



B Y L A W S

of the

Tri-Counties Association of REALTORS®

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ARTICLE I - NAME
(REQUIRES VERBATIM ADOPTION BY MEMBER ASSOCIATIONS)

Section 1. Name. The name of this organization shall be TRI-COUNTIES ASSOCIATION OF REALTORS® (hereinafter referred to as the "A.O.R."). The term "Association" is used when referring to any Association of REALTORS®.

Section 2. REALTOR® Membership Mark in Name of Association. Inclusion and retention of the registered collective membership mark "REALTORS®" in the name of the A.O.R. shall be governed by the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS® (hereinafter "NAR") as from time to time amended.

ARTICLE II - OBJECTIVES

Section 1. Objectives. The objectives of the A.O.R. are:

(a) To unite those engaged in the recognized branches of the real estate profession for the purpose of exerting a beneficial influence upon the profession and related interests. The "recognized branches of the real estate profession" include buying, selling, exchanging, renting or leasing, managing, counseling, appraising for others for compensation, building, developing or subdividing real estate.

(b) To promote and maintain high standards of conduct in the real estate profession as expressed in the Code of Ethics of NAR (hereinafter "Code of Ethics").

(c) To provide a unified medium for real estate owners and those engaged in the real estate profession whereby their interests may be safeguarded and advanced.

(d) To further the interests of home and other real property ownership.

(e) To unite those engaged in the real estate profession in this community with the CALIFORNIA ASSOCIATION OF REALTORS® (hereinafter "C.A.R.") and NAR thereby furthering their own objectives throughout the state and nation and obtaining the benefits and privileges of membership therein.

(f) To designate, for the benefit of the public, those individuals within the state of California authorized to use the terms REALTOR® and REALTORS® as licensed, prescribed, and controlled by NAR.

ARTICLE III - NATIONAL AND STATE MEMBERSHIPS
(REQUIRES VERBATIM ADOPTION BY MEMBER ASSOCIATIONS - {Sections 1-3})

Section 1. Association Membership in NAR and C.A.R. The A.O.R. shall be a member of NAR and C.A.R. as defined in the governing documents of NAR and C.A.R. By reason of the A.O.R.'s membership in NAR and C.A.R., each REALTOR® member of the A.O.R. shall be entitled to membership in NAR and C.A.R. without further payment of dues. The A.O.R. shall continue as a member of NAR and C.A.R., unless by a majority vote of all of its REALTOR® members the decision is made to withdraw, in which case NAR and C.A.R. shall be notified in writing at least one month in advance of the date designated for the termination of the A.O.R.'s membership.

Section 2. Ownership and Use of REALTOR® Membership Marks. The A.O.R. recognizes the exclusive property rights of NAR in the terms REALTOR® and REALTORS®. The A.O.R. may use the terms while it is a member in good standing of NAR. The A.O.R. shall discontinue use of the terms in any form in its name, upon ceasing to be a member of NAR, or upon a determination by the Board of Directors of NAR that it has violated the conditions imposed upon use of the terms.

Section 3. Adoption & Enforcement of NAR Code of Ethics; Compliance with NAR & C.A.R. Governing Documents & Policies. The A.O.R. adopts the NAR Code of Ethics and agrees to enforce the Code of Ethics among its REALTOR® members. The A.O.R. and all of its members agree to abide by the Constitution, Bylaws, Rules and Regulations, Code of Ethics, and policies of NAR and C.A.R.

Section 4. Other Association Rules, Regulations & Policies. The A.O.R. may adopt any Rules and Regulations or policies not inconsistent with the Constitution, Bylaws, Rules and Regulations, Code of Ethics, and policies of NAR and C.A.R. and these Bylaws. Any inconsistencies between the A.O.R.'s Rules and Regulations or policies and the Bylaws of the A.O.R. (hereinafter "Bylaws") shall be controlled by the Bylaws.

ARTICLE IV - JURISDICTION

Section 1. Description of Jurisdiction. The territorial jurisdiction of the A.O.R. as a member of NAR is:

Northern Boundary: beginning at the intersection of the north line of Section 12, Township 2 South, Range 9 West, with the San Bernardino County line; thence northwesterly following the southern boundary of the City of Pomona as it exists May 1, 1981, paralleling the southwest line of Rancho San Jose to its approximate intersection with the 57 Freeway; thence southwesterly paralleling the 57 Freeway to the south line of Frank D. Lanterman State Hospital and Developmental Center boundary; thence northwesterly along said boundary to its intersection with the Union Pacific Railroad right of way which shall then be followed to the southernmost boundary of Lanterman State Hospital and continuing to the easternmost point and boundary to its intersection with the Southern Pacific Railroad Mainline to Yuma, which shall then be followed south and westerly along its south side to its intersection with La Puente Rancho eastern boundary line, which is approximately at the intersection of Brea Canyon Road with Valley Boulevard and/or the Southern Pacific right of way; thence south and westerly along the south side of Southern Pacific right of way to a point 200 feet west of the extension of Pass and Covina Road; thence west paralleling Valley Boulevard to a point 200 feet west of the extension of Anaheim-Puente Road; thence south along the extension of Anaheim-Puente Road to a point 200 feet north of the UPRR track; thence running west paralleling the UPRR track to its intersection with the Pomona Freeway; thence westerly along a line 200 feet north and parallel to the Pomona Freeway to the intersection of the summit of Puente Hills. Thence following the summit of Puente Hills in a southeasterly direction to the intersection of the northerly prolongation of Valley Home Avenue with said summit, or which summit is north of Las Palomas Drive. Thence easterly along said summit to the

intersection of Skyline Drive and Hacienda Boulevard (2500 block) and continuing due east to the point of intersection with the prolongation of Berry Street, which is south and east of termination of Native Avenue, thence south to the intersection of Orange County line; thence easterly along said Orange County line to its intersection with San Bernardino County line. Thence along said San Bernardino County line to the point of beginning. All within the communities of Hacienda Heights, Rowland Heights, Walnut, and Diamond Bar within the county of Los Angeles, California.

Section 2. Jurisdictional Rights. Territorial jurisdiction is defined to mean the right and duty to control the use of the terms REALTOR® and REALTORS® subject to the conditions set forth in the Bylaws and those of NAR, and to protect and safeguard the property rights of NAR in those terms.

ARTICLE V - MEMBERSHIP, QUALIFICATION, APPLICATION AND ACCEPTANCE
(REQUIRES VERBATIM ADOPTION BY MEMBER ASSOCIATIONS - {Sections 1-3; 11-12})

Section 1. Classes of Membership. There shall be six (6) classes of membership: (1) REALTOR® Members; (2) Institute Affiliate Members; (3) Affiliate Members; (4) Public Service Members; (5) Honorary Members; and (6) Student Members.

Section 2. Qualifications for REALTOR® Members.

2.1 REALTOR® members, whether primary or secondary, who are principals, (“principals” are defined, herein and throughout these bylaws when this terminology is used, as sole proprietors, partners, corporate officers or branch office managers of real estate firms) shall:

(a) Maintain a current, valid California real estate broker or salesperson license or California real estate appraisal certification or license; and

(b) Act as a sole proprietor, partner, corporate officer of a real estate firm or office manager of a real estate firm acting on behalf of the firm’s principal(s); and

(c) Remain actively engaged in the real estate profession, (“engaged in the real estate profession” is defined, herein and throughout these bylaws when this terminology is used, as buying, selling, exchanging, renting or leasing, managing, counseling, appraising for others for compensation, building, developing or subdividing real estate); and

(d) Maintain or be associated with a real estate office located within the state of California or a state contiguous thereto; and

(e) Have no record of official sanctions rendered by the courts or other lawful authorities for (i) violations of civil rights laws or real estate license laws within the past three years or (ii) criminal convictions within the past ten years where the crime was punishable by death or imprisonment in excess of one year under the law under which the applicant was convicted (ten years is measured from the date of the conviction or the release of the applicant from the confinement imposed for that conviction, whichever is the later date).

2.2 REALTOR® members, whether primary or secondary, other than principals, shall:

- (a) Maintain a current, valid California real estate broker or salesperson license or California real estate appraisal certification or license; and
- (b) Remain actively engaged in the real estate profession; and
- (c) Remain employed by or affiliated as an independent contractor with a REALTOR® member who meets the requirements in Section 2.1 of this Article V for any Association in California or a state contiguous thereto; and
- (d) Have no record of official sanctions rendered by the courts or other lawful authorities for (i) violations of civil rights laws or real estate license laws within the past three years or (ii) criminal convictions within the past ten years where the crime was punishable by death or imprisonment in excess of one year under the law under which the applicant was convicted (ten years is measured from the date of the conviction or the release of the applicant from the confinement imposed for that conviction, whichever is the later date).

2.3 REALTOR® members may be franchise corporate officers under the following circumstances: franchise corporate officers of real estate brokerage franchise organizations with at least one hundred fifty franchisees located within the United States, its insular possessions and the commonwealth of Puerto Rico, may be elected to membership pursuant to the Constitution and Bylaws of NAR (hereinafter "Franchise Corporate Officers"). Franchise Corporate Officers may or may not be licensed for California real estate broker or salesperson or appraisal activities. Franchise Corporate Officers shall enjoy all of the rights, privileges and obligations of REALTOR® membership, including compliance with the Code of Ethics, except: obligations related to A.O.R. mandated education, meeting attendance, or indoctrination classes or other similar requirements, if any; the right to use the term REALTOR® in connection with their franchise organization's name; and the right to hold elective office in the A.O.R., C.A.R., and NAR.

2.4 Each firm shall designate in writing one "Designated REALTOR®" member who shall be responsible for the conduct of individuals affiliated with the firm and accountable to the A.O.R. for all duties and obligations of A.O.R. membership, including, but not limited to, certification as set forth in Article VI, Section 10. The "Designated REALTOR®" must be the sole proprietor, partner, corporate officer or an office manager acting on behalf of the firm's principal(s) and must have the authority to bind the firm in arbitrations and must meet all the other qualifications for REALTOR® membership set forth in Article V, Sections 2.1 of these Bylaws.

