

**INLAND VALLEYS ASSOCIATION
OF REALTORS®, INC.**

B Y L A W S

Adopted by Board of Directors: March 25, 2009

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BYLAWS

Effective Date July 9, 2010

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**BYLAWS OF THE
INLAND VALLEYS ASSOCIATION OF REALTORS®, INC.**

ARTICLE I – NAME

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

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

ARTICLE II - OBJECTIVES

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

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

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

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

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

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

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

ARTICLE III - NATIONAL AND STATE MEMBERSHIPS

Section 1. Association Membership in N.A.R. and C.A.R. The A.O.R. shall be a member of N.A.R. and C.A.R. as defined in the governing documents of N.A.R. and C.A.R. By reason of the A.O.R.'s membership in N.A.R. and C.A.R., each REALTOR® member of the A.O.R. shall be entitled to membership in C.A.R. upon payment of dues as established by C.A.R. and entitled to membership in N.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.

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Section 2. Ownership and Use of REALTOR® Membership Marks. The A.O.R. recognizes the exclusive property rights of N.A.R. in the terms REALTOR® and REALTORS®. The A.O.R. may use the terms while it is a member in good standing of N.A.R. The A.O.R. shall discontinue use of the terms in any form in its name, upon ceasing to be a member of N.A.R., or upon a determination by the Board of Directors of N.A.R. that it has violated the conditions imposed upon use of the terms.

Section 3. Adoption & Enforcement of N.A.R. Code of Ethics; Compliance with N.A.R. & C.A.R. Governing Documents & Policies. The A.O.R. adopts the N.A.R. Code of Ethics and agrees to enforce the Code of Ethics among its REALTOR® members. The A.O.R. and all of its members agree to abide by the Constitution, Bylaws, Rules and Regulations, Code of Ethics, and policies of N.A.R. and C.A.R.

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

ARTICLE IV - JURISDICTION

Section 1. Description of Jurisdiction. The territorial jurisdiction of the A.O.R. as a member of N.A.R. is:

Northern Boundary: Beginning at the intersection of San Bernardino/Los Angeles County line with the bench mark on the peak of Mount San Antonio; and continuing southeasterly to the northeast corner of Section 5, Township 1 North, R6W, San Bernardino Meridian, according to Government Survey.

Eastern Boundary: Beginning at the northeast corner Section 5, Township 1 North, R6W, San Bernardino Meridian, according to Government Survey which is on the northerly prolongation of Etiwanda Avenue; thence South along section lines to the center line of Interstate Route 15, then Southwesterly along said center line to the center line of Base Line Road; then Westerly along said center line to the center line of East Avenue; then Southerly along said center line to the center line of Foothill Blvd.; then Westerly along said center line to the North 1/4 corner of Section 9, said Township 1 South, R6W; then Southerly along the North and South quarter section lines of Sections 9 and 16 to the South line of the Metropolitan Aqueduct; then West to center line of Etiwanda Avenue then South to Riverside County Line.

Southern and Western Boundaries: Beginning at the intersection of Etiwanda Avenue with the Riverside County line and then following the San Bernardino County line West, South; thence northwest and northeasterly to point of beginning. Thus, the southern and western boundaries are the common county lines of San Bernardino County and Orange County, and San Bernardino County and Los Angeles County respectively.

Including the communities of Ontario, Upland, Chino, Chino Hills, (Los Serranos Village, Carbon Canyon), Rancho Cucamonga (Alta Loma, Cucamonga, Etiwanda), Montclair, Mt Baldy and San Antonio Heights.

Territorial Jurisdiction Acquired through Merger with Riverside/Moreno Valley Association of REALTORS®:

Beginning at the intersection of the Northerly Riverside County line and Bain Street; Thence East along the Northerly Riverside County line to El Rivino Road; Thence East along El Rivino Road to Brown Street; Thence South along Brown Street to Wilson Street; Thence East along Wilson Street and its Easterly prolongation to Main Street; Thence East along Main Street and its Easterly prolongation to the Northeast corner of Section 7, Township 2

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South, Range 3 West; Thence South along the East line to the Southeast corner of said section; Thence East along the North lines of Sections 17, 16, 15 and 14 to Live Oak Canyon Road; Thence East along Live Oak Canyon Road to the East line of Township 2 South, Range 3 West; Thence South along said line to State Highway 60; Thence East along Highway 60 to the East line of Section 4, Township 3 South, Range 2 West; Thence South along section lines to the Southeast corner of Section 9, Township 3 South, Range 2 West; Thence East along section lines to the Northeast corner of Section 15, Township 3 South, Range 2 West; Thence South along section line to Southeast corner of Section 15, Township 3 South, Range 2 West; Thence East along section line to Northeast corner of Section 23, Township 3 South, Range 2 West; Thence South along section line to Southeast corner of Section 26, Township 3 South, Range 2 West; Thence West along section lines to Southeast corner of Section 28, Township 3 South, Range 2 West; Thence Southeast through centerline of Section 34, Township 3 South, Range 2 West, to Northwest corner of Section 2, Township 4 South, Range 2 West; Thence Westerly along section lines to the Southwest corner of Section 32, Township 3 South, Range 2 West; Thence North along section lines to Northwest corner of Section 20, Township 3 South, Range 2 West; Thence West to Northeast corner of Section 24, Township 3 South, Range 3 West; Thence South to Southeast corner of Section 24, Township 3 South, Range 2 West; Thence West along section lines to Highway 395 and continuing West along Van Buren Boulevard to the Northeast corner of Section 29, Township 3 South Range 4 West; Thence South to the Southeast corner of Section 29, Township 3 South, Range 4 West; Thence West along section lines to the Northwest corner of Section 36, Township 3 South, Range 5 West; Thence South along Washington Street and its Southerly prolongation along section lines to Cajalco Road; Thence Westerly along Cajalco Road to a direct line between the Westerly Riverside County line and the East line of Section 24, Township 5 South, Range 6 West and the Westerly Riverside City Limits, as they existed in December 1969 to the Southerly prolongation of Bain Street; Thence Northerly along said Southerly prolongation and along Bain Street to the point of beginning.

Territorial Jurisdiction Acquired through Merger with Sun City-Perris Valley Board of REALTORS®:

Northern Boundary: Beginning at the northwest corner of Section 36, T3S, R5W; thence east along section lines, to the southwest corner of Section 28, T3S, R4W; thence north along the west line of said Section 28 to the northwest corner thereof; thence east along Van Buren Boulevard to Interstate 215 and continuing east along section lines to the southwest corner of Section 19, T3S, R2W; thence North along the west line of said Section 19 to the northwest corner thereof; thence south along section lines to the northwest corner of Section 5, T4S, R2W; thence east along section lines to the northeast corner of Section 2, T4S, R2W.

