and interest in small business affairs of the person they propose, and such information shall be retained as a permanent record of the Corporation.

Upon written request by any nominee for election to the Board of Directors and upon payment of the reasonable costs of mailing (including postage), the Corporation shall, within ten business days after such request (provided payment has been made), mail to all Trustee Members or such portion of them as the nominee may reasonably specify, any material which the nominee may furnish and which is reasonably related to the election, unless the Corporation within five business days after the request, allows the nominee, at the Corporation's option, the right to do either fo the following;

(a) Inspect and copy the record of all the Trustee Members names, addresses and voting rights, at a reasonable time, upon five business days prior written demand upon the Corporation which demand shall state the purpose for which the inspection rights are requested; or

(b) Obtain from the Secretary of the Corporation, upon written demand and tender of a reasonable charge a list of the names, addresses, and voting rights of those Trustee Members entitled to vote for the election of Directors, as of the most recent record date for which it has been compiled or as of a date specified by the nominee subsequent to the date of demand. The Trustee Membership list shall be made available on or before the later of ten business days after the demand is received or after the date specified therein as the date as of which the list is to be compiled.

Without authorization of the Board of Directors, no funds of the

Corporation may be expended to support a nominee for Director after there are more people nominated for Director than can be elected.

SECTION 5.02.

TENURE OF OFFICE: Each Director shall hold office until the next regular annual meeting of Trustee Members, or until his removal or resignation or his respective successor is elected and qualified.

Any Director elected by the Trustee Members may be removed at any time, with or without cause, by the affirmative vote of a three-fourths (3/4) majority of all Trustee Members. Any reduction of the number of Directors authorized does not remove any Director prior to the expiration of such Director's term of office.

Except as otherwise provided in this Section 5.02, any Director may resign, which resignation shall be effective on giving written notice to the Chairman of the Board, the President, the Secretary, or the Board of Directors, unless the notice specifies a later time for the resignation to become effective. If the resignation of a Director is effective at a future time, the Board of Directors may elect a successor to take office when the resignation becomes effective.

SECTION 5.03.

VACANCIES: Vacancies on the Board of Directors, including a vacancy created by the removal of a Director, may be filled by a majority of the remaining Directors, even though less than a quorum, and each Director so elected shall hold office until his successor is elected at an annual, regular or special meeting of Trustee Members, or until his removal or resignation. The Trustee Members may elect a Director at any time to fill any vacancy not filled by the

Board of Directors, but any such election by written consent shall require the consent of a majority of the voting power.

A vacancy or vacancies on the Board of Directors shall be deemed to exist on the occurrence of the following:

- (a) The death, resignation, or removal of any Director,
- (b) The increase of the authorized number of Directors, or
- (c) The failure of the Trustee Members at any meeting of Trustee Members at which any Director or Directors are to be elected, to elect the number of Directors to be elected at such meeting.

SECTION 5.04

REGULAR MEETINGS: Regular meetings of the Board of Directors may be held without notice on the fourth Tuesday of March, immediately following the adjournment of the Regular Meeting of the Trustee Members. Should the aforesaid day fall upon a legal holiday, the regular meeting of said Directors during said month shall be held on the next day thereafter which is not a legal holiday, at the same hour and place.

SECTION 5.05

SPECIAL MEETINGS: Special meetings of the Board of Directors may be held at any time whatsoever when called by the President or by the Chairman of the Board of Directors, or by two or more Directors.

SECTION 5.06

PLACE OF MEETINGS: Meetings of the Board of Directors shall be held at the principal office of the Corporation or at such other place or places within or without the State of Texas, designated from time to time by resolution of the Board of Directors, or by the written consent of a majority of the members of said Board, provided, however

that any meeting shall be valid wherever held if held upon the written consent of a majority of the Board of Directors, given either before or after the meeting and filed with the Secretary of this Corporation.

Any Director may participate in a meeting through use of conference telephone or similar communications equipment, so long as all Directors participating in such meeting can hear one another. Participating in such a meeting constitutes presence in person at such meeting.

SECTION 5.07.

NOTICE OF MEETINGS: Notice of the regular meetings of the Board of Directors is hereby dispensed with except where otherwise set forth in these Bylaws. Notice of the time and place of special meetings of the Board of Directors shall be given to each Director by one of the following methods:

- (a) By personal delivery of written notice;
- (b) By mail;
- (c) By other written communication; or
- (d) By telephone communication, either directly to the Director or to a person at the Director's office who would reasonably be expected to communicate such notice promptly to the Director.

All such notices shall be given or sent to the Director's address or telephone number as shown on the records of the Corporation, or, if not reasonably ascertainable, notice shall be given by addressing such written notice to him at the city or place in which meetings of the Board of Directors are regularly held. Notices sent by mail shall be

deposited at least four days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least forty-eight hours before the time set for the meeting. The notice shall state the time and place for the meeting; however, it need not specify the purpose of the meeting, or the place of the meeting, if it is to be held at the principal executive office of the Corporation.

SECTION 5.08.

WAIVER OF NOTICE OF MEETINGS: The transaction of any meeting of the Board of Directors, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of the meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

SECTION 5.09.

QUORUM: A majority of the authorized number of Directors of the Corporation shall be necessary to constitute a quorum for the transaction of business, except to adjourn as provided in this Section 5.09, and except for the purpose of filling vacancies as provided in Section 5.03. Every act or decision done or made by a majority of the Directors

present constituting a quorum shall be regarded as an act of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors if any action taken is approved by at least a majority of the required quorum for such meeting.

A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place; however, if the meeting is adjourned for more than 24 hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the Directors who are not present at the time of the adjournment.

SECTION 5.10.

ACTION WITHOUT A MEETING: Any action by the Board of Directors may be taken without a meeting if all Directors, individually or collectively, consent in writing to this action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

SECTION 5.11.

POWERS AND DUTIES: Subject to the limitations of the Articles of Incorporation and the laws of the State of Texas as to action to be authorized or approved by the members, all corporate powers shall be exercised by or under the authority of, and the property, business and affairs of this Corporation shall be controlled by the Board of Directors.

SECTION 5.12

COMPENSATION: Directors, as such, shall not receive any stated salary for their services, but by resolution of the Board of Directors

a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board of Directors, providing that nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE VI

OFFICERS

SECTION 6.01.

NUMBER AND TITLES: The Officers of this Corporation shall be a President, one or more Vice-Presidents, a Secretary and a Treasurer, who shall be chosen by the Board of Directors each year at a meeting to be held immediately after the Board's election, as hereinbefore provided. The Board of Directors may also in its discretion appoint a Chairman of the Board, one or more additional Vice-Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other Officers as it may deem advisable, and prescribe all of the powers and duties thereof.

SECTION 6.02.

QUALIFICATIONS: The President and the Chairman of the Board of Directors shall be members of the Board of Directors, but the other Officers need not be members of the Board. Any two or more of such offices, except those of President and Secretary may be held by the same person.

SECTION 6.03.

TERM OF OFFICE AND REMOVAL: The Officers of the Corporation shall hold office for one (1) year or until their removal or resignation or their respective successors are elected and qualified. Any Officer

elected or appointed by the Board of Directors may be removed at any time with or without cause by the affirmative vote of a majority vote of all the members constituting the Board of Directors.

SECTION 6.04.

SALARIES: The salaries of all Officers shall be fixed by the Board of Directors.

SECTION 6.05.

VACANCIES: All vacancies in any office shall be filled by the Board of Directors without undue delay at its regular meeting or at a special meeting called for that purpose.

SECTION 6.06.

DELEGATION OF DUTIES: In case of the absence of any Officer of the Corporation or for any other reason that the Board of Directors shall deem sufficient, the Board of Directors may delegate for the time being the powers or duties or any of them of such Office to any Officer or to any Director.

SECTION 6.07.

POWERS: The Officers, subject to the control and direction of the Board of Directors, shall have and perform the powers and duties usually pertaining to their respective offices, the powers and duties respectively prescribed by law and these Bylaws and such powers and duties as may from time to time be prescribed by the Board of Directors.

SECTION 6.08.

PRESIDENT: The President shall be the chief executive Officer of the Corporation. He shall preside at the meetings of the members, and, in the absence of the Chairman of the Board, at all meetings of the

Board of Directors. He shall carry out the orders of the Board of Directors. Subject to the Board of Directors, he shall have general charge of the entire business of the Corporation. When authorized by the Board of Directors he may execute in the name of the Corporation, deeds, conveyances, notices, leases, checks, drafts, bills of exchange, warrants, promissory notes, bonds, debentures, contracts and other papers and instruments in writing, and, unless the Board of Directors shall order otherwise by resolution, he may without previous authority from the Board make such contracts as the ordinary conduct of the Corporation's business may require. He may, in conjunction with the Secretary and the Assistant Secretary, sign all certificates of membership of the Corporation unless otherwise ordered by the Board of Directors. He shall appoint and remove, employ and discharge and fix the compensation of all agents, employees and clerks of the Corporation other than the duly appointed Officers, subject to the discretion of the Board of Directors of all of the Officers, agents and employees of the Corporation. He shall be ex officio a member of all standing committees of the Corporation. He may delegate in writing any of his powers to an Officer or a member of the Board of Directors.

SECTION 6.09.

VICE-PRESIDENT: The Vice-Presidents shall perform such duties as shall be directed to them by the President, or as directed by the Board of Directors from time to time in the absence or the disability of the President.

SECTION 6.10

SECRETARY: The Secretary shall keep the minutes of all proceedings

of the members, and the Board of Directors, in books provided for that purpose, and shall perform a like duty for other committees when requested. He shall give notice of all meetings of the members, and of the Board of Directors. He may, in conjunction with the President or a Vice-President, sign all certificates of membership of the Corporation unless otherwise ordered by the Board of Directors. He shall be custodian of the corporate seal of the Corporation, and when so ordered by the Board of Directors shall affix the seal to deeds, bonds, contracts and other obligations and instruments. He shall keep and have charge of the books of minutes of the meetings of the Board of Directors and of the members, the membership register, the book of membership certificates, the book of Bylaws and such other books and papers as the Board of Directors may direct. In case of the absence or disability of the Secretary, or his refusal or neglect to act, notice may be given and served by an Assistant Secretary or by the President or by a Vice-President, or by any person thereunto authorized by the President or by a Vice President or the Board of Directors.

SECTION 6.11.

