

THE INLAND GATEWAY

ASSOCIATION OF REALTORS® , INC.

Bylaws

TABLE OF CONTENTS

ARTICLE I - NAME	1
Section 1. Name	1
Section 2. REALTOR® Membership Mark in Name of Association	1
ARTICLE II - OBJECTIVES	1
Section 1. Objectives	1
ARTICLE III - NATIONAL AND STATE MEMBERSHIPS	2
Section 1. Association Membership in N.A.R. and C.A.R.	2
Section 2. Ownership and Use of REALTOR® Membership Marks	2
Section 3. Adoption & Enforcement of N.A.R. Code of Ethics; Compliance with N.A.R. & C.A.R. Governing Documents & Policies	2
Section 4. Other Association Rules, Regulations & Policies	2
ARTICLE IV - JURISDICTION	2
Section 1. Description of Jurisdiction	2
Section 2. Jurisdictional Rights	3
ARTICLE V - MEMBERSHIP, QUALIFICATION, APPLICATION AND ACCEPTANCE	3
Section 1. Classes of Membership	3
Section 2. Qualifications of REALTOR® Members	3
Section 3. Association of Choice	4
Section 4. Qualifications of Institute Affiliate Members	4
Section 5. Qualifications of Affiliate Members	4
Section 6. Qualifications of Public Service Members	4
Section 7. Qualifications of Honorary Members	4
Section 8. Qualifications of Student Members	4
Section 9. Designated REALTORS®	5
Section 10. Required REALTOR® Membership of Officers and Partners	5
Section 11. Franchise Corporate Officers	5
Section 12. Membership Application	5
Section 13. Prior Membership Records	6
Section 14. Application Review and Acceptance	7
Section 15. New Member Code of Ethics Orientation	8
Section 16. Continuing Member Code of Ethics Training	8
Section 17. Status Changes	8
Section 18. Resignation	9
ARTICLE VI - PRIVILEGES AND DUTIES OF MEMBERSHIP	9
Section 1. Member Compliance with Bylaws, Policies, Rules and Regulations	9
Section 2. Member Discipline	9
Section 3. Resignation with Pending Arbitration or Disciplinary Hearing	10
Section 4. Voting Rights and Eligibility for Elective Office	10
Section 5. Privileges and Duties of REALTOR® Members	10
Section 6. Privileges and Duties of Institute Affiliate Members	11
Section 7. Privileges and Duties of Affiliate Members	11
Section 8. Privileges and Duties of Public Service Members	11

Section 9. Privileges and Duties of Honorary Members	12
Section 10. Privileges and Duties of Student Members.....	12
Section 11. Certification by Designated REALTOR®	12
ARTICLE VII - PROFESSIONAL STANDARDS AND ARBITRATION	12
Section 1. Professional Standards and Arbitration	12
Section 2. Member Compliance with N.A.R. and C.A.R. Constitution, Bylaws, Policies, Rules, Regulations, and Code of Ethics	12
ARTICLE VIII - USE OF THE TERMS REALTOR® AND REALTORS®	13
Section 1. Use and Control of REALTOR® Membership Marks.....	13
Section 2. Jurisdictional Limits on Use of REALTOR® Membership Marks	13
Section 3. Use of REALTOR® Membership Marks Dependent on Status of Firm Principals	13
Section 4. Institute Affiliate Members Ineligible to Use REALTOR® Membership Marks	13
ARTICLE IX - DUES AND ASSESSMENTS	13
Section 1. Application Fee	14
Section 2. Dues	14
Section 3. Dues Payable	15
Section 4. Nonpayment of Financial Obligations	16
Section 5. Reinstatement After Termination for Nonpayment of Financial Obligations.....	17
Section 6. Deposit.	17
Section 7. Notice of Delinquent Dues, Fees, Fines, Assessments and Other Financial Obligations of Members.....	17
ARTICLE X - OFFICERS AND DIRECTORS	17
Section 1. Officers	17
Section 2. Powers and Duties of Officers	18
Section 3. Board of Directors.....	18
Section 4. Powers and Duties of the Board of Directors.....	19
Section 5. Election of Officers and Directors	19
Section 6. Vacancies.	20
Section 7. Removal of Officers and Directors.....	20
Section 8. Expenditures.....	21
Section 9. Right to Indemnification.	21
ARTICLE XI - MEETINGS	21
Section 1. Annual Meetings.....	21
Section 2. Meetings of Directors.....	21
Section 3. Other Meetings	22
Section 4. Notice of Meetings.....	22
Section 5. Quorum.....	22
ARTICLE XII - COMMITTEES	22
Section 1. Standing Committees	22
Section 2. Task Forces.....	23
Section 3. Term of Committee Appointments	23
Section 4. Organization	23
Section 5. President	23

