



CALIFORNIA ASSOCIATION OF REALTORS®

California Model Bylaws
Local Member Associations with
All-REALTOR® Membership
Current Version
(Revised November 2018)
Clean Copy

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Introduction

The *California Model Bylaws* (“Model Bylaws”) are designed and intended for use by Member Associations in California. The Model Bylaws are drafted to be in compliance with the policies of the National Association of REALTORS® (“N.A.R.”) and California state law. Some associations may desire to adopt different bylaws or make minor revisions to these. If so, it is recommended that the Member Association have such bylaws or minor revisions reviewed by counsel and approved by N.A.R. (where changes impact NAR-mandated portions) prior to adoption. While NAR formerly required review and approval of all bylaws adopted by local A.O.R.s, as of 2018, NAR no longer wants A.O.R.s to submit their bylaws for approval but rather to certify annually that they contain certain core NAR-mandated portions. The C.A.R. Model Bylaws contain these NAR-mandated provisions to the satisfaction of NAR as outlined below.

“REQUIRES VERBATIM ADOPTION BY MEMBER ASSOCIATIONS”

Articles I, III {Sections 1-3}, V {Sections 1-3; 11-12}, VI {Sections 1, 2 (b), 4, 5 (a)-(c), 6}, VII, VIII, and IX {Sections 1-2} of these Model Bylaws are identified as requiring verbatim adoption by Member Associations. These are Articles that must be incorporated into a Member Association’s bylaws pursuant to N.A.R. policy. Questions are occasionally asked as to whether verbatim adoption means actual word for word adoption. While word for word adoption insures compliance with N.A.R. policy, minor revisions to these Articles may nonetheless be acceptable. If a Member Association would like to make minor revisions to these Articles, it is recommended that such minor revisions be reviewed by counsel and approved by N.A.R. prior to adoption.

Questions

C.A.R. drafts these Model Bylaws and provides substantive advice regarding their interpretation and application as a member benefit to Member Associations of C.A.R. Any questions by Member Associations regarding these Model Bylaws can be directed to the C.A.R. Corporate Legal Department at (213) 739-8287.

Important

Amendments to these Model Bylaws are as follows:

[1] Significant changes are proposed throughout this Model, so please note all redlined strikeouts and additions in the companion redlined version of this document. This document is the “clean” version. In the redlined version, redlining may appear in different colors because the document has been changed over the course of numerous revisions over time on multiple devices – but the different colors are not intended to prompt different treatment or convey different messaging.

C.A.R. Corporate Legal Staff obtained substantial input and direction from a dedicated work group of local Association Executives in evaluating the Model Bylaws. Based in the input received from this group and others, Corporate Legal looked for ways the Model Bylaws could be improved, clarified and provide further guidance and more flexibility in common hot spot areas (and of course comply with California Corporate Code). NOTE: Bylaw Sections subject to NAR mandates which must be adopted verbatim are expressly indicated as such in the Model. Unless a section is expressly tagged as requiring verbatim adoption, the proposed changes in this revised Model reflect non-NAR-mandated areas which local A.O.R.s are NOT required by NAR to adopt. However, adoption of most portions is highly recommended as the changes should provide the A.O.R. with improved clarity and capabilities. Further, there are periodic “NOTE” areas **highlighted in green** which will provide some additional instructional or

operational guidance from Corporate Legal about options or considerations for an A.O.R. in light of the proposed revisions.

[2] The substantive revisions of note in this revised Model are as follows:

- a. Article II, Section 1 Objectives – Complied with the NAR-required definition of “recognized branches of the real estate profession” which includes “counseling” but removed “financing”;
- b. Article V, Section 2 (c) of Qualifications for REALTOR® Members – Added NAR-required definition of “engaged in the real estate profession” to be used therein and throughout the bylaws when this terminology is used, which is “buying, selling, exchanging, renting or leasing, managing, counseling, appraising for others for compensation, building, developing or subdividing real estate”;
- c. Article V, Section 2.3 of Qualifications for REALTOR® Members – Added and consolidated into this section the content from Section 2.8;
- d. Article V, Section 2.5 (a) of Qualifications for REALTOR® Members – Added detail on “Primary Membership”;
- e. Article V, Section 2.6 of Qualifications for REALTOR® Members – Clarified and tightened the requirement for all principals to join the AOR;
- f. Article V, Section 2.8 of Qualifications for REALTOR® Members – Deleted Section 2.8 after moving its content to Section 2.3;
- g. Article V, Section 8 (b) of Membership Application – Clarified right to remote attendance for mandatory orientation and the status of provisional membership;
- h. Article V, Section 9 Prior Membership Records – Added reference to an AOR’s check of membership records through C.A.R.’s Ethics Check database;
- i. Article V, Section 10 Application Review and Acceptance – Added reference to AOR staff’s involvement and provisional membership implications; also expanded explanation of handling consideration criteria and rejection procedure;
- j. Article V, Section 13 (b) Status Changes – refined timing for reacting to terminated license;
- k. Article VI, Section 2 Member Discipline – Added the ability of the AOR to reprimand a member of the AOR for harassment of another member during an AOR-sanctioned event;
- l. Article VI, Section 3 Resignation with Pending Arbitration or Disciplinary Hearing – Added a requirement for the AOR to report discipline of a resigned member to Ethics Check;
- m. Article IX, Section 1 Application Fee – Added that the A.O.R. is to collect all C.A.R. and N.A.R. new member fees;
- n. Article IX, Section 2 Dues – Many changes made to this section, including added “assessments” to discussion of “dues”, reiterated affirmative and ongoing duty of Designated REALTOR® to keep dues formula current and to notify AOR of any changes to status of its licensee affiliation and count, re-sectioned and re-oriented LFRO and MLO protocols, synched definitions and clarified processing consequences in instances of revoked LFRO and MLO exemptions and made false certification a violation of membership duty;
- o. Article IX, Section 3 Dues Payable – Added “assessments” to discussion of “dues” and a clause to address additional licensees joining the broker after the initial annual billing period, providing that those new dues and assessments are due and payable at the date of affiliation even if no invoice is generated;
- p. Article IX, Section 4 Nonpayment of Financial Obligations – Accelerated the timetable for payment of financial obligations from 3 months to 2 months to better assist AORs in meeting BCT compliance deadlines and added the ability for notices to be sent via electronic means; moved subsection (e) to be consolidated into Section 5;
- q. Article IX, Section 5 Reinstatement After Termination for Nonpayment of Financial Obligations – supplemented this section by merging with 4 (e) from above;
- r. Article IX, Section 7 Notice of Delinquent Dues, Fees, Fines, Assessments and Other Financial Obligations of Members – Added reference to a writing by electronic means;
- s. Article X, Section 1 Officers – Added criteria for eligibility pre-requisites for service, term duration and term limits should AORs choose to amend the Bylaws in this fashion;