2.5 Association of Choice.

(a) Primary Membership. Licensees affiliated with a REALTOR® firm may choose as their "primary" Association any Association within California where the firm maintains a "Designated REALTOR®." An individual is a primary member of the A.O.R. if the A.O.R. pays C.A.R. and NAR dues based on such member. One of the principals in a real estate firm must be a Designated REALTOR® of the A.O.R. in order for the licensees affiliated with the firm to select the A.O.R. as the "primary" Association.

(b) Secondary Membership. A REALTOR® who has joined another Association as a primary member may join this A.O.R. as a secondary member. There need not be a Designated REALTOR® member of this A.O.R. for licensees to select this A.O.R. as their secondary Association. The conditions for secondary membership shall be no more stringent than for primary membership, and the privileges of membership shall be the same including the right to vote and hold office.

2.6 Each principal of the real estate firm who is actively engaged in the real estate profession within California or within a state contiguous thereto shall be required to become a REALTOR® member if any other principal of such firm, partnership or corporation is a REALTOR® member within those states. Each is required to hold REALTOR® membership individually in a local Association in California if they meet all the other qualifications set forth in Article V, Sections 2.1, 2.2, or 2.3 of the Bylaws (except as provided in Section 2.7). Each principal of the real estate firm or franchise corporate officers shall be ineligible for any class of membership other than REALTOR® membership unless they otherwise qualify for Institute Affiliate membership as described in Article V, Section 3.

2.7 In the case of a real estate firm, partnership or corporation whose business activity is substantially all commercial, only those principals actively engaged in the real estate profession in connection with the same office, or any other offices within the jurisdiction of the A.O.R. in which one of the firm's principals holds REALTOR® membership, shall be required to hold REALTOR® membership unless otherwise qualified for Institute Affiliate Membership as described in Article V, Section 3.

Section 3. Qualifications for Institute Affiliate Members. Institute Affiliate members shall be individuals who hold a professional designation awarded by an Institute, Society or Council affiliated with the NAR that addresses a specialty area other than residential brokerage or individuals who otherwise hold a class of membership in such Institute, Society or Council that confers the right to hold office. Any such individual, if otherwise eligible, may elect to hold REALTOR® membership subject to payment of applicable dues for such membership.

Section 4. Qualifications for Affiliate Members. Affiliate members shall be real estate owners, and other individuals or firms engaged in activities related to the real estate profession, who do not qualify for REALTOR® membership. Affiliate members have interests requiring information concerning real estate and sympathy with the objectives of the A.O.R.

Section 5. Qualifications for Public Service Members. Public Service members shall be those members who maintain an interest in the real estate profession as employees or affiliates of educational, public utility, governmental or other similar organizations and are not engaged in the real estate profession on their own account or with an established real estate business.

Section 6. Qualifications of Honorary Life Members. The Board of Directors may confer Honorary Life Membership to those REALTOR® members of the Association

recognized as individuals who have (1) faithfully served the A.O.R. and maintained active REALTOR® membership in the A.O.R. for a minimum of fifteen (15) continuous years, or (2) served at least one full term as President of the A.O.R.. The Board of Directors shall confer no more than two Honorary Life Memberships in any year.

Section 7. Qualifications for Student Members. Student members shall be students enrolled in an undergraduate or graduate degree program at an institution of higher education with a specialization or major in real estate, or who are seeking to obtain a real estate license or appraiser's license but who are not eligible for REALTOR® membership.

Section 8. Membership Application.

8.1 Contested Application.

(a) If one or more of the Directors or if staff object to the approval of the application, basing such objection on lack of qualification as set forth in these Bylaws, the staff shall invite any objecting member to appear and substantiate his or her objections. Objections which are not substantiated shall be totally disregarded. The staff must: (a) inform the applicant in advance, in writing, of any objections and identify the objecting member; and (b) give the applicant an opportunity to appear before the Board of Directors to establish his or her qualifications. The Board of Directors or staff may also request "core" information as defined in Article V, Section 7, from any Association of which the applicant was previously a member. The staff shall thereafter make a written report of its findings. The staff shall conduct all proceedings with strict attention to the principles of due process and compliance with these Bylaws.

(b) Within twenty (20) days, the staff shall report its recommendation to the applicant and Board of Directors in writing. If the recommendation is to reject the application, the reasons shall be specifically stated.

(c) The Board of Directors shall review the qualifications of the applicant and the recommendations of the staff and then vote on the applicant's eligibility for membership. If the applicant appears he or she may be represented by counsel, call witnesses on his or her behalf and make such statements as he or she deems relevant. Whether or not the applicant is represented by counsel, the Board of Directors may have counsel present. If the applicant receives a majority vote of the Board of Directors, he or she shall be declared accepted as a member and shall be advised by written notice. An application for Institute Affiliate Membership shall be acted upon by the Board of Directors within forty-five (45) days from the date of application for membership.

(d) If the Board of Directors determines that the application should be rejected, it shall record its reasons. If the Board of Directors believes that denial of membership to the applicant may become the basis of litigation and a claim of damage by the applicant, it may specify that denial shall become effective upon entry in a suit by the Association for a declaratory judgment by a court of competent jurisdiction of a final judgment declaring that the rejection violates no rights of the applicant.

(e) The Board of Directors, through its staff or otherwise, may grant "provisional" membership to an applicant in instances where the applicant for

membership has unsatisfied discipline pending in another Association , provided all other qualifications for membership have been satisfied. Provisional members shall be considered REALTORS® and shall be subject to all of the same privileges and obligations of REALTOR® membership. The Board of Directors may reconsider the membership status of provisional members when all unsatisfied discipline has been resolved or if such matters are not resolved within six (6) months from the date that provisional membership is approved. At the time of reconsideration, if the Board of Directors determines that the individual has not satisfactorily resolved the unsatisfied discipline, at the discretion of the Board of Directors, membership may be terminated.

8.2 Uncontested Applications. If the Association receives no objections to an application for membership, and upon completion of the membership requirements set forth in these Bylaws and/or Association policies, the applicant shall automatically be deemed accepted into membership.

(a) Each applicant for membership shall submit an application in such manner and form as may be prescribed by the A.O.R. Board of Directors (hereinafter “Board of Directors”). The Board of Directors may, in its discretion, prescribe a specific application for Affiliate Members. Applicants shall give their consent that the Board of Directors, through the A.O.R.’s staff (hereinafter “staff”) or otherwise, may obtain information about the applicant from any member, other persons or Associations and that any information furnished to the Board of Directors by any member, person, or Association shall not form the basis of any action for slander, libel or defamation of character. The Board of Directors, through its staff or otherwise, may consider the following in determining an applicant’s qualifications for membership: (1) all final findings of NAR Code of Ethics violations and violations of other membership duties in any other Association within the past three (3) years; (2) pending ethics complaints or hearings; (3) unsatisfied discipline pending; (4) pending arbitration requests or hearings; (5) unpaid arbitration awards or unpaid financial obligations to any other Association or Multiple Listing Service (“MLS”).

(b) Applicants for membership shall be familiar with and agree to abide by the Bylaws and Rules and Regulations of the A.O.R., the Bylaws of C.A.R. and the NAR Constitution, Bylaws and Code of Ethics, to the extent they are applicable, and pass such reasonable and nondiscriminatory written examination thereon as may be required by the Board of Directors. Applicants must also attend an orientation program as may be required by the Board of Directors, its staff, or otherwise.

(c) Applicants for REALTOR® membership shall certify that they have no record of official sanctions rendered by the courts or other lawful authorities for (i) violations of civil rights laws or real estate license laws within the past three years or (ii) criminal convictions if (1) the crime was punishable by death or imprisonment in excess of one year under the law under which the applicant was convicted, and (2) no more than ten years have elapsed since the date of the conviction or the release of the applicant from the confinement imposed for that conviction, whichever is the later date, and (3) that they have not been suspended

or expelled from an Association the past three years for violations of the NAR Code of Ethics.

(d) Applicants who are sole proprietors, general partners, corporate officers, or branch office managers (Article V, Section 2) of a real estate firm must disclose: (1) whether they or their firms are subject to any pending bankruptcy proceedings; and (2) whether they or their firms have been adjudged bankrupt within the past three (3) years. If the applicant is party to pending bankruptcy or insolvency proceedings or has been adjudged bankrupt within the past three (3) years, the applicant may be required to pay cash in advance for A.O.R. and MLS fees for up to one (1) year from the date that membership is approved or from the date that the applicant is discharged from bankruptcy, whichever is later. If the Board of Directors determines that such prepayments will not protect the interests of the A.O.R. or its members, such applications may be rejected.

Section 9. Prior Membership Records. The A.O.R. may consider information received from other Association in determining whether an applicant satisfies the A.O.R.'s membership requirements. The A.O.R. may request from any Association where the applicant held prior membership, minimum "core" information including:

- (a) All final findings of Code of Ethics violations and violations of other membership duties within the past three (3) years;
- (b) Pending complaints alleging violations of the Code of Ethics or alleging violations of other membership duties;
- (c) Incomplete or (pending) disciplinary measures;
- (d) Pending arbitration requests (or hearings);
- (e) Unpaid arbitration awards or unpaid financial obligations to the Association or its MLS; and
- (f) Any misuse of the term REALTOR® or REALTORS® in the name of the applicant's firm.

NOTE: Article IV, Section 2, of the NAR Bylaws prohibits a Member A.O.R. from knowingly granting REALTOR® membership to any applicant who has an unfulfilled sanction pending which was imposed by another Association for violation of the Code of Ethics, whether learned through C.A.R. Ethics Check or otherwise.

Section 10. Application Review and Acceptance. If the A.O.R. does not have a standing Membership Committee, the A.O.R.'s Executive Office/staff may act in this capacity. The staff shall determine whether the applicant is applying for the appropriate class of membership. It shall then give notice to the Board of Directors of such application and invite written comment. The procedure for contested and uncontested applications shall be as follows:

Section 11. New Member Code of Ethics Orientation. Applicants for REALTOR® membership and provisional REALTOR® members (where applicable) shall complete an orientation program on the Code of Ethics, meeting the minimum criteria established by NAR for new member ethics training. This requirement does not apply to applicants for REALTOR® membership or provisional members who have completed comparable orientation in another Association, provided that REALTOR® membership has been continuous, or that any break in membership is for one year or less. Failure to

satisfy this requirement within _____ days of the date of application (or, alternatively, the date that provisional membership was granted), will result in denial of the membership application or termination of provisional membership.