Section 6. Removal	23
ARTICLE XIII - FISCAL AND ELECTIVE YEAR	23
Section 1. Fiscal Year.....	23
Section 2. Elective Year	24
ARTICLE XIV - RULES OF ORDER	24
Section 1. Robert's Rules of Order	24
ARTICLE XV - AMENDMENTS	24
Section 1. Amendment Upon Majority Vote of Membership	24
Section 2. Notice	24
Section 3. Approval of Amendments by N.A.R.	24
ARTICLE XVI - DISSOLUTION	24
Section 1. Dissolution	24
ARTICLE XVII - MULTIPLE LISTING SERVICE	25
Section 1. Authority and Governing MLS Rules.....	25
Section 2. Purpose.	25
Section 3. Participation.....	24
Section 4. MLS Committee	26
Section 5. Access to Comparable and Statistical Information	26

**BYLAWS OF THE
THE INLAND GATEWAY ASSOCIATION OF REALTORS®,
INCORPORATED**

ARTICLE I - NAME

Section 1. Name.

The name of this organization shall be The Inland Gateway Association of REALTORS®, Incorporated (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 "N.A.R.") 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, appraising for others for compensation, financing, 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 N.A.R. (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 N.A.R. 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 N.A.R.

ARTICLE III - NATIONAL AND STATE MEMBERSHIPS

Section 1. Association Membership in N.A.R. and C.A.R.

The A.O.R. shall be a member of N.A.R. and C.A.R. as defined in the governing documents of N.A.R. and C.A.R. By reason of the A.O.R.'s membership in N.A.R. and C.A.R., each REALTOR® member of the A.O.R. shall be entitled to membership in N.A.R. and C.A.R. without further payment of dues. The A.O.R. shall continue as a member of N.A.R. and C.A.R., unless by a majority vote of all of its REALTOR® members the decision is made to withdraw, in which case N.A.R. and C.A.R. shall be notified in writing at least thirty (30) calendar days 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 N.A.R. in the terms REALTOR® and REALTORS®. The A.O.R. may use the terms while it is a member in good standing of N.A.R. The A.O.R. shall discontinue use of the terms in any form in its name, upon ceasing to be a member of N.A.R., or upon a determination by the Board of Directors of N.A.R. that it has violated the conditions imposed upon use of the terms.

Section 3. Adoption & Enforcement of N.A.R. Code of Ethics; Compliance with N.A.R. & C.A.R. Governing Documents & Policies.

The A.O.R. adopts the N.A.R. 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 N.A.R. 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 N.A.R. 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 N.A.R. is:

NORTHERN BOUNDARY: Beginning at the Northwest corner of Riverside County, Eastward along Riverside County line to Bain Street—center line. EASTERN BOUNDARY: from the intersection with the Riverside County line with Bain Street, centerline, Southerly along Bain Street and its southerly prolongation to the Northerly Riverside limits as they existed in December 1960; thence Westerly and Southerly along the Northerly and Westerly Riverside City limits as they existed in December, 1969, to the intersection of the Northerly right-of way line of Indiana Avenue; thence

Southerly on a direct line to the intersection of the Westerly Riverside county line and the East line of Section 27, T5S, R6W. SOUTHERN BOUNDARY: from the previous point Westerly along the common boundary of Riverside County and Orange County. WESTERN BOUNDARY: thence Northerly along the common boundary line of Riverside and Orange Counties and the common boundary line of Riverside and SAN BERNARDINO Counties to the point of beginning, 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 N.A.R., and to protect and safeguard the property rights of N.A.R. in those terms.

ARTICLE V - MEMBERSHIP, QUALIFICATION, APPLICATION AND ACCEPTANCE

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, 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; and
 - (d) Maintain or be associated with a real estate office located within the state of California or a state contiguous thereto.
- 2.2 REALTOR® members, whether primary or secondary, other than principals, 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) 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.
- 2.3 REALTOR® members may be franchise corporate officers as described below in Article V, Section 11.

Section 3. 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®," as defined in Article V, Section 9. If a REALTOR® is a primary member of the A.O.R., the A.O.R. pays C.A.R. and N.A.R. dues for that individual.

