

**BYLAWS OF THE
SANTA BARBARA
ASSOCIATION OF REALTORS®**

April 2009

ARTICLE I - NAME

Section 1. Name. The name of this organization shall be the Santa Barbara Association of REALTORS®, Incorporated, (hereinafter referred to as the "A.O.R." or "Association").

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, counseling, 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 the 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 the 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 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 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 Code of Ethics; Compliance with N.A.R. & C.A.R. Governing Documents & 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 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. shall include the communities of Carpinteria, Gaviota, Goleta, Hope Ranch, Montecito, Santa Barbara, Isla Vista, Paradise Camp, Painted Cave, Rosario Park, Summerland and others, and is described as follows:

The point of beginning is the common boundary line between Santa Barbara and Ventura Counties at the Pacific Ocean, thence Westerly along the mean tide line of the Pacific Ocean to Gaviota, thence Northeast in a straight line to the intersection of Camino Cielo Road and Refugio Road, thence Easterly in a line (at all times keeping 200 feet north of Camino Cielo Road) to the intersection of Paradise Road and Highway 154 to Zaca Lake, thence Easterly in a straight line to the common boundary between Santa Barbara and Ventura Counties, thence Southerly along said common boundary line to the point of beginning.

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 classes of membership: (a) REALTOR® Members; (b) Institute Affiliate Members; (c) Affiliate Members; (d) Public Service Members; (e) Honorary Members; and (f) Student Members.

Section 2. Qualifications of 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;

(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 a California real estate appraisal certificate or license; and

(b) Remain actively engaged in the real estate profession;

(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 A.O.R. in California or a state contiguous thereto; and,

(d) Have no record of official sanctions rendered by the courts or other lawful authorities for (i) violations of civil rights laws or real estate license laws within the past three years or (ii) criminal convictions 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.

Section 3. Primary and Secondary REALTOR® Members. An individual is 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 a secondary member if C.A.R. and N.A.R. dues are remitted through another board or association. However, when an individual is a secondary member of the A.O.R. and a primary member of a local board or association in a state other than California, C.A.R. dues will be remitted through the A.O.R. There must be a Designated REALTOR® member of this 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 this A.O.R. for licensees affiliated with the firm to select this A.O.R. as their secondary association.

Section 4. Qualifications of 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 of 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 membership shall also be granted to individuals licensed or certified to engage in real estate practice who, if otherwise eligible, do not elect to hold REALTOR® membership in the association, provided the applicant is engaged exclusively in a specialty of the real estate business other than sales brokerage of real property. Affiliate members have interests requiring information concerning real estate and sympathy with the objectives of the A.O.R.

Section 6. Qualifications of 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 of 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 of 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 REALTOR® member who shall be responsible for the firm(s) and accountable to the A.O.R. for all duties and obligations of A.O.R. membership. The "designated REALTOR®" must be the sole proprietor, partner, corporate officer or a branch 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 of the 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 in 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 (except as provided in the following paragraph 10.1) individually in a local board or association in California or 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.

Section 10.1 Commercial Membership. 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 board 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 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 franchises located within the United States, its insular possessions and 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 N.A.R. Code of Ethics, except: obligations related to board mandated education, meeting attendance, or indoctrination classes or similar requirements, if any; the right to use the REALTOR® term 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 or other persons and that any information furnished to the Board of Directors by any person shall not form the basis of any action for slander, libel or defamation of character.

(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.

(c) Applicants for REALTOR membership shall certify: that they have no record of official sanctions rendered by the courts or other lawful authorities for (i) violations of civil rights laws or real estate license laws within the past three years or (ii) criminal convictions if (1) the crime was punishable by death or imprisonment in excess of one year under the law under which the applicant was convicted; (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 a board or association 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 (Section 2 of this Article V) 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 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. Application Review and Acceptance. The procedure for acceptance to membership shall be as follows:

(a) Upon receipt of an application, the A.O.R. staff shall determine whether the applicant is applying for the appropriate class of membership. Staff shall then give prompt written or e-mail notice to the REALTOR® members of such application and invite written or e-mail comment within fourteen (14) days of such notice. If one or more of the REALTOR® members object to the approval of the application, basing such objection on lack of qualification as set forth in the Bylaws, the Board of Directors shall schedule a meeting within ten (10) days of the end of the comment period set forth above and invite any objecting member to appear and substantiate his or her objections. Objections which are not substantiated shall be totally disregarded. The A.O.R. must: (1) inform the applicant in advance, in writing or by e-mail, of any objections and identify the objecting member; and (2) give the applicant an opportunity to appear at the meeting

and establish his or her qualifications. The Board of Directors shall conduct all proceedings with strict attention to the principles of due process and compliance with the Bylaws.

