



# Bylaws

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**Southwest Riverside County Association of REALTORS®, Inc.**

Approved by the National Association of REALTORS®:

November 18, 2009

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\_\_\_\_\_, 2010

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# Southwest Riverside County Association of REALTORS®, Inc.

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### Bylaws of the Southwest Riverside County Association of REALTORS®, Inc.

#### ARTICLE I – Name

**Section 1. Name.** The name of this organization shall be the Southwest Riverside County Association of REALTORS® Inc., a California Non-profit Mutual Benefit Corporation (hereafter 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 the Name of the A.O.R..** 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 estate 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 Membership

**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 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 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 with N.A.R. The A.O.R. shall discontinue use of the terms in

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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 the use of the terms.

**Section 3. Adoption and Enforcement of N.A.R. Code of Ethics; Compliance with N.A.R. and C.A.R. Governing Documents and Policies.** The A.O.R. adopts the 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 A.O.R. Rules, Regulations and 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 A.O.R. as a member of N.A.R. is:

**Northern Boundary:** Starting at the most Northerly corner of Parcel 13, of Parcel Map 13-2 per map recorded in Book 1, pages 76-94 of Parcel Maps recorded in Riverside County proceeding along the Northerly boundary of Rancho California in an easterly direction to point S.R. 8 shown by Record of Survey filed in Book 56, pages 39-41 of Records of Survey, Riverside County, being also the intersection point of the Santa Rosa Rancho boundary and the Temecula boundary, then following the Rancho Temecula boundary northeasterly along line projected from said Northwesterly boundary of the Rancho Temecula boundary until such projected straight line intersects with the most southeasterly corner of Section 32, Township 6 South, Range 3 West of S.B.B.M., thence easterly along the section lines and continuing to the most easterly corner of Section 36, T6S, R3W, S.B.B.M., thence along section line to the most southeasterly corner of Section 24, T6S, R3W; thence easterly along section lines to the most southeasterly corner of Section 21, T6S, R2W; thence north to the northeasterly corner of Section 4, T6S, R2W; thence east to the most northeasterly corner of Section 1, T6S, R2W; thence south to the most southeasterly corner of Section 12, T6S, R2W, S.B.B.M., then east along the section lines to the south east corner of Section 10 of T6S, R1E of S.B.B.M.

**Easterly Boundary:** Starting at the southeast corner of Section 10 of T6S, R1E of S.B.B.M. south to the southeast corner of the northeast quarter of Section 27 of T6S, R1E of S.B.B.M., thence east to a point which is the southwest corner of the northeast quarter of Section 25 of T6S, R1E of S.B.B.M., thence south along the section lines being also the boundary of the San Bernardino National Forest to the southeast corner of Section 36, T8S, R1E of S.B.B.M.

**Southern Boundary:** Starting at the southeast corner of Section 36 of T8S, R1E of S.B.B.M. of T9S, R2W of S.B.B.M., thence westerly along said section line to the southwest corner of Section 31 of T8S, R3W; thence north along said section line to a point where the west boundary of partial section 30 of T8S, R3W of S.B.B.M. intersects with the south boundary line of Santa Rosa Rancho; thence westerly along said Santa Rosa Rancho boundary to point SR3 as shown by Records of Survey filed in Book 60, Pages 16-18 of Records of Survey of Riverside County.

**Western Boundary:** Beginning at point SR3 as shown by Survey filed in Book 60, Pages 16-18 of Records of Survey of Riverside County; thence northerly along the boundary of Rancho California begin also the westerly boundary of Santa Rosa Rancho to the most northerly corner of Parcel 13 of Parcel Map 13-2 per map recorded in Book 1, Pages 76-94 of Parcel Maps of Riverside County. (Territory presently considered "unassigned" by National Association.)

**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 these Bylaws and those of N.A.R., in return for which the A.O.R. agrees to protect and safeguard the property rights of N.A.R. in those terms.

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### ARTICLE V – Membership, Qualification, Application and Acceptance

**Section 1. Classes of Membership.** There will 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; 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 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.

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 local Association in the state of 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 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.

2.3 REALTOR® members may be franchise corporate officers as described below in Article V, Section 11.

2.4 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

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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.