Section 12. Continuing Member Code of Ethics Training. Every three-year period, starting with the period from January 1, 2019, through December 31, 2021, and for successive three-year periods thereafter, each REALTOR® member of the A.O.R. shall be required to complete a course on the Code of Ethics, meeting the minimum criteria established by NAR for ethics training. This requirement will be satisfied upon presentation of documentation that the member has completed such course of instruction conducted by this or another REALTOR® Association, C.A.R. or NAR, which meets the learning objectives and minimum criteria established by NAR from time to time. REALTOR® members who have completed training as a requirement of membership in another Association and REALTOR® members who have completed the New Member Code of Ethics Orientation during any three-year cycle shall not be required to complete additional ethics training until a new three-year period commences.

Failure to satisfy this requirement shall be considered a violation of a membership duty and will result in suspension of membership for the first two months (January and February) of the year following the end of any three-year cycle or until the requirement is met, whichever occurs sooner. On March 1 of that year, the membership of a member who is still suspended as of that date for failure to complete the training requirement will be automatically terminated.

Section 13. Status Changes.

(a) A REALTOR® member who changes the conditions under which he or she holds-membership shall be required to provide written notification to the A.O.R. within thirty (30) days. A non-principal REALTOR® who becomes a principal in the firm with which he or she has been licensed or becomes a principal in a new firm which will be comprised of REALTOR® principals, may be required to satisfy any previously unsatisfied membership requirements applicable to principal REALTOR® members. During the period of transition from one status of membership to another, such member shall be subject to all of the privileges and obligations of a principal REALTOR® member. The Board of Directors, at its discretion, may waive any qualification which the member has already fulfilled in accordance with these Bylaws. If the REALTOR® does not satisfy the requirements established in the Bylaws for the category of membership to which he or she has transferred within thirty (30) days of the date he advised the A.O.R. of the change in his or her status, the application for change of status will terminate automatically unless otherwise directed by the Board of Directors.

(b) If the licensed status of a member is terminated, his or her membership in the A.O.R. shall terminate automatically. If member ceases to meet any other ongoing qualification of membership, his or her membership may be terminated by the Board of Directors. Each member shall have the affirmative duty to notify the A.O.R. of any changes in his or her license status.

(c) Any application fee related to a change in membership status shall be reduced by an amount equal to any application fee previously paid by the applicant. Dues shall be prorated from the first day of the month in which the

member is notified of acceptance by the Board of Directors of the change in status and shall be based upon the new membership status for the remainder of the year.

Section 14. Resignation. Resignation of a member shall become effective when received in writing by the Board of Directors; provided, however, that if member submitting the resignation is indebted to the A.O.R. for dues, fees, fines or other assessments of the A.O.R. or any of its services, departments, divisions or subsidiaries, the A.O.R. may condition the right of the resigning member to reapply for membership upon payment in full of all such monies owed.

Section 15. Member in Good Standing. Notwithstanding anything to the contrary contained herein, a person shall not be eligible for membership nor considered to be in good standing or eligible for continued membership if said person, or a firm for which he is a designated broker, owner, or majority shareholder, is delinquent or in default as to any obligation to the A.O.R., including but not limited to, rental or additional payments, performance of any contractual obligation, travel expenses, or satisfaction of any judgment entered by a court of law.

Section 16. Inactivation and Reactivation of Membership. REALTOR® members, Institute Affiliate Members, and Affiliate Members may become inactive or reactivate their membership or take a leave of absence as follows:

(a) Inactivation. Upon written notification to the A.O.R., a member in good standing may inactivate their membership for a period of up to one (1) year. If the member is not in good standing at the time of inactivation, there shall be no grace period for reactivation. The inactive member shall have no rights or privileges as a member during the period of inactivation.

(b) Reactivation. A member who was in good standing at the time of inactivation may reactivate their membership by paying the required dues and fees. If the member's period of inactivation exceeds one (1) year, or the member was not in good standing at the time of inactivation, they may reapply for membership in the manner prescribed for new applicants, in addition to paying any balance which was outstanding at the time of inactivation.

Section 17. Leave of Absence. Upon written notification to the A.O.R., a member in good standing may take a leave of absence from membership for a period of up to six (6) months. During the leave, the member shall have no rights or privileges as a member. However, a member may continue to have his or her real estate license held by the same real estate broker with whom the member was affiliated at the time the leave began. A member shall not be actively engaged in the real estate business with any firm during the period of leave. Upon reinstatement, the member shall pay appropriate dues and fees.

ARTICLE VI - PRIVILEGES AND DUTIES OF MEMBERSHIP
***(REQUIRES VERBATIM ADOPTION BY MEMBER ASSOCIATIONS - {Sections 1, 2
(a), 4, 5 (a)-(c), 6})***

Section 1. Member Compliance with Bylaws, Policies, Rules and Regulations. It shall be the duty of every member of the A.O.R. to safeguard and promote the standards, interests, and welfare of the A.O.R. and the real estate profession, and to protect against conduct that may cause a lack of public confidence in the real estate profession or REALTORS®. REALTOR® members also must abide by the governing documents and policies of the A.O.R., C.A.R., and NAR, as well as the Code of Ethics of NAR, including the duty to arbitrate controversies arising out of real estate transactions as specified by Article 17 of the Code of Ethics. Any member of the A.O.R. may be reprimanded, fined, placed on probation, suspended, or expelled by the Board of Directors for a violation of the governing documents and policies of the A.O.R. If a hearing is required it shall be held in accordance with the *California Code of Ethics and Arbitration Manual*.

Every REALTOR® member shall maintain a high level of integrity and adhere to the A.O.R.'s membership criteria. Any violent act or threat of violence to person or property, hateful conduct, or acts of moral turpitude impacting the public shall not be tolerated and may be cause for disciplinary action, up to and including termination of membership.

Although only REALTOR® members are subject to the Code of Ethics and its enforcement by the A.O.R., all members are encouraged to abide by the principles established in the Code of Ethics and conduct their business and professional practices accordingly. Further, any non-REALTOR® member may, upon recommendation of a hearing panel of the Professional Standards Committee, be subject to discipline as described above, for any conduct, which in the opinion of the Board of Directors, reflects adversely on the real estate industry or the terms REALTOR® or REALTORS® and for conduct that is inconsistent with or adverse to the objectives and purposes of this A.O.R., C.A.R. or NAR.

Section 2. Member Discipline.

(a) ANY MEMBER OF THE A.O.R. MAY BE REPRIMANDED, PLACED ON PROBATION, SUSPENDED OR EXPELLED FOR HARASSMENT OF AN A.O.R. OR MLS EMPLOYEE OR A.O.R. OFFICER OR DIRECTOR AFTER AN INVESTIGATION IN ACCORDANCE WITH THE PROCEDURES OF THE A.O.R.. AS USED IN THIS SECTION, HARASSMENT MEANS ANY VERBAL OR PHYSICAL CONDUCT INCLUDING THREATENING OR OBSCENE LANGUAGE, UNWELCOME SEXUAL ADVANCES, STALKING, ACTIONS INCLUDING STRIKES, SHOVES, KICKS, OR OTHER SIMILAR PHYSICAL CONTACT, OR THREATS TO DO THE SAME, OR ANY OTHER CONDUCT WITH THE PURPOSE OR EFFECT OF UNREASONABLY INTERFERING WITH AN INDIVIDUAL'S WORK PERFORMANCE BY CREATING A HOSTILE, INTIMIDATING OR OFFENSIVE WORK ENVIRONMENT. THE DECISION OF THE APPROPRIATE DISCIPLINARY ACTION TO BE TAKEN SHALL BE MADE

BY THE INVESTIGATORY TEAM COMPRISED OF THE PRESIDENT, PRESIDENT-ELECT AND ONE MEMBER OF THE BOARD OF DIRECTORS SELECTED BY THE HIGHEST-RANKING OFFICER NOT NAMED IN THE COMPLAINT, UPON CONSULTATION WITH COUNSEL FOR THE A.O.R.. DISCIPLINARY ACTION MAY INCLUDE ANY SANCTION AUTHORIZED IN THE A.O.R.'S CODE OF ETHICS AND ARBITRATION MANUAL. IF THE COMPLAINT NAMES THE PRESIDENT OR PRESIDENT-ELECT, THEY MAY NOT PARTICIPATE IN THE PROCEEDINGS AND SHALL BE REPLACED BY THE IMMEDIATE PAST PRESIDENT OR, ALTERNATIVELY, BY ANOTHER MEMBER OF THE BOARD OF DIRECTORS SELECTED BY THE HIGHEST RANKING OFFICER NOT NAMED IN THE COMPLAINT.(b) Any REALTOR® member of the A.O.R. may be disciplined by the Board of Directors for violations of the Code of Ethics or other duties of membership after a hearing as described in the *California Code of Ethics and Arbitration Manual*, provided that the discipline imposed is consistent with NAR policy as set forth in the *California Code of Ethics and Arbitration Manual*.

Section 3. DRE Discipline/Power to Take Disciplinary Action. Upon the effective date of a suspension or revocation of a member's license by the Department of Real Estate ("DRE"), said member's membership in the A.O.R. shall automatically terminate. Any member issued a restricted real estate license shall notify the A.O.R. within one (1) business day of receiving notification, whether oral or written, of the restricted license and said membership shall be placed in a probationary status and referred to the Board of Directors for review and possible referral to the Grievance Committee to determine whether there exists a possibility of a violation of the Code of Ethics. The Designated REALTOR® of the affected member shall be required to notify the A.O.R. within one (1) business day of any final action taken by the DRE against the Designated REALTOR® or any licensee who was affiliated with the Designated REALTOR® or firm at the time of the act giving rise to the action taken by the DRE. Affiliate members are exempted from the provisions of this section.