(b) The Board of Directors shall review the qualifications of the applicant 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 or e-mail notice. An application for Institute Affiliate Membership shall be acted upon by the Board of Directors within forty-five days from the date of application for membership.

(c) If the Board of Directors determines that the application should be rejected, it shall record its reasons and he or she shall be advised by written or e-mail notice. 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 a declaratory judgment by a court of competent jurisdiction of a final judgment declaring that the rejection violates no rights of the applicant.

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 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 90 days of the date of application, will result in denial, or suspension of, of the membership application.

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 Santa Barbara Association of Realtors® 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 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 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 through 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 through 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.

Section 16. Status Changes.

(a) REALTORS® who change the conditions under which they hold membership shall be required to provide written or e-mail notification to the A.O.R. within thirty days of such change. 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 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. Should any member cease 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 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 moneys owed.

Section 18. Reinstatement. Any member who has withdrawn, resigned or left the A.O.R. shall, if applying for reinstatement, be considered as a new member and shall pay the regular application fee and follow the same procedure for joining the A.O.R. as any new applicant. However, any member in good standing who notifies the A.O.R. in writing prior to withdrawing, resigning, or leaving the A.O.R., and applies for reinstatement within one (1) year from time of withdrawal shall pay a reinstatement fee (as set annually by the Board of Directors) in lieu of an application fee and shall not be required to attend an orientation meeting.

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 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 sexual harassment of an A.O.R. or MLS employee 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 investigator 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 Ethics 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 a 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 REALTOR® member.

Section 4. Voting Rights and Eligibility for Elective Office. Only REALTOR® members 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.

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 VII, Section 2 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 office branch 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 principles, 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 A.O.R.. If a REALTOR® member other than a sole proprietor in a firm, partner in a partnership, officer of a corporation or office branch 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 forgoing 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, written 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.

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 Association if any, for each individual. These declarations shall be used for purpose 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 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 by the C.A.R. and from time to time amended by C.A.R., which by this reference is made a part of the 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 by the Code of Ethics including the duty to arbitrate controversies arising out of real estate transactions as specified by Article 17 of the 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 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 A.O.R.'s 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 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 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., unless the dues of such real estate licensees and licensed or certified appraisers have been paid by such real estate licensees and licensed or certified appraisers. 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 exclusively in soliciting and/or referring clients and customers to the REALTOR® for consideration on a substantially exclusive basis shall annually file with the association on a form approved by the association a list of the licensees affiliated with that entity and shall certify that all of the licensees affiliated with the entity are solely engaged in referring clients and customers and are not engaged in listing, selling, leasing, managing, counseling, appraising or arranging financing for 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 association who during the same calendar year applies for REALTOR® or REALTOR-ASSOCIATE® membership in the association. 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 allocations for C.A.R., if the member is a member of a board or association of C.A.R. and that board or association has paid C.A.R. dues for the member.

(d) The annual dues of the 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 board or association has paid N.A.R. dues for that 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 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®.

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.

Section 4. Nonpayment of Financial Obligations.

(a) If dues, fees, fines, assessments or other amounts owed to the A.O.R. are not paid within ten days after the due date, the nonpaying member is subject to a 10% late charge. If said amounts are not paid within one month after the due date, membership of the nonpaying member shall be automatically suspended and an additional \$50.00 reactivation fee assessed.

(b) If a member requests a hearing regarding suspension for nonpayment, the effective date of the suspension shall be deferred until after such hearing. The Board of Directors shall mail to the member at least five 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 he or she fails to perform such condition.

