

BYLAWS
of the
**PACIFIC WEST ASSOCIATION
OF REALTORS® , INC.**

Approved by Board of Directors
April 27, 2011

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BYLAWS
OF
PACIFIC WEST ASSOCIATION OF REALTORS®, INC.

ARTICLE I - NAME

Section 1. Name. The name of this organization shall be the Pacific West Association of REALTORS®, Inc. (hereinafter referred to as the “A.O.R.” The term “Association” is used when referring to any Association of REALTORS®).

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

ARTICLE II - OBJECTIVES

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

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

(b) To promote and maintain high standards of conduct in the real estate profession as expressed in the Code of Ethics of N.A.R. (hereinafter “Code of Ethics”).

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

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

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

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

ARTICLE III - NATIONAL AND STATE MEMBERSHIPS

Section 1. Association Membership in N.A.R. and C.A.R. The A.O.R. shall be a member of N.A.R. and C.A.R. as defined in the governing documents of N.A.R. and C.A.R. By reason of the A.O.R.'s membership in N.A.R. and C.A.R., each REALTOR® member of the A.O.R. shall be entitled to membership in N.A.R. and C.A.R. without further payment of dues. The A.O.R. shall continue as a member of N.A.R. and C.A.R., unless by a majority vote of all of its REALTOR® members the decision is made to withdraw, in which case N.A.R. and C.A.R. shall be notified in writing at least 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 N.A.R. Code of Ethics; Compliance with N.A.R. & C.A.R. Governing Documents & Policies. The A.O.R. adopts the N.A.R. Code of Ethics and agrees to enforce the Code of Ethics among its REALTOR® members. The A.O.R. and all of its members agree to abide by the Constitution, Bylaws, Rules and Regulations, Code of Ethics, and policies of N.A.R. and C.A.R.

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

ARTICLE IV - JURISDICTION

Section 1. Description of Jurisdiction. The territorial jurisdiction of the A.O.R. as a member of N.A.R. is defined in Addendum A of these Bylaws on file at the administrative offices of the A.O.R. Any inconsistencies between the Association's Rules and Regulations or policies and the Bylaws of the A.O.R. shall be controlled by the Bylaws.

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 four (4) classes of membership: (1) REALTOR® Members; (2) Institute Affiliate Members; (3) Affiliate Members; and (4) Honorary 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 Association in California or a state contiguous thereto; and

(d) Have no record of official sanctions rendered by the courts or other lawful authorities for (i) violations of civil rights laws or real estate license laws within the past three years or (ii) criminal convictions 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 2.8.

2.4 Each firm shall designate in writing one “Designated REALTOR®” member who shall be responsible for the conduct of individuals affiliated with the firm and accountable to the A.O.R. for all duties and obligations of A.O.R. membership, including, but not limited to, certification as set forth in Article VI, Section 11. The “Designated REALTOR®” must be the sole proprietor, partner, corporate officer or an office manager acting on behalf of the firm’s principal(s) and must have the authority to bind the firm in arbitrations and must meet all the other qualifications for REALTOR® membership set forth in Article V, Sections 2.1 of the Bylaws.

2.5 Association of Choice.

(a) Primary Membership. Licensees affiliated with a REALTOR® firm may choose as their “primary” Association any Association within California where the firm maintains a “Designated REALTOR®.” If a REALTOR® is a primary member of the A.O.R., the A.O.R. pays C.A.R. and N.A.R. dues for that individual.

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

2.6 All persons who are partners in a partnership or officers in a corporation, and actively engaged in the real estate profession within the state of California or a state contiguous thereto or are franchise corporate officers as described below shall be ineligible for any class of membership other than REALTOR® membership. Each is required to hold REALTOR® membership individually in a local Association in California (except as provided in Section 2.7) or in a state

contiguous thereto, if they meet all the other qualifications set forth in Article V, Sections 2.1, 2.2, or 2.3 of the Bylaws unless they otherwise qualify for Institute Affiliate membership as described in Article V, Section 3.