(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.

Section 4. 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 N.A.R. 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 5. 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 6. 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 7. Qualifications for Honorary Members.

Honorary members shall be those persons recognized by the Board of Directors as persons who have performed notable service for the real estate profession, for the A.O.R., or for the public though not engaged in the real estate profession.

Section 8. 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 9. Designated REALTORS®.

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 11. 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, Section 2.1 .

Section 10. Required REALTOR® Membership of Officers and Partners.

- (a) All persons who are partners in a partnership or officers in a corporation, and actively engaged in the real estate profession within the state of California or a state contiguous thereto or are franchise corporate officers as described below shall be ineligible for any class of membership other than REALTOR® membership. Each is required to hold REALTOR® membership individually in a local Association in California (except as provided in Section 10(b)) or in a state contiguous thereto, if they meet all the other qualifications set forth in Article V, Sections 2.1, 2.2, or 2.3 of the Bylaws unless they otherwise qualify for Institute Affiliate membership as described in Article V, Section 4.
- (b) 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 business 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 4.

Section 11. Franchise Corporate Officers.

Notwithstanding any other provision herein, 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 N.A.R. (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 N.A.R.

Section 12. Membership Application.

- (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") and give his or her consent that the Board of Directors 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 may consider the following in determining an applicant's qualifications for membership: (1) all final findings of N.A.R. 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 Association 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 N.A.R. 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, or otherwise.
- (c) Applicants who are sole proprietors, general partners, corporate officers, or branch office managers (Article V, Section 2) of a real estate firm shall certify: (1) they have no record of official sanctions rendered by the courts or other lawful authorities within the past three years for violations of (i) civil rights laws; (ii) real estate license laws; or (iii) other laws prohibiting unprofessional conduct; and (2) that they have not been suspended or expelled from an Association in the past three years for violations of the N.A.R. 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 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 13. Prior Membership Records.

The A.O.R. may consider information received from other Associations 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); and

- (e) Unpaid arbitration awards or unpaid financial obligations to the Association or its MLS.

NOTE: Article IV, Section 2, of the NAR Bylaws prohibits a Member Association from knowingly granting REALTOR® or REALTOR-ASSOCIATE® membership to any applicant who has an unfulfilled sanction pending which was imposed by another Association for violation of the Code of Ethics.

Section 14. Application Review and Acceptance.

The procedure for acceptance to REALTOR® membership shall be as follows:

- (a) Upon staff review and recommendation, the Board of Directors shall review the qualifications of the applicant, 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. The Board of Directors may also 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.
- (b) If the Board of Directors determines that the application should be rejected, it shall record its reason(s). 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 A.O.R. for declaratory relief by a court of competent jurisdiction of a final judgment declaring that the rejection violates no rights of the applicant.
- (c) The Board of Directors may grant "provisional" membership to an applicant in instances where ethics complaints or arbitration requests or hearings are pending in other Associations or 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 a provisional member when all pending ethics and arbitration matters and related discipline have been resolved or if such matters are not resolved within six (6) months from the date that the provisional membership is approved. At the time of reconsideration, if the Board of Directors determines that the individual has not satisfactorily resolved the pending ethics or arbitration matter, at the discretion of the Board of Directors, membership may be terminated. Any dues paid by the provisional member shall be prorated from the date of application to the date of termination, and the remaining dues shall be returned to the terminated provisional member.
- (d) If a member resigns from another Association with an ethics complaint or arbitration request pending, the Board of Directors may condition membership on the applicant's certification that he or she will submit to pending ethics or arbitration proceeding, in accordance with the procedures of the A.O.R., and will abide by the decision of the hearing panel.

Section 15. 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 N.A.R. 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 (1) year or less. Failure to satisfy this requirement within one hundred twenty (120) 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 16. Continuing Member Code of Ethics Training.

Every two year period, starting with the period from January 1, 2017 through December 31, 2018, and for successive two 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 N.A.R. for biennial 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 Association, C.A.R., N.A.R., or any other recognized educational institution. 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 two year cycle shall not be required to complete additional ethics training until a new two 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 two 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. (Adopted 1/01, revised 1/17)

Section 17. Status Changes.