2.5 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 3. Primary and Secondary REALTOR® Members.** An individual is defined as a primary member of the A.O.R. if the A.O.R. pays C.A.R. and N.A.R. dues for that individual. An individual is defined as a secondary member if C.A.R. and N.A.R. dues are remitted through another board or 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. There must be a Designated REALTOR® member of the A.O.R. for licensees affiliated with the firm to select the A.O.R. as their primary board or association. There need not be a Designated REALTOR® member of the A.O.R. for licensees affiliated with the firm to select this A.O.R. as their secondary board or association.

**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 in association 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 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

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proprietor, partner, corporate officer or 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 of these Bylaws.

**Section 10. Required REALTOR® Membership of Officers and Partners.** 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 board or association in the state of California (except as provided in Section 2.4) or in a state contiguous thereto, if they meet all the other qualifications set forth in this Article V, Sections 2.1, 2.2 or 2.3 of these Bylaws unless they otherwise qualify 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 with 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 Officer"). 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 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. An application for membership shall be made in such manner and form as may be prescribed by the A.O.R. Board of Directors (hereinafter "Board of Directors") and made available to anyone requesting it. The application form shall contain among the statements to be signed by the applicant: (1) that applicant agrees as a condition to membership to thoroughly familiarize himself with the Code of Ethics of the N.A.R., the Articles, Bylaws, and Rules and Regulations of C.A.R., N.A.R. and the A.O.R. and the A.O.R.'s Multiple Listing Service, including its Citation Policy, , and if elected a Member, will abide by the Articles, Bylaws and Rules and Regulations of C.A.R., N.A.R. and the A.O.R. and the A.O.R.'s Multiple Listing Service, including its Citation Policy, and, if a REALTOR® Member, will abide by the Code of Ethics of N.A.R., including the obligation to arbitrate controversies arising out of real estate transactions as specified by Article 17 of the Code of Ethics, and as further specified in the *Code of Ethics and Arbitration Manual* of N.A.R, as from time to time amended; and, (2) that applicant consents that the A.O.R., through its Membership Committee or otherwise, may invite and receive information and comment about applicant from any Member or other persons, and that applicant agrees that any information and comment furnished to the A.O.R. by any person in response to the invitation shall be conclusively deemed to be privileged and not form the basis of any action for slander, libel, or defamation of character. The applicant shall, with the form of application, have access to a copy of the Bylaws, Articles, Rules and Regulations, Multiple Listing Service Rules and Citation Policy, and Code of Ethics referred to above.

b. Applicants for membership shall be familiar with and agree to abide by the Bylaws and Rules and Regulations of the A.O.R. and the A.O.R.'s Multiple Listing Service, including its Citation Policy, 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 Membership Committee. Applicants who will become Multiple Listing Service participants or subscribers must also attend an orientation program as may be required by the Board of Directors, its Membership Committee, 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

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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 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 years. If the applicant is party to pending bankruptcy or insolvency proceedings or has been adjudged bankrupt within the past three years, the applicant may be required to pay cash in advance for A.O.R. and Multiple Listing Service 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, the application may be rejected.

e. 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:

- (1) All final findings of Code of Ethics violations and violations of other membership duties within the past three (3) years;
- (2) Pending complaints alleging violations of the Code of Ethics or alleging violations of other membership duties;
- (3) Incomplete or (pending) disciplinary measures;
- (4) Pending arbitration requests (or hearings);
- (5) Unpaid arbitration awards or unpaid financial obligations to the A.O.R. or its Multiple Listing Service; and
- (6) 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 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 13. Application Review and Acceptance.** The procedure for acceptance to 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. 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.

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 boards or associations

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or where the applicant for membership has unsatisfied discipline pending in another board or association, provided all other qualifications for membership have been satisfied. The Board of Directors may reconsider the membership status of provisional membership 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. Provisional members shall be considered REALTORS® and shall be subject to all of the same privileges and obligations of REALTOR® membership. 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 board or 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 14. 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 board or 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 sixty (60) 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 15. Continuing Member Code of Ethics Training.** Every four year period, starting with the period from January 1, 2001 through December 31, 2004, and for successive four 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 quadrennial 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 board or 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 board or association and REALTOR® members who have completed the New Member Code of Ethics Orientation during any four year cycle shall not be required to complete additional ethics training until a new four year period commences. Failure to satisfy this requirement shall be considered a violation of a membership duty for which REALTOR® membership shall be suspended until such time as the training is completed.