ASSISTANT SECRETARIES: The Assistant Secretary shall, in the order of seniority or as directed by the Board of Directors, in the absence of, or in the event of the disability of the Secretary, or in the case of his removal, perform the duties and exercise the powers of Secretary.

SECTION 6.12.

TREASURER: The Treasurer shall have care and custody of the corporate funds, securities and other valuables, and shall deposit the same in the name and credit of the Corporation, in such depositories

as may be designated by the Board of Directors. Whenever necessary or proper, he shall endorse on behalf of the Corporation for collection or deposit, checks, notes, drafts, warrants and orders for the payment of money, unless otherwise ordered by the Board of Directors. He shall keep or cause to be kept a full and accurate account of receipts and disbursements in books kept for that purpose, and he shall render to the President and to the Board of Directors, whensoever they may require, an account of all of his transactions as Treasurer, and of the financial condition of the Corporation. He shall give to the Corporation a bond, if required by the Board of Directors or the President, in a sum, and with one or more sureties or a surety company satisfactory to the Board, for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation or retirement or removal from office, all of the books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

SECTION 6.13.

ASSISTANT TREASURER: The Assistant Treasurer shall, in the order of seniority or as directed by the Board of Directors, in the absence or in the event of the disability of the Treasurer or in the case of his removal, perform the duties and exercise the powers of the Treasurer.

ARTICLE VII

COMMITTEES

SECTION 7.01.

COMMITTEES OF DIRECTORS: The Board of Directors, by resolution adopted by a majority of the Directors in office, provided that a quorum

is present, may designate one or more committees, each of which shall consist of two or more Directors, which committees to the extent provided in said resolution, shall have and exercise the authority of the Board of Directors in the management of the Corporation, except that no committee, regardless of Board resolution, may;

(a) take any final action on matters which under the Non-Profit Corporation Law of Texas, also requires Trustee Member's approval;

(b) fill vacancies on the Board of Directors or on a committee which has the authority of the Board;

(c) fix compensation of the Directors for serving on the Board or on any committee;

(d) amend or repeal Bylaws or adopt new Bylaws;

(e) amend or repeal any resolution of the Board of Directors which by its express terms is not so amendable or repealable;

(f) appoint any other committees of the Board of Directors or the members of these committees;

(g) expend Corporate funds to support a nominee for Director after there are more people nominated for Director than can be elected ;

(h) approve any transaction (1) to which the Corporation is a party in one or more Directors have the material financial interest, or (2) between the Corporation and one or more of its Directors or between the Corporation or any person in which one or more of its Directors have a material financial interest.

Any designation of a committee and the delegation to said committee of any authority of the Board of Directors shall not operate to relieve

the Board of Directors, or any individual Director, of any responsibility imposed upon it or him by law.

Each member of a committee shall continue as such until the next annual meeting of the Board of Directors of the Corporation and until a successor is appointed, unless the committee shall be sooner terminated, or unless such member be removed from such committee, or unless such member shall cease to qualify as a member thereof.

ARTICLE VIII

CONTRACTS, LOANS, BANK ACCOUNTS, CHECKS

SECTION 8.01.

CONTRACTS: The Board of Directors may authorize any Officer or Officers, fiscal agent or other agent, or employee, to enter into any contract, or execute or deliver any instrument in the name of or on behalf of the Corporation, and such authority may be general or confined to specific instances; and unless so ordered by the Board of Directors or by these Bylaws, no Officer, other fiscal agent or employee shall have any power or authority to bind the Corporation or to pledge its credit or to render it liable for any purpose.

SECTION 8.02.

LOANS AND ADVANCES: Any Officer or Agent of the Corporation hereinafter authorized by the Board of Directors, may negotiate loans or advances for the Corporation from any bank, trust company or other institution, or from any firm, corporation or individual, and for such loans and advances, when authorized by the Board, make, execute and deliver promissory notes or other evidence of indebtedness and pledge,

hypothecate or transfer as security for the payment thereof securities or other property at any time held by the Corporation and notes or other evidence of indebtedness shall not be issued in its behalf unless and except as authorized by the Board of Directors.

SECTION 8.03.

DEPOSIT OF FUNDS: All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks or trust companies as the Board of Directors may approve.

SECTION 8.04.

SIGNATURES TO NOTES, CHECKS, ETC.: All notes, drafts, acceptances, checks, endorsements or other evidence of indebtedness shall be signed by such Officer or Officers of the Corporation as may from time to time be designated by the Board of Directors.

ARTICLE IX

SECTION 9.01.

INSPECTION RIGHTS: Any Trustee Member of the Corporation may:

(a) Inspect and copy the records of Trustee Members names and addresses and voting rights during usual business hours upon five days written demand on the Corporation, stating the purpose for which the inspection rights are requested, and

(b) Obtain from the Secretary of the Corporation on written demand and on the tender of the Secretary's usual charges for such a list, if any, a list of names and addresses of Trustee Members who are entitled to vote for the election of Directors, and their voting rights, as of the most recent record date for which that list has been compiled, or

as of a date specified by the Trustee Member after the date of the demand. The demand shall state the purpose for which the list is requested. This list shall be made available to any such Trustee Member by the Secretary on or before the later of ten days after the demand is received or the date specified in it as the date by which the list is to be compiled.

The Corporation may, within ten business days after receiving a demand as set forth in this section above, deliver to the demanding Trustee Member a written offer of a reasonable alternative method of achieving the purpose identified in said demand without providing access to or a copy of the Trustee Membership list. If the demanding Trustee Member rejects the offer made by the Corporation, such rejection shall be made in writing and shall indicate the reasons that the alternative method proposed by the Corporation does not meet the proper purpose of the demand made.

Any request for inspection pursuant to this Section 9.01 must be for a purpose reasonably related to the demanding Trustee Member's interest as a Trustee Member. Where the Corporation reasonably believes that the information will be used for another purpose, or where it provides for a reasonable alternative as provided above, the Corporation may deny the Trustee Member access to the list.

Any inspection and copying under this Section 9.01 may be made in person or by an agent or attorney of the member and the right of inspection includes the right to copy and make extracts.

SECTION 9.02.

MAINTENANCE AND INSPECTION OF ARTICLES AND BYLAWS: The Corporation shall keep at its principal executive office, or if its principal executive office is not in the State of Texas, at its principal business office in this state, the original or a copy of the Articles and Bylaws as amended to date, which shall be open to inspection by the Trustee Members at all reasonable times during office hours. If the principal executive office of the Corporation is outside the State of Texas and the Corporation has no principal business office in this State, the Secretary shall, on the written request of any Trustee Member, furnish to that Trustee Member a copy of the Articles and Bylaws as amended to date.

SECTION 9.03

MAINTENANCE AND INSPECTION OF OTHER CORPORATE RECORDS: The accounting books, records, and minutes of proceedings of the Trustee Members and the Board of Directors and any committees of the Board of Directors shall be kept at such place or places designated by the Board of Directors, or, in the absence of such designation, at the principal executive office of the Corporation. The minutes shall be kept in written or typed form, and the accounting books or records shall be kept in either written or typed form or in any other form capable of being converted into written, typed, or printed form. The minutes and accounting books and records shall be open to inspection on the written demand of any Trustee Member at any reasonable time during usual business hours, for a purpose reasonably related to the Trustee Member's interests as a Trustee Member. The inspection may be

made in person or by an agent or attorney, and shall include the right to copy and make extracts.

SECTION 9.04.

INSPECTION BY DIRECTORS: Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind in the physical properties of the Corporation. This inspection by a Director may be made by person or by an agent or attorney, and the right of inspection includes the right to copy and make extracts of documents.

SECTION 9.05.

ANNUAL REPORT TO TRUSTEE MEMBERS: The Annual Report to Trustee Members referred to in the Texas Non-Profit Corporation Law is expressly dispensed with, but nothing in these Bylaws shall be interpreted as prohibiting the Board of Directors from issuing annual or other periodic reports to the Trustee Members or any other persons as they may consider appropriate. The Corporation shall notify each Trustee Member yearly of the Trustee Members right to receive the annual report as hereinafter described. The Corporation shall provide to each of the Directors, and to any Trustee Member who requests in writing, an annual report, prepared not later than 120 days after the close of the Corporation's fiscal year, containing the following information in appropriate detail:

(a) A balance sheet as of the end of such fiscal year and an income statement and statement of changes in financial position for such fiscal year;

(b) A statement of the place where the names and addresses of the current members are located; and

(c) The information required by Section 8322 of the Texas Corporation's Code relating to transactions between the Corporation and its Directors, Officers and certain other specified persons, and to certain indemnifications of Directors, Officers or other agents of the Corporation.

ARTICLE X

SECTION 10.01

CORPORATE SEAL: The Board of Directors shall adopt, use and at will, alter a corporate seal, but failure to affix a seal shall not affect the validity of any instrument executed by this Corporation, and it is hereby expressly provided that said Board of Directors may provide that such seal shall bear such inscription as it may determine,

ARTICLE XI

SECTION 11.01.

AMENDMENTS: The Bylaws, and every part thereof, may from time to time and at any time, be amended, altered, repealed and new or additional Bylaws may be adopted as follows: (1) By the majority vote of Trustee Members or by their written consent; (2) Subject to such right of members by a majority vote of the Board of Directors at any meeting of said Board at which a quorum is present; provided, however, that the Board of Directors may not adopt a Bylaw or amendment thereof:

- (a) Changing the authorized number of Directors;
- (b) Increasing the terms of Directors;
- (c) Increasing the quorum necessary for any action at any meeting of the Trustee Members;

(d) Repealing, restricting, creating, or expanding proxy rights of the Trustee Members;

(e) Repealing or amending cumulative voting rights;

(f) Materially and adversely affecting the rights of Trustee Members as to voting, dissolution, redemption or transfer;

(g) Increasing or decreasing the number of Trustee Members authorized in total or for any class;

(h) Effecting an exchange, reclassification or cancellation of all or part of the Trustee Memberships; or

(i) Authorizing a new class of membership.

ARTICLE XII

SECTION 12.01

INDEMNIFICATION DEFINITIONS: For the purposes of this Article XII, "agent" means any person who is or was a Director, Officer, employee or other agent of the Corporation, or is or was serving at the request of the Corporation as a partnership, joint venture, trust, or other enterprise, or was a Director, Officer, employee or agent of a foreign or domestic Corporation which was a predecessor Corporation of the Corporation or of another enterprise at the request of such predecessor Corporation; "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative; and "expenses" includes without limitation attorneys fees and any expenses of establishing a right to indemnification under this Article XII.