- (a) REALTORS® who change the conditions under which they hold 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 members 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 the Bylaws. If the REALTOR® does not satisfy the requirements established in the Bylaws for the category of membership to which

- they have transferred within thirty (30) days of the date they advised the A.O.R. of their change in status, their application for change of status will terminate automatically unless otherwise so directed by the Board of Directors.
- (b) If the licensed status of any member is terminated, his or her membership in the A.O.R. shall terminate automatically. If any 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 their licensee 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 quarter in which the member is notified of acceptance by the Board of Directors of his or her change in status and shall be based on the new membership status for the remainder of the year.

Section 18. Resignation.

Resignations of members shall become effective when confirmed in writing by the Association; provided, however, that if any 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.

ARTICLE VI - PRIVILEGES AND DUTIES OF MEMBERSHIP

Section 1. Member Compliance with Bylaws, Policies, Rules and Regulations.

It shall be the duty of every member of the A.O.R. to abide by the Bylaws, Policies and Rules and Regulations of the A.O.R. 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 Bylaws, Policies and Rules and Regulations 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.

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 N.A.R.

Section 2. Member Discipline.

- (a) Any member of the A.O.R. may be reprimanded, placed on probation, suspended or expelled for harassment, including sexual harassment, of an Association or

MLS employee, vendor, or member who is acting within the course and scope of his/her employment or acting in his/her official capacity on behalf of the A.O.R. after a hearing in accordance with the established procedures of the A.O.R. 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. 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 N.A.R. policy as set forth in the California Code of Ethics and Arbitration Manual.

Section 3. 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, that Board of Directors may condition the right of the resigning member to reapply for membership upon the applicant's certification that he or she will submit to the pending disciplinary hearing and comply with any sanction imposed. 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 4. Voting Rights and Eligibility for Elective Office.

Only REALTOR® members, whether primary or secondary, in good standing whose financial obligations to the A.O.R. are paid in full, shall be entitled to vote and to hold elective office in the A.O.R. Proxy voting is not allowed.

Section 5. 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 N.A.R. and to abide by the Code of Ethics as set forth in Article VI, Section 1of 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 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 5 shall apply.

Section 6. 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 N.A.R. 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®, REALTOR-ASSOCIATE®, 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 7. Privileges and Duties of Affiliate Members.

Affiliate members shall have the rights and privileges and be subject to the obligations prescribed by the Board of Directors.

Section 8. 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 9. Privileges and Duties of Honorary Members.

Honorary membership shall confer only the right to attend meetings and participate in discussions.

Section 10. 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 11. Certification by Designated REALTOR®.

Designated REALTORS® shall certify to the A.O.R. during the first month of each fiscal year, 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. 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 thirty days of the date of affiliation or severance of the individual(s).

ARTICLE VII - PROFESSIONAL STANDARDS AND ARBITRATION

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 N.A.R. 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 Constitution, Bylaws, Policies and Rules and Regulations of this A.O.R., the Constitution and Bylaws of C.A.R., the Constitution and Bylaws of N.A.R., and the Code of Ethics, including the duty to arbitrate controversies arising out of real estate transactions as specified by Article 17 of the N.A.R. 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®

Section 1. Use and Control of REALTOR® 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 N.A.R. 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 N.A.R., use of the terms within its jurisdiction. Any misuse of the term is a violation of a membership duty and may subject members to disciplinary action by the Board of Directors after 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 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.

- (a) 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 N.A.R.

ARTICLE IX - DUES AND ASSESSMENTS

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.

Section 2. Dues.

- (a) The Board of Directors shall determine annually the amount of annual dues to be paid by each class of membership.
- (b) The dues 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 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 if the Designated REALTOR® has paid dues 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 have been remitted.

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 license endorsement (MLO) 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 real estate licensed activities except those for which an MLO is required, and (3) are not participants or subscribers in any Multiple Listing Service. 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 of the Designated REALTOR®.

The exemption for any licensee included on the certification forms shall automatically be revoked upon the individual being engaged in real estate licensed activities (listing, selling, leasing, renting, managing, counseling or appraising other than referrals, providing services for which a real estate license is required, other than those for which an MLO license is required, or being a participant or subscriber of any Multiple Listing Service, and dues for the current fiscal year shall be payable.

Membership dues shall be prorated for any licensee included on a certification form submitted to the A.O.R. who during the same calendar year applies for REALTOR® membership in the A.O.R. However, membership dues shall not be prorated if the licensee held REALTOR® membership during the preceding calendar year.