(d) Any suspension or expulsion occurring after a hearing shall be effective five days after notice thereof is mailed or e-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 a rate determined each year by the Board of Directors 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 both the reactivation fee and 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 remains affiliated with the same firm, the dues obligation of the designated REALTOR®, as set forth in this Article IX, Section 2, will be increased to reflect the addition of a non-member licensee. Dues shall be calculated from the first day of the current fiscal year and are payable within thirty 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 the payments set forth above in Section 4 (e) of this Article.

Section 6. Deposit. All moneys 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. shall be noticed to the delinquent member in writing or by e-mail setting forth the amount owed and due date upon request.

ARTICLE X - OFFICERS AND DIRECTORS

Section 1. Officers. The elected officers of the A.O.R. shall be: President, President-Elect, Vice President and Secretary/Treasurer. The President-Elect shall automatically ascend to the presidency at the end of his or her term as President-Elect. No person shall hold more than one office at the same time. The Executive Officer 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. 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 to keep the records of the Board of Directors and to carry on all necessary correspondence with N.A.R. and C.A.R.

Section 3. Board of Directors. The governing body of the A.O.R. shall be a Board of Directors consisting of the elected officers, eight REALTOR® members of the A.O.R, the immediate past president, and one Affiliate member. Directors shall be elected to serve for terms of two years, except that the Affiliate Director shall be elected for a one-year term. Affiliate members may not serve as Officers. As many Directors shall be elected each year as are required to fill vacancies. No reduction of the authorized number of Directors shall have the effect of removing any Director prior to expiration of the Director's term of office. All directors including the elected officers have one vote. If the immediate past president is unable to serve, then the most immediate prior past president available and willing to serve shall hold the position of Immediate Past President.

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 or staff, so long as the ultimate direction is provided by the Board of Directors.

Section 5. Election of Officers and Directors.

At least sixty (60) days before the annual election, a Nominating Committee of nine REALTOR® members shall be appointed by the President with the approval of the Board of Directors. The Nominating Committee shall select one candidate for each office and one candidate 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. The report of the Nominating Committee shall be mailed, e-mailed or delivered to each member eligible to vote at least thirty (30) days preceding the election.

Additional candidates for the offices to be filled may be placed in nomination by a petition signed by at least ten percent (10%) of the REALTOR® members, provided the petition is filed with the Secretary at least three weeks before the date of the election. The Secretary shall send written or e-mail notice of such additional nominations to all REALTOR® members at least two weeks before the date of the annual election.

In case there be more than one candidate for a single position, the elections shall be by ballot. Ballots may be submitted by mail, by e-mail, by fax or in person. There shall be no proxy votes. The ballot shall contain the names of all candidates and specify the office for each candidate. No person may be a candidate for more than one position whether nominated by the Nominating Committee or by petition. The candidate receiving the greatest number of votes shall be declared elected. In case of a tie vote, the issue shall be determined by lot.

If no additional qualified candidates petition the Secretary for a nomination for Officer or Director, the candidates slated by the Nominating Committee shall be elected by acclamation.

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 to fill the remaining term. 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 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 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 days or more than forty-five 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 in writing or by e-mail to all voting members at least ten 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 vote of members present and voting shall be required for removal.

Section 8. Expenditures. The Board of Directors shall administer the day to day finances of the A.O.R. Unbudgeted capital expenditures in excess of \$25,000 may not be made unless authorized by a quorum of the A.O.R. members eligible to vote in person or by mail. However, unbudgeted expenditures required for the protection of capital assets or to respond to emergency situations may be incurred by the Board of Directors without the prior approval of the full membership of the A.O.R. Capital expenditures are those expenditures for long term improvements chargeable to the capital asset account.

ARTICLE XI - MEETINGS

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

Section 2. Meetings of Directors. The Board of Directors shall designate a regular time and place of meetings. Absence from two consecutive regular meetings without an excuse deemed valid by the Board of Directors shall be construed as resignation.

Special meetings of the Board of Directors for any purpose or purposes shall be called at any time by the President, or, if he or she is absent or unable or refuses to act, by any two (2) Officers or by any two (2) Directors.