SECTION 12.02

ACTIONS BROUGHT BY PERSONS OTHER THAN THE CORPORATIONS: The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the Corporation to procure a judgment in its favor, an action brought pursuant to any Section of the Texas Corporation's Code, or an action brought by the Attorney General or a person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust) by reason of the fact that such person is or was an agent of the Corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the Corporation or that the person had reasonable cause to believe that the person's conduct was unlawful.

SECTION 12.03

ACTIONS BROUGHT BY OR ON BEHALF OF THE CORPORATION: The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened or pending or completed action by

or in the right of the Corporation, or brought pursuant to Section of the Texas Corporation's Code, or brought by the Attorney General or a person granted relator status by the Attorney General for breach of duty relating to assets held in charitable trust, to procure a judgment in its favor by reason of the fact that such person is or was an agent of the Corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith and in a manner such person believed to be in the best interests of the Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this Section 12.03:

(a) In respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation in the performance of such person's duty to the Corporation, unless and only to the extent that the Court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall determine;

(b) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

(c) Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval unless such action concerns assets held in charitable trust and is settled with the approval of the Attorney General.

SECTION 12.04.

SUCCESSFUL DEFENSE BY AGENT: To the extent that an agent of a Corporation has been successful on the merits and defense of any proceeding referred to in Section 12.02 or 12.03 or in defense of any claim, issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

SECTION 12.05

DETERMINATION OF AGENT'S GOOD FAITH CONDUCT: Except as provided in Section 12.04 any indemnification under this Article XII shall be made by the Corporation only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in Section 12.02 or 12.03 by:

(a) A majority vote of a quorum consisting of Directors who are not parties to such proceedings;

(b) Approval of the Trustee Members, with the persons to be indemnified not being entitled to vote thereon; or

(c) The court in which such proceeding is or was pending upon application made by the Corporation or the agent or the attorney or other person rendering the services in connection with the defense, whether or not such application by the agent, attorney or other person is opposed by the Corporation.

SECTION 12.06

ADVANCEMENT OF EXPENSES: Expenses incurred in defending any proceeding may be advanced by the Corporation prior to the final dis-

position of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Article.

SECTION 12.07

LIMITATION: No indemnification or advance shall be made under this Article XII, except as provided in Section 12.04 or as provided in subsection (c) of Section 12.05, in any circumstance where it appears:

- (a) That it would be inconsistent with a provision of the Articles, Bylaws, a resolution of the Trustee Members or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or
- (b) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

SECTION 12.08

INSURANCE: The Corporation may purchase and maintain insurance on behalf of any agent of the Corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the Corporation would have the power to indemnify the agent against such liability under the provisions of this Article.

SECTION 12.09

FIDUCIARIES OR CORPORATE EMPLOYEE BENEFIT PLANS: This Article does not apply to any proceeding against any Trustee, investment manager or other fiduciary of an employee benefit plan in such person's capacity

as such, even though such person may also be an agent, as defined in Section 12.01, of the Corporation. Nothing contained in this Article shall limit any right to indemnification to which such a trustee, investment manager, or other fiduciary may be entitled by contract or otherwise, which shall be enforceable to the extent permitted by applicable law.



The State of Texas

SECRETARY OF STATE

The undersigned, as Secretary of State of the State of Texas, HEREBY CERTIFIES that the attached is a true and correct copy of the following described instruments on file in this Office:

NATIONAL ASSOCIATION FOR THE SELF-EMPLOYED, INC.

Restated Articles of Incorporation

September 16, 1985



IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in the City of Austin, this

25th day of February, A. D. 19 87

Paul M. Reins

dh

Secretary of State

NATIONAL ASSOCIATION FOR THE SELF-EMPLOYED, INC.

RESTATED ARTICLES OF INCORPORATION

FILED
In the Office of the
Secretary of State of Texas

SEP 16 1985

ARTICLE ONE

National Association for the Self-Employed, Inc., hereby adopts Restated Articles of Incorporation which accurately copy the Articles of Incorporation and all amendments thereto that are in effect to date and as further amended by such Restated Articles of Incorporation as hereinafter set forth and which contain no other change in any provision thereof.

Clerk II-G
Corporation Section

ARTICLE TWO

The Articles of Incorporation of the corporation are amended by the Restated Articles of Incorporation as follows:

Article Five of the Articles of Incorporation is hereby amended in its entirety to read as follows:

ARTICLE FIVE

This is a non-profit corporation, the management and control of which shall be vested in its Board of Directors except as provided in Article Seven hereof and in the by-laws of the corporation. The power to alter, amend or repeal the by-laws or to adopt new by-laws shall be vested in the Board of Directors except as provided therein. The by-laws may contain any provisions for the regulation and management of the affairs of the corporation not inconsistent with the laws of the State of Texas or the Articles of Incorporation.

Article Seven of the Articles of Incorporation is hereby added to read as follows:

ARTICLE SEVEN

The following provisions are inserted for the regulation of the internal affairs of the corporation.

1. The corporation shall be a membership organization and shall have such classes of members as may be provided in the by-laws of the corporation. The by-laws shall prescribe qualifications for each of the classes of members (including dues, if any, to be paid by the members of any such class) as may be necessary or appropriate for effecting the purposes of this corporation. Members shall not be personally liable for the debts, liabilities, or obligations of the corporation.

2. Meetings of the members of the corporation shall be held at such place, either within or without the State of Texas, as may be provided in the by-laws of the corporation. Notice of meetings stating the place, time, and purpose or purposes for which the meeting is called shall be delivered not less than 40 days nor more than 50 days before the date of the meeting. An annual meeting

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of the members of the corporation shall be held at such time as may be called by the president or the Board of Directors of the corporation or by members of the corporation having not less than 100 of the votes entitled to be cast at such meeting.

3. Each member of the corporation shall be entitled to one vote on each matter submitted to a vote at a meeting of the members of the corporation. Voting by members shall be cast only in person at a meeting of the members and no voting by proxies shall be recognized at such meeting. The Board of Directors of the corporation shall be elected by the members of the corporation at the annual meeting or at a special meeting of the members of the corporation, except in the case of a vacancy on the Board of Directors caused by the removal, death or resignation of a director. In such case, such vacancy shall be filled in the manner prescribed in the by-laws of the corporation. In addition to the election of directors, there shall be submitted to the members of the corporation for a vote of and approval by such members any proposed amendment to the Articles of Incorporation, any matter required to be voted upon by the members of the corporation under the by-laws of the corporation, and any matter as to which the Board of Directors of the corporation determines a vote of the members of the corporation is necessary or appropriate.

4. The corporation shall indemnify its officers and directors and its former officers and directors to the fullest extent permitted under the laws of the State of Texas. The corporation may indemnify its other employees and agents and its former employees and agents to the extent permitted under the laws of the State of Texas.

ARTICLE THREE

Each such amendment made by these Restated Articles of Incorporation has been effected in conformity with the provisions of the Texas Non-Profit Corporation Act and such Restated Articles of Incorporation were duly adopted in the following manner:

The Restated Articles of Incorporation as so amended were adopted at a meeting of the Board of Directors held on August 23, 1985, and received the vote of a majority of the directors in office, and were adopted by consent in writing by all members entitled to vote.

ARTICLE FOUR

The Articles of Incorporation and all amendments and supplements thereto are hereby superseded by the following Restated Articles of Incorporation which accurately copy the entire text thereof and as amended as above set forth:

NATIONAL ASSOCIATION FOR THE SELF-EMPLOYED, INC.

RESTATED ARTICLES OF INCORPORATION

ARTICLE ONE

The name of the corporation is: NATIONAL ASSOCIATION FOR THE SELF-EMPLOYED, INC.

ARTICLE TWO

The corporation is a non-profit corporation.

ARTICLE THREE

The period of its duration is perpetual.

ARTICLE FOUR

The specific and primary purposes for which this corporation is formed and for which it shall be exclusively administered and operated are to receive, administer and expend funds for the charitable and educational purposes in connection with the following:

1. To inform and educate American citizens on matters relating to the concerns and needs of self-employed individuals;
2. To inform and educate self-employed individuals concerning current events and matters of interest to them and to provide to them general information concerning benefits available to them from all levels of government, the private sector and other charitable and educational organizations;
3. To act as a clearing house and information center for matters relating to the concerns and needs of self-employed individuals;
4. To engage in non-partisan research, study and analysis for the benefit of the general public on matters relating to the concerns and needs of self-employed individuals;
5. To prepare educational materials and conduct educational activities in support of the general purposes of this corporation;
6. To conduct and sponsor forums, lectures, debates and similar programs to carry out the general purposes of this corporation;
7. To assist other charitable, educational and social welfare organizations in the conduct of similar activities;
8. To establish in the main office of this corporation or elsewhere all departments, programs, projects and activities necessary to carry out the general purposes of this corporation;
9. To engage in any and all lawful activities incidental to the foregoing purposes ~~except as restricted herein.~~

In order to accomplish the foregoing charitable and educational purposes and for no other purpose or purposes, this corporation shall also have the power to:

- (a) sue and be sued;
- (b) make contracts;

(c) receive property by devise or bequest, subject to the laws regulating the transfer of property by will, and otherwise acquire and hold all property, real or personal, including shares of stock, bonds and securities of other corporations;

(d) act as trustee under any trust whose objects are related to the principle objects of this corporation, and to receive, hold, administer and expend funds and property subject to such trust;

(e) convey, exchange, lease, mortgage, encumber, transfer upon trust or otherwise dispose of all property, real or personal;

(f) borrow money, contract debts and issue bonds, notes and debentures, and secure the payment of and performance of its obligations; and

(g) do all other acts necessary or expedient for the administration of the affairs and attainment of the purposes of this corporation;

provided, however, that this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of this corporation.

Upon the dissolution of the corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all the assets of the corporation exclusively for the purposes of the corporation in such manner or to such organization or organizations organized and operated exclusively for charitable, educational, or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501 (c)(3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law), as the Board of Directors shall determine. Any such assets not so disposed of shall be disposed of by the court of general jurisdiction in the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said court shall determine.