Section 4. Resignation with Pending Arbitration or Disciplinary Hearing. If a member resigns from the A.O.R. or otherwise causes membership to terminate with a disciplinary complaint pending, the complaint shall be processed until the decision of the A.O.R. with respect to disposition of the complaint is final by this A.O.R. (if respondent does not hold membership in any other Association) or by any other Association in which the respondent continues to hold membership. If an ethics respondent resigns or otherwise causes membership in all Associations to terminate before an ethics complaint is filed alleging unethical conduct occurred while the respondent was a REALTOR®, the complaint, once filed, shall be processed until the decision of the Association with respect to disposition of the complaint is final. In any instance where an ethics hearing is held subsequent to an ethic respondent's resignation or membership termination, any discipline ratified by the Board of Directors shall be held in abeyance until such time as the respondent rejoins an Association of REALTORS®.

If a member resigns or otherwise causes membership to terminate, the duty to submit to arbitration continues in effect even after membership lapses or is terminated provided that the dispute arose while the former member was a member.

Section 5. Voting Rights and Eligibility for Elective Office. Only REALTOR® members, whether primary or secondary, in good standing are entitled to vote and to hold elective office in the A.O.R. Proxy voting is not allowed. For the purposes of these bylaws, the term “good standing” means the member satisfies the obligations of REALTOR® members set forth in Article VI, Section 1, is current with all financial and disciplinary obligations to the A.O.R. and MLS, has completed any new members requirements, and complies with NAR’s trademark rules.

Section 6. Privileges and Duties of REALTOR® Members.

(a) It shall be the duty and responsibility of every REALTOR® member of this A.O.R. to abide by the Constitution and Bylaws of C.A.R., the Constitution and Bylaws of NAR and to abide by the Code of Ethics as set forth in Article VI, Section 1 of these Bylaws.

(b) REALTOR® members have the primary responsibility to safeguard and promote the standards, interests and welfare of the A.O.R. and the real estate profession.

(c) REALTOR® members in good standing may use the terms REALTOR® and REALTORS® subject to the provisions of Article VIII.

(d) If a REALTOR® member who is a sole proprietor, principal in a firm, partner in a partnership, officer of a corporation, or branch office manager is suspended or expelled, his or her firm, partnership or corporation shall not use the terms REALTOR® or REALTORS® in connection with its business during the period of suspension or expulsion and the membership of all other principals, partners or corporate officers shall suspend or terminate during the period of suspension or expulsion, unless: (1) the disciplined member severs his or her connection with the firm, partnership or corporation; or (2) the disciplined member relinquishes management control of the firm.

The membership of REALTORS® who are employed or affiliated as independent contractors with the disciplined member shall suspend or terminate during the period of suspension or expulsion unless: (1) the disciplined member severs his or her connection with the firm, partnership or corporation; (2) the disciplined member relinquishes management control of the firm; or (3) the non-principal REALTOR® member elects to sever his or her connection with the disciplined member and affiliates with another REALTOR® member in good standing in the association. If a REALTOR® member other than a sole proprietor in a firm, partner in a partnership, officer of a corporation or branch office manager is suspended or expelled, the use of the terms REALTOR® or REALTORS® by the firm, partnership or corporation shall not be affected.

Removal of an individual from any form or degree of management control must be certified to the A.O.R. by the disciplined member and by the individual who is assuming management control. The signatures on such certification must be notarized.

The foregoing is not intended to preclude a suspended or expelled member from functioning as an employee or independent contractor, provided no management control is exercised.

(e) In any action taken against a principal REALTOR® member for suspension or expulsion, notice of such action shall be given to all REALTORS® employed by or affiliated as independent contractors with such REALTOR® member and they shall be advised that the provisions in this Article VI, Section 6 shall apply.

Section 7. Privileges and Duties of Institute Affiliate Members. Institute Affiliate members shall have the rights and privileges and be subject to the obligations prescribed by the Board of Directors consistent with the NAR Constitution and Bylaws.

NOTE: Local associations establish the rights and privileges to be conferred on Institute Affiliate Members except that no Institute Affiliate Member may be granted the right to use the term REALTOR® or the REALTOR® logo; to serve as President of the local association; or to be a Participant in the local association's Multiple Listing Service.
(Amended 1/02)

Section 8. Privileges and Duties of Affiliate Members. It shall be the duty and responsibility of every Affiliate member of the A.O.R. to abide by applicable Bylaws and Rules

Section 9. Privileges and Duties of Public Service Members. Public Service members shall have the rights and privileges and be subject to the obligations prescribed by the Board of Directors.

Section 10. Privileges and Duties of Honorary Life Members. An Honorary Life Member shall have the right to vote, hold elective office, and serve on committees and task forces, as long as said member maintains active REALTOR® membership in good standing in the A.O.R.. Said member shall have all of the obligations, privileges, and duties as are required of members in the REALTOR® classification of membership. The local allocation of A.O.R. dues of said member shall be waived for as long as said member remains a member in good standing. If said member ceases to remain a member in good standing, the dues waiver shall be revoked and said member shall be assessed the prorated portion of the current year's allocation of A.O.R. dues. Said member may apply for reinstatement of waiver after one (1) year.

Section 11. Privileges and Duties of Student Members. Student members shall have the rights and privileges and be subject to the obligations prescribed by the Board of Directors.

Section 12. Certification by Designated REALTOR®. Designated REALTORS® shall certify to the A.O.R. upon request, on a form provided by the A.O.R., a complete listing of all individuals licensed or certified under California law with the REALTOR® firm(s) and shall designate the primary Association, if any, for each individual. These declarations shall be used for purposes of calculating dues under Article IX, Section 2 of the Bylaws. Designated REALTOR® members shall also notify the A.O.R. of any additional individual(s) licensed or certified with the firm(s) and of any individual whose affiliation with the firm was severed within five (5) days of the date of affiliation or severance of the individual(s).

ARTICLE VII - PROFESSIONAL STANDARDS AND ARBITRATION
(REQUIRES VERBATIM ADOPTION BY MEMBER ASSOCIATIONS)

Section 1. Professional Standards and Arbitration. The responsibility of the A.O.R. and its members relating to the enforcement of the Code of Ethics, the disciplining of members, the arbitration of disputes, and the organization and procedures incident thereto shall be governed by the *California Code of Ethics and Arbitration Manual*, as published and from time to time amended by C.A.R., which by this reference is made a part of these Bylaws.

Section 2. Member Compliance with NAR and C.A.R. Constitution, Bylaws, Policies, Rules, Regulations, and Code of Ethics. It shall be the duty and responsibility of every REALTOR® member of this A.O.R. to abide by the governing documents and policies of this A.O.R., C.A.R., and NAR, and the Code of Ethics, including the duty to arbitrate controversies arising out of real estate transactions as specified by Article 17 of the NAR Code of Ethics and as further defined and in accordance with the procedures set forth in the *California Code of Ethics and Arbitration Manual* as from time to time amended by C.A.R. By becoming and remaining a member, every REALTOR® member agrees that he or she and the corporation or firm for which he or she acts as a partner, officer, principal, or branch office manager, will submit to arbitration through the A.O.R. all disputes with any other member or member of the public subject to the conditions set forth in the *California Code of Ethics and Arbitration Manual*.

ARTICLE VIII - USE OF THE TERMS REALTOR® AND REALTORS®
(REQUIRES VERBATIM ADOPTION BY MEMBER ASSOCIATIONS)

Section 1. Use and Control of REALTOR® and REALTORS® Membership Marks. Use of the terms REALTOR® and REALTORS® by members shall, at all times, be subject to the provisions of the Constitution and Bylaws of NAR and to the Rules and Regulations prescribed by its Board of Directors. The A.O.R. shall have the authority to control, jointly and in full cooperation with NAR, use of the terms within its jurisdiction. Any misuse of the terms by members is a violation of a membership duty and may subject members to disciplinary action by the Board of Directors after a hearing as provided for in the C.A.R. Code of Ethics and Arbitration Manual.

Section 2. Jurisdictional Limits on Use of REALTOR® Membership Marks. REALTOR® members of the A.O.R. shall have the privilege of using the terms REALTOR® and REALTORS® in connection with their places of business within California, or a state contiguous thereto, so long as they remain REALTOR® members in good standing. No other class of members shall have this privilege.

Section 3. Use of REALTOR® Membership Marks Dependent on Status of Firm Principals.

(a) A REALTOR® member who is a principal of a real estate firm, partnership or corporation may use the terms REALTOR® and REALTORS® only if all the principals of such firm, partnership, or corporation who are actively engaged in the real estate profession within California, or a state contiguous thereto, are REALTOR® members.

(b) In the case of a REALTOR® member who is a principal of a real estate firm, partnership or corporation whose business activity is substantially all commercial, the right to use the term REALTOR® or REALTORS® shall be limited to office locations in which a principal, partner, corporate officer or branch office manager of the firm, partnership or corporation holds REALTOR® membership. If a firm, partnership or corporation operates additional places of business in which no principal, partner, corporate officer or branch office manager holds REALTOR® membership, the term REALTOR® or REALTORS® may not be used in any reference to those additional places of business.

Section 4. Institute Affiliate Members Ineligible to Use REALTOR® Membership Marks. Institute Affiliate members shall not use the terms REALTOR® or REALTORS® nor the imprint of the emblem seal of NAR.

ARTICLE IX - DUES AND ASSESSMENTS

(REQUIRES VERBATIM ADOPTION BY MEMBER ASSOCIATIONS - {Sections 1-2})

Section 1. Application Fee. The Board of Directors may adopt a reasonable application fee for membership in the A.O.R. The application fee for REALTOR® membership shall not exceed three (3) times the amount of the annual dues for REALTOR® membership. The application fee shall be required to accompany each application for membership in the A.O.R. and shall become the property of the A.O.R. upon final approval of the application. The A.O.R. shall collect all C.A.R. and NAR new member and application fees, if any.

Section 2. Dues and Assessments.

(a) The Board of Directors shall determine annually the amount of annual dues and assessments, if any, to be paid by each class of membership.

(b) The dues and assessments of each Designated REALTOR® member shall be a base amount plus an amount multiplied by the number of real estate licensees and licensed or certified appraisers under California law to which he or she certified under Article VI, Section 11, and who: (1) are employed by or affiliated as independent contractors or who are otherwise directly or indirectly licensed or certified with such REALTOR® member; and (2) are not REALTOR® members of any Association within California or a state contiguous thereto or Institute Affiliate members of this A.O.R.. In calculating the dues and assessments payable to the A.O.R. by a Designated REALTOR® member, non-member licensees as defined

in (1) and (2) of this sub-paragraph shall not be included in the computation of dues and assessments if the Designated REALTOR® has paid dues and assessments based on non-member licensees to another Association within the state of California or a state contiguous thereto, provided the Designated REALTOR® notifies the A.O.R. in writing of the identity of the Association to which dues and assessments have been remitted.