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

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

Section 5. Qualifications for Honorary Members. Honorary members shall be those persons recognized by the A.O.R. Board of Directors (hereinafter "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 6. 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 and give his or her consent that the Board of Directors, through the A.O.R.'s staff (hereinafter "Staff") or otherwise, may obtain information about the applicant from any member, other persons or Associations and that any information furnished to the Board of Directors by any member, person or Association shall not form the basis of any action for slander, libel or defamation of character. The Board of Directors, through its staff or otherwise, may consider the following in determining an applicant's qualifications for membership: (1) all final findings of N.A.R. Code of Ethics violations and violations of other membership duties in any other Association within the past three (3) years; (2) pending ethics complaints or hearings; (3) unsatisfied discipline pending; (4) pending arbitration requests or hearings; (5) unpaid arbitration awards or unpaid financial obligations to any other Association or Association Multiple Listing Service ("MLS").

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

(c) Applicants for REALTOR® membership shall certify: that they have no record of official sanctions rendered by the courts or other lawful authorities for (i) violations of civil rights laws or real estate license laws within the past three (3) 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 (10) 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 within the past three (3) years for violations of the N.A.R. Code of Ethics.

(d) Applicants who are sole proprietors, general partners, corporate officers, or branch office managers (Article V, Section 2) of a real estate firm must disclose: (1) whether they or their firms are subject to any pending bankruptcy proceedings; and (2) whether they or their firms have been adjudged bankrupt within the past three (3) years. If the applicant is party to pending bankruptcy or insolvency proceedings or has been adjudged bankrupt within the past three (3) years, the applicant may be required to pay cash in advance for A.O.R. and MLS fees for up to one (1) year from the date that membership is approved or from the date that the applicant is discharged from bankruptcy, whichever is later. If the

Board of Directors determines that such prepayments will not protect the interests of the A.O.R. or its members, such applications may be rejected.

Section 7. Prior Membership Records. The A.O.R. may consider information received from other Associations in determining whether an applicant satisfies the A.O.R.'s membership requirements. The A.O.R. may request from any Association where the applicant held prior membership, minimum "core" information including:

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

NOTE: Article IV, Section 2, of the NAR Bylaws prohibits a Member A.O.R. from knowingly granting REALTOR® 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 8. Application Review and Acceptance. The procedure for acceptance to membership shall be as follows:

- (a) The staff, through the CEO or designee, shall determine whether the applicant is applying for the appropriate class of membership. It shall then give written notice to the REALTOR® members of such application and invite written comment. 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 staff shall invite any objecting member to appear and substantiate his or her objections. Objections which are not substantiated shall be totally disregarded. The staff must: (1) inform the applicant in advance, in writing, of any objections and identify the objecting member; and (2) give the applicant an opportunity to appear before the Board of Directors, or its designee(s), and establish his or her qualifications. The staff may also request "core" information as defined in Article V, Section 7, from any Association of which the applicant

was previously a member. The staff shall thereafter make a written report of its findings. The Board of Directors, its designee(s), and/or staff shall conduct all proceedings with strict attention to the principles of due process and compliance with the Bylaws.

(b) Within twenty (20) days, the staff or otherwise shall report its recommendation to the applicant and Board of Directors in writing. If the recommendation is to reject the application, the reasons shall be specifically stated. The applicant shall also be notified of his or her right to appear before the Board of Directors.

(c) The Board of Directors shall review the qualifications of the applicant and the recommendations of the Board of Directors' designee(s) and/or 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.

(d) If the Board of Directors determines that the application should be rejected, it shall record its reasons. If the Board of Directors believes that denial of membership to the applicant may become the basis of litigation and a claim of damage by the applicant, it may specify that denial shall become effective upon entry in a suit by the 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.

(e) The Board of Directors, through its designee(s) and/or staff, or otherwise, may grant "provisional" membership to an applicant in instances where ethics complaints or arbitration requests or hearings are pending in other Associations or where the applicant for membership has unsatisfied discipline pending in another Association, provided all other qualifications for membership have been satisfied. Provisional members shall be considered REALTORS® and shall be subject to all of the same privileges and obligations of REALTOR® membership. The Board of Directors may reconsider the membership status of provisional members 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 provisional membership is approved. At the time of reconsideration, if the Board of Directors determines that the individual has not satisfactorily resolved the pending ethics or arbitration matter, at the discretion of the Board of Directors, membership may be terminated. Any dues paid by the provisional member shall be prorated from the date of application to the date of termination, and the remaining dues shall be returned to the terminated provisional member.

(f) If a member resigns from another Association with an ethics complaint or arbitration request pending, the Board of Directors may condition membership on the applicant's certification that he or she will submit to the 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 9. 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 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. The methods and criteria for this program shall be created by staff and approved by the Board of Directors.