ARTICLE FIVE

This is a non-profit corporation, the management and control of which shall be vested in its Board of Directors except as provided in Article Seven hereof and in the by-laws of the corporation. The power to alter, amend or repeal the by-laws or to adopt new by-laws shall be vested in the Board of Directors except as provided therein. The by-laws may contain any provisions for the regulation and management of the affairs of the corporation not inconsistent with the laws of the State of Texas or the Articles of Incorporation.

ARTICLE SIX

The street address of the registered office of the corporation is Republic National Bank Building, Dallas, Texas 75201, and the name of its registered agent at such address is CT CORPORATION.

ARTICLE SEVEN

The following provisions are inserted for the regulation of the internal affairs of the corporation.

1. The corporation shall be a membership organization and shall have such classes of members as may be provided in the by-laws of the corporation. The by-laws shall prescribe qualifications for each of the classes of members (including dues, if any, to be paid by the members of any such class) as may be necessary or appropriate for effecting the purposes of this corporation. Members shall not be personally liable for the debts, liabilities, or obligations of the corporation.

2. Meetings of the members of the corporation shall be held at such place, either within or without the State of Texas, as may be provided in the by-laws of the corporation. Notice of meetings stating the place, time, and purpose or purposes for which the meeting is called shall be delivered not less than 40 days nor more than 50 days before the date of the meeting. An annual meeting of the members of the corporation shall be held at such time as may be provided in the by-laws. Special meetings of the members of the corporation may be called by the president or the Board of Directors of the corporation or by members of the corporation having not less than 100 of the votes entitled to be cast at such meeting.

3. Each member of the corporation shall be entitled to one vote on each matter submitted to a vote at a meeting of the members of the corporation. Voting by members shall be cast only in person at a meeting of the members and no voting by proxies shall be recognized at such meeting. The Board of Directors of the corporation shall be elected by the members of the corporation at the annual meeting or at a special meeting of the members of the corporation, except in the case of a vacancy on the Board of Directors caused by the removal, death or resignation of a director. In such case, such vacancy shall be filled in the manner prescribed in the by-laws of the corporation. In addition to the election of directors, there shall be submitted to the members of the corporation for a vote of and approval by such members any proposed amendment to the Articles of Incorporation, any matter required to be voted upon by the members of the corporation under the by-laws of the corporation, and any matter as to which the Board of Directors of the corporation determines a vote of the members of the corporation is necessary or appropriate.

4.. The corporation shall indemnify its officers and directors and its former officers and directors to the fullest extent permitted under the laws of the State of Texas. The corporation may indemnify its other employees and agents and its former employees and agents to the extent permitted under the laws of the State of Texas.

ARTICLE EIGHT

The number of directors of the Board of Directors of the corporation is three and the names and addresses are:

1. Mr. Doug Albers
Albers Medical Pharmacy
4400 Broadway
Kansas City, MO 64111
2. Mr. Ken Albert
119 Richard Court
Aptos, CA 95003

3. Mr. Kent Millington
Air Equipment, Inc.
825 Southway Circle
Fort Worth, TX 76115

Dated: 9/12/85, 1985

NATIONAL ASSOCIATION FOR THE
SELF-EMPLOYED, INC.

By: William T. Hitchey
President

Gay L. L.
Secretary

STATE OF TEXAS
COUNTY OF TARRANT

Before me, a notary public, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared that the statements therein contained are true and correct.

Given under my hand and seal of office this 12 day of September, 1985.

Deborah V. Lovette
Notary Public in and for the
State of Texas

My commission expires: 6/86

RESTATED BYLAWS
OF
THE NATIONAL ASSOCIATION FOR THE SELF-EMPLOYED, INC.

ARTICLE I
NAME, AUTHORITY AND PURPOSE

Section 1. The name of the corporation is the National Association for the Self-Employed, Inc. (the "Corporation"). The Corporation shall be a membership non-profit corporation organized under, and subject to, the Texas Non-Profit Corporation Act. The Corporation shall exercise such powers, and shall carry out such purposes as are provided under such act and the Corporation's Articles of Incorporation.

ARTICLE II
OFFICES

Section 1. The registered office of the Corporation is Capital Center, 1235 South Main Street, Suite 100, Grapevine, Texas 76051, and the name of its registered agent is Michael Beene. The Corporation may also have offices at such other places both within and without the State of Texas as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE III
MEMBERSHIP

Section 1. Class. The Corporation shall have such classes of membership as directed by the Board of Directors as necessary and appropriate to effect the purposes of this Corporation. Membership shall consist of persons who are interested in and supportive of the purposes for which the Corporation was organized. Each member shall be entitled to one vote on each matter submitted to a vote of the members.

Applicants for membership shall be admitted at the discretion of the Board of Directors (or its delegate from time to time). The Board of Directors shall have absolute discretion to determine whether an applicant for membership has the requisites for membership; a determined lack thereof shall be grounds for rejection of the application for membership. The Board of Directors may from time to time establish by resolution additional qualifications required for membership as it determines necessary or appropriate to effect the purposes of this Corporation. Neither the Board of Directors nor a committee designated by the Board may

approve admission to membership of an applicant who does not meet the membership qualifications then in effect

Section 2. Membership Cards. The Corporation shall issue to its members Membership Cards in such form and of such design as the Board of Directors may from time to time prescribe. The name and address of each member and the effective date of membership shall be entered on the records of the Corporation. If any membership card shall become lost, mutilated, or destroyed, a new card may be issued therefore upon such terms and conditions as the Board of Directors may determine.

Section 3. Admission Fees and Dues. The Board of Directors shall have power and authority to establish and collect admission fees for the admission of members and to levy and collect annual dues, said fees and dues to be in such amounts and payable in such manner as may be determined from time to time by the Board of Directors.

Section 4. Rights Not Transferable. All rights, benefits and privileges conferred upon a member herein shall cease upon the termination of such member's membership in the Corporation. A member may not voluntarily or involuntarily transfer his membership, or any right arising there from.

Section 5. Termination of Memberships. Memberships may be canceled (upon reasonable notice thereof) and all rights of members there under shall terminate upon the determination by the Board of Directors (or its delegate) that any of the following has occurred:

- (a) The death (or in the case of a member which is not a natural person, the dissolution) of the member holding such membership provided, however, that the surviving spouse of the deceased member shall be eligible to apply for membership if such surviving spouse meets the membership qualifications then in effect;
- (b) The voluntary withdrawal of such member from this Corporation;
- (c) The failure of such member to renew said membership upon the expiration thereof;
- (d) the failure of such member to pay the amount of dues and fees as fixed from time to time by the Board of Directors;
- (e) The failure of the member to satisfy the qualification requirements for

membership (whether or not such qualification requirements were in effect at the time such person became a member).

The determination of the Board of Directors shall be conclusive. No member so terminated shall be entitled to any refund of fees or dues on account of such termination.

ARTICLE IV MEETINGS OF MEMBERS

Section 1. Time and Place of Meetings. All meetings of the members for the election of Directors or for any other purpose shall be held at such time and place, within or without the State of Texas, as shall be designated by the Board of Directors.

Section 2; Annual Meetings. An annual meeting of members shall be held for the purpose of electing Directors and transacting such other business as may be properly brought before the meeting. The date of the annual meeting shall be determined by the Board of Directors.

Section 3. Special Meetings. Special meetings of the members, for any purpose or purposes, unless otherwise prescribed by law, may be called by the President and shall be called by the Chairman at the direction of a majority (2/3rds) of the Board of Directors, or at the request in writing of members representing at least 100 votes entitled to be cast at such meeting.

Section 4. Notice of Meetings. Written notice of each meeting of the members stating the place, date and time of the meeting shall be delivered not less than 40 nor more than 50 days before the date of the meeting, to each member entitled to vote at such meeting. The notice of any meeting of members shall state the purpose or purposes for which the meeting is called and include a proxy when needed. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of the Corporation with postage thereon paid.

Section 5. Quorum. Members representing at least 100 votes entitled to be cast at such meeting shall constitute a quorum at all meetings of the members for the transaction of business, except as otherwise provided by law. If a quorum is not present the members present at such meeting shall have the power, by the affirmative vote of a majority of such present members to adjourn the meeting to another time and/or place, without notice other than announcement at the meeting, until a quorum shall be present. At such adjourned meeting, at which a quorum shall be present, any business may be transacted which might have been transacted

at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date (defined in Section 6 of this Article IV) is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each member of record entitled to vote at the meeting.

Section 6. Voting. At all meetings of the members, each member of record shall be entitled to one vote. A "member of record" is a person who is a member of the Corporation as of the close of business on a date, selected by the Board of Directors, not less than 40 days nor more than 50 days before the date of the meeting (the "record date"). When a quorum is present at any meeting, the vote of the majority of members present shall decide any questions brought before such meeting, unless the question is one upon which, by express provision of Law or of the Corporation's Articles of Incorporation, a different vote is required; in which case such express provision shall govern and control the decision of such question.

Section 7. Voting By Proxy. Voting by members shall be cast only in person at a meeting of the members and no voting by proxies shall be recognized at such meeting.

Section 8. Matters Reserved to Membership Vote.

(a) The following matters shall be authorized only upon a vote thereon by the members at a meeting called to consider such matter:

- (1) An amendment to the Corporation's Articles of Incorporation;
- (2) Any other matter which the Board of Directors, in their sole discretion, by resolution shall commit to a vote of the members.

(b) Except as provided under the Texas Non-Profit Corporation Act, a majority of the votes cast at a meeting on any matter shall control the disposition of such matter.

ARTICLE V DIRECTORS

Section 1. General Powers. The business and affairs of the Corporation shall be managed and controlled by or under the direction of a Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law nor by the Certificate of Incorporation or by these Bylaws directed or required to be exercised or done by the members.

Section 2. Number, Election, Tenure and Qualification. The Board of Directors shall consist of at least five (5) and not more than nine (9) Directors. The number of Directors shall be determined by resolution of the Board of Directors within the parameters set forth in the preceding sentence. The parameters for the number of Directors may be changed from time to time by resolution of the Board of Directors amending this Section 2 of Article V. The Board of Directors of the Corporation shall be divided into three classes which shall be as nearly equal in number as is possible. At the first election of Directors to such classified Board of Directors, each Class I Director shall be elected to serve until the next ensuing annual meeting of members, each Class II Director shall be elected to serve until the second ensuing annual meeting of members and each Class III Director shall be elected to serve until the third ensuing annual meeting of members. At each annual meeting of members following the adoption of this Section 2, the number of Directors equal to the number of the class whose term expires at the time of such meeting shall be elected to serve until the third ensuing annual meeting of members. The Directors shall be elected at the annual meeting of the members, except as provided in Section 3 of this Article, and each Director elected shall hold office until his successor is elected and qualified or until his earlier death, resignation or removal. Directors shall be members or representatives of members which are not natural persons. Representatives of members may include officers and employees of an employer member.