(c) In accordance with Article VI, Section 11, the Designated REALTOR® has an affirmative and ongoing duty to keep dues and assessment formulations current and accurate and shall notify the A.O.R. within 30 days of any changes, additions or deletions of any real estate licensees and licensed or certified appraisers employed by or affiliated as independent contractors or who are otherwise directly or indirectly licensed or certified with such Designated REALTOR®.

(d) A REALTOR® with a direct or indirect ownership interest in an entity engaged exclusively in soliciting and/or referring clients and customers to the REALTOR® for consideration on a substantially exclusive basis (“LFRO”) shall annually file with the association on a form approved by the association a list of the licensees affiliated with that entity and shall certify that all of the licensees affiliated with the entity are solely engaged in referring clients and customers and are not engaged in the real estate profession as defined in Article V, Section 2 (c) (buying, selling, exchanging, renting or leasing, managing, counseling, appraising for others for compensation, building, developing or subdividing real estate) and are not participants or subscribers in a Multiple Listing Service (“MLS”). The individuals disclosed on such form shall not be deemed to be licensed with the REALTOR® filing the form for purposes of this Article IX, Section 2 (b) and shall not be included in calculating the annual dues and assessments of the Designated REALTOR®. It shall be considered a violation of a membership duty for a REALTOR® to falsely certify LFRO status. Moreover, the exemption for any licensee included on the certification form for a LFRO shall automatically be revoked upon the individual being engaged in the real estate profession as defined in Article V, Section 2 (c) other than for referrals, or for being a participant or subscriber of any MLS, and dues and assessments for the entire current fiscal year shall be immediately due and payable in full. Licensee may not reapply for a LFRO exemption until the following fiscal year.

(e) A REALTOR® with a direct or indirect ownership interest in an entity engaged in the real estate business which provides services for which a Mortgage Loan Originators (“MLO”) license endorsement is required may annually file with the association, on a form approved by the association, a list of the MLO licensees and certify that the listed licensees (1) have a MLO license or endorsement, (2) are not engaged in the real estate profession as defined in Article V, Section 2 (c) (buying, selling, exchanging, renting or leasing, managing, counseling, appraising for others for compensation, building, developing or subdividing real estate) except for licensed activities for which an MLO is required, and (3) are not participants or subscribers in any MLS. The individuals disclosed on such forms shall not be deemed to be licensed with the REALTOR® filing the form for purposes of this

Article IX, Section 2(b) and shall not be included in calculating the annual dues and assessments of the Designated REALTOR®. It shall be considered a violation of a membership duty for a REALTOR® to falsely certify MLO status. Moreover, the exemption for any licensee, included on the certification form for an MLO exemption, shall automatically be revoked upon the individual being engaged in the real estate profession as defined in Article V, Section 2 (c) other than in those activities for which an MLO license or endorsement is required or upon their joining an MLS, and dues and assessments for the entire current fiscal year shall be immediately due and payable in full. Licensee may not reapply for an MLO exemption until the following fiscal year.

(f) Membership dues and assessments shall be prorated for any licensee included on a certification form submitted to the association who during the same calendar year applies for REALTOR® membership in the association. However, membership dues and assessments shall not be prorated if the licensee held REALTOR® membership during the preceding calendar year.

(g) The annual dues and assessments of REALTOR® members shall not include any allocation for C.A.R. if the member is a member of an Association of C.A.R. and that Association has paid C.A.R. dues and assessments for the member.

(h) The annual dues and assessments of REALTOR® members shall not include any allocation for NAR if the member is a member of an Association of NAR and that association has paid NAR dues and assessments for the member.

(i) In the case of a Designated REALTOR® member in a firm, partnership, or corporation whose business activity is substantially all commercial, any assessments for non-member licensees shall be limited to licensees affiliated with the Designated REALTOR® (as defined in sub-paragraph (b) of this Section) in the office where the Designated REALTOR® holds membership, and any other offices of the firm located within the jurisdiction of this Association.

(j) The annual dues and assessments of each Institute Affiliate Member shall be as established in Article II of the Bylaws of the NATIONAL ASSOCIATION OF REALTORS®.

NOTE: The Institutes, Societies and Councils of the National Association shall be responsible for collecting and remitting dues to the National Association for Institute Affiliate Members (\$75.00). The National Association shall credit \$25.00 to the account of a local association for each Institute Affiliate Member whose office address is within the assigned territorial jurisdiction of that association, provided, however, if the office location is also within the territorial jurisdiction of a Commercial Overlay Board (COB), the \$25.00 amount will be credited to the COB, unless the Institute Affiliate Member directs that the dues be distributed to the other board. The National Association shall also credit \$25.00 to the account of state associations for each Institute Affiliate Member whose office address is located within the territorial jurisdiction of the state association. Local and state associations may not establish any additional entrance, initiation fees or dues for Institute Affiliate Members, but may provide service packages to which Institute Affiliate Members may voluntarily subscribe. (Amended 1/02)

(k) Honorary Life Members. The annual dues of Honorary Life members shall be in an amount applicable only to C.A.R. and NAR, subject to the provisions of Article VI, Section 10. Honorary Life members who are designated REALTORS® shall be subject to the dues formula as stated in Section 2 of this Article IX, less payment of the base amount of local Association dues allocated to said Designated REALTOR®.

(l) NAR REALTOR® Emeriti. The dues of REALTOR® members who are REALTOR® Emeriti (as recognized by the NAR), past presidents and past treasurers of NAR or recipients of the Distinguished Service Award shall be as determined by the Board of Directors. (Amended 11/2013)

NOTE: A Member Board's dues obligation to NAR is reduced by an amount equal to the amount which the A.O.R. is assessed for a REALTOR® member, times the number of REALTOR® Emeriti (as recognized by NAR), past presidents and past treasurers of NAR, and recipients of the Distinguished Service Award of NAR who are REALTOR® members of the A.O.R.. The dues obligation of such individuals to the local A.O.R. should be reduced to reflect the reduction in the A.O.R.'s dues obligation to NAR. The A.O.R. may, at its option, choose to have no dues requirement for such individuals except as may be required to meet the A.O.R.'s obligation to C.A.R. with respect to such individuals. Member Boards should determine whether the dues payable by the A.O.R. to C.A.R. are reduced with respect to such individuals. It should be noted that this does not affect a "designated" REALTOR®'s dues obligation to the A.O.R. with respect to those licensees employed by or affiliated with the "designated" REALTOR® who are not members of the A.O.R.. (Amended 11/2013)

Section 3. Dues Payable. Dues for all members shall be payable annually in advance on the first day of January. Dues shall be computed from the first day of the month in which a new member is notified of acceptance and shall be prorated for the remainder of the year. Any member who initiates bankruptcy proceedings may be placed on a "cash basis" from the date the bankruptcy petition is filed until one (1) year from the date that the member has been discharged from bankruptcy. All dues or fees paid to the A.O.R. are nonrefundable, except for those dues returned to a terminated provisional member as provided in Article V, Section 8.

Section 4. Nonpayment of Financial Obligations.

4.1 Dues. Subject to the provisions of Sections 2 and 3 of this Article IX, the membership and all rights of any member whose dues are not paid by February 15 shall be suspended and a late charge in an amount as determined by the Board of Directors shall be assessed. If said dues are not paid by February 25, the membership of the nonpaying member shall automatically terminate.

4.2 Other Financial Obligations. If fees, fines, assessments or other amounts owed to the A.O.R. or its MLS, are not paid within one (1) month after the due date or, in the case of MLS fees, by the last day of current billing cycle, the nonpaying member shall be suspended. Two (2) months after the due date, membership of the nonpaying member shall automatically terminate unless, within that time, all amounts due are paid.

4.3 Obligation of Designated REALTOR® for Non-Member Salesman.

4.3.1 If the membership of a licensee (or licensed or certified appraiser) who holds REALTOR® membership is terminated for nonpayment of A.O.R. dues, and the licensee remains affiliated with the designated REALTOR®, the dues obligation of the designated REALTOR® shall, as set forth in Section 2 of this Article IX, be increased to reflect the addition of a non-member licensee. Dues shall be calculated from the first day of current fiscal year and are payable within thirty (30) days' notice of termination to the designated REALTOR®. Payment of said obligation shall not reinstate a terminated member's REALTOR® membership.

4.3.2 If the membership of a licensee (or licensed or certified appraiser) who holds membership is inactivated, whether in the current or preceding year(s), and the licensee remains affiliated with the designated REALTOR®, the dues obligation of the designated REALTOR® for the current year shall, as set forth in Section 2 of this Article IX, be increased to reflect the addition of a non-member licensee. Dues shall be calculated from the first day of the current fiscal year and are payable within thirty (30) days' notice to the designated REALTOR® of the A.O.R.'s knowledge of said salesman's affiliation with designated REALTOR®. Payment of said obligation shall not reinstate an inactive member's REALTOR® membership.

Section 5. Reinstatement After Termination for Nonpayment of Financial Obligations. A former member who has had his or her membership terminated for nonpayment of dues, fees, fines, assessments, or other amounts owed to the A.O.R., duly levied in accordance with the provisions of these Bylaws or the provisions of other Rules and Regulations of the A.O.R. or any of its services, departments, divisions or subsidiaries may apply for reinstatement in a manner prescribed for new applicants for membership, upon payment of the appropriate application fee, and only after making payment in full of all accounts due as of the date of termination.

Section 6. Deposit. All monies received by the A.O.R. for any purpose shall be deposited to the credit of the A.O.R. in a financial institution or institutions selected by resolution of the Board of Directors.

Section 7. Notice of Delinquent Dues, Fees, Fines, Assessments and Other Financial Obligations of Members. All delinquent dues, fees, fines, assessments or

other financial obligations to the A.O.R. or its MLS shall be noticed to the delinquent member in writing setting forth the amount owed and the due date.

ARTICLE X. OFFICERS AND DIRECTORS

Section 1. Officers. The Officers of the A.O.R. shall be Directors of the A.O.R. and shall be chosen and serve terms as follows: The Executive Vice President, who is the chief staff person of the A.O.R., is not a Director.