- t. Article X, Section 3 Directors – Added criteria for eligibility pre-requisites for service, term duration and term limits should AORs choose to amend the Bylaws in this fashion;
- u. Article X, Section 5 Election of Officers and Directors – Added procedural details and criteria to nomination by Nominating Committee and Nomination by Petition, added flexibility to the Board regarding the Election Committee and balloting, clarified that cumulative voting is prohibited and added the ability for an election by acclamation, should the Board so elect, in the event of an uncontested election where there are no more candidates for the Board than there are the number of seats;
- v. Article X, Section 6 Vacancies – Added language to allow the Board and/or the membership to fill vacancies following removal;
- w. Article X, Section 7 Removal of Officers and Directors – Added language to provide specific guidelines and grounds for removal and provided the Board itself with greater capability in managing this process;
- x. Article XI, Section 2 Meetings of Directors – Added greater detail for the calling and conducting of Board meetings and express provisions for conducting meetings by electronic means;
- y. Article XI, Section 3 Meetings of Members – Added greater detail for the calling and conducting of meetings by electronic means;
- z. Article XI, Section 4 Notice of Meetings – Added greater detail for notices, waiver of notice and the calling and conducting of meetings by electronic means;
- aa. Article XI, Section 5 Quorum – Added greater detail, rules (and options) for quorum;
- bb. Article XI, Section 6 Action Without a Meeting – Added express provision for unanimous consent by the Board;
- cc. Article XII, Committees – Clarified which are required vs discretionary committees, proper naming of task forces and work groups;
- dd. Article XV, Amendments – Revamped the amendment process to create many new capabilities to amend the bylaws by Board action alone thus reducing the need to call for a membership vote each time, except where required by law (legal criteria is outlined in the proposal).

[3] In order to adopt any or all of the changes set forth in this revised Model, your A.O.R. will still be required to follow its CURRENT process for amending the bylaws. Under the prior C.A.R. Model Bylaws in Article XI on Amendments, NAR-mandated provisions can be adopted by the Board of Directors, but all other changes need to be adopted by a vote of the membership. However, if the revised Article XI on Amendments is adopted as proposed in this revised Model, future amendments thereafter may be adopted by the Board of Directors, rather than calling for a vote by the membership, as long as the nature of said future amendments falls within the scope permitted by law as that criteria is outlined in the revised Article XI.

[4] Again, as already referenced above, NAR's bylaws approval process has recently changed, so local A.O.R.s will not be required to submit the revised bylaws to NAR for approval. Local A.O.R.s will instead make an annual certification that it has adopted the C.A.R. Model Bylaws (which include all NAR-mandated portions), even if the local A.O.R. adopts only some of the non-mandatory revisions set forth in this revised Model.

[5] Finally, C.A.R. provides its Model Bylaws as an aid to Member Associations, however, it is still highly recommended that the Member Association have their bylaws revisions reviewed by local counsel prior to adoption.

All new language in this revised edition of the C.A.R. Model Bylaws is effective November 2018.

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BYLAWS OF THE

_____ Association of REALTORS[®], Incorporated

(Adopted _____ (date) _____)

ARTICLE I - NAME

(REQUIRES VERBATIM ADOPTION BY MEMBER ASSOCIATIONS)

Section 1. Name. The name of this organization shall be the _____ Association of REALTORS[®], Incorporated (hereinafter referred to as the "A.O.R." The term "Association" is used when referring to any Association of REALTORS[®]).

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

ARTICLE II - OBJECTIVES

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

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

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

(REQUIRES VERBATIM ADOPTION BY MEMBER ASSOCIATIONS - {Sections 1-3})

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:

(Include exact jurisdiction description as officially approved by the N.A.R. Board of Directors. Continue description on addendum if required.)