- (c) The annual dues 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 for the member.
- (d) The annual dues of REALTOR® members shall not include any allocation for N.A.R., if the member is a member of an Association of N.A.R. and that Association has paid N.A.R. dues for the member.
- (e) 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 ARTICLE V, Section 9, in the office where the Designated REALTOR® holds membership, and any other offices of the firm located within the jurisdiction of this Association.
- (f) The annual dues 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 (\$105.00). The National Association shall credit \$35.00 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 \$35.00 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 \$35.00 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 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 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 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 14(c).

Section 4. Nonpayment of Financial Obligations.

- (a) If dues, fees, fines, or other assessments, including amounts owed to the A.O.R. or its MLS are not paid within ten (10) days after the due date, the nonpaying member is subject to suspension. Thirty (30) days after the due date, membership of the nonpaying member shall automatically terminate unless within that time the amount due is paid. However, no action shall be taken to suspend or expel a member for nonpayment of disputed amounts until the accuracy of the amount owed has been confirmed by the Board of Directors. Furthermore, no member shall be suspended or expelled until ten (10) days after notice of a proposed suspension or expulsion and the reason therefore has been mailed by regular first class mail to him or her, which notice may be given before or after the expiration of the ten (10) day or thirty (30) day period.
- (b) If within ten (10) days after the mailing of a notice the member requests a hearing, the effective date of the suspension or expulsion shall be deferred until after such hearing. The Board of Directors shall mail by regular first class mail to the member at least five (5) days prior to the hearing a notice of the time and place of the hearing. At the hearing the Board of Directors shall receive evidence from the member and may receive evidence from any other person on the issue of whether the member was delinquent in the payment of fees or charges and on the issue of whether it would be in the best interest of the A.O.R. to suspend or expel the member.
- (c) If the Board of Directors determines that the member was delinquent, the Board of Directors may decide, as it deems in the best interest of the A.O.R., to suspend or expel the member, to decline to suspend or expel the member, or to decline to suspend or expel the member on condition that the member pay the delinquency on or before a specified date or pay the delinquency in specified installments on or before specified dates. The member shall be automatically suspended or expelled without further hearing if the member fails to perform such condition.
- (d) Any suspension or expulsion occurring after a hearing shall be effective five (5) days after notice thereof is mailed to the member, subject to the right of the Board of Directors to specify that the suspension or expulsion shall become effective upon the entry, in a suit by the A.O.R. for declaratory relief, of the final judgment of a Court of competent jurisdiction declaring that the suspension or expulsion violates no rights of the member.
- (e) A member who has been expelled may apply for reinstatement in the manner prescribed for new applicants for membership, upon making full payment of all past due accounts, together with interest at the rate of ten (10%) percent per annum on each item comprising the accounts, from its due date until paid, and after complying with all sanctions imposed by a disciplinary panel together with the payment of the application fee required of new applicants.
- (f) In the event the membership of a real estate licensee or certified or licensed appraiser who holds REALTOR® membership is terminated for nonpayment of A.O.R. dues, and the licensee or appraiser remains affiliated with the same firm, the dues obligation of the designated REALTOR®, as set forth in this Article IX, Section 2(b), will be increased to reflect the addition of a non-member licensee or

appraiser. Dues shall be calculated from the first day of the current fiscal year and are payable within ten (10) days of the notice of termination.

- (g) When the A.O.R. becomes aware that a Designated REALTOR® has a licensee or licensed or certified appraiser in his or her office who is not a REALTOR® member of an Association, the A.O.R. will notify the Designated REALTOR® by an invoice being sent. A Designated REALTOR® who does not bring all non-Member assessments current within ten (10) days from receipt of the invoice, except as otherwise provided in Article IX, Section 4, will be subject to suspension. The Designated REALTOR® may dispute the assessed amount in writing, pursuant to the procedures set forth in Article IX, Section 4 of these Bylaws.

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, or other assessments 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, 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 Multiple Listing Service shall be noticed to the delinquent member in writing setting forth the amount owed and due date.

ARTICLE X - OFFICERS AND DIRECTORS

Section 1. Officers.

- (a) The elected officers of the A.O.R. shall be: a President, a President-Elect, a Secretary/Treasurer. No person may hold more than one office at the same time.
- (b) The President-Elect shall automatically ascend to the presidency at the end of his or her term as President-Elect. The Secretary/Treasurer shall automatically ascend to President-Elect at the end of his or her term as Secretary/Treasurer.
- (c) The position of Secretary/Treasurer will be elected each year by the general membership. Candidates for Secretary/Treasurer must have completed their 2 year commitment of Directorship at the time of installation. Additionally, the Candidates for Secretary/Treasurer must either currently be a Director or have

completed their Directorship within the previous five (5) years of the time they would be installed as Secretary/Treasurer.