Members suspended for failing to meet the requirement for the first four (4) year cycle (2001-2004) will have until December 31, 2005 to meet the requirement. Failure to meet the requirement by that time will result in automatic termination of membership.

Failure to meet the requirement for the second (2005-2008) cycle and subsequent four (4) year cycles will result in suspension of membership for the first two months (January and February) of the year following the end of any four (4) 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 will be automatically terminated. (Adopted 1/01, revised 6/05).

### **Section 16. 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

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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 qualifications 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 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 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 17. Resignation.** Resignations of members shall become effective when received in writing by the Board of Directors, 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.

### **Section 18. Member in Good Standing.**

a. **Definition of Good Standing.** To be considered in good standing, a member of the A.O.R. and/or a candidate for election to the Board of Directors must be current in the payment of all dues and assessments imposed pursuant to Article IX hereof, any other sums due to the A.O.R., and not subject to suspension of his or her rights and privileges as a member of the A.O.R.

b. Members who are delinquent, as that term is described or defined in various policies approved by the Board of Directors, in payment of any assessment levied by the A.O.R. or its Multiple Listing Service shall be subject to suspension and termination of rights and privileges of membership as provided in Article IX, Section 4 of these Bylaws.

c. Members who have been found in violation of the A.O.R.'s Bylaws or the A.O.R.'s Multiple Listing Service Rules, including the Citation Policy, after a hearing, and who have been suspended, shall have their rights and privileges as members of the A.O.R. (and the Multiple Listing Service, if applicable) suspended until they are reinstated in accordance with the sanction imposed.

d. The Board of Directors is authorized to modify this definition as law or policy may require.

## **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 or the Rules and Regulations. If a hearing is required, it shall be held in accordance with the *California Code of Ethics and Arbitration Manual*.

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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 the 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 any unlawful harassment, including sexual harassment, of an employee of the A.O.R. or its Multiple Listing Service, after an investigation in accordance with the 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 Chairperson, Chairperson-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 Chairperson or Chairperson-Elect, they may not participate in the proceedings and shall be replaced by the Immediate Past Chairperson 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. or Participant or Subscriber of the A.O.R.'s Multiple Listing Service who is a REALTOR® 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, as defined above, shall be entitled to vote and hold elective office in the A.O.R.

### **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 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 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 term 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,

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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 A.O.R. 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. If any action is 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 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 the 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 board or 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 thirty (30) days of the date of affiliation or severance of the individual(s).

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### 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 by C.A.R. 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 and Bylaws and the 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 or Participant, every REALTOR® member or Participant 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 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. (Amended 06/2006).

**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 terms 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.

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### 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 is 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 board or 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 board or 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 board or association to which dues have been remitted.

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 shall annually file with the A.O.R. on a form approved by the A.O.R. 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 listing, selling, leasing, managing, counseling or appraising real property. 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 of the Designated REALTOR®.

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® or REALTOR-ASSOCIATE® membership in the A.O.R. However, membership dues shall not be prorated if the licensee held REALTOR® or REALTOR-ASSOCIATE® 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 a board or association of C.A.R. and that the board or 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 a board or association of N.A.R. and that the board or 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 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 A.O.R.

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f. The annual dues of each Institute Affiliate Member shall be as established in Article II of the Bylaws of N.A.R.

*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)*

**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 quarter 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 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 13.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 Multiple Listing Service are not paid within one (1) month after the due date, the nonpaying member is subject to suspension. Three (3) months 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 twenty (20) days after notice of a proposed suspension or expulsion and the reasons 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 one-month limit, two-month limit, or three-month limit.

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

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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 percent (10%) 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 thirty (30) days of the notice of termination.

**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. Authority of Board of Directors.** The governing body of the A.O.R. shall be the Board of Directors. The authority for the administration of the affairs of the corporation in their entirety shall be vested in 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 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 2. Composition of Board of Directors.** The total number of authorized directors for the A.O.R., including Officers and appointed directors, shall be not less than thirteen (13) or more than fourteen (14). In the event of an association merger, the number of Directors may be increased in accordance with a merger agreement approved by the Board of Directors and/or the Members in accordance with the A.O.R.'s voting procedures, either permanently or temporarily. The Board of Directors shall be composed as follows:

a. Elected Officers: The Officers of the A.O.R. shall be Directors of the A.O.R. as follows: Chairperson, Chairperson-Elect and the Secretary/Treasurer (Chief Financial Officer) The offices of Secretary/Treasurer shall be held by the same person; otherwise, no person may hold more than one office at the same time.