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

(REQUIRES VERBATIM ADOPTION BY MEMBER ASSOCIATIONS - {Sections 1-3; 11-12})

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

Section 2. Qualifications for REALTOR® Members.

2.1 REALTOR® members, whether primary or secondary, who are principals, partners, corporate officers or branch office managers of real estate firms shall:

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

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

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

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

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

2.2 REALTOR[®] members, whether primary or secondary, other than principals, 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;

(c) Remain employed by or affiliated as an independent contractor with a REALTOR[®] member who meets the requirements in Section 2.1 of this Article V for any Association in California or a state contiguous thereto; and

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

2.3 REALTOR[®] members may be franchise corporate officers under the following circumstances: franchise corporate officers of real estate brokerage franchise organizations with at least one hundred fifty franchisees located within the United States, its insular possessions and the commonwealth of Puerto Rico, may be elected to membership pursuant to the Constitution and Bylaws of 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.

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[®]." 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 based on such member. One of the principals in a real estate firm must be a Designated REALTOR[®] of the A.O.R. in order for the licensees affiliated with the firm to select the A.O.R. as the "primary" Association.

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

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

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

Section 3. Qualifications for Institute Affiliate Members. Institute Affiliate members shall be individuals who hold a professional designation awarded by a 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 Public Service Members. Public Service members shall be those members who maintain an interest in the real estate profession as employees or affiliates of educational, public utility, governmental or other similar organizations and are not engaged in the real estate profession on their own account or with an established real estate business.

Section 6. Qualifications for Honorary Members. Honorary members shall be those persons recognized by the Board of Directors as persons who have performed notable service for the real estate profession, for the A.O.R., or for the public though not engaged in the real estate profession.

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

Section 8. Membership Application.

(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, through the A.O.R. Membership Committee (hereinafter "Membership Committee") 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 Membership Committee 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 Membership Committee or otherwise. Applicants must also complete an orientation program as may be required by the Board of Directors, its Membership Committee, or otherwise. An individual will be given the opportunity to complete any mandated orientation program remotely. An Applicant will be eligible only for the status of provisional membership (should the Board of Directors allow such status) until any mandatory orientation is timely satisfied and/or until Board of Directors’ approval of the application.

(c) Applicants for REALTOR® membership shall certify: (1) that they have no record of official sanctions rendered by the courts or other lawful authorities for violations of civil rights laws or real estate license laws within the past three years; (2) that they have no criminal convictions within the past ten years where the crime was punishable by death or imprisonment in excess of one year under the law under which the applicant was convicted (ten years is measured from the date of the conviction or the release of the applicant from the confinement imposed for that conviction, whichever is the later date); and (3) that they have not been suspended or expelled from an 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 (Article V, Section 2) of a real estate firm must disclose: (1) whether they or their firms are subject to any pending bankruptcy proceedings; and (2) whether they or their firms have been adjudged bankrupt within the past three (3) years. If the applicant is party to pending bankruptcy or insolvency proceedings or has been adjudged bankrupt within the past three (3) years, the applicant may be required to pay cash in advance for A.O.R. and MLS fees for up to one year from the date that membership is approved or from the date that the applicant is discharged from bankruptcy, whichever is later. If the Board of Directors determines that such prepayments will not protect the interests of the A.O.R. or its members, such applications may be rejected.

Section 9. Prior Membership Records. The A.O.R. may consider information received from other Associations and/or through C.A.R.’s Ethics Check database or otherwise in determining whether an applicant satisfies the A.O.R.’s membership requirements. The A.O.R. may request from any Association where the applicant held prior membership, minimum "core" information including:

(a) All final findings of Code of Ethics violations and violations of other membership duties within the past three (3) years;

(b) Pending complaints alleging violations of the Code of Ethics or alleging violations of other membership duties;

(c) Incomplete or (pending) disciplinary measures;

(d) Pending arbitration requests (or hearings);

(e) Unpaid arbitration awards or unpaid financial obligations to the Association or its MLS; and

(f) Any misuse of the term REALTOR® or REALTORS® in the name of the applicant’s firm.

The A.O.R. will also consider all final findings of Code of Ethics violations and violations of other membership duties in this A.O.R. within the past three (3) years.

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

Section 10. Application Review and Acceptance. The procedure for acceptance to REALTOR® membership shall be as follows:

(a) The Membership Committee shall determine whether the applicant is applying for the appropriate class of membership. If the A.O.R. does not have a standing Membership Committee, the AOR's Executive Officer/staff may act in this capacity. The Membership Committee or A.O.R. staff may request "core" information as defined in Article V, Section 9, from any Association of which the applicant was previously a member. The Membership Committee or A.O.R. staff shall thereafter provide a written list for approval or recommend rejection of the applicant. If they recommend rejection, the Membership Committee or A.O.R. staff shall make a written report of its findings to the Board of Directors. The Membership Committee or A.O.R. staff shall consider the information permitted under Sections 8 and 9 of this Article in its review of an applicant and conduct all proceedings with strict attention to the principles of due process and compliance with the Bylaws.