- (d) The Executive Vice President is the chief staff person of the A.O.R. but is not an officer or member of the Board of Directors.

Section 2. Powers and Duties of Officers.

- (a) The powers and duties of the officers shall be such as their titles, by general usage, would indicate and such as may be assigned to them by the Board of Directors. It shall be the duty of the Secretary/Treasurer to keep the records of the Board of Directors and to carry on all necessary correspondence with N.A.R. and C.A.R.
- (b) The President, President-Elect, Immediate Past President, and Secretary/Treasurer shall comprise the Executive Committee. The Executive Committee will have the authority to conduct business and expend those funds directed by the Board of Directors to carry out the requirements of the A.O.R.
- (c) The Secretary/Treasurer shall be a member of the Finance Committee.

Section 3. Board of Directors.

The governing body of the A.O.R. shall be a Board of Directors consisting of the elected officers, the immediate retiring past president, and seven (7) REALTOR® members of the A.O.R. The President shall vote only in the event of a tie. All other Directors, including the elected officers, shall have one vote. Directors shall be elected to serve for terms of two (2) years. As many Directors shall be elected each year as are required to fill vacancies.

- (a) To be nominated for elective office, the nominee must be a REALTOR® member in good standing whose monetary obligations are paid and must have served on at least one (1) committee of an Association, or on at least two (2) task forces or special committees of an Association. Service must have been within the previous five (5) years. No more than two (2) persons from the same real estate office location may serve as an officer at the time of election.
- (b) No person shall be nominated, elected or serve as an officer or director if he or she is a close relative of any other officer or director then serving on the Board of Directors. For purposes of this qualification, "close relative" shall mean a current spouse, domestic partner (whether or not registered), a parent, grandparent, child, step-child, adopted child, or grandchild, mother-in-law, father-in-law, sister-in-law, brother-in-law, step-sister, step-brother, aunt or uncle.
- (c) No person shall serve as an officer or director if he or she is concurrently or simultaneously nominated, elected or serving as an officer or director on a board of directors of another Association.

Section 4. 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 5. Election of Officers and Directors.

(a) 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.

(b) Nomination by the Nominating Committee.

At least two (2) months before the annual election, a Nominating Committee of REALTOR® members shall be appointed by the President with the approval of the Board of Directors. The Nominating Committee shall select one (1) or more candidates for each office and one (1) or more candidates for each place to be filled on the Board of Directors. No member of the Nominating Committee may be a candidate for office or the Board of Directors. No person may be nominated for office unless they will meet all of the qualifications for the office at the beginning of the term for which they are a nominee. No person shall be nominated by the Nominating Committee or by petition for an officer or director position if he or she is concurrently or simultaneously nominated, elected or serving on a board of directors of another Association. The report of the Nominating Committee shall be delivered to each member eligible to vote at least four (4) weeks preceding the election.

(c) Nomination by Petition.

Additional candidates for the offices to be filled may be placed in nomination by petition signed by at least twenty-five (25%) percent of the REALTOR® members eligible to vote. The petition shall be filed with the Secretary at least three (3) weeks before the election. The Secretary shall deliver notice of such additional nominations to all members eligible to vote at least two (2) weeks before the election.

(d) Election Committee.

The President, with the approval of the Board of Directors, shall appoint an Election Committee of three (3) REALTOR® members to conduct the election. No member of the Election Committee may be a candidate for office or the Board of Directors. The Election Committee shall set a date on or before the annual meeting, on which the election will be held.

(e) Elections.

Elections shall be by ballot delivered to the members in a timely manner. The ballot shall contain the names of all candidates and specify the office for which

each is nominated. No person may be a candidate for more than one (1) position whether nominated by the Nominating Committee or by petition. Ballots may be submitted by the members in the manner and by the date specified by the Election Committee, which shall be no later than the last day of June. There shall be no proxy votes. In case of a tie vote, the issue shall be determined by the remaining members of the Board of Directors.

(d) Electronic Voting.

Nothing contained in these Bylaws shall preclude the Board of Directors, or their designee(s) from adopting electronic voting procedures that otherwise comply with California law and N.A.R. and/or C.A.R. mandates.

(e) Future Voting Procedures.