Eastern Boundary: Thence south along section lines to the southeast corner of Section 35, said Township and Range; thence west along the township line to the northwest corner of Section 2, T5S, R2W; thence south along the west line of said Section 2 to the southwest corner thereof; thence west along the north line of Section 10, said Township and Range to the northwest corner thereof; thence south along section lines to the southeast corner of Section 16, said Township and Range; thence west along section lines to the northwest corner of Section 20, said Township and Range; thence south along section lines to the northeast corner of Section 31, said Township and Range; thence west along the north line of said Section 31 to the northwest corner thereof; thence south along the west line of said Section 31 to the southwest corner thereof; thence east along the township line to the northeast corner of Section 5, T6S, R2W; thence south along the east line of said Section 5 to the southeast corner thereof; thence east along section line to the northwest corner of the east half of the northeast quarter of Section 9, said Township and Range; thence south along the west line of said east half to the southwest corner thereof; thence east along the south line of east half to the east one-quarter corner of said Section 9; thence south along section lines to the southeast corner of Section 21, said Township and Range; thence west along section lines to the southwest corner of said Section 21; thence south along the east line of Section 29, said Township and Range to the southeast corner thereof.

Southern Boundary: Thence west along section lines to the southwest corner of Section 30, said Township and Range; thence south along the east line of Section 36, T6S, R3W; thence west along section lines to a point on the southerly line of Section 33, said Township and Range, said point being the intersection of said southerly line, with the northeasterly of the Temecula Rancho; thence northwest along said northeasterly Rancho line to a point on the westerly line of said Section 33; thence north along section lines to the northeast corner of Section 29, said

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Township and Range; thence west along section lines to the southwest corner of Section 19, said Township and Range.

Western Boundary: Thence north along section lines to the northeast corner of Section 1, T6S, R4W; thence west along the south line of Section 36, T5S, R4W, to the southwest corner thereof; thence north along section lines to the southeast corner of Section 23, said Township and Range; thence west along the south line of said Section 23 to the south one-quarter section corner thereof; thence north along the north and south one-quarter section line of said Section 23, to the north one-quarter section corner thereof; thence west along section lines to the southwest corner of Section 18, said Township and Range; thence north along section lines to the northeast corner of Section 1, T5S, R5W; thence west along section lines to the southwest corner of Section 33, T4S, R5W; thence north along section lines to the northwest corner of Section 28, said Township and Range; thence east along section lines to the southwest corner of Section 28, said Township and Range; thence east along section lines to the southwest corner of Section 24, said Township and Range; thence north along section lines to the point of beginning.

Including the communities of Perris, Sun City, Quail Valley, Romoland, Nuevo, Menifee, Winchester, and Northwest Perris, all within the county of Riverside, California. (Territory presently considered “unassigned” by N.A.R.)

Territorial Jurisdiction Acquired through Merger with East Inland Empire Association of REALTORS®:

Northern Boundary: Beginning at the centerline of Interstate Route 15 and Twenty-fourth (24th) Street, proceeding North-Easterly to Cajon Campground on State Highway 395; thence Southeast to Inspiration Point, thence East to the point known as City Creek Fire Station (seasonal) on State Highway 330 (City Creek Road).

Eastern Boundary: Beginning at the City Creek Fire Station (seasonal) on State Highway 330 (City Creek Road) to its intersection with the Southerly boundary of the San Bernardino National Forest and proceeding Easterly following said South boundary line of the San Bernardino National Forest to the point therein which turns South to form the Westerly boundary of said National Forest (being the Easterly boundary of East Highlands and the City of Highland) to its intersection with Greenspot Road.

Southern Boundary: Beginning at the intersection of the Western boundary of the San Bernardino National Forest and Greenspot Road, and proceeding Southeasterly along Greenspot Road to its intersection with the centerline of the Santa Ana River Wash; thence Westerly, along the centerline for the Santa Ana River Wash to its intersection with Mountain View Avenue; thence Southerly on Mountain View Avenue to the intersection of Mission Road and Mountain View Avenue; thence South-Easterly on Mission Road to the intersection of Mission Road and California Street; thence Southerly on California Street and extended to the San Bernardino-Riverside County Line; thence Westerly, following the San Bernardino-Riverside County Line to the intersection of Etiwanda Avenue and the County Line.

Western Boundary: Beginning at the intersection of Etiwanda Avenue and the San Bernardino-Riverside County Line, thence North along the centerline of Etiwanda Avenue to the South line of the Metropolitan Aqueduct, North along the North and South quarter section lines of Section 9 and 16 said Township 1 South, Range 6 East, to the centerline of Foothill Blvd., thence Easterly to the centerline of East Avenue, thence Northeasterly along the centerline of Baseline to the centerline of Interstate Route 15 to Twenty-Fourth (24th) Street, the point of beginning.

Including the communities of San Bernardino, Colton, Loma Linda, Grand Terrace, Highland, Rialto, Fontana, Bloomington, Devore and Muscoy.

Territorial Jurisdiction Acquired through Merger with Banning-Beaumont-Cherry Valley Board of REALTORS®:

Northern Boundary: Beginning at that point of the West Boundary of Section 19, T2S, R2W crossed by San Timoteo Road; thence, Easterly along San Timoteo Road to Woodhouse Road; thence, East along Woodhouse Road to Singleton Road; Singleton Road East to Redlands Freeway I-10; thence, Southeasterly along Freeway I-10 to

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Cherry Valley Blvd.; thence, Northerly along West Boundary of Sections 30 and 19, T2S, R1W to NW Corner 19, T2S, R1W; thence in an Easterly direction to the Southeast Corner of Section 11, T2S, R1W; thence, North to Northeast corner of Section 11, T2S, R1W; thence, Easterly to Southwest corner of Section 7, T2S, R1E; thence, Northerly to NW corner of Section 6, T2S, R1E; thence Easterly to Northeast corner of Section 2, T2S, R2E.

Eastern Boundary: Continuing from the Northeast corner of Section 2, T2S, R2E Southerly to Southeast corner of Section 23, T3S, R2E.