(b) If the recommendation is to reject the application, the reasons shall be specifically stated. If any member of the Membership Committee or A.O.R. staff submits a dissenting recommendation, it shall also be reported to the applicant and Board of Directors. 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 Membership Committee or A.O.R. 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 Membership Committee or otherwise, may grant "provisional" membership to an applicant in instances where the applicant for membership has not yet satisfied any mandatory orientation and/or has unsatisfied discipline pending in another Association (except for violations of the Code of Ethics), 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 mandatory orientation is completed and/or when all unsatisfied discipline has been resolved or if such matters of unresolved discipline are not fully 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 done his or her part to satisfactorily resolve the unsatisfied discipline, at the discretion of the Board of Directors, membership may be terminated.

Section 11. New Member Code of Ethics Orientation. Applicants for REALTOR® membership and provisional REALTOR® members (where applicable) shall complete an orientation program on the Code of Ethics, meeting the minimum criteria established by 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 _____ days of the date of application (or, alternatively, the date that provisional membership was granted), will result in denial of the membership application or termination of provisional membership.

Section 12. Continuing Member Code of Ethics Training. Every two-year period, starting with the period from January 1, 2017 through December 31, 2018, and for successive two-year periods
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thereafter, each REALTOR[®] member of the A.O.R. shall be required to complete a course on the Code of Ethics, meeting the minimum criteria established by N.A.R. for biennial ethics training. This requirement will be satisfied upon presentation of documentation that the member has completed such course of instruction conducted by this or another Association, C.A.R., N.A.R., or any other recognized educational institution. REALTOR[®] members who have completed training as a requirement of membership in another Association and REALTOR[®] members who have completed the New Member Code of Ethics Orientation during any two-year cycle shall not be required to complete additional ethics training until a new two-year period commences.

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

Section 13. 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 be subject to immediate termination. 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 14. 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 ***(REQUIRES VERBATIM ADOPTION BY MEMBER ASSOCIATIONS - {Sections 1, 2 (b), 4, 5 (a)- (c), 6})***

Section 1. Member Compliance with Bylaws, Policies, Rules and Regulations. It shall be the duty of every member of the A.O.R. to 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 harassment of an Association or MLS employee officer or director after an investigation in accordance with the procedures of the A.O.R. Any member of the A.O.R. also may be reprimanded, placed on probation, suspended or expelled for harassment of another member of the A.O.R. during a meeting, event or other A.O.R.-sanctioned activity 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, the complaint shall be processed until the decision of the A.O.R. with respect to disposition of the complaint is final by this A.O.R. (if respondent does not hold membership in any other Association) or by any other Association in which the respondent continues to hold membership. If an ethics respondent resigns or otherwise causes membership in all Associations to terminate before an ethics complaint is filed alleging unethical conduct occurred while the respondent was a REALTOR®, the complaint, once filed, shall be processed until the decision of the Association with respect to disposition of the complaint is final. In any instance where an ethics hearing is held subsequent to an ethics respondent's resignation or membership termination, any discipline ratified by the Board of Directors shall be reported to Ethics Check and held in abeyance until such time as the respondent rejoins an Association of REALTORS®.

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

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

Section 5. Privileges and Duties of REALTOR® Members.

(a) It shall be the duty and responsibility of every REALTOR[®] member of this A.O.R. to abide by the Constitution and Bylaws of C.A.R., the Constitution and Bylaws of N.A.R. and to abide by the Code of Ethics as set forth in Article VI, Section 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[®] or the REALTOR[®] logo; to serve as President of the local association; or to be a Participant in the local association's Multiple Listing Service. (Amended 1/02)

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

Section 8. Privileges and Duties of Public Service Members. Public Service members shall have the rights and privileges and be subject to the obligations prescribed by the Board of Directors.

Section 9. Privileges and Duties of Honorary Members. Honorary membership shall confer only the right to attend meetings and participate in discussions.

Section 10. Privileges and Duties of Student Members. Student members shall have the rights and privileges and be subject to the obligations prescribed by the Board of Directors.

Section 11. Certification by Designated REALTOR®. Designated REALTORS® shall certify to the A.O.R. during the first month of each fiscal year, on a form provided by the A.O.R., a complete listing of all individuals licensed or certified under California law with the REALTOR® firm(s), and shall designate the primary association, if any, for each individual. These declarations shall be used for purposes of calculating dues and assessments 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

(REQUIRES VERBATIM ADOPTION BY MEMBER ASSOCIATIONS)

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

Section 2. Member Compliance with 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®

(REQUIRES VERBATIM ADOPTION BY MEMBER ASSOCIATIONS)

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

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

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

Section 2. Dues and Assessments.

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

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

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

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

(e) A REALTOR[®] with a direct or indirect ownership interest in an entity engaged in the real estate business which provides services for which a Mortgage Loan Originators (“MLO”) license endorsement is required may annually file with the association, on a form approved by the association, a list of the MLO licensees and certify that the listed licensees (1) have a MLO license or endorsement, (2) are not engaged in the real estate profession as defined in Article V, Section 2 (c) (buying, selling, exchanging, renting or leasing, managing, counseling, appraising for others for compensation, building, developing or subdividing real estate) except for licensed activities for which an MLO is required, and (3) are not participants or subscribers in any MLS. The individuals disclosed on such forms shall not be deemed to be licensed with the REALTOR[®] filing the form for purposes of this Article IX, Section 2(b) and shall not be included in calculating the annual dues and assessments of the Designated REALTOR[®]. It shall be considered a violation of a membership duty for a REALTOR[®] to falsely certify MLO status. Moreover, the exemption for any licensee, included on the certification form for an MLO exemption, shall automatically be revoked upon the individual being engaged in the real estate profession as defined in Article V, Section 2 (c) other than in those activities for which an MLO license or endorsement is required or upon their joining an MLS, and dues and assessments for the entire current fiscal year shall be immediately due and payable in full. Licensee may not reapply for a MLO exemption until the following fiscal year.