Section 3. Vacancies. Vacancies created by the death, resignation, or removal of a Director may be filled by a majority of the Directors then in office though less than a quorum, and each Director so chosen shall hold office for the remainder of the directors term being replaced or until death, resignation, or removal. A Director may be removed at any time, with or without cause, by a vote of a majority of the remaining Directors. If there are no Directors in office, then an election of Directors may be held in the manner provided by law. Newly created directorships shall be filled by election at an annual meeting or special meeting called for that purpose.

Section 4. Place of Meetings. The Board of Directors may hold meetings, both regular and special, either within or without the State of Texas.

Section 5. Regular Meetings. The Board of Directors shall hold a regular meeting, to be known as the annual meeting, immediately following each annual meeting of the members. Other regular meetings of the Board of Directors shall be held at such time and at such place as shall from time to time be determined by the Board. No notice of regular meetings need be given.

Section 6. Special Meetings. Special meetings of the Board may be called by the President. Special meetings shall be called by the Secretary on the written request of any Director. No notice of special meetings need be given.

Section 7. Quorum. At all meetings of the Board a majority of the total number of Directors shall constitute a quorum for the transaction of business and the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by law. If a quorum shall not be present at any meeting of the Board of Directors, the Directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 8. Organization. The Chairman of the Board, if elected, shall act as chairman at all meetings of the Board of Directors. If a Chairman of the Board is not elected or, if elected, is not present, the President or, in the absence of the President, a Director chosen by a majority of the Directors present, shall act as chairman at meetings of the Board of Directors.

Section 9. Committees. The Board of Directors, by resolution adopted by a majority of the whole Board of Directors, may designate one or more committees, each such committee to consist of one or more Directors. Except as expressly limited by the Non-Profit Corporation Act of the State of Texas or the Articles of Incorporation, any such committee shall have and may exercise such powers as the Board of Directors may determine and specify in the resolution adopted by a majority of the whole Board. The Board may also designate one or more additional Directors as alternate members of any such committee and at any time may change the membership of any committee or amend or rescind the resolution designating the committee. In the absence of disqualification of a member or alternate member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another Director to act at the meeting in the place of any such absent or disqualified member, provided that the Director so appointed meets any qualifications stated in the resolution designating the committee. Each committee shall keep a record of proceedings and report the same to the Board of Directors to such extent and in such manner as the Board of Directors may require. Unless otherwise provided in the resolution designating a committee, a majority of all of the members of any such committee may select its chairman, fix its rules of procedure, fix the time and place of its meetings and specify what notice of meetings, if any, shall be given.

Section 10. Action Without Meeting. Unless otherwise restricted by the Articles of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 11. Attendance by Telephone. Members of the Board of Directors, or of any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Section 12. Compensation. The Board of Directors shall have the authority to fix the compensation of Directors, which also may include their expense, if any, of attendance at each meeting of the Board of Directors or of a committee.

ARTICLE VI OFFICERS

Section 1. Enumeration. The officers of the Corporation shall be chosen by the Board of Directors and shall be a President, a Secretary, and a Treasurer. The Board of Directors may also elect a Chairman of the Board, one or more Vice Chairmen, one or more Vice Presidents, one or more Assistant Secretaries and Assistant Treasurers, and such other officers and agents as it shall deem appropriate. Any number of offices may be held by the same person.

Section 2. Term of Office. The officers of the Corporation shall be elected at the annual meeting of the Board of Directors and shall hold office until their successors are elected and qualified. Any officer elected or appointed by the Board of Directors may be removed at any time with or without cause by the Board of Directors. Any vacancy occurring in any office of the Corporation required by the Articles of Incorporation or the By Laws shall be filled by the Board of Directors.

Section 3. Chairman of the Board. The Chairman of the Board, when elected, shall preside at meetings of members, and shall have such other functions, authority and duties as may be prescribed by the Board of Directors. If, however, the Chairman is not a member or representative of a member which is not a natural person, but is so elected solely by being an officer of the Corporation, the Chairman shall serve as an ex officio Director without voting powers.

Section 4. President. During any period when there shall be an office of Chairman of the Board, the President shall be the Chief Executive Officer of the Corporation and shall have such functions, authority and duties as may be prescribed by the Board of Directors or the Chairman of the Board.

Section 5. Vice President The Vice President shall perform such duties and have such other powers as may from time to time be prescribed by the Board of Directors, the Chairman of the Board or the President.

Section 6. Secretary. The Secretary shall keep a record of all proceedings of the members of the Corporation and of the Board of Directors, and shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice, if any, of all meetings of the members and shall perform such other duties as may be prescribed by the Board of Directors, the Chairman of the Board or the President. The Secretary shall have custody of the corporate seal of the Corporation and the Secretary, or in the absence of the Secretary any Assistant Secretary, shall have authority to affix the same to any instrument requiring it, and when so affixed it may be attested by the signature of the Secretary or any Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest such affixing of the seal.

Section 7. Assistant Secretary. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Director (or if there be no such determination, then in the order of their election), shall, in the absence of the Secretary or in the event of the Secretary's inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties as may from time to time be prescribed by the Board of Directors, the Chairman of the Board, the President, or the Secretary.

Section 8. Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chairman of the Board, the President, and the Board of Directors, at its regular meetings or when the Board of Directors so requires, an account of all transactions as Treasurer and of the financial condition of the Corporation. The Treasurer shall perform such other duties as may from time to time be prescribed by the Board of Directors, the Chairman of the Board or the President.

Section 9. Assistant Treasurer. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Treasurer or in the event of the Treasurer's inability or refusal to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as may from time to time be prescribed by the Board of Directors, the Chairman of the Board, the President, or the Treasurer.

Section 10. Other Officers. Any officer who is elected or appointed from time to time by the Board of Directors and whose duties are not specified in these Bylaws shall perform such duties and have such powers as may be prescribed from time to time by the Board of Directors, the Chairman of the Board or the President

ARTICLE VII GENERAL PROVISIONS

Section 1. Fiscal Year. The fiscal year of the Corporation shall end on December 31, or any other date which the Board of Directors shall fix by resolution.

Section 2. Amendments and Bylaws.

(a) Except as provided in subsection (b) of this Section 2, these Bylaws may be altered or amended from time to time by vote of a majority of the Directors or by a vote of a majority of the members at a meeting called for such purpose.

(b) Notwithstanding subsection (a) of this Section 2, the Directors shall have no power or authority to amend Section 8 of Article IV, relating to matters reserved to a vote of the membership. Said Section 8 of Article IV shall be amended only upon a vote of the members equal to or exceeding the vote of the members required for the corporate action under the provisions of said Section 8 of Article IV to be amended.

Section 3. Contracts: Bank Accounts: Checks.

(a) The Board of Directors may authorize any officer to enter any contract or execute or deliver any instrument in the name of and on behalf of the Corporation, which authority may be general or limited to specific instances.

(b) All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such savings institutions as the Board of Directors may approve.

(c) All checks or demands for money and notes of the Corporation shall be signed by such officer or such other person as the Board of Directors may from time to time designate.

Section 4. Indemnification.

(a) The Corporation shall indemnify its Directors and officers and its former Directors and officers to the fullest extent permitted under the laws of the State of

Texas. The Corporation may indemnify its other employees and agents and its former employees and agents to the extent permitted under the laws of the State of Texas.

(b) The Corporation may purchase and obtain insurance on behalf of any Director, officer, employee, or agent or any former Director, officer, employee, or agent against any liability asserted against or incurred by such person arising out of such person's status whether or not the Corporation would have the power to indemnify such person against such liability under the laws of the State of Texas.

Section 5. Transactions with Affiliates.

(a) The Corporation shall not make any loans to any of its Directors or Officers.

(b) No contract or other transaction between the Corporation and one or more of its Directors or officers, or between the Corporation and any corporation, firm, association, or other entity in which one or more of the Directors or officers of the Corporation are officers or directors, or are pecuniarily or otherwise interested, shall be either void or voidable because of such common directorate, officerships, or interest because such Directors or officers are present at the meeting of the Board of Directors or any committee thereof which authorized, approves or ratifies the contract or transaction, or because their votes are counted for such purpose, if (unless otherwise prohibited by law) any of the conditions specified in the following paragraphs exist:

(1) The material facts of the common directorate or interest or contract or transaction are disclosed or known to the Board of Directors or committee thereof and the Board or committee authorizes, approves, or ratifies such contract or transaction in good faith by the affirmative vote of a majority of the disinterested Directors, even though the number of such disinterested Directors may be less than a quorum; or

(2) The material facts of the common directorate or interest or contract or transactions are disclosed or known to the members entitled to vote thereon and the contract or transaction is specifically ratified in good faith by vote of the members; or

(3) The contract or transaction is fair and commercially reasonable to the Corporation at the time it is authorized, approved, or ratified by the Board of Directors, a committee thereof, or the members, as the case may be.

Common or interested Directors may be counted in determining whether a quorum is present at any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction and may vote thereat to authorize any contract or transaction with like force and effect as if they

were not such directors or officers of such other corporation or were not so interested.

THESE RESTATED BYLAWS SUPERSEDE PRIOR BYLAWS AND ARE APPROVED BY THE BOARD OF DIRECTORS ON APRIL 28, 2006.



Priceless Benefits: Creating Value for Members

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President's Letter



Priceless

It's hard to put a monetary value on some things.

Like a vacation memory, or childhood artwork by your son or daughter.

These things are – as the popular commercials for a credit card advertises – “priceless.”

Many of the services and products that the NASE offers are “priceless,” too. How can you value the legislative advocacy work the team in Washington, D.C., does for micro-business? Or the library of business education articles, videos and podcasts available at the NASE Web site? It's hard to quantify the value of an NASE Member attending a tax seminar in their hometown, where they meet other local micro-business owners and learn the do's and don'ts of filing a Schedule C tax form.

Still, the question nagged me: “Can we convey what an NASE Membership is worth?”