Section 10. Pacific West Orientation. Applicants for REALTOR® membership shall be required to take an A.O.R. PWR Orientation class. Each applicant will have two (2) opportunities to attend the orientation. Failure to attend the second scheduled class within sixty (60) days and shall be considered a violation of a membership duty for which membership shall be suspended until such time as the training is completed. This class is anticipated to run approximately two and one-half (2½) hours. The methods and criteria shall be created by staff and approved by the Board of Directors.

Section 11. 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 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.

Failure to meet the requirement for the second (2005- 2008) 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 12. Status Changes.

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

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

(c) Any application fee related to a change in membership status shall be reduced by an amount equal to any application fee previously paid by the applicant. Dues shall be prorated from the first day of the month 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 13. 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.

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 OR OTHER HARASSMENT OF AN ASSOCIATION OR MLS EMPLOYEE OR OFFICER OR DIRECTOR AFTER AN INVESTIGATION IN ACCORDANCE WITH THE PROCEDURES OF THE A.O.R. AS USED IN THIS SECTION, HARASSMENT MEANS ANY VERBAL OR PHYSICAL CONDUCT INCLUDING THREATENING OR OBSCENE LANGUAGE, UNWELCOME SEXUAL ADVANCES, STALKING, ACTIONS INCLUDING STRIKES, SHOVES, KICKS, OR OTHER SIMILAR PHYSICAL CONTACT, OR THREATS TO DO THE SAME, OR ANY OTHER CONDUCT WITH THE PURPOSE OR EFFECT OF UNREASONABLY INTERFERING WITH AN INDIVIDUAL'S WORK PERFORMANCE BY CREATING A HOSTILE, INTIMIDATING OR OFFENSIVE WORK ENVIRONMENT. THE DECISION OF THE APPROPRIATE DISCIPLINARY ACTION TO BE TAKEN SHALL BE MADE BY THE INVESTIGATORY TEAM COMPRISED OF THE PRESIDENT, PRESIDENT-ELECT AND ONE MEMBER OF THE BOARD OF DIRECTORS SELECTED BY THE HIGHEST RANKING OFFICER NOT NAMED IN THE COMPLAINT, UPON CONSULTATION WITH COUNSEL FOR THE A.O.R. DISCIPLINARY ACTION MAY INCLUDE ANY SANCTION AUTHORIZED IN THE *CALIFORNIA CODE OF ETHICS AND ARBITRATION MANUAL*. IF THE COMPLAINT NAMES THE PRESIDENT OR PRESIDENT-ELECT, THEY MAY NOT PARTICIPATE IN THE PROCEEDINGS AND SHALL BE REPLACED BY THE IMMEDIATE PAST PRESIDENT OR, ALTERNATIVELY, BY ANOTHER MEMBER OF THE BOARD OF DIRECTORS

SELECTED BY THE HIGHEST RANKING OFFICER NOT NAMED IN THE COMPLAINT.

(B) ANY REALTOR® MEMBER OF THE A.O.R. MAY BE DISCIPLINED BY THE BOARD OF DIRECTORS FOR VIOLATIONS OF THE CODE OF ETHICS OR OTHER DUTIES OF MEMBERSHIP AFTER A HEARING AS DESCRIBED IN THE *CALIFORNIA CODE OF ETHICS AND ARBITRATION MANUAL*, PROVIDED THAT THE DISCIPLINE IMPOSED IS CONSISTENT WITH N.A.R. POLICY AS SET FORTH IN THE *CALIFORNIA CODE OF ETHICS AND ARBITRATION MANUAL*.

Section 3. Resignation with Pending Arbitration or Disciplinary Hearing. If a member resigns from the A.O.R. or otherwise causes membership to terminate with a disciplinary complaint pending, that Board of Directors may condition the right of the resigning member to reapply for membership upon the applicant's certification that he or she will submit to the pending disciplinary hearing and comply with any sanction imposed. If a member resigns or otherwise causes membership to terminate, the duty to submit to arbitration continues in effect even after membership lapses or is terminated provided that the dispute arose while the former member was a member.

Section 4. Voting Rights and Eligibility for Elective Office. Only REALTOR® members, whether primary or secondary, in good standing whose financial obligations to the A.O.R. are paid in full, shall be entitled to vote and to hold elective office in the A.O.R. Proxy and cumulative voting is not allowed.

Section 5. Privileges and Duties of REALTOR® Members.