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

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

(h) The annual dues and assessments of REALTOR[®] members shall not include any allocation for 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 and assessments for the member.

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

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

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

Section 3. Dues and Assessments Payable. Dues and assessments for all members shall be payable annually in advance on the first day of January. Dues and assessments 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, assessments or fees paid to the A.O.R. are nonrefundable, except for those dues and assessments returned to a terminated provisional member as provided in Article V, Section 10.

After the initial annual billing, in the event additional real estate licensees or licensed or certified appraisers become affiliated with the Designated REALTOR®, the dues and assessments of the Designated REALTOR® shall be adjusted for each real estate licensee or licensed or certified appraiser employed by or affiliated as independent contractors or otherwise directly or indirectly licensed or certified with such Designated REALTOR® and added to their firm as shown on the DRE or BREB database. Any additional amount owing shall become immediately due and payable upon the date of affiliation even if no invoice is generated (i.e. the date of affiliation is the "due date").

Section 4. Nonpayment of Financial Obligations.

[NOTE: The payment timeframes in this revised Model have been condensed to make BCT compliance easier. Local A.O.R.s can retain the former timeframes or alter them from those proposed in this Model but will want to keep the BCT timing in mind.]

(a) If dues, fees, fines, or other assessments including amounts owed to the A.O.R. are not paid within one (1) month after the due date, the nonpaying member is subject to suspension. Two (2) months after the due date, membership of the nonpaying member shall automatically terminate unless within that time the amount due is paid. However, no action shall be taken to suspend, expel or otherwise terminate a member for nonpayment of disputed amounts until the accuracy of the amount owed has been confirmed by the Board of Directors. Furthermore, no member shall be suspended, expelled or otherwise terminated until twenty (20) days after notice of a proposed suspension, expulsion or termination and the reason therefore has been sent by regular first-class mail or electronic submission to him or her, which notice may be given before or after the expiration of the one-month limit or two-month limit.

(b) If within ten (10) days after the sending of a notice the member requests a hearing, the effective date of the suspension, expulsion or termination shall be deferred until after such hearing. The Board of Directors shall send by regular first-class mail or by electronic submission to the member at least five (5) days prior to the hearing a notice of the time and place of the hearing. At the hearing the Board of Directors shall receive evidence from the member and may receive evidence from any other person on the issue of whether the member was delinquent in the payment of dues, fees, fines or other assessments and on the issue of whether it would be in the best interest of the A.O.R. to suspend, expel or otherwise terminate the member immediately.

(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, expel or otherwise terminate the member immediately, or to decline to suspend, expel or terminate 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, expelled or otherwise terminated without further hearing if the member fails to perform such condition.

(d) Any suspension, expulsion or termination occurring after a hearing shall be effective five (5) days after notice thereof is mailed or electronically sent or submitted to the member, subject to the right of the Board of Directors to specify that the suspension, expulsion or termination 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, expulsion or termination violates no rights of the member.

(e) 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, fees, fines or other assessments and the licensee or appraiser remains affiliated with the same firm, the dues and assessment 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. Such Designated REALTOR® dues and assessments 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 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.

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, including by electronic means, setting forth the amount owed and due date.

ARTICLE X - OFFICERS AND DIRECTORS

[NOTE: Changes to the Model regarding the below Sections 1 through 3 are proposed for local A.O.R.s who wish to adopt further criteria for pre-requisites for Officers and Directors, change the duration of the term, and/or set term limits. A.O.R.s should evaluate each of these items based on desirability, applicability and workability in your local area as well as determining any adjustments, if appropriate, to those outlined in the Model. Please consult local counsel in conjunction with your decision and adoption of new standards and processes.]

Section 1. Officers.

(a) Composition. The elected Officers of the A.O.R. shall be: a President, a President-Elect, a Secretary and a Treasurer (Chief Financial Officer). The offices of Secretary and Treasurer may be held by the same person, otherwise, no person may hold more than one office at the same time. The President-Elect shall automatically ascend to the presidency at the end of his or her term as President-Elect unless for some reason he or she were stripped of office while President. 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.

(b) Criteria. Unless otherwise waived by the Board of Directors, the President shall have ___ years of experience as a member of the Board of Directors during the last ___ years prior to taking office. The President Elect shall have ___ years of experience as a member of the Board of Directors during the last ___ years prior to taking office. The Secretary and Treasurer shall have ___ year(s) of experience as a member of the Board of Directors during the last ___ years prior to taking office. All Officers must meet and continue to satisfy their Board of Director membership obligations set forth in Section 3 below for the duration of their time as Officers.

(c) Term of Office. The President and President-Elect shall serve one-year terms. The past President shall serve by designation for a one-year term and shall not be elected by the members. The Secretary and Treasurer shall serve a ___ year term.

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.