So for several years now, the NASE has asked a respected economist to tackle the problem. By comparing the benefits offered through membership in the NASE against similar ones available for purchase, individually, in the marketplace, we come close to an answer.

In 2007, that number reached its highest point yet: \$14,604.20 in savings using NASE benefits.

The value of NASE benefits adds up when you consider the services included at no extra cost to an NASE Membership. A non-member would have to pay over \$500 for a service such as TelaDoc, with telephone access to physicians 24 hours a day. But that service is free of charge for NASE Premier Members. The same is true for business-related legal consultation. Non-members would pay over \$300 for access to the Legal Club of America. But NASE Premier Members receive it at no cost.

The study lets us put a figure on the value of the discount and affinity programs of the NASE. But still, there are the advocacy, research, educational materials, conferences, and more that round out a membership. Can we put a monetary figure on those?

This 2007 annual report focuses on the programs and research that have a high value, but are hard to quantify. Such as the growth of member businesses because they received an NASE Business Development Grant. Or for the college-bound students given a scholarship to defray the costs of following their dreams.

And don't forget the respect the NASE received by testifying on Capitol Hill on micro-business issues, or the intangible value of our business and tax experts giving their advice in news articles in the Washington Post, Wall Street Journal, and USA Today.

The NASE bi-monthly member magazine, *Self-Employed*, even received top honors in 2007 among other association publications for its informational articles on running a business.

Accolades, advice, advocacy, and more. It sounds pretty priceless to me.

A handwritten signature in black ink, appearing to read 'Robert Hughes'.

Robert Hughes
President

Tax Events Draw Together Members

NASE Hits The Road During Tax Season

According to National Tax Advisor Keith Hall, micro-business owners are on top of the world—until tax time.

In 2007, Hall took the National Association for the Self-Employed's TaxTalk benefit on the road. He stopped in different cities across the nation to meet and talk with micro-business owners about the biggest challenges they face during tax season, from estimating taxes to filing quarterly.

TaxTalk visited five cities: Greenbelt, Md.; Burlington, Mass.; Dallas, Texas; Vancouver, Wash.; and Fremont, Calif. The NASE partnered with local Small Business Development Centers to help promote the event to micro-businesses. Members and non-members were able to take advantage of networking with fellow micro-business owners as well as get important tax information from Hall.

“The TaxTalk professionals get the same kinds of questions each year at this time,” Hall said. “Micro-business owners want to know how to raise their refunds so we remind them about deductions they might have overlooked, like the home office deduction.”



Other forgotten deductions include starting a health reimbursement arrangement, or HRA 105 plan, which helps save on self-employment and federal income taxes on medical expenses a business owner already has. Hall also pointed out the tax benefits of putting your child to work: depending on his or her age, up to \$5,350 of their wages is not subject to tax.

For tax help throughout the year, a newly-developed video and audio download Web page offers the answers to several commonly-asked questions. The Web site, http://news.NASE.org/nase_podcast.asp, offers advice on topics including:

- Getting An Early Start
- Tips For Doing Your Own Return
- The Home Office Deduction
- Last Minute Tax Tips
- Tax Breaks For Retirement Account Contributions
- Using Independent Contractors
- Filing As An Independent Contractor
- Travel Expenses: What You Can Deduct
- Business Use of Automobiles

The audio segments can be downloaded to an MP3 player for easy access whenever a micro-business owner is in need.

The events in 2007 were so successful that the seminar program was expanded for 2008. During March and April 2008, TaxTalk plans on visiting NASE Members in 10 cities across the nation.



NASE Member Margaret Doescher takes notes during the Dallas tax seminar.



Gas to drive to an NASE seminar: **\$2.99 / gallon**

Parking downtown: **\$12**

Learning how to hire your kid for a tax deduction: **Priceless**

Priceless

NASE Grants Grow Businesses

\$113,000 Awarded To Members In Program's Second Year



The National Association for the Self-Employed continued awarding monetary grants to members to grow their businesses as part of its Business Development Grant Program. In 2007, the NASE gave a total of \$113,000 in grant money to 23 members across the country.

The NASE Business Development Grant Program offers access to capital for micro-business owners who have a specific business need—but lack the finances to carry out that goal. The program was designed after an online NASE Member poll found that a majority of micro-business owners (57 percent) initially fund their businesses using personal savings, and many (40 percent) continue to use personal savings for ongoing financing. Since 2006, more than \$265,000 in grant money has been awarded.

“Finding the funding to grow a micro-business is a constant challenge to our members,” said Robert Hughes, president of the NASE. “The NASE continues to advocate in Washington, D.C., for greater access to capital for the self-employed. But in the meantime, we wanted to provide an immediate solution for our members.”

With the NASE Business Development Grant Program, NASE Members apply for up to \$5,000 for a specific business need such as the purchase of new equipment or software, or the funding of advertising, marketing materials and training. Congratulations to the 2007 grant recipients:

“I really couldn't have done it without the grant.”

— Sheri Novak on purchasing furniture and equipment for a new employee in her toy-making business.

Missy Axton-Wryn of Natures Balance Care in Estacada, OR

Julie Braeckman of Daunting Task Studios in Bordertown, NJ

John Bragg of Larry's Locksmith in Shelbyville, Ill.

Brian Brophy of New Creation Construction in Lockeford, Calif.

Brent Dorsey of The Paint Gallery in Moorefield, W.V.

Rolita Edwards of Lita's Pooch Hut in Bedford Heights, Ohio

Brent Eriksen of Atlanta Handyman and Remodeling in Smyrna, Ga.

Robert Frye of Frye Bros. Plumbing in Ramage, Penn.

Jacquelyn Gadsden of There's Room, Inc. in Columbia, S.C.

Robert Grimes of Ace High Ballooning in Lewisburg, TN

Jeffrey Harrelson of Apex Training and Development in Dubuque, Iowa

Elizabeth Hawkins of Lizzie B Cre8ive in Tucson, Ariz.

Iris Hood of Hood Company in Pearl, Miss.

Renee Horner of Three E Graphic Design in Pittsburgh, Penn.

Steve Laughlin of Skidsteer Plus Landclearing in Highlandville, Mo.

Robert McConville of McConville Cattle in Inianola, Neb.

Edwin Newsome of Become One LLC in Elkhart, Ind.

Mutondo Ngaway of Mamu Cleaning Services in Columbia, Md.

Sheri Novak of Hazelnut Kids LLC in Traverse City, Mich.

Tracie Smith of Tracie's Community Farm in Sullivan, NH

Kira Villarreal of Hapliy Ever After Designs in San Antonio, Texas

Karen Wharton of Wharton Carpet Services in Jamul, Calif.

Stephanie Yatz of Mountain View Pediatric Speech & Language, Inc. in North Bend, Wash.

Member Achievement Rewarded

NASE Awards \$30,000 To A Family Farm

NASE Members Frank Hunter and Kim Peavey, owners of Hillside Springs Farm and CSA Garden in Westmoreland, N.H., will be growing more fruits and vegetables in the years to come thanks to help from the NASE.

In 2006, they received an NASE \$5,000 Business Development Grant that allowed them to build a new greenhouse, tripling their greenhouse space. The money also went toward clearing land to make additional garden space, improving pastures and procuring a harness for their team of driving horses that plow the farm.

By stretching the grant money in smart ways, Hunter and Peavey were able to increase farm memberships from 35 to 55 member families. Their careful spending and strategic planning qualified them for the 2007 NASE Achievement Award.

“In following up with our 2006 grant recipients, we felt that the impact Frank and Kim made on their business with the grant was phenomenal,” said Robert Hughes, NASE president. “We wanted to recognize their achievement with a further reward.”

In 2007, Hunter and Peavey received the first-time NASE \$30,000 Achievement Award.

It’s a financial boost that will give Hunter and Peavey the resources they need to continue contributing to their family, their farm and their community.

Hillside Springs Farm is part of the community-supported agriculture (CSA) movement, a growing trend in agriculture. Instead of selling produce in a traditional way, CSAs sell shares of their harvests to member families in the surrounding area before the growing season begins, and then provide locally-grown, organic produce to their members all season long.

Each week, Hillside Springs members arrive at the farm to pick up their share of that week’s harvest of fruits, vegetables, berries, herbs and cut flowers, as well as to exercise their option to pick their own produce and enjoy being in the great outdoors.

Hunter and Peavey plan to invest their \$30,000 Achievement Award in ways that will help them maintain the values of family and farm work.

Diversifying their interests is a top priority. That might include investing in maple syrup production for the farm’s more than 100 sugar maple trees. Farm-raised chicken eggs may be another way to “fill member’s market baskets.”

They also plan to invest more in marketing, seeking ways to develop and retain Hillside Springs’ membership base as well as promote the CSA movement as a whole.



Photocopies of application materials: **\$1.30**

Priority Mail postage: **\$6.35**

Receiving \$5,000 to grow your business: **Priceless**

Priceless

NASE Helps Pay For Higher Education

2007 NASE Future Entrepreneur

Kathryn Birky's introduction to self-employment came at a young age.

She was just 12 when she and her brother, Christian, then 10, started mowing lawns. But like much of what Kathryn, now 19, has done, this was no ordinary lawn mowing service. Clementine's Lawn Mowing started with a horse-drawn mower.

The lessons that the business has taught Kathryn about hard work, assertiveness, decision-making and perseverance no doubt contributed to her selection as the recipient of the 2007 NASE Future Entrepreneur Scholarship.



Kathryn will receive up to \$24,000 toward her education at Goshen College, a 900-student, private liberal arts college in northern Indiana. She receives \$12,000 in the first year and is eligible for \$4,000 in each of the next three years. The NASE Future Entrepreneur Scholarship is the largest scholarship of its kind in the U.S. and the only one that promotes the entrepreneurial philosophy.

Kathryn is familiar with that philosophy. Both of her parents own their own businesses and are NASE Members. Her mother, Jean, has had a private clinical

counseling practice for 20 years. Her father, Curtis, has a private practice specializing in marriage therapy.

"We work hard while keeping life balanced," Jean Birky says. "I think working hard is inbred in [Kathryn and Christian]. The freedom of business ownership is paramount for me, [allowing a balance of] parenting and making a living, too."

In 2000, a neighbor asked Kathryn and Christian to mow his lawn. Kathryn grabbed the opportunity.

"I really wanted a pony very badly, and my brother would like one, too. We could work off the [maintenance] cost of a pony by mowing lawns," Kathryn says.