Notice of the time and place of special meetings shall be delivered or communicated personally or communicated by telephone to each Director or sent by first-class mail, e-mail or telegram, charges prepaid, addressed to each Director at the Director's address as it is shown on the records of the Corporation. Any oral notice given personally or by telephone may be communicated to the Director or to a person at the office of the Director who the person giving the notice has reason to believe will promptly communicate it to the Director.

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 50% of the members eligible to vote.

Section 4. Notice of Meetings. Written notice of membership meetings shall be sent by e-mail or by regular first class mail to the physical and/or e-mail addresses shown on the current A.O.R. records of every member entitled to participate in the meeting at least seven 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 18% of the members eligible to vote in person at a duly held membership meeting, or by mail or e-mail. A quorum for the transaction of business by the Board of Directors shall consist of 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 Chairperson and members of the following standing committees:

Budget and Finance	Government Relations
Education	Membership

Equal Opportunity
Grievance

Professional Standards
Strategic Planning

Section 2. Special Committees. The President shall appoint, subject to confirmation by the Board of Directors, special committees as deemed necessary.

Section 3. Term of Committee Appointments. Committee members shall be appointed to one year terms except that the members of the Grievance and Long Range Planning committees shall be appointed to staggered two-year terms; members of the Professional Standards committee shall be appointed to staggered three-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

The fiscal and elective year of the A.O.R. shall coincide and shall be determined by the Board of Directors from time to time.

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 By Board Subject to Limitation By Members.

Subject to the members' rights under these Bylaws and the limitations set forth below, the Board of Directors may, at any regular or special meeting of the Board of Directors at which a quorum is present, vote to propose the adoption, amendment, or repealing of the Bylaws (the "Proposed Change") unless doing so would materially and adversely affect the members' rights as to voting, dissolution or transfer, would alter the terms of directors, or would authorize a new class of membership. Notice of such Proposed Change, along with the text of any such Proposed Change, shall be promptly e-mailed or mailed to each member eligible to vote. Such Proposed Change shall automatically take effect thirty (30) days after the notice is sent unless a request for a members' vote signed by at least five percent (5%) of the REALTOR® members is filed with the Secretary within such thirty (30) day period.

If such a request for members' vote is received, a ballot with the Proposed Change shall be mailed or e-mailed to all members eligible to vote along with notice of the deadline for voting. The Proposed Change shall be approved if at least a quorum of members qualified to vote complete and return their ballots to the A.O.R. by the deadline AND a majority of the returned ballots vote in favor of the Proposed Change.

Any Proposed Change that would materially and adversely affect the members' rights set forth above, that would alter the terms of directors, or that would authorize a new class of membership shall be mailed or e-mailed to all members eligible to vote along with notice of the deadline for voting. Such Proposed Change shall be approved if at least a quorum of members qualified to vote complete and return their ballots to the A.O.R. by the deadline AND a majority of such returned ballots vote in favor of such proposed change.

The Board of Directors may, without member approval, 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. or C.A.R. policy.

Section 2. Notice. Notice of any Proposed Change shall be sent by e-mail or by U.S. mail, or in the manner of distribution as established from time to time by the Board of Directors, to every REALTOR® Member to the physical and/or e-mail address appearing in the records of the A.O.R. on the day such notice is sent.

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 or winding up of affairs 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 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. The MLS is a means by which authorized Participants make blanket unilateral offers of compensation to other participants (acting as subagents, buyer agents, or in other agency or nonagency capacities defined by law); by which cooperation among participants is enhanced; by which information is accumulated and disseminated to enable authorized participants to prepare appraisals, analyses, and other valuations of property for bona fide clients and customers; 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 so participants may better serve their clients and the public. Entitlement to compensation is determined by the cooperating broker's performance as a procuring cause of the sale (or lease).

Section 3. Governing Documents. The Board of Directors shall cause any MLS established by it pursuant to this Article to conform its Articles of Incorporation, Bylaws, Rules, Regulations, Policies, Practices, and Procedures at all times to the Constitution, Bylaws, Rules, Regulations and Policies of the N.A.R.

Section 4. Participation. Any REALTOR® member of this or any other Board who is a principal, partner, corporate officer, or branch office manager acting on behalf of the 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.