(a) Composition. The governing body of the A.O.R. shall be a Board of Directors consisting of the elected Officers, the immediate past President of the Board and ___ elected REALTOR[®] members of the A.O.R. All Directors including the elected Officers have one vote. Not more than ___ Directors from any one office or multi-office firm under the same ownership shall serve on the Board of Directors at one time. Any Director who transfers his or her license to an office or multi-office company which has the maximum Directors allowed has automatically resigned as a Director on the date of his or her transfer.

(b) Criteria. Unless otherwise waived by the Board of Directors, any person nominated for and hereafter serving as Director must (1) have completed ___ years as a member of the A.O.R. prior to assuming office; (2) be a REALTOR[®] member whose financial obligations to the A.O.R. are paid in full and whose dues and assessments are current and remain current throughout the duration of service on the Board; (3) be of sound professional character conducting business in compliance with NAR Code of Ethics, (All Final findings of NAR Code of Ethics violations and violations of other membership duties in this or any other A.O.R. within the past three years, and any unsatisfied discipline pending at any A.O.R. shall be taken into consideration when determining qualifications); (4) honor fiduciary duties to the A.O.R. and adhere to appropriate conflict of interest and disclosure rules; and (5) meet other requirements as may be established as policy by the Board of Directors.

(c) Term of Office. Directors shall be elected to serve for terms of two years, except that at organization, one-half of the elected Directors shall be elected for terms of one year with the other half for two years, or for lesser terms as may be necessary to complete the first fiscal year. Thereafter, as many Directors shall be elected each year as are required to fill vacancies. No person may serve in a particular capacity on the Board of Directors for more than ___ consecutive terms. The President may serve no more than (1) term consecutively but is not precluded from future service if re-elected as President-Elect. If a person serves as a Director, President-Elect, President, Secretary or Treasurer for less than one-half (1/2) of the term applicable to that office, such portion of the term served shall be disregarded for purposes of the preceding limitations.

Section 4. Powers and Duties of the Board of Directors. Subject to the provisions of the California Nonprofit Corporation Law and any limitations in the Articles of Incorporation or Bylaws relating to action required to be approved by the members or a majority of all the members, the activities and affairs of the A.O.R. shall be conducted by and all management powers shall be exercised by or under the direction of the Board of Directors. The Board of Directors may delegate the management of the activities of the A.O.R. to any committee so long as the ultimate direction is provided by the Board of Directors.

Section 5. Election of Officers and Directors.

[NOTE: Changes to the Model regarding the below Sections 5 through 7 are proposed should a local A.O.R wish to have greater flexibility with election procedures and allow the Board of Directors increased and more specific powers for self-governance to handle Board vacancies and Director Removal. A.O.R.s should evaluate each of these items based on desirability, applicability and workability in your local area as well as determining any adjustments, if appropriate, to those outlined in the Model. Please consult local counsel in conjunction with your decision and adoption of new standards and processes.]

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

(b) Nomination by the Nominating Committee. At least two (2) months before the annual election, a Nominating Committee of _____ REALTOR® members shall be appointed by the President with the approval of the Board of Directors. The Nominating Committee shall select one 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. Once the Nominating Committee has selected the slate of nominees, it may share it with the Board of Directors for information only; however, the Board of Directors shall not override, revise or approve the slate. The report of the Nominating Committee shall be delivered to each member eligible to vote at least four weeks preceding the election.

(c) Nomination by Petition. Additional candidates for the offices to be filled may be placed in nomination by petition signed by at least twenty-five (25%) percent of the REALTOR® members eligible to vote. The petition shall be filed with the Secretary at least three (3) weeks before the election. Such petition shall contain a statement signed by the candidate that he or she meets the criteria for the Board of Directors position as set forth in the Bylaws and is aware of the duties and responsibilities of the office and agrees to serve. The Secretary shall deliver notice of such additional nominations to all members eligible to vote at least two (2) weeks before the election.

(d) Election Committee. The President, with the approval of the Board of Directors, shall appoint an Election Committee of _____ REALTOR® members to conduct the election. No member of the Election Committee may be a candidate for office or the Board of Directors. In lieu of a separately appointed Election Committee, the President, with approval of the Board of Directors, may appoint the Nominating Committee to act as the Election Committee. The Election Committee shall set a date on or before the annual meeting, on which the election will be held.

(e) Elections. Elections shall be by ballot delivered to the members. The ballot shall contain the names of all candidates and specify the office for which each is nominated. No person may be a candidate for more than one position whether nominated by the Nominating Committee or by petition. Ballots may be submitted by the members by mail or in person, online, or by another method as determined by the Board of Directors and must be submitted by the date and time specified by the Election Committee. There shall be no proxy votes. No more than a single vote may be cast by a member for any given candidate; cumulative voting is prohibited. In case of a tie vote, the issue shall be determined by lot. The candidates receiving the highest number of votes are elected.

(f) Election by Acclamation. In the event the time for nomination by petition has passed and the number of people nominated for the Board is not more than the number of Directors, with each and every Director seat up for vote remaining uncontested, in its discretion, the Board of Directors may authorize a vote by acclamation and, without further action, declare that those nominated and qualified to be elected have been elected.

Section 6. Vacancies. Vacancies among the Officers and the Board of Directors shall be filled by an act of the Board of Directors until the next annual election. If an Officer or Director is unable to assume office after being elected, his or her seat becomes vacant and shall be filled by the Board of Directors. Vacancies created following removal of an Officer or Director may also be filled by the Board of Directors until the next annual election or by the membership at a duly noticed and called-for meeting of the membership.