(a) It shall be the duty and responsibility of every REALTOR® member of this A.O.R. to abide by the Constitution and Bylaws of C.A.R., the Constitution and Bylaws of N.A.R. and to abide by the Code of Ethics as set forth in Article VI, Section 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 terms REALTOR® or REALTORS® in connection with its business during the period of suspension or expulsion and the membership of all other principals, partners or corporate officers shall suspend or terminate during the period of suspension or expulsion, unless: (1) the disciplined member severs his or her connection with

the firm, partnership or corporation; or (2) the disciplined member relinquishes management control of the firm.

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

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

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

(e) In any action taken against a principal REALTOR® member for suspension or expulsion, notice of such action shall be given to all REALTORS® employed by or affiliated as independent contractors with such REALTOR® member and they shall be advised that the provisions in this Article VI, Section 5 shall apply.

Section 6. Privileges and Duties of Institute Affiliate Members. Institute Affiliate members shall have the rights and privileges and be subject to the obligations prescribed by the Board of Directors consistent with the N.A.R. Constitution and Bylaws.

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

Section 7. Privileges and Duties of Affiliate Members. Affiliate members shall have the rights and privileges and be subject to the obligations prescribed by the Board of Directors.

Section 8. Privileges and Duties of Honorary Members. Honorary membership shall confer only the right to attend meetings and participate in discussions.

Section 9. Certification by Designated REALTOR®. Designated REALTORS® shall certify, if required, to the A.O.R. during the first month of each fiscal year, on a form provided by the A.O.R., a complete listing of all individuals licensed or certified under California law, with the REALTOR® firm(s), and shall designate the primary association, if any, for each individual whenever requested by the A.O.R. 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 days of the date of affiliation or severance of the individual(s).

ARTICLE VII - PROFESSIONAL STANDARDS AND ARBITRATION

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

Section 2. Member Compliance with N.A.R. and C.A.R. Constitution, Bylaws, Policies, Rules, Regulations, and Code of Ethics. It shall be the duty and responsibility of every REALTOR® member of this A.O.R. to abide by the Constitution 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, 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 C.A.R. Code of Ethics and Arbitration Manual.

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

Section 3. Use of REALTOR® Membership Marks Dependent on Status of Firm Principals. A REALTOR® member who is a principal of a real estate firm, partnership or corporation may use the terms REALTOR® and REALTORS® only if all the principals of such firm, partnership, or corporation who are actively engaged in the real estate profession within California, or a state contiguous thereto, are REALTOR® members.

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

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

ARTICLE IX – DUES AND ASSESSMENTS

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

Section 2. Dues.

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

(b) The dues of each Designated REALTOR® member shall be a base amount plus an amount multiplied by the number of real estate licensees and licensed or

certified appraisers under California law to which he or she certified under Article VI, Section 11, and who: (1) are employed by or affiliated as independent contractors or who are otherwise directly or indirectly licensed or certified with such REALTOR® member; and (2) are not REALTOR® members of any Association within California or a state contiguous thereto or Institute Affiliate members of this A.O.R. In calculating the dues payable to the A.O.R. by a Designated REALTOR® member, non-member licensees as defined in (1) and (2) of this sub-paragraph shall not be included in the computation of dues if the Designated REALTOR® has paid dues based on non-member licensees to another Association within the state of California or a state contiguous thereto, provided the Designated REALTOR® notifies the A.O.R. in writing of the identity of the Association to which dues have been remitted.

A REALTOR® with a direct or indirect ownership interest in an entity engaged 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, renting, 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®.

The exemption for any licensee included on the certification form shall automatically be revoked upon the individual being engaged in real estate licensed activities (listing, selling, leasing, renting, managing, counseling, or appraising real property) other than referrals, and dues for the current fiscal year shall be payable.

Membership dues shall be prorated for any licensee included on a certification form submitted to the 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 allocation for C.A.R., if the member is a member of an Association of C.A.R. and that Association has paid C.A.R. dues for the member.

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

(e) In the case of a Designated REALTOR® member in a firm, partnership, or corporation whose business activity is substantially all commercial, any assessments for non-member licensees shall be limited to licensees affiliated with the Designated REALTOR® (as defined in 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®.

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 December. Dues shall be computed from the first day of the month in which a new member is notified of acceptance and shall be prorated for the remainder of the year. Any member who initiates bankruptcy proceedings may be placed on a "cash basis" from the date the bankruptcy petition is filed until one year from the date that the member has been discharged from bankruptcy. All dues or fees paid to the A.O.R. are nonrefundable to the fullest extent permitted by law, except for those dues returned to a terminated provisional member as provided in Article V, Section 8.