1.1 Number of Officers. There shall be four (4) Officer/Directors, as follows: a President, a President-Elect, a Secretary/Treasurer, and an Immediate Past President.

1.2 Filled by Appointment at Organizational Meeting. Within forty-five (45) days of the annual election of Directors, the incoming Directors and Directors whose terms will not expire shall meet (“Organizational Meeting”) and a majority shall elect the President-Elect and the Secretary/Treasurer from among the incoming Directors and the Directors whose terms will not expire.

1.3 Filled by Ascendancy. The President-Elect shall automatically ascend to the Presidency at the end of the term as President-Elect. The President shall automatically ascend to the position of Immediate Past President at the end of the term as President.

1.4 Terms.

(a) The President-Elect shall serve one year as President Elect and then serve one year as President.

(b) The President shall serve one year as President and then serve one year as Immediate Past President.

(c) The Secretary/Treasurer shall serve a one-year term.

(d) Officers/Directors who are appointed in accordance with this Article X shall remain on the Board of Directors during their entire appointed term of office.

Section 2. Eligibility Requirements for Officers. Candidates for an Officer/Director position shall have maintained REALTOR® membership in good standing in the A.O.R., pursuant to Article V, Section 13, for a minimum of two (2) years immediately prior to taking office and at all times thereafter while serving as an Officer. Additionally, candidates shall have served on the Board of Directors for a minimum of one (1) calendar year within the preceding three (3) years immediately prior to taking office. No person may hold more than one office at the same time. No person shall serve as an

Officer if he or she is concurrently or simultaneously nominated, elected or serving on a board of directors, a committee, or a task force of another local REALTOR® Association, excluding NAR, C.A.R., the Multiple Listing Service, or a committee or a task force of any of these.

Section 3. Executive Committee. The Executive Committee shall consist of the Officer/Directors of the A.O.R. and the Executive Vice President. The Executive Committee shall meet at the call of any member of the Executive Committee, including the Executive Vice President. The Executive Committee shall be authorized to: (a) make recommendations to the Board of Directors, and (b) conduct any business and/or take final action on any issue which has been empowered to it by the Board of Directors. The Executive Committee shall not take any action which overrules or is inconsistent with any prior action of the Board of Directors unless specifically authorized by the Board of Directors to do so. A quorum for the transaction of business by the Executive Committee shall be a majority of the Committee, and a majority of those in attendance shall be required to adopt any final resolution or recommendation to the Board of Directors.

Section 4. Powers and Duties of Officer/Directors. The powers and duties of the Officer/Directors shall be such as their titles, by general usage, would indicate and such as may be assigned to them by the Board of Directors. The Officer/Directors are authorized to sign contracts in an amount up to two thousand five hundred dollars (\$2,500), bonds, checks, and other instruments in the regular conduct of the A.O.R.'s business. Additional powers, duties, and obligations are as follows:

4.1 President. The President shall: (a) preside at all meetings of the Executive Committee, the Board of Directors, and the membership; (b) represent the A.O.R. and act in its name, subject only to its stated policies; (c) appoint the Chairperson of all standing committees and task forces; (d) appoint the members of the Grievance Committee and the Professional Standards Committee and all other standing committees and task forces, or delegate the appointment of members of standing committees and task forces, except the Grievance and Professional Standards Committees, to the respective committee or task force Chairperson; but the President shall nevertheless retain the right to approve appointments by Chairpersons and make committee and/or task force appointments; (e) act as ex-officio non-voting member of other committees, except the President shall not serve as a member of the Grievance, Professional Standards, and Nominating/Election Committees. The President shall not vote at the meetings of the Board of Directors unless it is to break a tie vote.

4.2 President-Elect. The President-Elect shall perform the duties of the President when the President is absent.

4.3 Secretary/Treasurer. The Secretary/Treasurer shall perform the duties of the President or President-Elect in their absence and serve as Chairperson of the Budget and Finance Committee.

4.4 Executive Vice President. Subject to any other written contracts, the Executive Vice President shall (a) keep the records of the A.O.R., (b) conduct correspondence with NAR and C.A.R.; (c) recommend and participate in the formulation, enhancement, and revision of policies and programs which will further the objectives of the A.O.R.; (d) recommend, as necessary, revisions to the A.O.R.'s governing documents; (e) be authorized to sign budgeted contracts without limitation on the amount and unbudgeted contracts in an amount up to two thousand five hundred dollars (\$2,500), bonds, checks, and other instruments in the regular conduct of the A.O.R.'s business; (f) have supervisory duties over the A.O.R. staff; and (g) perform other functions and duties as prescribed by the Board of Directors. The Executive Vice President shall not take any action which is inconsistent with any action of the Board of Directors and shall not have a vote on any issue.

Section 5. Board of Directors.

5.1 Composition of Board of Directors. The governing body of the A.O.R. shall be a Board of Directors consisting of eleven (11) Directors, comprised of the following:

(a) The four (4) REALTOR® members of the A.O.R. appointed by the Board of Directors to serve as Officers and ascended or elected to the Officer/Director positions, as follows:

- (1) President (ascends)
- (2) President Elect (appointed by the Board of Directors)
- (3) Secretary /Treasurer (appointed by the Board of Directors)
- (4) Immediate Past President (ascends);

(b) Four (4) REALTOR® members of the A.O.R. elected by the membership to serve two (2) year terms as Directors;

(c) One (1) REALTOR® member of the A.O.R. elected by the membership to serve a one (1) year term as Director;

(d) Two (2) REALTOR® member Directors-at-Large who shall serve one (1) year terms and who shall be appointed by the Board of Directors no sooner than the Organizational Meeting described in Article X, Section 1.2 above and no later than March of the year of service.

5.2 Votes. Except for the President, who shall vote only to break ties, all Directors, including the elected, appointed or ascended Officer/Directors, but excluding the Executive Vice President, who are in good standing pursuant to Article V, Section 13, have one (1) vote, except if any matter of business comes before the Board of Directors in which a Director or Officer/Director (1) has an interest, (2) is related to or closely involved with any person who has an interest, or (3) gives the appearance of a conflict of

interest, in which event said Director or Officer/Director shall remove himself or herself from any Board of Directors meeting during any discussion, deliberation or vote on said matter. However, if said discussion, deliberation or vote takes place at a general membership meeting, said Director or Officer/Director may be present, but shall not participate in any manner.

5.3 Director Orientation, Annual Retreat, and Professional Standards Training.

(a) All Officers and Directors must attend both a Directors Orientation and the A.O.R.'s Annual Retreat on legal trends and duties, which may but are not required to be held concurrently and become generally familiar with the A.O.R.'s governing documents, such as the Bylaws, Code of Ethics and Multiple Listing Service Rules and Regulations. Attendance at both the Directors Orientation and the Annual Retreat is required to take office.

(b) All Officers and Directors serving on the Board of Directors for the first time, excluding the EVP, must attend, when offered by the A.O.R., a Professional Standards training course. Additionally, any Director or Officer/Director serving on the Board of Directors shall attend a professional standards training course when deemed necessary by the Board of Directors by no less than every two (2) years.

5.4 Director's Membership Terminated. If any Officer's or Director's membership in the A.O.R. is terminated for any reason, that individual's position on the Board of Directors shall be deemed vacant, and the vacancy shall be filled in accordance with Section 9 of this Article X. If the individual subsequently reinstates or renews his or her A.O.R. membership with any portion of the term remaining, the individual shall not automatically be reinstated as a Director or Officer/Director.

5.5 Merger. In the event of a consolidation/merger, the Consolidation Task Force shall make a recommendation as to the number of seats on the Board of Directors to be awarded to members of the consolidating/merging association, which recommendation must be approved by a two-thirds (2/3) vote of the A.O.R.'s Board of Directors.

Section 6. Eligibility Requirements for Directors. REALTOR® member candidates for a Director position shall have maintained REALTOR® membership in good standing in the A.O.R., pursuant to Article V, Section 13, for a minimum of two (2) years immediately prior to taking office, and at all times thereafter while serving as a Director. Except for the Secretary/Treasurer, no Director or Officer/Director shall serve in more than one (1) position on the Board of Directors at the same time. A REALTOR® member shall not be eligible for nomination for, election to, or service on the Board of Directors if he or she is concurrently or simultaneously nominated, elected or serving on a board of

directors, a committee, or a task force of another local REALTOR® Association, excluding NAR, C.A.R., the Multiple Listing Service or a committee, or a task force of any of these.

Section 7. Powers and Duties of the Board of Directors. Subject to the provisions of the California Nonprofit Corporation Law and any limitations in the Articles of Incorporation or Bylaws relating to action required to be approved by the members or a majority of all the members, the activities and affairs of the A.O.R. shall be conducted by and all management powers shall be exercised by or under the direction of the Board of Directors. The Board of Directors may delegate the management of the activities of the A.O.R. to any committee, so long as the ultimate direction is provided by the Board of Directors.

Section 8. Election of Directors. As many Directors shall be elected each year as are required to fill vacancies.

8.1 Delivery of Notices, Reports, and Ballots. All notices, reports and ballots in connection with the election or removal of officers and directors may be accomplished by personal delivery, first class mail, facsimile, electronic mail or other electronic means.

8.2 Nomination by the Nominating/Election Committee. The Board of Directors shall determine the number of vacancies that will be available.. At least three (3) months before the annual election, a Nominating/Election Committee of eight (8) to ten (10) REALTOR® members and a Chairperson shall be appointed by the President with the approval of the Board of Directors. No person shall serve as Chairperson of the Nominating/Election Committee in consecutive years. The Nominating/Election Committee shall select one or more candidates for each office and each place to be filled on the Board of Directors. A person, whether nominated by the Nominating/Election Committee or by petition, shall only be nominated for one (1) position on the Board of Directors. No person shall be nominated by the Nominating/Election Committee or by petition for office or a Director position if he or she is concurrently or simultaneously nominated, elected or serving on a board of directors, a committee, or a task force of another local REALTOR® Association, excluding NAR, C.A.R., the Multiple Listing Service, or a committee or a task force of any of these. No member of the Nominating/Election Committee may be a candidate for officer or the Board of Directors. No person may be nominated for office or a Director position unless he or she will meet all of the qualifications for the position at the beginning of the term for which he or she is a nominee. The Chairperson of the Nominating Committee shall deliver the Slate of Candidates to the Board of Directors, and the Board of Directors will communicate to each REALTOR® member eligible to vote at least thirty (30) days preceding the election.