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(i) Filled by Election: Within forty-five (45) days of the annual election of Directors, the incoming Directors and Directors whose terms will not expire at the end of the year shall meet and elect the Chairperson-Elect and the Secretary/Treasurer from among the incoming Directors and the Directors whose terms will not expire at the end of the year.

(ii) Filled by Ascendancy: The Chairperson-Elect shall automatically ascend to the presidency at the end of the term as Chairperson-Elect. The Chairperson shall automatically fill the position of Immediate Past Chairperson at the end of the term as Chairperson.

b. Immediate Past Chairperson of the A.O.R.

c. No more than eight (8) elected REALTOR® members of the A.O.R.

d. Two (2) appointed REALTOR® members of the A.O.R. as recommended by the Chairperson and approved by the Board of Directors.

e. N.A.R. Director. If for any reason the N.A.R. Director representing the A.O.R. is not an elected member of the Board of Directors of the A.O.R., he or she shall be a non-voting advisory Director who shall be entitled to attend and participate in all discussions at meetings of the Board of Directors, including executive sessions, and shall be entitled to all the same indemnities and immunities as voting Directors; and, in the event the N.A.R. Director is elected as a Director or appointed to fill a vacancy on the Board of Directors, he or she shall become a voting Director.

### Section 3. Votes and Terms of Office.

a. Votes. All Directors, including the elected Officers shall have one vote.

b. Terms of Officers. The term of each office for each Officer shall be one (1) year from January through December.

c. Term of Elected Directors. Elected Directors shall serve staggered terms of three (3) years from January through December.

d. Term of Appointed Directors. Appointed Directors shall serve one (1) year terms from January through December.

**Section 4. Powers and Duties of Officers.** The powers and duties of the Officers shall be such as their titles, by general usage, would indicate, and as set forth below and as may be assigned to them by the Board of Directors.

a. Chairperson: The Chairperson shall perform such duties as are required by law, incident to the office of Chairperson, and prescribed by these Bylaws and the Board of Directors, preside at all meetings of the membership and the Board of Directors, be an ex-officio member of all committees or task force(s), except the Grievance Committee, the Professional Standards Committee, and the Nominating Committee, and be the official representative of the entire membership, and shall promote the best interests of the A.O.R. The Chairperson shall automatically serve as a C.A.R. Director and shall attend C.A.R. Regional meetings, C.A.R. and N.A.R. Leadership Conferences, and C.A.R. and/or N.A.R. Directors meetings and conventions when authorized by the Board of Directors. The Chairperson shall appoint committee chairpersons as applicable or whenever a vacancy exists during his or her term, subject to ratification by the Board of Directors, and shall consult with the Chairperson-Elect and selected chairpersons on choice of committee members to recommend to the Board of Directors for its approval. The Chairperson shall report the highlights of his or her term of office in the A.O.R.'s newspaper and/or on its Web site. The Chairperson shall serve automatically as Immediate Past Chairperson, unless elected to another position.

b. The Chairperson-Elect shall perform such duties as prescribed by these Bylaws and the Board of Directors, and as delegated by the Chairperson, and shall participate in and vote on A.O.R.

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business. The Chairperson-Elect shall automatically serve as a C.A.R. Director and attend C.A.R. Regional meetings, C.A.R. and N.A.R. Leadership Conferences, and C.A.R. and/or N.A.R. Directors meetings and conventions when authorized by the Board of Directors. The Chairperson-Elect shall automatically ascend to be Chairperson at the end of his or her term as Chairperson-Elect. The Chairperson-Elect shall submit to the Board of Directors no later than the regular October meeting his or her recommendations for chairpersons, C.A.R. Directors and N.A.R. Directors for confirmation for the following year. The Chairperson-Elect shall submit his or her recommendations for members and, when applicable the Chief Executive Officer, to serve as the A.O.R.'s representatives to the Multi-Regional Multiple Listing Service, subject to confirmation by the Board of Directors. The Chairperson-Elect shall submit no later than the regular November meeting his or her recommendations for Directors to serve on the Southwest Riverside County Multiple Listing Service, subject to confirmation by the Board of Directors. The Chairperson-Elect shall submit no later than the regular November meeting his or her recommendations for Directors to serve on the Board of Directors of the Southwest Riverside County Association of REALTORS® Scholarship Foundation, subject to confirmation by the Board of Directors. The Chairperson-Elect shall also serve as the A.O.R.'s BORPAC Chairperson.