Section 7. Removal of Officers and Directors.

(a) Removal by Board for Cause. The Board of Directors shall declare vacant the office of any Officer or Director on the occurrence of any of the following events:

- (1) The death of the Officer or Director.
- (2) The Officer or Director has been declared of unsound mind by a final order of a court.
- (3) The Officer or Director has been convicted of a felony.
- (4) The Officer or Director is convicted of a breach of duty under Section 7238 of the California Corporate Code.
- (5) The Officer or Director is absent from three (3) consecutive regularly scheduled Board meetings or four (4) regularly scheduled Board meetings in one year without an excuse deemed valid by the Board of Directors.
- (6) The Officer or Director resigns from office.
- (7) The Officer or Director no longer meets the general requirements for Officers and Directors enumerated in Sections 1 and 3 hereof.

(b) Removal by Board for Violation. The Board of Directors may declare vacant the office of any Officer or Director if, during his/her term of office, an Officer or Director is determined to have violated the NAR Code of Ethics or other director or membership duty. Removal from office shall be subject to review by the Association's Board of Directors as to the severity of the violation based solely on the final findings of fact and the appropriateness of removal from office.

(c) Removal by the Membership. The Membership may remove an Officer or Director it deems to be incapable for any reason of fulfilling the duties for which he or she is elected, under the following procedure:

(1) 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.

(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 Officer or Director, and to render a decision on such petition.

(3) The special meeting shall be noticed, including the general nature of the meeting, to all voting members at least four (4) 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 from office.

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 \$ _____ may not be made unless authorized by a majority of the A.O.R. members eligible to vote and present at a duly held membership meeting. However, unbudgeted expenditures required for the protection of capital assets or to respond to emergency situations may be incurred by the Board of Directors without the prior approval of the full membership of the A.O.R. Capital expenditures are those expenditures for long term improvements chargeable to the capital asset account.

ARTICLE XI - MEETINGS

[NOTE: Changes to the Model regarding the below sections on meetings are proposed to offer greater flexibility and detail regarding scheduling and conducting meetings both in person and by electronic means, as well as, where appropriate, separate various factors entailed for Directors meetings vs

Membership meetings. A.O.R.s should evaluate each of these items based on desirability, applicability and workability in your local area as well as determining any adjustments, if appropriate, to those outlined in the Model. Please consult local counsel in conjunction with your decision and adoption of new standards and processes.]

Section 1. Annual Meetings. The annual meeting of the A.O.R. shall be held during _____ of 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. Regular meetings may be held without notice as long as the time and place is fixed by the Board. Special meetings of the Board may also be called by the President, Secretary or any two Directors in accordance with the notice provisions set forth below. In addition to actual in-person meetings, Directors may participate in a meeting through use of conference telephone, electronic video screen communication or electronic transmission by and to the A.O.R. by means of which all persons participating in the meeting can communicate with each other simultaneously. Participation in such meeting shall constitute attendance and presence in person at the meeting of the person or persons so participating.

Section 3. Meetings of Members. 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 fifty (50%) percent of the members eligible to vote. The Board of Directors may designate that a meeting of the members may be conducted by electronic transmission by and to the A.O.R. or by electronic video screen communication where members have a reasonable opportunity to participate in substantial concurrence with the proceedings. Participation in such meeting shall constitute presence in person at the meeting of the person or persons so participating whether that meeting is held in a designated place or in whole or in part by electronic means.

Section 4. Notice of Meetings.

(a) Membership Meetings. Written notice of membership meetings, stating the date, time, place (and/or means of electronic transmission by and to the A.O.R. or electronic video screen communication, if any, by which members may participate) and purpose of the meeting, 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 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. If a special meeting is called, it shall be accompanied by a statement of the purpose of the meeting.

(b) Board of Directors Meetings.

(1) Notice of time and place of special meetings of the Board shall be delivered personally or by telephone to each Director or sent by first-class mail, fax or e-mail addressed to each director at that director's address as it is shown on the records of the A.O.R. In case the notice is mailed it shall be deposited in the United States mail at least four (4) days before the time of the holding of the meeting. In case the notice is delivered personally, by telephone, fax or e-mail, it shall be delivered personally, by telephone, fax or e-mail at least forty-eight (48) hours before the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated either to the Director or to a person at the office of the Director whom the person giving the notice has reason to believe will promptly communicate it to the Director. Notice may also be left on a voice mail machine.

(2) Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though a meeting had been duly held after regular call and notice if a quorum is present and if, either before or after the meeting, each of the Directors not present, signs a written waiver of notice, a consent to holding the meeting or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 5. Quorum. A quorum for the transaction of business by the general membership shall consist of one-third of the voting power represented in person at a duly held membership meeting. A quorum for the transaction of business by the Board of Directors shall consist of fifty-one (51%) percent of the Directors. There shall be no voting by proxy. If a quorum is present, the affirmative vote of the majority of the voting power represented at the meeting shall be the act of the body. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of enough directors or members to leave less than a quorum as long as a majority of the requisite quorum approves of the action taken. In the absence of a quorum, any meeting may be adjourned by the majority of the voting power present.