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

(a) A nonmember 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 MLS Staff that he 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 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. 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 are capable of offering and accepting 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.

Section 5. Copyright Ownership. All right, title and interest in each copy of every MLS Compilation created by the A.O.R. and the computerized MLS data base, and in the copyrights therein, shall at all times remain vested in the A.O.R. Participants and authorized licensees affiliated with such Participants are authorized only to use the MLS Compilations and data base in accordance with the Multiple Listing Service Rules and Regulations as are from time to time promulgated by the Board of Directors.

ARTICLE XVIII – INDEMNIFICATION

Section 1. Definitions. For the purposes of this Article "agent" means any person who is or was a director, officer, employee or other agent of the A.O.R., or is or was serving at the request of the A.O.R. as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a director, officer, employee or agent of a foreign or domestic corporation which was a predecessor corporation of the A.O.R. or of another enterprise at the request of such predecessor corporation; "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative; and "expenses" includes without limitation attorneys' fees and any expenses of establishing a right to indemnification under Section 4 or 5.

Section 2. Indemnification in Actions by Third Persons. The A.O.R. shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the A.O.R. to procure a judgment in its favor, an action brought under Section 5233 of Part 2 (commencing with Section 5110) made applicable pursuant to Section 7238 of Corporations Code of the State of California, or an action brought by the Attorney General for any breach of duty relating to assets held in charitable trust) by reason of the fact that such person is or was an agent of the A.O.R., against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the A.O.R. and, in the case of a criminal proceeding, had no reasonable

cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the A.O.R. or that the person had reasonable cause to believe that the person's conduct was unlawful.

Section 3. Indemnification in Actions by or in Right of the Association. The A.O.R. shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action by or in the right of the A.O.R., or brought under Section 5233 of the Corporations Code of the State of California made applicable pursuant to Section 7238 of said Code, or brought by the Attorney General for breach of duty relating to assets held in charitable trust, to procure a judgment in its favor by reason of the fact that such person is or was an agent of the A.O.R. against expenses actually and reasonably incurred by such person in connection with the defense of settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the A.O.R. and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this subdivision:

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

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

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

Section 4. Indemnification Against Expenses. To the extent that an agent of the A.O.R. has been successful on the merits in defense of any proceeding referred to in Sections 2 or 3, or in defense of any claim, issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

Section 5. Required Determinations. Except as provided in Section 4, any indemnification under this Section shall be made by the A.O.R. only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in Sections 2 and 3 by:

(1) A majority vote of a quorum consisting of directors who are not parties to such proceeding;

(2) Approval of the members with the persons to be indemnified not being entitled to vote thereon; or

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

Section 6. Advance of Expenses. Expenses incurred in defending any proceeding may be advanced by the A.O.R. prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Section.

Section 7. Other Indemnification. No provision made by the A.O.R. to indemnify it or its subsidiary's directors or officers for the defense of any proceeding, whether contained in the Articles, Bylaws, a resolution of members or directors, an agreement or otherwise, shall be valid unless consistent with this Article. Nothing contained in this Article shall affect any right to indemnification to which persons other than such directors and officers may be entitled by contract or otherwise.

Section 8. Forms of Indemnification Not Permitted. No indemnification or advance shall be made under this Article, except as provided in Sections 4 and 5 in any circumstance where it appears:

(1) That it would be inconsistent with a provision of the Articles, Bylaws, a resolution of the members or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(2) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

Section 9. Insurance. The A.O.R. shall purchase and maintain insurance on behalf of any agent of the A.O.R. against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the A.O.R. would have the power to indemnify the agent against such liability under the provisions of this Article.

This Article does not apply to any proceeding against any trustee, investment manager or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent as defined in Section 1. The A.O.R. shall have power to indemnify such trustee, investment manager or other fiduciary to the extent permitted by subdivision (f) of Section 207 of the Corporations Code of the State of California.

ARTICLE XIX - BORPAC

The A.O.R. shall maintain an Association of REALTORS® Political Action Committee (BORPAC) which shall be subject to the bylaws of the California Real Estate Political Action Committee and such bylaws as may be adopted by the BORPAC.