c. **Secretary/Treasurer (Chief Financial Officer):** The Chief Financial Officer is in charge of monthly and annual income and expense reports, budgets, tax returns, and the receipt and disbursement of funds. If authorized by the Board of Directors, the Chief Financial Officer shall serve as a C.A.R. Director and shall attend C.A.R. regional meetings and C.A.R. and/or N.A.R. Directors meetings and conventions when authorized by the Board of Directors. The Chief Financial Officer shall serve as Chairperson of the Joint Finance Committee for the A.O.R., the Southwest Riverside County Multiple Listing Service and the Southwest Riverside County Association of REALTORS® Scholarship Foundation. The Chief Financial Officer shall serve as Chairperson of the Budget & Finance/Strategic Planning Committee. The Chief Financial Officer shall meet on an as-needed basis with the Joint Finance Committee, the Budget & Finance/Strategic Planning Committee, and the A.O.R.'s Certified Public Accountant. The Chief Financial Officer shall prepare the goals for the Strategic Planning Retreat.

d. **Immediate Past Chairperson:** The Immediate Past Chairperson shall perform such duties as prescribed by these Bylaws and the Board of Directors, and as delegated by the Chairperson, and shall participate in and vote on A.O.R. business. If authorized by the Board of Directors, the Immediate Past Chairperson shall serve as a C.A.R Director and shall attend C.A.R. regional meetings and C.A.R. and/or N.A.R. Directors meetings and conventions when authorized by the Board of Directors.

e. **Chief Executive Officer:** The Chief Executive Officer is the chief staff person of the A.O.R., but is not a member of the Board of Directors. He or she may serve as the appointed Assistant Secretary of the A.O.R.

**Section 5. Qualifications for Service as Director.** To be nominated for elective office and serve as a Director, a person must meet the following qualifications:

a. Must be a REALTOR® Member for two years with the A.O.R. in good standing and whose monetary obligations are paid.

b. Must have served on at least one (1) committee of the A.O.R. or a predecessor association of the A.O.R., or on at least two (2) task forces or Special Committees of the A.O.R. within the previous five (5) years.

c. Must not be concurrently or simultaneously nominated, elected or serving on a board of directors of another REALTOR® Association.

d. Must not be a member of a current Director's immediate family, unless the current Director's term will expire prior to the commencement of the term of office being sought.,

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- e. Shall not be eligible to serve if at the time of election his or her license (broker or salesperson) is with the same Designated REALTOR® Broker as four (4) other Directors, including the Designated REALTOR® Broker(s).
- f. Shall not serve more than two (2) consecutive three-year terms.
- g. Shall have electronic mail capability in order to receive notices and information from the A.O.R. and the Chief Executive Officer.
- h. Shall be available and willing to serve on committees and task forces.
- i. Shall attend a Directors Orientation and a Professional Standards Seminar.
- j. Shall sign the A.O.R.'s Confidentiality Agreement and Conflict of Interest Code prior to taking office.
- k. Directors are strongly encouraged to, at a minimum, make an annual voluntary donation and participate in the C.A.R. political action fund(s).

### **Section 6. Election of Officers and Directors.**

- a. 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 Chairperson with the approval of the Board of Directors. No member of the Nominating Committee may be a candidate for 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. The report of the Nominating Committee shall be mailed to each member eligible to vote at least four (4) weeks preceding the election.
- b. Election Committee. The Chairperson, with the approval of the Board of Directors, shall appoint an Election Committee of REALTOR® members to conduct the election. No member of the Election Committee may be a candidate for the Board of Directors. The Election Committee shall set a date on or before the annual meeting, on which the election will be held.
- c. Elections. Elections shall be conducted in accordance with California law and Section (e) of this Section 6. There shall be no proxy votes. The ballot shall contain the names of all candidates. In case of a tie vote, the issue shall be determined by a majority of the Board of Directors.
- d. Voting Procedures. Technological advances now provide for forms of electronic voting procedures and further advancements in the future are probable. Such procedures provide greater opportunities for enhanced member participation in the voting process. The Board of Directors may provide for electronic notice and voting procedures for voting on any matter that requires membership approval, including election of Directors, so long as the procedures are consistent with the remainder of these Bylaws, N.A.R. policy and California law.
- e. Notices. All notices, reports and ballots in connection with the election or removal of Directors and Director/Officers may be accomplished by personal delivery, first class mail, facsimile, electronic mail or other electronic means.