Section 4. Nonpayment of Financial Obligations.

(a) If dues, fees, fines, or other assessments including amounts owed to the A.O.R., its Multiple Listing Service, or otherwise 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 without notice unless within that time the amount due is paid, including any late fees or charges as may be adopted by the Board of Directors from time to time and applicable to the entire membership.

(b) A member who has been expelled may apply for reinstatement in the manner prescribed for new applicants for membership, upon making full payment of all past due accounts, together with interest at the rate of ten (10%) percent per annum on each item comprising the accounts, from its due date until paid, and after complying with all sanctions imposed by a disciplinary panel together with the payment of the application fee required of new applicants.

(c) 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. Officers. The Officers of the A.O.R. shall be Directors of the A.O.R. and shall be elected or automatically ascend and serve terms as follows:

1.1 Number of Officers. There shall be five (5) Officers, as follows: a President, a President-Elect, a Vice President, a Secretary/Treasurer and an Immediate Past President. No person may hold more than one office at the same time.

1.2 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 President-Elect, the Vice President and the Secretary/Treasurer from among the incoming Directors and the Directors whose terms will not expire at the end of the year.

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

1.4 Terms.

(a) The President-Elect shall serve a one (1) year term as President Elect and then shall serve one (1) year as President and shall then service a one (1) year term as Immediate Past President.

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

(c) The Vice President and Secretary/Treasurer shall each serve a one-year term.

1.5 Term Limit Exclusion. The term of a Director/Officer who is to serve as either President or Immediate Past President by automatic ascendancy shall be excluded from the provision in Section 3 of this Article X limiting a Director to three (3) consecutive terms.

1.6 Chief Executive Officer. The Chief Executive Officer (CEO) is the chief staff person of the A.O.R. and the A.O.R.'s Assistant Secretary 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/Treasurer or designee(s), including the CEO, to keep the records of the Board of Directors and to carry on all necessary correspondence with N.A.R. and C.A.R. or otherwise.

Section 3. Board of Directors.

3.1 Composition of Board of Directors. The governing body of the A.O.R. shall be a Board of Directors consisting of fifteen (15) Directors, comprised of the following:

(a) Two Ascended Officer/Directors. The President position is filled automatically by the prior year's President-Elect, and the Immediate Past President position is filled automatically by the prior year's President.

(b) Eight Two-Year Elected Directors.

(i) Effective for the 2011 election of the 2012 Directors and all subsequent elections, there shall be eight (8) Directors who are elected by the membership from the REALTOR® members to serve staggered two-year terms, so that there will be four (4) vacancies in each annual election. In the event circumstances result in there being more than four (4) two-year Director vacancies, then one or more vacancies will be filled for a one-year term for that election only as necessary to maintain staggered terms.

(ii) Effective only for the 2011 election of the 2012 Directors, staggered terms will be established as follows: The four (4) candidates who receive the highest number of votes will be elected as Directors to serve two-year terms and the candidate who receives the fifth highest number of votes will be elected as the one (1) Director to serve a one-year term, and The three (3) Directors previously elected will serve the second year of their two-year terms.

(c) Two One-Year Elected Directors. Two (2) REALTOR® member Directors who have not previously served on any REALTOR® Association board of directors and who are elected by the membership to serve a one (1) year term.

(d) Three One-Year Appointed Directors At Large. Three (3) REALTOR® member Directors at Large who are appointed by the President-Elect and ratified by the Board of Directors to serve one (1) year terms. A Director at Large may be appointed at the organizational meeting referenced in Section 1.2 of this Article X or any time thereafter.

3.2 Term Limits. Directors elected for two-year terms shall serve no more than three (3) consecutive elected two-year terms, excluding service by ascendancy to the positions of President and Immediate Past President. Service for less than fifty percent (50%) of a full two (2) year term due to the filling of a vacancy created by the resignation or removal of a Director or Director/Officer shall not be counted as an elected term for purposes of counting the three consecutive elected two-year terms limit.

3.3 Votes. All Directors including the elected, appointed, and ascended Director/Officers have one (1) vote.

3.4 Elections to Fill Expiring Terms. As many Directors shall be elected by the membership each year as are required to fill expiring terms.

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

Section 4. Powers and Duties of the Board of Directors.