Southern Boundary: Continuing from the Southeast corner of Section 23, T3S, R2S, Westerly to the Southwest corner of Section 19, T3S, R1E; thence Southerly to the Southeast corner of Section 36, T3S, R1W; thence, Westerly to the Southwest corner of Section 33, T3S, R1W; thence, Northerly to the Southeast corner of Section 29, T3S, R1W; thence, Westerly along Sections 29 and 30, T3S, R1W and Section 25, T3S, R2W to the Southwest corner of Section 25.

Western Boundary: Continuing from the Southwest corner of Section 25, T3S, R2W to the Northwest corner of Section 24, T3S, R2W; thence, Westerly to the Southwest corner of Section 14, T3S, R2W; thence, Northerly to the Northwest corner of Section 14, T3S, R2W; thence, Westerly to the Southwest corner of Section 10, T3S, R2W; thence, Northerly to Hwy 60; thence, Westerly along Hwy 60 to Theodore Street; thence, North on Theodore and the R2W/R3W range line to San Timoteo Canyon Road, the point of beginning.

It is understood that this jurisdiction includes both sides of any street or highway named as a boundary line.

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

Section 3. Districts Within The Territorial Jurisdiction. The territorial jurisdiction of the A.O.R. may, from time to time, be divided into two (2) or more Districts, as may be determined by the Board of Directors in an amendment or amendments to the A.O.R.'s Policy and Procedures Manual. Each District may be defined in writing by specific geographical boundaries. Upon adoption of a formal districting plan, each District may be represented on the Board of Directors by no less than one elected Director elected in a manner to be approved and adopted by the Board of Directors from time to time.

ARTICLE V - MEMBERSHIP, QUALIFICATION, APPLICATION AND ACCEPTANCE

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

Section 2. Qualifications for REALTOR® Members.

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

- (a) Maintain a current, valid California real estate broker or salesperson license or California real estate appraisal certification or license; and
- (b) Act as a sole proprietor, partner, corporate officer of a real estate firm or office manager of a real estate firm acting on behalf of the firm's principal(s); and
- (c) Remain actively engaged in the real estate profession; and

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

(e) Have no record of official sanctions rendered by the courts or other lawful authorities for (i) violations of civil rights laws or real estate license laws within the past three years; or (ii) criminal convictions if (1) the crime was punishable by death or imprisonment in excess of one year under the law under which the applicant was convicted, and (2) no more than ten years have elapsed since the date of the conviction or the release of the applicant from the confinement imposed for that conviction, whichever is the later date. (*Amended 6/07*)

2.2 REALTOR® members, whether primary or secondary, other than principals, partners, corporate officers, or branch office managers of real estate firms shall:

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

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

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

(d) Have no record of official sanctions rendered by the courts or other lawful authorities for (i) violations of civil rights laws or real estate license laws within the past three years; or (ii) criminal convictions if (1) the crime was punishable by death or imprisonment in excess of one year under the law under which the applicant was convicted, and (2) no more than ten years have elapsed since the date of the conviction or the release of the applicant from the confinement imposed for that conviction, whichever is the later date.

2.3 REALTOR® members may be franchise corporate officers as described below in Article V, Section 2.8.

2.4 Each firm (or office in the case of firms with multiple office locations) 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, the obligation to arbitrate pursuant to Article 17 of the Code of Ethics and certification as set forth in Article VI, Section 11. The “Designated REALTOR®” must be the sole proprietor, partner, corporate officer or an office manager acting on behalf of the firm’s principal(s) and must have the authority to bind the firm in arbitrations and must meet all the other qualifications for REALTOR® membership set forth in Article V, Sections 2.1 of the Bylaws.

2.5 Association of Choice

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

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

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

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

2.8 Notwithstanding any other provision herein, franchise corporate officers of real estate brokerage franchise organizations with at least one hundred fifty franchisees located within the United States, its insular possessions and the commonwealth of Puerto Rico, may be elected to membership pursuant to the Constitution and Bylaws of N.A.R. (hereinafter "Franchise Corporate Officers"). Franchise Corporate Officers may or may not be licensed for California real estate broker or salesperson or appraisal activities. Franchise Corporate Officers shall enjoy all of the rights, privileges and obligations of REALTOR® membership, including compliance with the Code of Ethics, except: obligations related to A.O.R. mandated education, meeting attendance, or indoctrination classes or other similar requirements, if any; the right to use the term REALTOR® in connection with their franchise organization's name; and the right to hold elective office in the A.O.R., C.A.R., and N.A.R.

Section 3. Qualifications for Institute Affiliate Members. Institute Affiliate members shall be individuals who hold a professional designation awarded by an Institute, Society or Council affiliated with the N.A.R. that addresses a specialty area other than residential brokerage or individuals who otherwise hold a class of membership in such Institute, Society or Council that confers the right to hold office. Any such individual, if otherwise eligible, may elect to hold REALTOR® membership subject to payment of applicable dues for such membership.

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

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 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, and who have completed at least two (2) years of college and at least one (1) college

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level course in real estate, but are not engaged in the real estate profession on their own account or not associated with an established real estate office.

Section 7. Membership Application.

(a) Each applicant for membership shall submit an application in such manner and form as may be prescribed by the A.O.R. Board of Directors (hereinafter “Board of Directors”) and give his or her consent that the Board of Directors may invite and receive information and comment 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 to the fullest extent permitted by law. The Board of Directors may consider the following in determining an applicant’s qualifications for membership: (1) all final findings of N.A.R. Code of Ethics violations and violations of other membership duties in any other Association within the past three (3) years; (2) pending ethics complaints or hearings; (3) unsatisfied discipline pending; (4) pending arbitration requests or hearings; (5) unpaid arbitration awards or unpaid financial obligations to any other Association or Association Multiple Listing Service (“MLS”).

(b) Applicants for membership shall be thoroughly familiar with and agree to abide by the Bylaws and Rules and Regulations of the A.O.R., the Bylaws of C.A.R. and the N.A.R. Constitution, Bylaws and Code of Ethics, to the extent they are applicable, and pass such reasonable and nondiscriminatory written examination thereon as may be required by the Board of Directors. Applicants must also attend an orientation program as may be required by the Board of Directors. Applicants shall, with the form of application, have access to a copy of the Bylaws, Constitutions, Rules and Regulations, and Code of Ethics referred to above through the A.O.R.’s website or by requesting hard copies from the A.O.R.’s staff.