"We only vaguely knew that [electric and gas-powered] lawn mowers were not great for the environment, so we went on the Internet to find a mower drawn by a horse."



Because such a mower didn't come cheap, Kathryn and Christian knew they had to commit to lawn mowing as a business, not just an activity for one customer or for one summer.

"We decided we could differentiate ourselves by starting an environmentally-

friendly lawn service," Kathryn says. "We eventually started making money in addition to paying for the pony."

"I learned a lot in terms of wanting to be an entrepreneur in the future," she says. "It taught me perseverance. Now, six years into business we have a reliable base of customers. We have more requests than we can handle. It's nice to know that if you hang in there, it's going to work out."

Kathryn has shown that same work ethic and perseverance when planning for her college years.

Kathryn chose Goshen College because of its environmental studies program. She's working on a major in communications and a minor in environmental studies with an eye on a career in environmental writing. She carried a 4.0 GPA in her freshman year. She plans on earning a doctorate to give her writing more credibility.

During summers when Kathryn isn't at college, she and Christian continue to run Clementine's Lawn Mowing. Since Kathryn long ago outgrew Clementine for riding purposes, she purchased a larger horse for riding. Now she uses the pony to teach riding lessons at a stable where she works part time, in addition to her other activities.

Last summer, Kathryn reduced her lawn mowing hours so she could devote time to writing her first book, "Friendship with Horses."

"It's tips on training horses for teens by a teen," she says. "It's not an environmental book, but I thought it was a way to break into the publishing world."

That kind of entrepreneurial spirit helped Kathryn earn the 2007 NASE Future Entrepreneur Scholarship.

20 Students Receive NASE Scholarships

Since 1989, the NASE has awarded college scholarships to deserving students of NASE Members. This year the tradition continues, with the association giving a \$4,000 scholarship to each of these 20 students.

“This is the association’s way of helping our members ensure that their children get a higher education,” says NASE President Robert Hughes. “These students can use their scholarship money to study any subject at the college of their choice.”



**Sarah Dowling,
Roswell, Ga.**
Dependent of NASE
Member Stella Dowling



**Michael Sirignano,
Franklin, Mass.**
Dependent of NASE
Member Kathryn Sirignano



**Jonathan Warsh,
Bloomfield Hill, Mich.**
Dependent of NASE
Member Richard Warsh



**David Lane, Pawleys
Island, S.C.**
Dependent of NASE
Member David Lane



**Meredith Smith,
Arlington, Va.**
Dependent of NASE
Member Mary Ann Smith



**Rob Wheeler, New
Braunfels, Texas**
Dependent of NASE
Member Florence Ridlon



**Brian Langford, San
Antonio, Texas**
Dependent of NASE
Member Anthony Langford



**Marla Sweitzer,
Sarasota, Fla.**
Dependent of NASE
Member Lisa Sweitzer



**Julia Wilber,
Downingtown, Pa.**
Dependent of NASE
Member Jeffrey Wilber



**Elizabeth Magee,
Houston, Texas**
Dependent of NASE
Member John Magee



**Shawna Tanner,
Star, Idaho**
Dependent of NASE
Member Royce Tanner

Not Pictured:

Laura Fattore, New Lenox, Ill.
Dependent of NASE Member Thomas Fattore

Danielle Fili, Middleton, Mass.
Dependent of NASE Member David Fili

Lars Foster Jorgensen, Westport, Wash.
Dependent of NASE Member Rolf Foster
Jorgensen

Jessica Patrick, Morgantown, Ind.
Dependent of NASE Member William Patrick

Daniel O'Donnell, Viola, Wisc.
Dependent of NASE Member Doreen O'Donnell



**Lynn Maher,
Hudson, Wisc.**
Dependent of NASE
Member Jean Maher



**Jeffrey Tremaine,
Lynden, Wash.**
Dependent of NASE
Member Erin Tremaine



**Eric Moulton,
Ware, Mass.**
Dependent of NASE
Member Eric Moulton



**Stephen Tullino,
Danbury, Conn.**
Dependent of NASE
Member Stephen Tullino

Year's in-state tuition at a public college: **\$5,836**

Books, supplies and other course material: **\$935**

Graduating with less debt because of an NASE scholarship: **Priceless**

Priceless

Surveys Take Pulse Of Micro-Business

NASE Member Opinions

NASE Members spoke out in 2007 in a series of online polls. Here's a snapshot of their opinions on the top business and policy concerns of the year:

Business Funding

58% initially funded their business using personal savings

36% continue to use personal savings for ongoing financing

Closing The Tax Gap

Less than one-third clearly understand the IRS reporting requirements for their business

60% want the same tax benefits as big business

Going Green

66% weigh the impact on the environment before making business decisions

Two-thirds are more likely to buy a product from a company that is environmentally-friendly

Gas Prices

44% are significantly hurt by increasing gas prices, causing them to increase prices

Almost half have reconsidered or canceled business because of rising gas prices

NASE Members See Cracks In Retirement Nest Eggs

Many micro-business owners acknowledge that they're unprepared for the years after work.

In the NASE "Planning For Retirement: A Micro-Business Perspective" survey conducted in 2007, 39 percent of respondents to the survey said they were not confident that they would reach their target savings goal by their retirement date.

And micro-business owners aren't making much headway in adding money to their retirement savings.

The survey found that about 33 percent of respondents are not currently saving for retirement. Almost 26 percent said that they have less than \$50,000 saved for their golden years, and nearly 13 percent said that they have no retirement savings at all.

In actual savings amounts, respondents on average had \$227,119 currently saved for retirement. But they anticipated needing an average of \$839,568 to retire.

The survey was sent to a national sample of NASE Member and non-member micro-business owners.

With these survey results in hand, the NASE took the issue of retirement security to Capitol Hill. Kristie Darien,

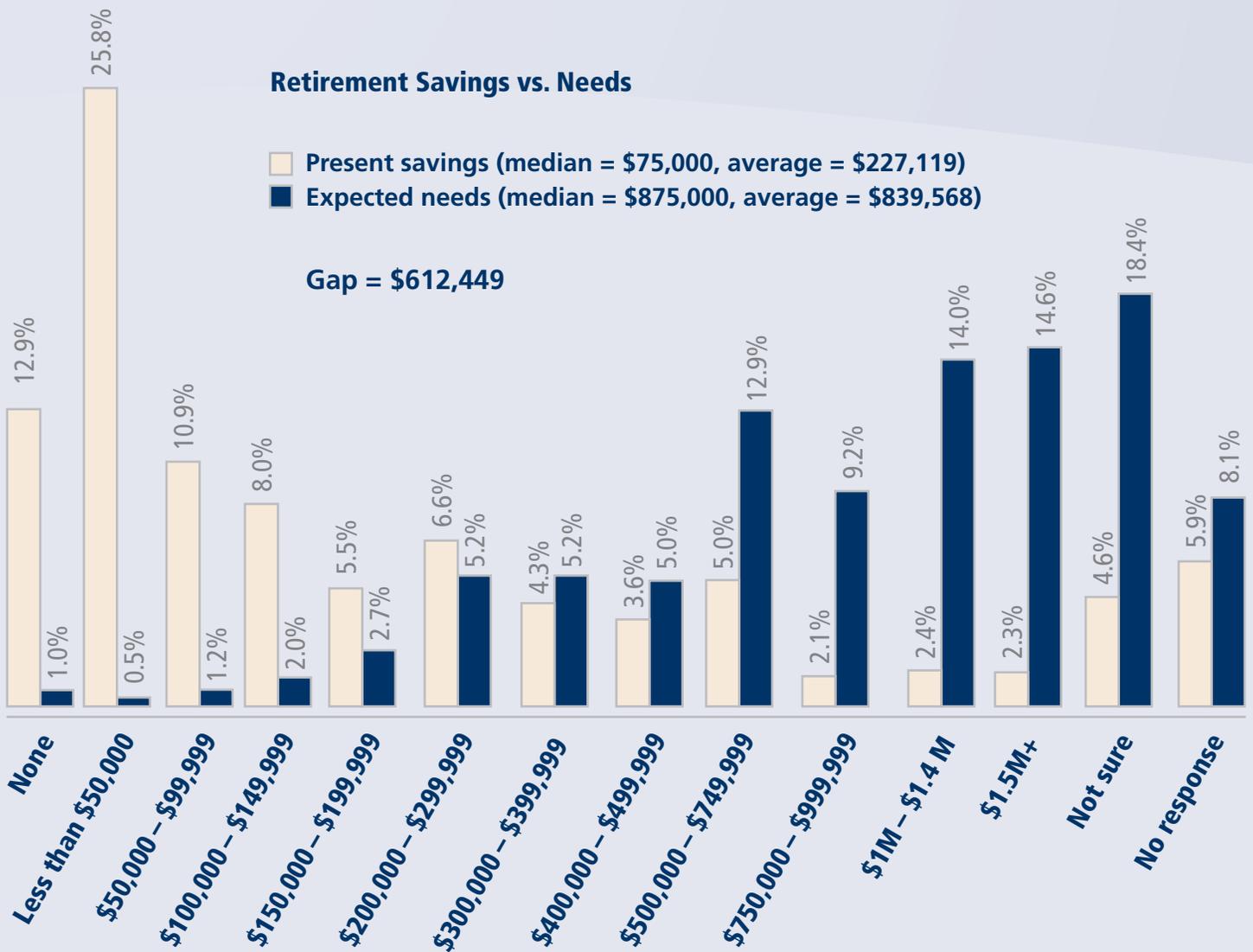
First-class postage for survey response: **41 cents**

Incentive give-away to encourage participation: **\$100**

Knowing a member's take on issues: **Priceless**

Priceless

Retirement Savings vs. Needs



executive director of the NASE legislative office, participated in a House Small Business Committee roundtable where she spotlighted the difficulties micro-business owners have saving for retirement.

“Until there is more access to capital for micro-businesses and the cost issues relating to health care are resolved, it is difficult to encourage saving for retirement,” says Darien. “As it stands, all extra money tends to be reinvested into their businesses or is used to offset rising health care costs.”