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

4.2 Policies and Procedures Manual. The Board of Directors, with the assistance of the CEO and staff, shall adopt a Policies and Procedures Manual to set forth the criteria described in the Bylaws, including, but not limited to, the orientations, the election or appointment of Directors and/or Officers, the duties and limitations of officers, the duties and limitations of committees or task forces, and any other matter not in conflict with these Bylaws or California law.

4.3 Executive Committee. The Officers of the A.O.R. shall be deemed an Executive Committee. This Committee's duties shall include those duties assigned by the Directors or as set forth in the Policies and Procedures Manual.

Section 5. Election of Directors and Election of Officers by Directors.

5.1 Qualification. A candidate for the Board of Directors must have been a REALTOR® member in good standing for one (1) year prior to being seated. A candidate for the Board of Directors must have been a licensee in good standing with the Department of Real Estate ("DRE") for one (1) year immediately prior to being seated and retain good standing during his/her term. No more than three (3) members from the same broker-owned office or firm shall serve as a Director in any one-year, except in the case of the transfer of an elected Director to another firm, in which case he or she shall be permitted to complete the elected term. No REALTOR® member may serve as a Director who is concurrently or simultaneously nominated, elected or serving on a board of directors of another local REALTOR® Association. No REALTOR® member may serve as a Director who has been sanctioned for a Code of Ethics violation within one (1) year immediately prior to being seated or at any time during his/her term. The candidate or Director has the responsibility to inform the President of either a Code of Ethics violation complaint or a DRE sanction. The President-Elect must

have previously served at least one year on the A.O.R.'s Board of Directors prior to taking office.

5.2 Nomination by the Nominating Committee. The Board of Directors shall determine the number of vacancies that will be available. At least two (2) months before the annual election, a Nominating Committee of no less than nine (9) REALTOR® members shall be appointed by the President with the approval of the Board of Directors. The Nominating Committee shall select one (1) candidate for each Director position to be filled on the Board of Directors. Two (2) of the candidates for one-year terms shall be REALTOR® members who have not previously served on any REALTOR® Association board of directors. No member of the Nominating Committee may be a candidate for a position as a Director. No person may be nominated for Director unless he or she will meet all of the qualifications at the beginning of the term for which he or she is a nominee. The Chairperson of the Nominating Committee shall deliver the Slate of Candidates to the Board of Directors, and the Board of Directors will communicate the Slate of Candidates to each member eligible to vote at least four (4) weeks preceding the election.

5.3 Nomination by Petition. Additional candidates for a position as a Director may be placed in nomination by a petition signed by at least one percent (1%) of the REALTOR® members eligible to vote. No REALTOR® member may be nominated by petition who is concurrently or simultaneously nominated, elected or serving on a board of directors of another Association. The petition shall be filed with the Secretary/Treasurer at least three (3) weeks before the election. The list of such additional nominations shall be posted in the A.O.R.'s office or on the A.O.R.'s website or otherwise made available or communicated to all members eligible to vote at least two (2) weeks before the election.

5.4 Written Acceptance. Each nominee must have accepted in writing to serve as a Director for a full term of office for which he or she may be elected prior to his or her name being placed on the ballot. Each Director/Officer must accept in writing to serve as an Officer for a full term of office for which he or she is appointed prior to being installed as a Director/Officer. Acceptance may be a part of any application.

5.5 Election Committee. The President, with the approval of the Board of Directors, shall appoint an Election Committee of three (3) or more REALTOR® members to conduct the election. No member of the Election Committee may be a candidate for the Board of Directors.

5.6 Election by Ballot. Elections shall be by ballot written or electronic. The ballot shall first list the Nominating Committee's Slate of Candidates names in alphabetical order followed by the list of the petition candidates names in alphabetical order. The ballot shall specify the Director position for which each person is nominated. No person may be a candidate for more than one position

whether nominated by the Nominating Committee or by petition. Ballots may be submitted by the members in the manner and by the date specified by the Board of Directors. There shall be no proxy or cumulative votes. In case of a tie vote, the issue shall be determined by the remaining members of the Board of Directors then in office. No Director seeking re-election whose election bid resulted in a tie vote may participate in a tie breaker vote.

5.7 Delivery of Notices, Reports and Ballots. 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 6. Vacancies. Vacancies in the Board of Directors shall be filled by a simple majority vote of the Board of Directors in office. If a Director is unable to assume office after being elected, or if the President Elect or President is unable to ascend to following Officer position, his or her seat becomes vacant and shall be filled by a majority vote of the Board of Directors.