### **Section 7. Vacancies.**

- a. Absence Construed as Resignation. Upon the absence of any member of the Board of Directors from three (3) regular meetings during any calendar year, without good cause acceptable to the Board of Directors, his or her place on the Board of Directors shall at once be declared vacant by the Officer presiding at the close of the third consecutive meeting from which the Director is absent. However, if it is known or deemed possible that there exist extenuating circumstances for which the

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absence may be excused, the declaration of vacancy may be suspended by the presiding Officer, and record of the vacation and suspension made in the Minutes of the meeting. Thereafter, the Board of Directors may conduct an investigation, and the declaration of vacancy shall be excused or made final by majority vote at any regular or special meeting of the Board of Directors. Absences shall be excused for emergencies such as a death in the immediate family or if a Director is called to jury duty, subpoenaed to testify in a court-type hearing, or if the Director must attend an Association function, including an N.A.R. or C.A.R. function.

b. Filling Vacancy of Officer Position. A vacant Officer position shall be filled by the Board of Directors by a simple majority vote to complete the term of the vacated position.

c. Filling Vacancy of a Director Position. Vacancy of a Director Position shall be filled within forty-five (45) days by the majority vote of the remaining members of the Board of Directors.

**Section 8. 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-fifth (1/5th) of the voting membership or a majority of all Directors shall be filed with the Chairperson, or if the Chairperson 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 or to their Designated Broker/REALTOR® for distribution to all voting members by regular first class mail at least ten (10) days prior to the meeting, and shall be conducted by the Chairperson unless the Chairperson's continued service in office is being considered at the meeting. In such case, the next ranking Officer will conduct the meeting. Voting may be by any lawfully acceptable procedure. A three-fourths vote of members shall be required for removal from office.

**Section 9. Expenditures.** The Board of Directors shall administer the day-to-day finances of the A.O.R.

## ARTICLE XI – MEETINGS

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

**Section 2. Meetings of the Directors.** The Board of Directors shall designate a regular time and place of meetings.

**Section 3. Other Meetings.** Meetings of the members may be held at other times as the Chairperson or the Board of Directors may determine, or upon the written request of at least fifty percent (50%) of the members eligible to vote.

**Section 4. Notice of Meetings.** Notice of a membership meeting shall be sent by any method acceptable by law to every member entitled to participate in the meeting at least ten (10) calendar days prior to the meeting. 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.

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**Section 5. Quorum.** A quorum for the transaction of business by the general membership shall consist of one-tenth of the member's eligible to vote. A quorum for the transaction of business by the Board of Directors shall consist of a majority of the Directors.

### ARTICLE XII – COMMITTEES

**Section 1. Standing Committees.** The Chairperson shall appoint from among the REALTOR® members, subject to confirmation by the Board of Directors, the following standing committees:

- Affiliates
- Joint Finance
- Grievance/Professional Standards

**Section 2. Task Forces/Special Committees.** The Chairperson shall appoint from among the REALTOR® members , subject to confirmation by the Board of Directors, Task Forces/Special Committees as deemed necessary.

**Section 3. Terms of Committee Appointments.** Committee members shall be appointed to one year terms except that the members of the Grievance/Professional Standards Committee and the Joint Finance Committee shall be appointed to staggered 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 the Bylaws.

**Section 5. Chairperson.** The Chairperson shall be an ex-officio non-voting member of all standing committees and shall be notified of their meetings.

**Section 6. Removal.** The Chairperson 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 begin the day following the official closing of the N.A.R. annual convention and end the last day of the N.A.R. convention the following year.