8.3 Nomination by Petition. Additional eligible candidates for Director positions to be filled may be placed in nomination by petition signed by at least five percent (5%) of the REALTOR® members eligible to vote. No REALTOR® member may be nominated by petition who is concurrently or simultaneously nominated, elected or

serving on a board of directors of another Association. The petition shall be filed with the Executive Vice President at least twenty-one (21) days before the election. The Executive Vice President shall deliver notice of such additional nominations to all members eligible to vote at least fourteen (14) days before the election.

8.4 Election. The Board of Directors shall set a date on or before the annual meeting on which the election will be held. The annual election of Directors shall be held no later than the last business day of November. Elections shall be by electronic ballot. The electronic ballot shall first list the Nominating/Election Committee's Slate of Candidate names in alphabetical order followed by the list of the petition candidates' names in alphabetical order. No person may be a candidate for more than one position whether nominated by the Nominating/Election Committee or by petition. No person shall be nominated by the Nominating/Election Committee or by petition for a Director position if he or she is concurrently or simultaneously nominated, elected or serving on a board of directors, a committee, or a task force of another local REALTOR® Association, excluding NAR, C.A.R., the Multiple Listing Service, or a committee or a task force of any of these. Ballots may be submitted by the members in the manner and by the date specified by the Board of Directors, including by absentee ballots in a manner approved by the Board of Directors. There shall be no proxy votes. In case of a tie vote, the issue shall be determined by a majority of the then current Board of Directors present at the regular meeting. A majority of votes cast is required for election.

8.5 Disposition of Ballots. All ballots shall be retained for a period of ninety (90) days following the election, at which time the Executive Vice President shall destroy said ballots.

Section 9. Vacancies.

9.1 Officer/Directors. A vacancy among the Officer/Directors shall be filled at a regularly scheduled meeting of the Directors, no later than sixty (60) days after the vacancy occurs. Individuals filling a vacancy shall meet the eligibility requirements for Officer/Directors, pursuant to Section 6 of this Article X. Vacancies shall be filled as follows:

9.1.1 President. If a vacancy occurs in the office of President, the President-Elect shall fill the vacancy and complete the balance of the term and shall serve as President the following year. If the President-Elect position is vacant, the vacant office of President shall be filled by a majority vote of all current Directors for the balance of the term.

9.1.2 President-Elect. If a vacancy occurs in the office of President-Elect, the vacancy shall be filled by a majority vote of all Directors for the balance of the term. The individual filling the vacancy shall not automatically succeed to Presidency the following year. The Board of Directors shall appoint the President at the time the President-Elect and Secretary/Treasurer are appointed for that year.

9.1.3 President and President-Elect. If vacancies concurrently occur in both the offices of President and President-Elect, the vacancies shall be filled by a majority vote of all Directors for the balance of the term. The individuals filling the vacancies shall not automatically succeed to President and President-Elect, respectively, the following year. The Board of Directors shall appoint the President at the time the President-Elect and Secretary/Treasurer are appointed for that year.

9.1.4 Secretary/Treasurer. If a vacancy occurs in the office of Secretary/Treasurer, the vacancy shall be filled by a majority vote of all Directors for the balance of the term.

9.1.5 Immediate Past President. If a vacancy occurs in the office of Immediate Past President, the vacancy shall not be filled, although the vacancy on the Board of Directors may be filled as set forth in Section 9.2 of this Article X.

9.2 Directors. Vacancies among the non-Officer/Directors shall be filled by appointment by the President for the unexpired term, subject to approval by a majority of the Board of Directors. If, after being elected, the newly elected Director resigns or fails to take office for any other reason, the vacancy shall be filled for the full term by appointment by the President-Elect, subject to approval by the Board of Directors. No person shall be appointed to fill a vacant Director position if he or she is concurrently or simultaneously nominated, elected or serving on a board of directors, a committee, or a task force of another local REALTOR® Association, excluding NAR, C.A.R., the Multiple Listing Service, or a committee or a task force of any of these.

Section 10. Removal of Officers and Directors. In the event a Director or Officer/Director is deemed to be incapable for any reason of fulfilling the duties for which he or she is elected, or ceases to be a member in good standing, or is otherwise deemed unqualified, but will not resign from office voluntarily, the Director or Officer/Director may be removed from office under the following procedure:

10.1 A petition requiring the removal of a Director or Officer/Director and signed by not less than twenty percent (20%) of the REALTOR® members entitled to vote, or by a three-fourths (3/4) vote of all Directors, shall be filed with the President, or if the President is the subject of the petition, with the next ranking Officer, and shall specifically set forth the reasons the individual is deemed to be disqualified from further service.

10.2 Upon receipt of the petition, and not less than twenty (20) days or more than forty-five (45) days thereafter, a special meeting of the voting membership of the A.O.R. shall be held. The sole business of the meeting shall be to consider the charge against the Director or Officer/Director, and to render a decision on such petition.

10.3 The special meeting shall be noticed, including the general nature of the meeting, to all voting members at least ten (10) days prior to the meeting, and shall be conducted by the President unless the President's continued service in office is being considered at the meeting. In such case, the next ranking Officer will conduct the meeting. Provided a quorum is present, a three-fourths (3/4) vote of members present, and voting shall be required for removal from office.

Section 11. Expenditures. The Board of Directors shall administer the day-to-day finances of the A.O.R.. Unbudgeted capital expenditures in excess of twenty-five thousand dollars (\$25,000) may not be made unless authorized by a majority of the A.O.R. members eligible to vote who are present at a duly held membership meeting at which a quorum is present, in accordance with Article XI, Section 6. However, unbudgeted expenditures required for the protection of capital assets or to respond to emergency situations may be incurred by the Board of Directors without the prior approval of the full membership of the A.O.R.. Capital expenditures are those expenditures for long term improvements chargeable to the capital asset account. Checks drawn in the course of A.O.R. business in excess of fifteen hundred dollars (\$1,500) shall require the signatures of any two (2) non-related authorized signatories. Checks drawn in the course of A.O.R. business in excess of twenty-five thousand dollars (\$25,000) shall require the signatures of any three (3) non-related authorized signatories. Non-related signatories shall be individuals who are not married, domestic partners, siblings, parents, children, or step-relatives of one another. The Executive Vice President and the Administrative Assistant shall not countersign the same check.

Section 12. C.A.R. Directors. REALTOR® members of the A.O.R., within the number allocated by C.A.R., shall be designated as C.A.R. Directors, as follows: The President of the A.O.R. shall be a C.A.R. Director in accordance with C.A.R. Bylaws. The President-Elect shall be appointed as a C.A.R. Director, provided he or she accepts the appointment. Additional C.A.R. Directors shall be appointed by the incoming President, subject to approval by the current Board of Directors. If the A.O.R. membership of a C.A.R. Director terminates for any reason, or inactivates, that individual shall cease to be a C.A.R. Director. If said individual reinstates or renews membership in the A.O.R., he or she shall not be reinstated as a C.A.R. Director unless specifically reappointed by the President and approved by the Board of Directors. If a vacancy occurs in a C.A.R. Director position, the President may fill the vacancy, subject to approval by the Board of Directors.

Section 13. NAR Voting Delegate. The Immediate Past President shall be designated as the A.O.R.'s voting delegate at the Delegate Body meeting of the NAR Convention. If the Immediate Past President does not attend the convention, the Board of Directors may appoint another member attendee as the voting delegate.

Section 14. A.O.R., C.A.R., and/or NAR Travel and Funding. All members traveling on behalf of the A.O.R. for A.O.R., C.A.R., and/or NAR business, shall abide by the A.O.R.'s travel and funding policies as established by the Board of Directors.

ARTICLE XI. MEETINGS

Section 1. Annual Meeting. The annual meeting of the A.O.R. shall be held each year, the date, hour, and place to be designated by the Board of Directors.

Section 2. Board of Directors Meetings. The Board of Directors shall designate a regular time, manner and place for meetings. Absence from three (3) Board of Directors meetings in a calendar year without an excuse deemed valid by the Board of Directors shall be construed as a resignation. Special meetings of the Directors may be called by the President, or by a majority of the Directors, by giving at least five (5) days written notice. The notice shall state the purpose, date, time, and place of the meeting, except that by unanimous consent at the meeting the Directors may act upon any additional items of business.

Section 3. Committee/Task Force Meetings. Committee/Task Force meetings shall be held at the call of the committee/task force Chairperson. Absence from three (3) committee/task force meetings in a calendar year without an excuse acceptable to the Chairperson shall be construed as resignation. Vacancies, if filled, shall be filled as in the case of original appointments.

Section 4. Other Meetings. Meetings of the members may be held at such times as the President or the Board of Directors may determine, or upon the written request of at least twenty percent (20%) of the members eligible to vote.

Section 5. Notice of Meetings. Written notice of membership meetings shall be delivered personally, by first class mail, facsimile, electronic means to the address shown on the current A.O.R. records of every member entitled to participate in the meeting at least seven (7) calendar days preceding all meetings. The A.O.R. may also publish notice of membership meetings in any publication regularly sent to all members of the A.O.R.. If a special meeting is called, it shall be accompanied by a statement of the purpose of the meeting.

Section 6. Quorum.

6.1 General Membership Meetings. A quorum for the transaction of business at general and/or special meetings of the membership shall consist of one-third (1/3) of the REALTOR® members eligible to vote, except as may otherwise be required by state law. In the absence of a quorum, a second meeting shall be called, and the members present at the meeting shall constitute a quorum.

6.2 Board of Directors Meetings. A quorum for the transaction of business by the Board of Directors shall consist of fifty-one percent (51%) of the Directors, except as may otherwise be required by state law.

6.3 Committee Meetings. A quorum for the transaction of business at the Budget and Finance, Grievance, and Nominating/Election Committees shall be a majority of the committee members, including the Chairperson; at all other committee meetings a quorum shall be three (3) committee members, including the Chairperson.