Section 7. Removal of Officers and Directors. In the event a Director is deemed to be incapable for any reason of fulfilling the duties for which he or she is elected or the Officer position to which he or she is appointed, but will not resign from office voluntarily, the person may be removed from office under the following procedure:

7.1 A petition requiring the removal of a Director or Director/Officer and signed by not less than one-third (1/3) of the voting membership or a majority of all Directors shall be filed with the President, or if the President is the subject of the petition, with the next ranking officer, and shall specifically set forth the reasons the individual is deemed to be disqualified from further service.

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

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

Section 8. Expenditures by Board of Directors. The Board of Directors shall administer the day to day finances of the A.O.R. Unbudgeted capital expenditures in excess of one percent (1%) of the budgeted annual gross income

may not be made by the Board of Directors unless authorized by a majority vote of the Budget and Finance Committee. However, unbudgeted expenditures required for the protection of capital assets or to respond to emergency situations may be approved by the Board of Directors. 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 during each year, the date, hour, manner and place to be designated by the Board of Directors.

Section 2. Meetings of Directors. The Board of Directors shall designate a regular time, manner and place of meetings. Absence from three regular meetings in any calendar year without an authorized excuse deemed valid by the Board of Directors shall be construed as resignation. The Board of Directors shall adopt appropriate policies to define excused absence.

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 ten percent (10%) of the members eligible to vote.

Section 4. Notice of Meetings. Written notice of membership meetings shall be delivered personally, by first class mail, facsimile, electronic mail or other electronic means to the address shown on the current A.O.R. records of every member entitled to participate in the meeting at least twenty (20), but not more than ninety (90), 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. or the A.O.R.'s website. If a special meeting is called, it shall be accompanied by a statement of the purpose of the meeting.

Section 5. Quorum. Unless otherwise required by California law, a quorum for the transaction of business by the general membership shall consist of five percent (5%) of the members eligible to vote and present at a duly held membership meeting. A quorum for the transaction of business by the Board of Directors shall consist of a majority of the Directors. No quorum rules apply for election of Directors.

ARTICLE XII - COMMITTEES

Section 1. Standing Committees. The President may, unless otherwise required by the N.A.R., appoint from among the REALTOR® members, subject to confirmation by the Board of Directors, the following standing committees:

- Budget and Finance
- Grievance
- Local Government Relations
- Multiple Listing Service
- Professional Standards
- Strategic Planning
- Young Professionals Network

A candidate for the Grievance Committee must have been a REALTOR® licensee in good standing with the DRE for one (1) year prior to being seated and retain good standing during his/her term. No REALTOR® member may serve as a Grievance Committee member who has been sanctioned for a Code of Ethics violation within one (1) year prior to being seated or at any time during his/her term. The candidate or committee member has the responsibility to inform the President of either a Code of Ethics violation complaint or a DRE sanction.

Section 2. Special Committees. The President shall appoint from among the REALTOR® members, subject to confirmation by the Board of Directors, special committees and/or task force(s) 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 Professional Standards committees 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/or special committees or task forces and shall be notified of their meetings.

Section 6. Removal. The President shall have the power, subject to confirmation by the Board of Directors, to remove any member from a committee.

ARTICLE XIII - FISCAL AND ELECTIVE YEAR

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

Section 2. Elective Year. The elective year shall be the calendar year beginning January 1st and ending December 31st.

ARTICLE XIV - RULES OF ORDER

Section 1. Robert's Rules of Order. Robert's Rules of Order, latest edition, shall be recognized as the authority governing the meetings of the A.O.R., its Board of Directors, and committees, in all instances wherein its provisions do not conflict with the California Nonprofit Corporations Code or these Bylaws.

ARTICLE XV - AMENDMENTS

Section 1. Amendment Upon Supermajority Vote of Directors. To the extent allowed by California law, these Bylaws may be amended by a supermajority vote of two-thirds (2/3) of Directors present at any duly called meeting of the Directors at which a quorum is present.

Section 2. Notice to Membership. Within seven (7) days of approval of Bylaw amendments by the Board of Directors, the membership will be notified of the nature of said amendments. In the event that five percent (5%) of the membership in good standing contests any of said amendments within seven (7) days of notification, the Board of Directors will review said amendments for reconsideration at its next regularly scheduled meeting. 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 will be noticed to the membership.

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.