### 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.

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### ARTICLE XV – AMENDMENTS

**Section 1. Amendment Upon Majority Vote of Directors.** To the extent allowed by California law and the corporation's Articles of Incorporation, these Bylaws may be amended by nine (9) affirmative votes of Directors present, or by affirmative votes of seventy-five percent (75%) of the full Board of Directors if the Board of Directors consists of more than thirteen Directors, at any duly called meeting of the Directors at which a quorum is present. Within seven (7) days of Board of Director approval, the membership will be notified in writing of the nature of the proposed amendments. If within thirty (30) days of notice to the members five percent (5%) of the membership provide written comments to the President or Chief Executive Officer on any one of said amendments, the Board of Directors will consider the comments regarding that amendment at its next regularly scheduled meeting, but will not be required to act on them. The Board of Directors may, in its discretion, adopt some, all or none of the proposed amendments, or may present some, all, or none of the proposed amendments for membership vote pursuant to the procedures set forth in Section 3 below.

**Section 2. N.A.R. Mandated Policy Amendments.** The Board of Directors shall, 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 by a simple majority. Bylaw amendments mandated by N.A.R. 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 or N.A.R. policy require 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 exceeds the number of votes that would have been required at a member meeting.

NOTE: California's Nonprofit Mutual Benefit Corporation Law (Corporations Code §§7150(a)), provides that membership approval is required for adopting, changing or repealing bylaw provisions for:

- Specifying or changing a fixed number of directors or changing from fixed to variable number or from variable to fixed;
- Requiring approval by members by unanimous or by greater proportion than required by law;
- Increasing length of directors' terms;
- Selection of directors by designation;
- Authorizing the board to fill vacancies created by removal of directors;
- Changing number necessary for a quorum at membership meeting;
- Changing proxy rights;
- Changing cumulative voting rights.

**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 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.

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### 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.** The A.O.R. shall maintain for the use of licensed real estate brokers and salespersons, and licensed or certified appraisers, a Multiple Listing Service (“MLS”) which shall be a lawful corporation of the state of California all the stock of which shall be owned by the A.O.R.

**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.

**(a) REALTOR® Participant.** Any REALTOR® of this or any other Association 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.

**(b) Non-A.O.R. Member Participant.** A non-A.O.R. member applicant for MLS participation who is a principal, partner, corporate officer, or branch office manager acting on behalf of a principal, shall supply evidence satisfactory to the membership committee that he/she has no record of recent or pending bankruptcy; has no record of official sanctions involving unprofessional conduct; agrees to complete a course of instruction (if any) covering the MLS Rules and Regulations and computer training related to MLS information entry and retrieval, and shall pass such reasonable and non-discriminatory written examination thereon as may be required by the MLS; and shall agree that if elected as a participant, he/she will abide by such rules and regulations and pay the MLS fees and dues, including the nonmember differential (if any), as from time to time established. California law requires non-A.O.R. members be admitted to the MLS and any limitations or restrictions imposed on participation or membership shall be no more stringent than permissible under the National Association of REALTORS® *Membership Qualification Criteria*.

The A.O.R. membership committee shall also consider the following when determining a nonmember applicant's qualifications for MLS participation or membership:

- (1) All final findings of 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 MLS

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**(c) Broker License Requirement** Under no circumstances is any individual or firm entitled to MLS participation or membership 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 the MLS 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 the MLS where access to such information is prohibited by law.

**(d) Actively Endeavor Requirement.** 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 ongoing 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. (Adopted 11/08)

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 the 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. The 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 in a nondiscriminatory manner to all participants and potential participants. (Adopted 11/08)

**Section 4. Multiple Principals in Firm.** Generally, associations of REALTORS®, when there is more than one principal in a real estate firm, define the chief principal officer of the firm as a "participant." If each principal is defined as a "participant," then each shall have a separate vote on MLS matters. Brokers or salespersons other than principals are not considered "participants" in the MLS, but have access to and use of the MLS through the principal(s) with whom they are affiliated.

**Section 5. Orientation.** Any applicant for MLS participation and any licensee (including licensed or certified appraisers) affiliated with an MLS participant who has access to and use of MLS-generated information shall complete any required orientation program of no more than eight (8) classroom hours devoted to the MLS Rules and Regulations and computer training related to MLS information entry and retrieval within six (6) months after access has been provided.

**Section 6. 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 broker participants, real estate subscribers of the MLS, as well as 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 Bylaws, this information may not be transmitted, retransmitted or provided in any manner to any unauthorized

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individual, office or firm. A.O.R. members who receive such information are subject to the applicable provisions of the MLS Bylaws whether they participate in the MLS or not.