The A.O.R.'s geographical area is widespread and may broaden in the future. Technological advances may allow for other more advanced forms of voting procedures in the future. Such procedures may provide greater opportunities for enhanced member participation in the voting process described above. The Board of Directors may provide in the A.O.R.'s Policies and Procedures Manual for such procedures that will supersede provisions of this Article and these Bylaws, so long as they are consistent with California law and N.A.R. and C.A.R. mandates and are made available to all Members and are otherwise consistent with the remainder of these Bylaws.

Section 6. Vacancies.

Vacancies among the officers and the Board of Directors shall be filled by a simple majority vote of the Board of Directors until the next annual election. If an officer or director is unable to assume office after being elected, his or her seat becomes vacant and shall be filled by the Board of Directors.

Section 7. Removal of Officers and Directors.

In the event that an officer or director is deemed to be incapable for any reason of fulfilling the duties for which he or she is elected, but will not resign from office voluntarily, the officer or director may be removed from office under the following procedure:

- (a) A petition requiring the removal of an officer or director and signed by not less than one-third (1/3) of the voting membership or a majority 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.
- (b) 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 officer or director, and to render a decision on such petition.
- (c) 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 8. Expenditures.

The Executive Vice President, subject to the direction of the Board of Directors, shall administer the day to day finances of the A.O.R. Unbudgeted capital expenditures in excess of five thousand dollars (\$5,000) may not be made unless authorized by a majority of the Board of Directors members eligible to vote and present at a duly held Board of Directors meeting. 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 Board of Directors. Capital expenditures are those expenditures for long term improvements chargeable to the capital asset account.

Section 9. Right to Indemnification.

To the fullest extent permitted by law, the A.O.R. shall indemnify its directors, officers, employees and other persons described in Section 9246(a) of the California Corporations Code, including persons formerly occupying such position, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding" as that term is used in that Section and including an action by or in the right of the A.O.R., by reason of the fact that the person is or was a person described in that Section. "Expenses" as used in this bylaw shall have the same meaning as in Section 9246(a) of the California Corporations Code.

ARTICLE XI - MEETINGS

Section 1. Annual Meetings.

The annual meeting of the A.O.R. shall be held during June of each year, the date, hour, manner and place to be designated by the Board of Directors.

Section 2. Meetings of Directors.

(a) Time and Location.

The Board of Directors shall designate a regular time, manner and place of meetings.

(b) Absence Construed as Resignation.

Absence from three (3) regular meetings during the calendar year shall be construed as a resignation, unless such absence is excused, in the opinion of the remaining directors. At no time shall the number of unexcused absences be allowed to exceed two (2) in any calendar year without resulting in removal from the Board of Directors.

Section 3. Other Meetings.

Meetings of the members may be held at other times as the President or the Board of Directors may determine, or upon the written request of at least thirty-five percent (35%) of the members eligible to vote.

Section 4. Notice of Meetings.

Written notice of membership meetings shall be delivered personally, by first class mail, facsimile, electronic mail or other lawful means to the address shown on the current A.O.R. records of every member entitled to participate in the meeting at least ten (10), 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 5. Quorum.

A quorum for the transaction of business by the general membership shall consist of five percent (5%) of the members eligible to vote and present at a duly held membership meeting. A quorum for the transaction of business by the Board of Directors shall consist of fifty-one percent (51%) of the directors.

ARTICLE XII - COMMITTEES

Section 1. Standing Committees.

The President shall appoint from among the REALTOR® members, subject to confirmation by the Board of Directors, the following standing committees:

Audit
Budget & Finance
Education
Election
Executive
Grievance
Housing Affordability / Cultural Diversity
Membership
Multiple Listing Service & Technology
Nominating
Political Action / Local Government Relations
Professional Standards
Recreation
Strategic Planning
Young Professionals Network (YPN)

Section 2. Task Forces.

The President shall appoint from among the REALTOR® members, subject to confirmation by the Board of Directors, task forces as deemed necessary.

Section 3. Term of Committee Appointments.

Committee members shall be appointed to one (1) year terms, except that the members of the Multiple Listing Service committee shall be appointed to staggered two (2) year terms, and the Grievance and Professional Standards committees shall be appointed to three (3) year terms.

Section 4. Organization.

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

Section 5. President.

The President shall be an ex-officio non-voting member of all standing committees and shall be notified of their meetings.

Section 6. Removal.

The President shall have the power, subject to confirmation by the Board of Directors, to remove any member from a committee.

ARTICLE XIII - FISCAL AND ELECTIVE YEAR

Section 1. Fiscal Year.