(c) Applicants for REALTOR® membership shall certify: that they have no record of official sanctions rendered by the courts or other lawful authorities for (i) violations of civil rights laws or real estate license laws within the past three years or (ii) criminal convictions if (1) the crime was punishable by death or imprisonment in excess of one year under the law under which the applicant was convicted and (2) no more than ten years have elapsed since the date of the conviction or the release of the applicant from the confinement imposed for that conviction, whichever is the later date and (3) that they have not been suspended or expelled from an Association 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 8. Prior Membership Records. The A.O.R. may consider information received from other Associations in determining whether an applicant satisfies the A.O.R.’s membership requirements. The A.O.R. may request from any Association where the applicant held prior membership, minimum “core” information including:

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

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

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- (c) Incomplete or (pending) disciplinary measures;
- (d) Pending arbitration requests (or hearings);
- (e) Unpaid arbitration awards or unpaid financial obligations to the Association or its MLS; and.
- (f) Any misuse of the term REALTOR® or REALTORS® in the name of the applicant's firm.

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

Section 9. Application Review and Acceptance. The procedure for acceptance to membership shall be as follows:

(a) Within thirty (30) days, the staff, through the Chief Executive Officer or designee, shall determine whether the applicant is applying for the appropriate class of membership, and shall then give written notice to the REALTOR® members of such application and invite written comment. If one or more of the REALTOR® members object to the approval of the application, basing such objection on lack of qualification as set forth in the Bylaws, the staff, through the Chief Executive Officer or designee, shall invite any objecting member to appear before the Board of Directors to substantiate the objections. Objections which are not substantiated shall be totally disregarded. The staff, through the Chief Executive Officer or designee, must: (1) inform the applicant in advance, in writing, of any objections and identify the objecting member; and (2) give the applicant an opportunity to appear before the Board of Directors to establish his or her qualifications. The staff, through the Chief Executive Officer or designee, may also request "core" information as defined in Article V, Section 8, from any Association of which the applicant was previously a member. The staff, through the Chief Executive Officer or designee, shall make a written report of its findings. The staff, through the Chief Executive Officer or designee, shall conduct all proceedings with strict attention to the principles of due process and compliance with the Bylaws.

(b) Within thirty (30) days, the staff, through the Chief Executive Officer or designee, shall report its recommendation to the applicant and Board of Directors in writing. If the recommendation is to reject the application, the reasons shall be specifically stated. If any member of the staff, the Chief Executive Officer or designee, 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 staff, through the Chief Executive Officer or designee, 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 the staff, the Chief Executive Officer or designee, or otherwise, may grant "provisional" membership to an applicant in instances where ethics complaints or arbitration requests or hearings are pending in other Associations or where the applicant for membership has unsatisfied discipline pending in another Association, provided all other qualifications for membership have been satisfied. Provisional members shall be considered REALTORS® and shall be

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subject to all of the same privileges and obligations of REALTOR® membership. The Board of Directors may reconsider the membership status of provisional members when all pending ethics and arbitration matters and related discipline have been resolved or if such matters are not resolved within six (6) months from the date that provisional membership is approved. At the time of reconsideration, if the Board of Directors determines that the individual has not satisfactorily resolved the pending ethics or arbitration matter, at the discretion of the Board of Directors, membership may be terminated. Any dues paid by the provisional member shall be prorated from the date of application to the date of termination, and the remaining dues shall be returned to the terminated provisional member.

(f) If a member resigns from another Association with an ethics complaint or arbitration request pending, the Board of Directors may condition membership on the applicant's certification that he or she will submit to the pending ethics or arbitration proceeding, in accordance with the procedures of the A.O.R., and will abide by the decision of the hearing panel.

Section 10. 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 of not less than two hours and thirty minutes of instructional time, meeting the minimum criteria established from time to time by N.A.R. for new member ethics training. The methods and criteria for the new member ethics orientation program shall be created by staff and approved by the Board of Directors. 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 ninety (90) 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 11. IVAR Orientation. Applicants for REALTOR® membership must attend an IVAR Orientation class. A deposit may be required at the time of application and returned to the applicant within fourteen (14) days successful completion of the IVAR Orientation. Each applicant will have two opportunities to attend the IVAR Orientation; if the first scheduled IVAR Orientation is not attended, the second will be scheduled within ninety (90) days of the first. Failure to attend the IVAR Orientation will result in forfeiture of any deposit and will be considered a violation of a membership duty for which REALTOR® membership shall be suspended until such time as the IVAR Orientation is completed. The IVAR Orientation lasts approximately two and one-half (2-1/2) to four (4) hours. The methods and criteria for the IVAR Orientation shall be created by staff and approved by the Board of Directors at their sole discretion

Section 12. Continuing Member Code of Ethics Training. Every four year period, starting with the period from January 1, 2001 through December 31, 2004, and for successive four year periods thereafter, each REALTOR® member of the A.O.R. shall be required to complete a course on the Code of Ethics, meeting the minimum criteria established by N.A.R. for quadrennial ethics training. This requirement will be satisfied upon presentation of documentation that the member has completed such course of instruction conducted by this or another Association, C.A.R., N.A.R., or any other recognized educational institution or provider which meets the learning objectives and minimum criteria established by N.A.R. from time to time. REALTOR® members who have completed training as a requirement of membership in another Association and REALTOR® members who have completed the New Member Code of Ethics Orientation during any four year cycle shall not be required to complete additional ethics training until a new four year period commences. Failure to satisfy this requirement shall be considered a violation of a membership duty for which REALTOR® membership shall be suspended until such time as the training is completed.

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

Failure to meet the requirement for the second (2005 – 2008) cycle and subsequent four (4) year cycles will result in suspension of membership for the first two months (January and February) of the year following the end of any four (4) year cycle or until the requirement is met, whichever occurs sooner. On March 1 of that year, the membership of member who is still suspended as of that date will be automatically terminated. (Adopted 1/01, revised 6/05)

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 these Bylaws for the category of membership to which he/she has transferred within ten (10) days of the date they advised the A.O.R. of his or her change in status, the application for change of status will terminate automatically unless otherwise so directed by the Board of Directors. A REALTOR® who is transferring his/her license from one firm comprised of REALTOR® principals to another firm comprised of REALTOR® principals shall be subject to all of the privileges and obligations of membership during the period of transition. If the transfer is not completed within ninety (90) days of the date the A.O.R. is advised of the disaffiliation with the current firm, membership will terminate automatically unless otherwise so directed by the Board of Directors.

(b) If the licensed status of any member is terminated, his or her membership in the A.O.R. shall terminate automatically. If any member ceases to meet any other ongoing qualification of membership, his or her membership may be terminated subject to the member's due process rights. Each member shall have the affirmative duty to notify the A.O.R. of any changes in their license status.