[NOTE: 1/3 set forth above is the default number for a membership quorum under CA Corp Code 7512. However, an A.O.R. can lawfully designate a lesser amount (ex: 1/4 or 20% or even 15%) as long as adhering to the general meeting notice timeframes set forth in Section 4(a) above, but it may cause other consequences. Please consult local counsel on this. Any increase of the quorum amount, however, must be approved by the membership.]

Section 6. Action without a Meeting.

(a) Membership Meetings. Any action that may be taken at any regular membership meeting or special membership meeting may be taken without a meeting if the association distributes a written or electronic ballot to every member entitled to vote on the matter. Approval by written or electronic ballots shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve such action at a meeting had the vote been taken in a face-to-face meeting.

(b) Board of Directors Meetings. Any action that may be taken by the Board may be taken without a meeting if all Directors individually or collectively consent in writing to that action (unanimous consent). The written consents shall be filed with the corporate records or made a part of the minutes of the meeting. The action by written consent shall have the same force and effect as a unanimous vote of the Directors.

ARTICLE XII - COMMITTEES

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

Nominating

Election [Note: Unless waived by the Board per Article X, Section 5(d)]

Grievance [Note: Unless all Professional Standards administration is conducted by another A.O.R.]

Professional Standards [Note: Unless all Professional Standards administration is conducted by another AOR]

Multiple Listing Service [Note: Unless not operating or servicing an MLS]

[NOTE: As indicated above, A.O.R.s that cede the administration of professional standards cases to another association or enforcement of MLS rules to their MLS would not be required to maintain committees in those respective areas.]

Section 2. Discretionary Committees. The President may appoint from among the REALTOR® members, subject to confirmation by the Board of Directors, additional committees as deemed necessary. Examples are set forth below:

Education

Equal Opportunity

Finance

Legislative

Long Range Planning

Past President Advisory

Membership

Public Relations

Section 3. Task Forces or Work Groups. The President may appoint from among the REALTOR® members, subject to confirmation by the Board of Directors, Task Forces or Work Groups as deemed necessary.

Section 4. Term of Committee Appointments. Committee members shall be appointed to one year terms except that the members of the Grievance, Long Range Planning and Professional Standards committees shall be appointed to staggered three-year terms.

Section 5. 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 6. President. The President shall be an ex-officio non-voting member of all standing committees and shall be notified of their meetings.

Section 7. 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 begin the day following the official closing of the N.A.R. annual convention and end the last day of the N.A.R. convention the following year.

ARTICLE XIV - RULES OF ORDER

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

ARTICLE XV - AMENDMENTS

[NOTE: Changes to the Amendment process are proposed to offer greater flexibility and capability for the Board to adopt Bylaws changes rather than having to engage the cumbersome membership process as frequently to do so. A.O.R.s should evaluate based on desirability, applicability and workability in your local area, Please consult local counsel in conjunction with your decision and adoption of new standards and processes, and please remember that in order to adopt any or all of the changes set forth below, your A.O.R. will first be required to follow its current process for amending, which under the former C.A.R. Model, entails a vote by the membership.]

Section 1. Amendment

(a) Upon Majority Vote of Membership. These Bylaws may be amended by: (a) a majority vote of REALTOR® members present and qualified to vote at any meeting at which a quorum is present, provided the substance of such proposed amendment or amendments shall be plainly stated in the call for the meeting; or (b) a written ballot. If amendment is sought by written ballot, the ballot must be delivered personally, by facsimile, regular mail, electronic mail or other electronic means to all members qualified to vote, plainly state the substance of the proposed amendment or amendments, provide an opportunity to specify approval

or disapproval, and give at least ten (10) days in which to return the ballot delivered personally, by facsimile, regular mail, electronic mail or other electronic means to the A.O.R. Amendment by written ballot will only be effective if the number of votes cast within the time specified equals or exceeds the number of votes that would have been required at a member meeting.

(b) Upon Majority Vote of Board. In addition, the Board of Directors may, at any regular or special meeting of the Board of Directors at which a quorum is present, approve amendments to the Bylaws which are mandated by N.A.R. policy or set forth in the C.A.R. Model Bylaws, or as otherwise permitted in California Corporation Code, Section 7150.

[NOTE: Any amendment that would materially and adversely affect the rights of members as to voting, dissolution, redemption or transfer; alter or impact the number of members or membership class; alter the number of or increase the term of director seats; increase the quorum; alter proxy rights or cumulative voting, would, in accordance with the California Corporate Code, require approval by vote of the membership.]

Section 2. Notice. Notice of all meetings at which amendments are to be considered shall be delivered personally, by facsimile, electronic mail, regular mail or other electronic means to every member eligible to vote on such amendment at least twenty (20) calendar days prior to the meeting and shall plainly state the substance of the proposed amendment or amendments.

Section 3. Approval of Amendments by N.A.R. Amendments to these Bylaws affecting the admission or qualification of REALTOR® and Institute Affiliate members, the use of the terms REALTOR® and REALTORS®, or any alteration in the territorial jurisdiction of the A.O.R. shall become effective upon their approval as authorized by the Board of Directors of N.A.R.

ARTICLE XVI - DISSOLUTION

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

ARTICLE XVII - MULTIPLE LISTING SERVICE

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

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

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

Section 4. Access to Comparable and Statistical Information. Provided 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.