6.4 Task Force Meetings. A quorum for the transaction of business at task force meetings shall be those task force members in attendance.

Section 7. Action without a Meeting

7.1 Authorization of Board of Directors to Conduct Business Via Electronic Communications. The President shall be authorized to direct electronic communications (fax, e-mail, telephone, etc.) to the Board of Directors for the purpose of obtaining approval on any item warranting immediate action by the Board of Directors. All action taken shall require approval by a two-thirds (2/3) vote, and the results shall be noted in the minutes of the next regularly scheduled Board of Directors meeting.

7.2 Authorization of Members to Conduct Business Via Electronic Communications. Any action that may be taken at any regular membership meeting or special membership meeting may be taken without a meeting if the A.O.R. distributes a written or electronic ballot to every member entitled to vote on the matter. Approval by written or electronic ballots shall be valid only when the number of votes cast by 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 such action at a meeting had the vote been taken in a face-to-face meeting.

ARTICLE XII. COMMITTEES

Section 1. Standing Committees. The A.O.R. has the following standing committees:

Events Committee
Budget and Finance Committee
Grievance Committee
Nominating/Election Committee
Professional Standards Committee
Young Professionals Network
Technology Committee

1.1 Committee Member Appointments.

(a) The President appoints the committee members and chairpersons of the standing committees from among the REALTOR® and Affiliate

members, subject to the provisions of this Section 1.1. Appointments of committee chairs and committee members do not require approval by the Board of Directors.

(b) Affiliate members may not serve on the Grievance, Professional Standards, or Nominating/Election Committees. No more than one (1) Affiliate member may serve on the Budget and Finance Committee.

(c) No person shall serve on a committee or taskforce if he or she is concurrently or simultaneously nominated, elected or serving on a board of directors of another local REALTOR® Association, excluding NAR, C.A.R., the Multiple Listing Service, or a committee or a task force of any of these.

1.2 Term of Committee Appointments. Committee chairpersons are appointed to one (1) year terms. Committee members are appointed to one (1) year terms, except members of the Grievance and Professional Standards Committees are appointed to staggered two (2) year terms.

1.3 Organization. All committees shall be of such size and shall have duties, functions, powers, and authority as assigned by the Board of Directors, except as otherwise provided in these Bylaws.

1.4 President. The President shall be an ex-officio non-voting member of all committees, except as stated in Article X, Section 4.

1.5 Removal. The President shall have the power to remove any Chairperson or member from a committee with Board of Director consent.

Section 2. Task Forces. The President may appoint from among the REALTOR® and Affiliate members, task forces as the President deems necessary, or as directed by the Board of Directors. Task Force appointments do not require approval by the Board of Directors.

ARTICLE XIII. FISCAL AND ELECTIVE YEAR

Section 1. Fiscal and Elective Year. The fiscal and elective year of the A.O.R. shall be the calendar year, beginning January 1 and ending December 31.

ARTICLE XIV. RULES OF ORDER ***(NAR REQUIRES VERBATIM ADOPTION)***

Section 1. Robert's Rules of Order. Robert's Rules of Order, latest edition, shall be recognized as the authority governing meetings of the Association, its Board of

Directors and committees, in all instances wherein its provisions do not conflict with the California non-profit Corporations Code, or these Bylaws.

ARTICLE XV. AMENDMENTS

Section 1. Amendment Upon Majority Vote of Directors. To the extent allowed by California law, these Bylaws may be amended by a majority vote of Directors present at any duly called meeting of the Directors at which a quorum is present. The Board of Directors may, at any regular or special meetings of the Board of Directors at which a quorum is present, approve amendments to the Bylaws which are mandated by NAR policy.

Section 2. Notice to Membership. Within seven (7) days of approval of Bylaw amendments by the Board of Directors, the membership shall be notified of the nature of said amendments. In the event the membership contests any of said amendments within seven (7) days of notification, the Board of Directors shall review said amendments for reconsideration at its next regularly scheduled meeting. Bylaw amendments mandated by NAR and/or C.A.R. or recommended by A.O.R. counsel may not be contested. However, said amendments shall be noticed to the membership.

Section 3. Amendment Upon Majority Vote of Membership. When California law requires amendment of these Bylaws by membership vote, these Bylaws may be amended by: (a) a majority vote of the members present and qualified to vote at any meeting at which a quorum is present, provided the substance of such proposed amendment or amendments shall be plainly stated in the call for the meeting; or (b) a written ballot. If amendment is sought by written ballot, the ballot must be delivered personally, by facsimile, regular mail, electronic mail or other electronic means to all members qualified to vote, plainly state the substance of the proposed amendment or amendments, provide an opportunity to specify approval or disapproval, and give at least ten (10) days in which to return the ballot delivered personally, by facsimile, regular mail, electronic mail or other electronic means to the A.O.R. Amendment by written ballot will only be effective if the number of votes cast within the time specified equals or exceed the number of votes that would have been required at a member meeting.

Section 4. Notice. Notice of all meetings at which amendments are to be considered shall be delivered personally, by facsimile, electronic mail, regular mail or other electronic means to every member eligible to vote at least twenty (20) calendar days prior to the meeting and shall plainly state the substance of the proposed amendment or amendments.

Section 5. Approval of Amendments by NAR. Amendments to these Bylaws affecting the admission or qualification of REALTOR® and Institute Affiliate members, the use of the term REALTOR® and REALTORS®, or any alteration in the territorial

jurisdiction of the A.O.R., shall become effective upon their approval as authorized by the Board of Directors of NAR.

ARTICLE XVI. DISSOLUTION
(NAR REQUIRES VERBATIM ADOPTION)

Section 1. Dissolution. Upon the dissolution of this A.O.R., the Board of Directors, after providing for the payment of all obligations, shall distribute any remaining assets to C.A.R. or, within its discretion, to any other non-profit tax-exempt organization.

ARTICLE XVII. MULTIPLE LISTING SERVICE

Section 1. Authority and Governing MLS Rules. The A.O.R. shall maintain for the use of licensed real estate brokers and salespersons, and licensed or certified appraisers, an MLS which shall be subject to the Bylaws of the A.O.R. and the *California Model MLS Rules* as from time to time amended by C.A.R., which are hereby incorporated by reference and such additional local MLS Rules and Regulations as may be hereinafter adopted by the Board of Directors. In the event of a conflict between the *California Model MLS Rules* and the local MLS Rules and Regulations, the local MLS Rules and Regulations will control.

Section 2. Purpose. A MLS is a means by which authorized MLS broker participants establish legal relationships with other participants by making a blanket unilateral contractual offer of compensation and cooperation to other broker participants; by which information is accumulated and disseminated to enable authorized participants to prepare appraisals and other valuations of real property; by which participants engaging in real estate appraisal contribute to common databases; and is a facility for the orderly correlation and dissemination of listing information among the participants so that they may better serve their clients and the public.

Section 3. MLS Committee. The A.O.R. President may appoint, subject to the confirmation of the Board of Directors, an MLS Committee of REALTOR® members. All members of the committee shall be MLS participants or subscribers. The President shall select the MLS Committee chair and vice chair from among the MLS Committee members. The actions of the MLS Committee are subject to the approval of the Board of Directors.

Section 4. Access to Comparable and Statistical Information. Providing the MLS generates such publications, A.O.R. members who are actively engaged in real estate brokerage, management, mortgage financing, appraising, land development or building, but who do not participate in the MLS, are nonetheless entitled to receive, by purchase or lease, information other than current listing information that is generated wholly or in part by the MLS including "comparable" information, "sold" information and

statistical reports. This information is provided for the exclusive use of A.O.R. members and individuals affiliated with A.O.R. members who are also engaged in the real estate business. Except as otherwise specified in the MLS Rules and Regulations, this information may not be transmitted, retransmitted or provided in any manner to any unauthorized individual, office or firm. A.O.R. members who receive such information are subject to the applicable provisions of the MLS Rules and Regulations whether they participate in the MLS or not.

ARTICLE XVIII. INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, & AGENTS

Section 1. Indemnification. The A.O.R. shall, to the maximum extent permitted by the California Non-Profit Mutual Benefit Corporation Law, indemnify each of its agents against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceedings arising by reason of the fact any such person is or was an agent of the A.O.R.. For purposes of this section, an “agent” of the A.O.R. includes any person who is or was a director, officer, Chairperson, committee member, employee, or other agent of the A.O.R., or is or was serving at the request of the A.O.R. as director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, or was a director, officer, employee, or agent of a corporation which was a predecessor corporation of the A.O.R. or another enterprise at the request of such predecessor corporation.

ARTICLE XIX ANNUAL STATEMENT OF CERTAIN TRANSACTIONS AND INDEMNIFICATIONS

Section 1. Statement of Transactions or Indemnification. Any provision of the Articles of Incorporation or these Bylaws notwithstanding, this A.O.R. shall furnish annually to its members and Directors, a statement of any transaction or indemnification of a kind described in Section 4 or 5, if any such transaction or indemnification took place. Such information shall be included in the annual report.

Section 2. Covered Transactions. A covered transaction under this section is a transaction in which the A.O.R. and any Officer or Director of the A.O.R. had a direct or indirect material financial interest.

Section 3. Non-Covered Transactions. Transactions approved by the membership of the A.O.R. shall not be considered covered transactions for purposes of this article.

Section 4. Statement Description. The statement required by this article shall describe briefly:

4.1 Any covered transaction (excluding compensation of Officers and Directors) during the previous fiscal year involving more than fifty thousand dollars (\$50,000), or which was one of a number of covered transactions in which the same interested person had a direct or indirect material financial interest, in which transactions in the aggregate involved more than fifty thousand dollars (\$50,000).

4.2 The names of the interested persons involved in such transactions, stating such persons' relationship to the A.O.R., the nature of such persons interested in the transaction and, where practicable, the amount of such interest; provided that, in the case of a transaction with a partnership of which such person is a partner, only the interest of the partnership need be stated.

Section 5. Statement Requirements. The statement required by this article shall describe briefly the amount and circumstances of any loans, guarantees, indemnifications, or advances aggregating more than ten thousand dollars (\$10,000) paid or made during the fiscal year to any Officer or Director of the A.O.R.; provided that no such report need be made in the case of a loan, guarantee, or indemnification approved by the membership.