(c) Any application fee related to a change in membership status shall be reduced by an amount equal to any application fee previously paid by the applicant. Dues shall be prorated from the first day of the quarter in which the member is notified of acceptance by the Board of Directors of his or her change in status and shall be based on the new membership status for the remainder of the year.

Section 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.

Section 15. Member in Good Standing.

(a) Notwithstanding anything to the contrary contained herein, a person shall not be eligible for membership nor considered to be in good standing or eligible for continued membership or nomination for election to the Board of Directors if said person, or a firm for which he is a designated broker, owner, or majority shareholder, is delinquent or in default as to any obligation to the A.O.R., including but not

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limited to, rental or additional payments, performance of any contractual obligation, travel expenses, or satisfaction of any judgment in favor of the A.O.R. entered by a court of law.

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

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

(d) The Board of Directors is authorized to modify this definition as law or N.A.R. policy may require.

Section 16. Inactivation and Reactivation of Membership. REALTOR® members—may become inactive or reactivate their membership or take a leave of absence as follows:

(a) Inactivation. Upon written notification to the A.O.R., a member in good standing may inactivate their membership for a period of up to one (1) year. If the member is not in good standing at the time of inactivation, there shall be no grace period for reactivation. The inactive member shall have no rights or privileges as a REALTOR® member during the period of inactivation.

(b) Reactivation. A member who was in good standing at the time of inactivation may reactivate their membership by paying the required dues and fees. If the member's period of inactivation exceeds one (1) year, or the member was not in good standing at the time of inactivation, they may reapply for membership in the manner prescribed for new applicants, in addition to paying any balance which was outstanding at the time of inactivation.

Section 17. Leave of Absence. Upon written notification to the A.O.R., a REALTOR® member in good standing may take a leave of absence from REALTOR® membership for a period of up to six (6) months. During the leave, the member shall have no rights or privileges as a REALTOR® member. However, a member may continue to have his or her real estate license held by the same real estate broker with whom the member was affiliated at the time the leave began. A member shall not be actively engaged in the real estate business with any firm during the period of leave. Upon reinstatement, the member shall pay appropriate dues and fees.

ARTICLE VI - PRIVILEGES AND DUTIES OF MEMBERSHIP

Section 1. Member Compliance with Bylaws, Policies, Rules and Regulations. It shall be the duty of every member of the A.O.R. to abide by the Bylaws, Policies and Rules and Regulations of the A.O.R. Any member of the A.O.R. may be reprimanded, fined, placed on probation, suspended, or expelled by the Board of Directors for a violation of the Bylaws or the Rules and Regulations of the A.O.R. If a hearing is required it shall be held in accordance with the *California Code of Ethics and Arbitration Manual*.

Although only REALTOR® members are subject to the Code of Ethics and its enforcement by the A.O.R., all members are encouraged to abide by the principles established in the Code of Ethics and conduct their business and professional practices accordingly. Further, any non-REALTOR® member may, upon recommendation of a hearing panel of the Professional Standards Committee, be subject to discipline as described above, for any conduct, which in the opinion of the Board of Directors, applied on a nondiscriminatory basis, reflects adversely on the real estate industry or the terms REALTOR® or

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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 any unlawful harassment, including, but not limited to, sexual harassment of an A.O.R. or MLS employee after an investigation in accordance with the procedures of the A.O.R. The decision of the appropriate disciplinary action to be taken shall be made by the investigatory team comprised of the President, President-Elect and/or Past President and one member of the Board of Directors selected by the highest ranking officer not named in the complaint, upon consultation with counsel for the A.O.R. If the complaint names the President, President-Elect, and/or Past President, 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. 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. Disciplinary action may include any sanction authorized in the A.O.R.'s Code of Ethics and Arbitration Manual.

NOTE: Suggested procedures for processing complaints of harassment are available on line at <http://www.REALTOR.org>, or from the Member Policy Department. (Amended 5/03 5/08)

(b) Any REALTOR® member of the A.O.R. may be disciplined by the Board of Directors for violations of the Code of Ethics or other duties of membership after a hearing as described in the *California Code of Ethics and Arbitration Manual*, provided that the discipline imposed is consistent with N.A.R. policy as set forth in the *California Code of Ethics and Arbitration Manual*.

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

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

Section 5. Privileges and Duties of REALTOR® Members.

(a) It shall be the duty and responsibility of every REALTOR® member of this A.O.R. to abide by the Constitution and Bylaws of C.A.R., the Constitution and Bylaws of N.A.R. and to abide by the Code of Ethics as set forth in Article VI, Section 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,

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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 A.O.R.. If a REALTOR® member other than a sole proprietor in a firm, partner in a partnership, officer of a corporation or branch office manager is suspended or expelled, the use of the terms REALTOR® or REALTORS® by the firm, partnership or corporation shall not be affected.

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

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

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

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

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

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

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

Section 9. Privileges and Duties of Student Members. Student members shall have the rights and privileges and be subject to the obligations prescribed by the Board of Directors.

Section 10. Certification by Designated REALTOR®. Designated REALTORS® shall certify to the A.O.R. during the first month of each fiscal year, on a form and in a time and manner provided by the A.O.R., a complete listing of all individuals licensed or certified under California law, with the REALTOR® office(s), and shall designate the primary Association, if any, for each individual. Designated REALTORS® shall also identify any non-member licensees in the REALTOR®'s office(s), and, if Designated REALTOR® dues have been paid to another Association based on said non-member licensees, the Designated REALTOR® shall identify the Association to which dues have been remitted.

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These declarations shall be used for purposes of calculating dues under Article IX, Section 2 of the Bylaws. Designated REALTOR® members shall also notify the A.O.R. of any additional individual(s) licensed or certified with the firm(s) and of any individual whose affiliation with the firm was severed within thirty (30) days of the date of affiliation or severance of the individual(s).

Section 11. Delinquent Members. Members who are delinquent, as that term is described or defined in various policies, in payment of any assessment levied by the Board of Directors or the MLS shall lose all rights and privileges of membership until such delinquency is cured.

Section 12. Violation of Codes, Rules or Bylaws. Members who have been found to be in violation of A.O.R. and/or MLS Codes, Rules or Bylaws after a hearing as provided in the *Code of Ethics and Arbitration Manual* of the A.O.R. and who have been suspended shall have their rights and privileges as members of the A.O.R. (and the MLS, if applicable) suspended until they are reinstated in accordance with the sanction imposed.