The fiscal year of the A.O.R. shall be the calendar year beginning January 1 and ending December 31.

Section 2. Elective Year.

The elective year shall be the calendar year beginning January 1 and ending December 31.

ARTICLE XIV - RULES OF ORDER

Section 1. Robert's Rules of Order.

Robert's Rules of Order, latest edition, shall be recognized as the authority governing the meetings of the A.O.R., its Board of Directors, and committees, in all instances wherein its provisions do not conflict with the California Nonprofit Corporations Code or these Bylaws.

ARTICLE XV - AMENDMENTS

Section 1. Amendment Upon Majority Vote of Directors.

These Bylaws may be amended by a two third (2/3) vote of the Board of Directors at a meeting at which all Directors are present and qualified to vote, provided the substance of such proposed amendment or amendments shall be plainly stated in the call for the meeting. In addition, the Board of Directors may, at any regular or special meeting of the Board of Directors at which a quorum is present, approve amendments to the Bylaws which are mandated by N.A.R. policy

Section 2. 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 ten (10) calendar days prior to the meeting and shall plainly state the substance of the proposed amendment or amendments.

Section 3. Approval of Amendments by N.A.R.

Amendments to these Bylaws affecting the admission or qualification of REALTOR® and Institute Affiliate members, the use of the terms 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 N.A.R.

ARTICLE XVI - DISSOLUTION

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. may maintain for the use of licensed real estate brokers and salespersons, and licensed or certified appraisers, a Multiple Listing Service ("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 Multiple Listing Service 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. Participation.

Any REALTOR® of this or any other Board who is a principal, partner, corporate officer, or branch office manager acting on behalf of a principal, without further qualification, except as otherwise stipulated in these bylaws, shall be eligible to participate in Multiple Listing upon agreeing in writing to conform to the rules and regulations thereof and to pay the costs incidental thereto. However, under no circumstances is any individual or firm, regardless of membership status, entitled to Multiple Listing Service "membership" or "participation" unless they hold a current, valid real estate broker's license and offer or accept compensation to and from other Participants or are licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property. Use of information developed by or published by a Board Multiple Listing Service is strictly limited to the activities authorized under a Participant's licensure(s) or certification and unauthorized uses are prohibited. Further, none of the foregoing is intended to convey "participation" or "membership" or any right of access to information developed by or published by a Board Multiple Listing Service where access to such information is prohibited by law.

Note: Mere possession of a broker's license is not sufficient to qualify for MLS participation. Rather, the requirement that an individual or firm 'offers or accepts cooperation and compensation' means that the Participant actively endeavors during the operation of its real estate business to list real property of the type listed on the MLS and/or to accept offers of cooperation and compensation made by listing brokers or agents in the MLS. "Actively" means on a continual and on-going basis during the operation of the Participant's real estate business. The „'actively" requirement is not

intended to preclude MLS participation by a Participant or potential Participant that operates a real estate business on a part time, seasonal, or similarly time-limited basis or that has its business interrupted by periods of relative inactivity occasioned by market conditions. Similarly, the requirement is not intended to deny MLS participation to a Participant or potential Participant who has not achieved a minimum number of transactions despite good faith efforts. Nor is it intended to permit an MLS to deny participation based on the level of service provided by the Participant or potential Participant as long as the level of service satisfies state law.

The key is that the Participant or potential Participant actively endeavors to make or accept offers of cooperation and compensation with respect to properties of the type that are listed on the MLS in which participation is sought. This requirement does not permit an MLS to deny participation to a Participant or potential Participant that operates a Virtual Office Website ("VOW") (including a VOW that the Participant uses to refer customers to other Participants) if the Participant or potential Participant actively endeavors to make or accept offers of cooperation and compensation. An MLS may evaluate whether a Participant or potential Participant "actively endeavors during the operation of its real estate business" to "offer or accept cooperation and compensation" only if the MLS has a reasonable basis to believe that the Participant or potential Participant is in fact not doing so. The membership requirement shall be applied on a nondiscriminatory manner to all Participants and potential Participants.

Section 4. MLS Committee.

The President of the A.O.R. shall appoint, subject to the confirmation of the Board of Directors, a MLS Committee of REALTOR® members. All members of the committee shall be REALTOR® MLS participants or subscribers. The President-Elect will serve as chairperson. The committee members so named shall serve two (2) year terms. The actions of the MLS Committee are subject to the approval of the Board of Directors.

Section 5. 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.