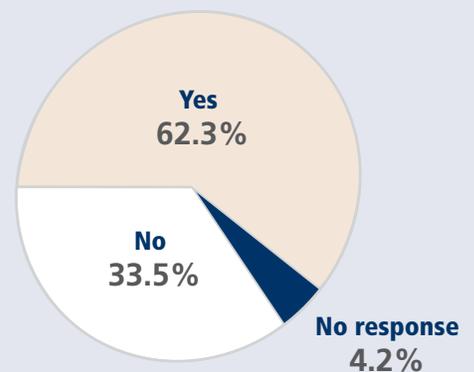
An online NASE Member poll conducted in late 2006 showed many members agree with Darien that saving for retirement competes with business needs. Ten percent of respondents said that retirement security would be one of the top two

issues they faced in 2007. The issue of retirement security ranked fourth in the survey, behind the cost of health coverage (27 percent), tax equity (14 percent), and access to capital (13 percent).

Clearly, micro-business owners and the self-employed are having to make hard choices between funding their retirement accounts and paying for business expenses, such as health care and taxes.

“Retirement savings often have to take a backseat to other pressing micro-business costs,” says NASE President Robert Hughes. “Here at the NASE we do all that we can to encourage the self-employed to invest in future retirement plans and encourage the government to provide incentives for retirement saving.”

Presently Saving for Retirement



NASE Advocacy Program Thrives



NASE Closer To Ending Self-Employed Tax Disparity

The No. 1 legislative priority of the NASE moved closer than ever to becoming law in 2007. And the NASE has been able to use that momentum in 2008 to keep pushing for an end to the self-employment tax on health insurance premiums.

Sole proprietors purchasing health coverage are not able to pay their premiums with pre-tax money, as employees working for other business entities get to do. Sole proprietors also cannot take a business deduction on their taxes for these health care costs, although all other business entities can.

And because they are unable to take a business deduction for their health insurance costs, they pay more in payroll taxes, called self-employment taxes for sole proprietors, than any other business.

But change is on the horizon, thanks to the NASE.

And the best part is that the NASE is not alone in the fight.

Small-business organizations from across the country joined together to highlight the hidden disparity in the tax code in meetings with members of Congress. A complete list of all the associations and chambers of commerce that form the Coalition Supporting Equity for our Nation's Self-Employed can be found at www.setaxequity.org. Together, we were loud enough and strong enough to help lawmakers push this issue into the spotlight and offer their support to the cause.

The result was the introduction of the Equity for Our Nation's Self-Employed Act late in 2007.

Moving Toward Fair Taxation

Everyone owes their fair share of taxes to Uncle Sam. The inequity that the NASE is fighting is that those who file taxes as sole proprietors are the only people – and the only business structure – that are subjected to the extra tax on health insurance.

Legislation in the past has worked to narrow the tax disparity between sole proprietors and big business, but it has not gone far enough.

A regulation enacted in 2003 allows deductibility of health insurance premiums when calculating income tax, but not self-employment tax.

Currently, sole proprietors pay self-employment tax at a rate of 15.3 percent. This means that if a sole proprietor and owner of a corporation both pay \$6,000 per year for health premiums, only the sole proprietor pays an extra \$918 in self-employment taxes. The corporation owner was able to deduct the health costs.

The NASE has long wanted to help members put that money back where it belongs – in their pockets. As a long-time supporter of eradicating the self-employment tax on health insurance premiums, the NASE realizes the burden it puts on micro-business and personal cash flow.

And after years of meetings on Capitol Hill educating lawmakers, the NASE is closer than ever to that goal.

More Advocacy Success In 2007

- A bill introduced in the U.S. Senate and House of Representatives seeks to assist working parents and home-based businesses. It also included the creation of a standard home-office tax deduction, a top legislative priority for the NASE.
- As a result of continued confusion surrounding worker classification, the NASE submitted written testimony to the U.S. House Workforce Protections Subcommittee that called for more easy-to-understand resources for entrepreneurs to use as they navigate the maze of regulations.
- The NASE joined business owners, organizations, educators and others banded together to raise awareness for Cover the Uninsured Week. The annual event focuses on demonstrating support for programs that seek to provide health insurance for the nine million children living without coverage, like the State Children's Health Insurance Program (SCHIP).
- The NASE supported the eighth annual Back-to-School Campaign, which seeks to inform parents that their children may be eligible for state-provided health care coverage.
- The NASE teamed up with the U.S. Small Business Association to sponsor National Small Business Week, highlighting the contributions of the nation's small-business community.
- Keith Hall, NASE national tax advisor, spoke before Congress regarding the unfair hand micro-businesses are dealt in current proposals to fix the nation's tax gap, estimated at \$353 billion.
- The U.S. Congress introduced the Equity for Our Nation's Self-Employed Act of 2007, which would eliminate a discrepancy in the tax code that requires nearly 17 million self-employed individuals to pay an additional 15.3 percent in taxes on the cost of their health insurance premiums.
- NASE President Robert Hughes testified before Congress on several causes of increasing health insurance premiums for small businesses. These included the minimization of insurance carriers due to consolidation, the concern of high risk in this small-group segment, and excessive state regulation.



Learning your legislator's position on issues: **Free on www.NASE.org**

Round-trip flight to Washington, D.C., to meet your Senator: **\$463**

Full-time advocacy staff fighting for your interests everyday: **Priceless**

NASE Benefits Save Money

NASE Membership offers savings to its members through discount affinity programs. In 2007, the potential savings of an NASE Membership reached new heights: over \$14,600!

	Benefit	Potential Savings Through The NASE
Business	ABCs of Finance	\$ 550
	Association 105 [®] HRA	\$ 150
	E-Commerce Set-Up	\$ 1,448
	Legal Club of America	\$ 300
Lifestyle	Life Insurance Coverage	\$ 34
	Accidental Death Benefits	\$ 60
	Hotel Savings Program	\$ 72
	Motor Plan	\$ 65
Health	Assist America [®]	\$ 104
	Hospital Confinement and ER Benefits	\$ 351
	TelaDoc [™]	\$ 558
	Vision Discount Program	\$ 380
Total savings for just these benefits		\$ 4,072

“I toot my horn to all my small-business associates about how much NASE has helped me and have told them all to join.”

– Missy Axton-Wryn,
2007 Business Development Grant Winner

Leadership Directs NASE Advances

The NASE board of directors sets all policy and determines the direction of the association.



Michael Beene

In over 20 years of private law practice, Mr. Beene tried in excess of 100 jury cases to verdict. After partnerships in two Dallas law firms, Mr. Beene operated his own trial firm for five years. Mr. Beene is board certified in civil trial law and a member of the American Board of Trial Advocates.



John Crowder, Jr., M.D.

A physician with 36 years experience, Dr. Crowder specializes in ophthalmology. He has held various leadership roles in the medical community, including director of an emergency room, chief of staff of a community hospital, and positions on the boards of a foundation and eye surgery center.



James Hambuchen

Currently serving as board treasurer, Mr. Hambuchen has held various leadership positions on the NASE board of directors, including chair. His small-business experience spans 31 years, largely through ownership of an electrical contracting company.



Robert Hughes

As president of the NASE, Mr. Hughes brings to the board 20 years experience as a small-business owner. His work as a certified public accountant provides him with an in-depth understanding of many of the issues facing the self-employed. Hughes is also the past secretary-treasurer and has served on the NASE board since 1986.



Charles Montgomery

Mr. Montgomery brings to the board of directors 32 years sales, marketing and management experience in the insurance industry.



John Wright

Mr. Wright created, developed and managed his own business center/travel agency for 15 years. Prior experiences include 22 years within the air transportation industry where he has held various positions in sales and management. Mr. Wright is chair of the NASE board of directors.

Financial Report NASE, Inc. Balance Sheet, December 31, 2007

Assets

Cash	\$ 6,333,105
Equipment Net Of Depreciation	\$ 133,525
Prepaid Expenses	\$ 58,708
Other Assets	\$ 1,546,142

Total Assets \$ 8,071,480

Liabilities And Fund Balances

Accrued Liabilities	\$ 104,755
Total Liabilities	\$ 104,755
Unrestricted Fund Balance	\$ 7,966,725

Total Liabilities And Fund Balance \$ 8,071,480

Statement Of Revenues, Expenses And Changes in Fund Balance

Revenue

Membership Dues And Fees	\$ 5,000,004
Other Income	\$ 152,690

Total Revenues \$ 5,152,694

Expenses

General Administration	\$ 514,430
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Total Expenses \$ 3,303,579

Net Change In Fund Balance	\$ 1,849,115
Fund – Beginning Of Year	\$ 6,117,610
Fund – End Of Year	\$ 7,966,725



**National Association
for the Self-Employed**
P.O. Box 612067
DFW Airport, TX 75261-2067
800-232-NASE
www.NASE.org

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for the Self-Employed

NATIONAL ASSOCIATION FOR THE SELF-EMPLOYED, INC.

We have received your filing regarding the above named association group. To determine if this organization is a qualified group under our statutes, please provide the answers to the following questions:

1. Name and address of the group.
**National Association for the Self-Employed, Inc.
Capital Center
1235 S. Main Street, Suite 100
Grapevine, Texas 76051**
2. Is this group incorporated? If so, give state of incorporation.
Yes, as of March 3, 1981 in the state of Texas.
3. Is there a current office in Arkansas?
No office, however there are likely members in Arkansas.
4. Does the Arkansas part of the organization have any officers, committees, or chapters? If so, give details. **No**
5. Are annual dues charged? If so, specify amount.
Yes, \$120 - \$480
6. What are the specific activities of the organization?
Information regarding the specific activities of the organization is attached via the most recent annual statement. These activities include legislative advocacy on key issues affecting the self-employed and micro-businesses, providing consultants to answer business related questions, publishing materials to educate and inform members and providing information and access to benefits promoting the health and financial security of micro-business owners.
7. What qualifies an individual for membership?
See attached By-laws: The laws define the qualification for membership as follows: Membership shall consist of persons who are interested in and supportive of the purposes for which the corporation was organized. The articles provide that the corporation will be exclusively administered and operated to inform and educate American citizens on the self-employed, to educate the self-employed and to engage in non-partisan research. The Articles of Incorporation are attached.
8. How are members recruited? **Web, radio, face to face.**
9. Also, enclose a list of dues paying members residing in Arkansas with full addresses. If the organization considers this privileged information, we will treat it as such and once it has served our purpose, it will be destroyed. **Attached is a list, please treat as confidential.**
10. Please attach a copy of the organization's most recent financial statement. **Attached is our most recent Annual statement, please treat as confidential.**
11. Does the organization receive any compensation of any kind from the insurer issuing contracts to its members? **No.**