ARTICLE VII - PROFESSIONAL STANDARDS AND ARBITRATION

Section 1. Professional Standards and Arbitration. The responsibility of the A.O.R. and its members relating to the enforcement of the Code of Ethics, the disciplining of members, the arbitration of disputes, and the organization and procedures incident thereto shall be governed by the *California Code of Ethics and Arbitration Manual*, as published and from time to time amended by C.A.R., which by this reference is made a part of these Bylaws; provided, however, that any provision deemed inconsistent with state law shall be deleted or amended to comply with state law.

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* (the "Manual").

Section 3. Cooperative Enforcement of the Code of Ethics. The responsibility of the A.O.R. and A.O.R. 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 consistent with the cooperative professional standards enforcement agreement entered into by the A.O.R., which by this reference is made a part of these Bylaws.

ARTICLE VIII - USE OF THE TERMS REALTOR® AND REALTORS®

Section 1. Use and Control of REALTOR® Membership Marks. Use of the terms REALTOR® and REALTORS® by members shall, at all times, be subject to the provisions of the

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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 or Institute Affiliate Members as described in Article V., Section 3.

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

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

ARTICLE IX - DUES AND ASSESSMENTS

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

Section 2. Dues.

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

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

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dues based on non-member licensees to another Association within the state of California or a state contiguous thereto, provided the Designated REALTOR® notifies the A.O.R. in writing of the identity of the Association to which dues have been remitted.

A REALTOR® with a direct or indirect ownership interest in an entity engaged exclusively in soliciting and/or referring clients and customers to the REALTOR® for consideration on a substantially exclusive basis shall annually file with the A.O.R. on a form approved by the A.O.R. a list of the licensees affiliated with that entity and shall certify that all of the licensees affiliated with the entity are solely engaged in referring clients and customers and are not engaged in listing, selling, leasing, managing, counseling or appraising real property. The individuals disclosed on such form shall not be deemed to be licensed with the REALTOR® filing the form for purposes of this Article IX, Section 2 (b) and shall not be included in calculating the annual dues of the Designated REALTOR®.

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

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

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

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

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

NOTE: The Institutes, Societies and Councils of N.A.R. shall be responsible for collecting and remitting dues to N.A.R. for Institute Affiliate Members (\$75.00). N.A.R. 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. N.A.R. also credit \$25.00 to the account of state associations for each Institute Affiliate Member whose office address is located within the territorial jurisdiction of the state association. Local and state associations may not establish any additional entrance, initiation fees or dues for Institute Affiliate Members, but may provide service packages to which Institute Affiliate Members may voluntarily subscribe. (Amended 1/02)

Section 3. Dues Payable. Dues for all members shall be payable annually in advance on the first day of January. Dues shall be computed from the first day of the quarter in which a new member is notified of election and shall be prorated for the remainder of the year. The Board of Directors may adopt billing cycles, such as monthly or quarterly billings, pursuant to such procedures, rules, policies and fees as it may deem appropriate. Any member who initiates bankruptcy proceedings may be placed on a “cash basis” from the date the bankruptcy petition is filed until one year from the date that the member has been discharged from bankruptcy. All dues or fees paid to the A.O.R. are nonrefundable, except for those dues returned to a terminated provisional member as provided in Article V, Section 10.

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In the event a sales licensee or licensed or certified appraiser who holds REALTOR® membership is dropped for nonpayment of A.O.R. dues, and the individual remains with the Designated REALTOR®'s firm, the dues obligation of the Designated REALTOR® (as set forth in Article IX, Section 2, paragraph (b)) will be increased to reflect the addition of a non-member licensee. Dues shall be calculated from the first day of the current fiscal year and are payable within thirty (30) days of the notice of termination.

Section 4. Nonpayment of Financial Obligations.

(a) If dues, fees, fines, or other assessments including amounts owed to the A.O.R. or its Multiple Listing Service are not paid within one (1) month after the due date, the nonpaying member is subject to suspension at the discretion of the Board of Directors. Two (2) months after the due date, membership of the nonpaying member may be terminated at the discretion of the Board of Directors. Three (3) months after the due date, membership of the nonpaying member shall automatically terminate unless within that time the amount due is paid. However, no action shall be taken to suspend or expel a member for nonpayment of disputed amounts until the accuracy of the amount owed has been confirmed by the Board of Directors.

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

(c) If the Board of Directors determines that the member was delinquent, the Board of Directors may decide, as it deems in the best interest of the A.O.R., to suspend or expel the member, to decline to suspend or expel the member, or to decline to suspend or expel the member on condition that the member pay the delinquency on or before a specified date or pay the delinquency in specified installments on or before specified dates. The member shall be automatically suspended or expelled without further hearing if the member fails to perform such condition.

(d) Any suspension or expulsion occurring after a hearing shall be effective five (5) days after notice thereof is mailed to the member, subject to the right of the Board of Directors to specify that the suspension or expulsion shall become effective upon the entry, in a suit by the A.O.R. for declaratory relief, of the final judgment of a Court of competent jurisdiction declaring that the suspension or expulsion violates no rights of the member.

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

(f) In the event the membership of a real estate licensee or certified or licensed appraiser who holds REALTOR® membership is terminated for nonpayment of A.O.R. dues, and the licensee or appraiser remains affiliated with the same firm, the dues obligation of the designated REALTOR®, as set forth in this Article IX, Section 2(b), will be increased to reflect the addition of a non-member licensee or appraiser. Dues shall be calculated from the first day of the current fiscal year and are payable within 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

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other Rules and Regulations of the A.O.R. or any of its services, departments, divisions or subsidiaries may apply for reinstatement in a manner prescribed for new applicants for membership, only after making payment in full of all accounts due as of the date of termination.

Section 6. Deposit. All monies received by the A.O.R. for any purpose shall be deposited to the credit of the A.O.R. in a financial institution or institutions selected by resolution of the Board of Directors.

Section 7. Notice of Delinquent Dues, Fees, Fines, Assessments and Other Financial Obligations of Members. All delinquent dues, fees, fines, assessments or other financial obligations to the A.O.R. or its Multiple Listing Service shall be noticed to the delinquent member in writing setting forth the amount owed and due date.

ARTICLE X - OFFICERS AND DIRECTORS

Section 1. Officers.