Section 4. Amendment Upon Majority Vote of Membership. If membership vote is required, these Bylaws may be amended by: (a) a majority vote of the members qualified to vote at any meeting at which a quorum is present, provided the substance of such proposed amendment or amendments shall be plainly stated in the call for the meeting; or (b) a written ballot. If amendment is sought by written ballot, the ballot must be delivered personally, by facsimile, regular mail, electronic mail or other electronic means to all members qualified to vote, plainly state the substance of the proposed amendment or amendments, provide an opportunity to specify approval or disapproval, and give at least ten (10) days in which to return the ballot delivered personally, by facsimile, regular mail, electronic mail or other electronic means to the A.O.R. Amendment by written ballot will only be effective if the number of votes cast within the time specified equals or exceed the number of votes that would have been required at a member meeting. In addition, the Board of Directors may, at any regular or special meeting of the Board of Directors at which a quorum of the Directors is present, approve amendments to the Bylaws which are mandated by N.A.R. policy. In the event the Directors believe that a quorum may not be achieved, a

one time extension of time of not less than five (5) nor more than thirty (30) days to vote may be approved by the Directors prior to tabulating the votes for or against any item brought to the membership.

Section 5. 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.

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 – SUBSIDIARY MULTIPLE LISTING SERVICE CORPORATION

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. The MLS is a means by which authorized MLS broker participants establish legal relationships with other participants by making blanket unilateral contractual offers of compensation and cooperation to other broker participants (acting as subagents, buyer agents, or in other agency or nonagency capacities by law); by which information is accumulated and disseminated to enable authorized participants to prepare appraisals, analyses, and other valuations of real 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 among the participants so that they may better serve their clients and the public. Entitlement to compensation is determined by the cooperating broker’s performance as procuring cause of 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 corporate charter, constitution, bylaws, rules, regulations, policies, practices, and procedures at all times to the constitution, bylaws, rules, regulations, and policies of N.A.R.

Section 4. Participation. Any licensed real estate broker or salesperson, or licensed or certified appraiser, 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

the MLS 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 MLS 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.

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.

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.

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 an orientation program devoted to the MLS rules and regulations and computer training related to MLS information entry and retrieval as may be required by the Board of Directors, or otherwise,

and the requirement of attendance at an orientation program is the most rigorous requirement that may be established.

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 membership committee 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 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 an association 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 an association multiple listing service where access to such information is prohibited by law.

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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.

Section 5. Subscribers. Subscribers (or users) of the MLS include non-principal brokers, sales associates, and licensed and certified appraisers affiliated with participants. Subscribers also include affiliated unlicensed administrative and clerical staff, personal assistants, and individuals seeking licensure or certification as real estate appraisers who are under the direct supervision of an MLS participant or the participant’s licensed designee.

Section 6. Removal of Officers and Directors. In the event that an officer or director of the MLS is deemed to be incapable of fulfilling the duties for which 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 participants or a majority of all directors of the MLS shall be filed with the president of the MLS, or if the president is the subject of the petition, with the next- ranking officer, and shall specifically set forth the reasons the individual is deemed to be disqualified from further service.

(b) Upon receipt of the petition, and not less than twenty (20) days or more than forty-five (45) days thereafter, a special meeting of the participants of the MLS shall be held, and 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 to all participants at least ten (10) days prior to the meeting, and shall be conducted by the president of the MLS 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 or the hearing by the participants. Provided a quorum is present, a three-fourths vote of participants present and voting shall be required for removal from office.

(d) Any vote taken by the participants to remove an officer or director must ultimately be confirmed by a majority vote of the directors of the shareholder(s). Notwithstanding the foregoing, the shareholder(s) may remove an officer or director by a majority vote of the directors of the shareholder(s).

PWR Section 7. Access to Comparable and Statistical Information. Providing the MLS generates such publications, A.O.R. members who are actively

engaged in real estate brokerage, management, mortgage financing, appraising, land development or building, but who do not participate in the MLS, are nonetheless entitled to receive, by purchase or lease, information other than current listing information that is generated wholly or in part by the MLS including “comparable” information, “sold” information and statistical reports. This information is provided for the exclusive use of A.O.R. members and individuals affiliated with A.O.R. members who are also engaged in the real estate business. Except as otherwise specified in the MLS Rules and Regulations, this information may not be transmitted, retransmitted or provided in any manner to any unauthorized individual, office or firm. A.O.R. members who receive such information are subject to the applicable provisions of the MLS Rules and Regulations whether they participate in the MLS or not.