(a) Officers. The Officers of the A.O.R. shall be REALTOR® members of the A.O.R. and comprised of the following: a President, a President-Elect, an Immediate Past President, and a Treasurer. The Officers shall be deemed a standing Executive Committee whose duties shall be as assigned by the Board of Directors and set forth in the Policies and Procedures Manual. No Officer shall hold more than one office at the same time. No person shall serve as an Officer who is concurrently or simultaneously nominated, elected or serving on a board of directors of another REALTOR® Association. The Officers are as follows:

(1) President. The President shall serve a one (1) year term and automatically ascend to the position of Immediate Past President.

(2) President-Elect. The President-Elect shall be elected by the membership and shall serve a one (1) year term and shall automatically ascend to the presidency at the end of his or her term as President-Elect.

(3) Immediate Past President. The out-going President, if not re-elected to the Board of Directors, will automatically serve as Immediate Past President for a term of one (1) year. If the office of Immediate Past President is vacant, it shall not be filled by appointment or election.

(4) Treasurer. The Treasurer shall be elected by the membership to serve a two (2) year term and shall be the Chairperson of the Finance Committee.

(5) Chief Executive Officer. The Chief Executive Officer is the chief staff person of the A.O.R. but is not required to be an Officer of the A.O.R. or member of the Board of Directors. The Chief Executive Officer shall be the Secretary of the A.O.R., except as otherwise expressly determined by the Board of Directors.

Section 2. Powers and Duties of Officers. The powers and duties of the Officers shall be such as their titles, by general usage, would indicate and such as may be assigned to them by the Board of Directors. It shall be the duty of the Secretary in cooperation with corporate legal counsel to keep the records of the A.O.R. and to carry on all necessary correspondence with N.A.R. and C.A.R.

Section 3. Board of Directors.

(a) Composition of the Board of Directors. The governing body of the A.O.R. shall be a thirteen (13) member Board of Directors consisting of REALTOR® members of the A.O.R. elected by the membership or appointed by the Board of Directors and comprised of the following:

(1) Four (4) Officers/Directors being the following:

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President (ascends from serving as President-Elect; one-year term)
Immediate Past President (descends from serving as President; one-year term)
President-Elect (elected annually; one-year term)
Treasurer (elected bi-annually; two-year term); and

(2) Nine (9) Directors who serve staggered two-year terms to the extent possible so that an overlap exists for purposes of continuity, with vacancies filled by annual elections.

(b) Non-Voting Directors. The N.A.R. Director(s) and MLS Director(s) representing the A.O.R. and the Chairperson of the Young Professionals Network shall, if not an elected member of the Board of Directors of the A.O.R., be a non-voting advisory Director and entitled to attend and participate in all discussions at meetings of the Board of Directors, including, if appropriate, executive sessions, and entitled to all the same indemnities and immunities as voting Directors. If elected as a Director or appointed to fill a vacancy on the Board of Directors, the N.A.R. Director(s), MLS Director(s), or Chairperson of the Young Professionals Network shall become a voting Director.

(c) Number of Directors. In the event of an Association merger, the number of Directors may be increased in accordance with a merger agreement approved by the Board of Directors and/or the members in accordance with the A.O.R.'s voting procedures, either permanently or temporarily. In the event of a consolidation/merger, the Consolidation Task Force shall make a recommendation as to the number of seats on the Board of Directors to be awarded to members of the consolidating/merging Association, which recommendation must be approved by a two-thirds (2/3) vote of the A.O.R.'s Board of Directors.

(d) Term Duration. All terms, except those terms created to fill a vacancy, shall commence on January 1st and end on December 31st.

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. Policies and Procedures Manual. The Board of Directors, with the assistance of the Chief Executive Officer and staff, shall adopt a Policies and Procedures Manual to set forth the criteria described in the Bylaws, including, but not limited to, the orientations, the election or appointment of Directors and/or Officers, the duties and limitations of Officers, the duties and limitations of committees or task forces, and any other matter not in conflict with these Bylaws or California law. The Policies and Procedures Manual may be amended from time to time by the Board of Directors.

Section 6. Election of Officers and Directors. An annual election of REALTOR® member Officers and Directors shall be held in June of each year on a date certain to be determined by the Board of Directors. As many Directors shall be elected each year as are required to fill vacancies. A pre-nomination Candidates Orientation will be conducted, pursuant to the Policies and Procedures Manual, which must be attended by any person desiring to be nominated for a Director or Officer position.

(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, other electronic means, or other means permitted by California law and approved by the Board of Directors.

(b) Nomination by the Nominating Committee. At least sixty (60) days before the annual election, a Nominating Committee of nine (9) REALTOR® members shall be appointed by the President with the approval of the Board of Directors. The Nominating Committee shall be composed of two (2)

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Directors, the Immediate Past President, and six (6) REALTOR® members. No member of the Nominating Committee shall be considered for nomination by the Nominating Committee nor shall such person petition for any elected office or directorship. The Nominating Committee shall select one (1) or more candidate(s) for each Officer vacancy and one (1) or more candidate(s) for each Director vacancy from those persons who have attended the pre-nomination Candidates Orientation.

(c) Nomination by Petition. Additional candidates who have attended the pre-nomination Candidates Orientation for the offices to be filled may be placed in nomination by petition signed by at least five (5%) percent of the REALTOR® members eligible to vote. The petition shall be filed with the Secretary at least three (3) weeks before the election. The Secretary shall deliver notice of such additional nominations to all members eligible to vote at least two (2) weeks before the election.

(d) Qualifications for Nomination for Officer or Director Position. To be nominated as a candidate for a position as an Officer or Director, a person must meet all of the following qualifications at the time of nomination and during the term of service if elected:

- (1) Must be a REALTOR® member in good standing of the A.O.R.;
- (2) Must have been a licensee in good standing with the Department of Real Estate (“DRE”) for one (1) year immediately prior to nomination;
- (3) May not have his or her license (broker or salesperson) either:
 - (i) with the same Designated REALTOR® Broker as two (2) other Directors, including the Designated REALTOR® Broker(s), or
 - (ii) with the same Designated REALTOR® and affiliated with the same real estate office location as one (1) other Director;
[once elected, a Director may change office affiliation without affecting eligibility to serve the elected term];
- (4) May not be a member of the immediate family of another candidate or a current Director, unless the current Director’s term will expire prior to the commencement of the term of office being sought;
- (5) May not be concurrently or simultaneously nominated, elected or serving on a board of directors of another REALTOR® Association, other than the N.A.R., C.A.R. or a regional multiple listing service of which the A.O.R. is a member;
- (6) May not have been sanctioned for a Code of Ethics violation within one (1) year immediately prior to being installed or at any time during service;
- (7) Must have electronic mail capability in order to receive notices and information from the A.O.R. and the Chief Executive Officer;
- (8) Must be available and willing to serve on committees and task forces;
- (9) Must have attended a pre-nomination Candidates Orientation pursuant to the Policies and Procedures Manual prior to being placed on the ballot.
- (10) Must sign a Candidates Agreement, pursuant to the Policies and Procedures Manual, which will contain the following promises by the candidate:
 - (i) To abide by the rules for campaigning;
 - (ii) To attend the Candidates Orientation, the Directors Orientation and Professional Standards Director training, and the annual Directors’ retreat;
 - (iii) To serve for the full term of office if elected to the office being sought; and
 - (iv) To immediately inform the President if he or she is the subject of a Code of Ethics complaint or DRE sanction.
- (11) Must have seriously considered voluntarily participation in the C.A.R. political action fund(s), pursuant to the strong recommendation and encouragement of the Board of Directors of the A.O.R. and C.A.R., by making, at a minimum, a non-mandatory and totally voluntary annual contribution to the Political Action Committee. **Making a**

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voluntary contribution is not a condition or requirement for candidacy, election or service.

(e) Qualifications for Taking Office and Service as Officer or Director. To take office and serve as an Officer or Director, a person must meet all of the qualifications for nomination and also meet the following qualifications at the time of taking office and during the term of service:

- (1) Must have been a licensed agent or broker for a minimum of three (3) years;
- (2) Must have served for at least two (2) years within the last five (5) years on at least one (1) committee or two (2) Task Forces or Special Committees of the A.O.R. or another REALTOR® Association or on the board of directors of another REALTOR® Association;
- (3) May not be serving as a member of the Professional Standards Committee, the Grievance Committee, or the Anonymous Complaint Subcommittee of the Grievance Committee;
- (4) Must attend, before taking office to be eligible for installation, whether a newly elected Director or an Officer who is ascending or descending from one office to another, a Directors Orientation and a Professional Standards Director training, which will be held concurrently whenever possible, otherwise Director will be removed from the Board of Directors.
- (5) Must sign the A.O.R.'s Confidentiality Agreement and Conflict of Interest Code prior to taking office, whether a newly elected Director or an Officer who is ascending or descending from one office to another, otherwise Director will be removed from the Board of Directors.

(f) Additional Qualifications for Nomination and Service as Treasurer. Each nominee for the office of Treasurer must, at the time of taking office, meet all the qualifications for nomination and service of a Director and also have served on the A.O.R.'s Finance Committee for a minimum of one (1) full year prior to nomination for office.

(g) Representation of All Jurisdictions. The Nominating Committee shall diligently seek nominee representatives of all the areas within the A.O.R.'s jurisdiction and, if approved by the Board of Directors, shall carry out those obligations imposed in any districting program.

(h) Posting Nomination List. A list of all persons nominated shall be posted in the A.O.R.'s office or on the A.O.R.'s website or through the organization hired to conduct its electronic voting no later than thirty (30) days prior to the election and placed in the bulletins until the date of the election of Officers and Directors.

(i) Election Committee. Prior to the May meeting of the Board of Directors, the President, with the approval of the Board of Directors, shall appoint an Election Committee of consisting of a Past President and five (5) REALTOR® members to conduct the election. No member of the Election Committee may be a candidate for office or the Board of Directors. The Election Committee shall set a date on or before the annual meeting, on which the election will be held.

(j) Elections. Elections shall be conducted in accordance with California law and may be written or electronic. The Board of Directors may provide in the A.O.R.'s Policies and Procedures Manual for procedures and reasonable rules for conducting elections so long as they are consistent with these Bylaws, California law and N.A.R. and C.A.R. mandates and are made available to all members. The Board of Directors may provide for rules regarding conduct, mailing, dissemination of campaign materials using A.O.R. website or lists, and notices that are consistent with the Bylaws and the Code of Ethics. The members shall be provided with the names of all candidates and the office for which each is nominated. The A.O.R. shall adopt such rules as it deems fair to provide the members with other information regarding each candidate. Votes may be cast by the members in the manner and by the date specified by the Election Committee. The voting shall remain open for at least thirty (30) days and may be extended by the Board of Directors. There shall be no proxy votes. The Election Committee shall verify and count

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the votes. In the event of a tie, there shall be a recount to confirm that a tie exists, after which the issue shall be determined by vote of the remaining members of the Board of Directors then in office.

(k) Report to President, Publication of Results. The Election Committee shall present its report to the President prior to the next general meeting. The President shall declare elected those nominees for Director receiving the highest number of votes and progressing down, by number of votes received, until the proper number of Directors has been declared elected. Results of the election shall be published to the members.

(l) Destruction of Records. The first business week of the following term of office the Secretary shall destroy the election records, unless a challenge to the election is pending.

Section 7. Vacancies. Vacancies among the Officers and the Board of Directors shall be filled as follows:

(a) Vacancy Among Officers. In the event there is a vacancy among the Officers of the A.O.R. for any reason, the member who fills a vacant Officer position, other than the President-Elect assuming the position of President, shall serve for the remainder of the term being filled. Vacancies shall be filled in the following manner:

(1) President. In the event the position of President is vacant for any reason, the President-Elect may assume the position of President and serve for the remainder of the term of the President who vacated the position, as well as the term of President the President-Elect was appointed to serve, and the President-Elect position may remain vacant. In the event the President-Elect declines to assume or is unable to assume the position of President, the vacant President position shall be filled by a majority vote of the Directors at the next regular meeting of the Board of Directors or at a meeting specially called for that purpose within forty-five (45) days of the date of the vacancy. The President-Elect shall notify the Board of Directors of his/her decision whether to ascend no later than October 31st.

(2) President Elect. In the event the office of President is vacant for any reason and the President-Elect ascends to the Presidency to fill such vacancy, or in the event the office of President-Elect is vacant for any other reason, the vacant President-Elect position may remain vacant or the vacant President-Elect position may be filled by a majority vote of the Directors at the next regular meeting of the Board of Directors or at a meeting specially called for that purpose within forty-five (45) days of the date of the vacancy.

(3) Immediate Past President. In the event the office of Immediate Past President is vacant for any reason, it shall remain vacant and not be filled by appointment or election.

(4) Treasurer. In the event the office of Treasurer is vacant for any reason, it shall be filled by a majority vote of the Directors at the next regular meeting of the Board of Directors or at a meeting specially called for that purpose within forty-five (45) days of the date of the vacancy.

(b) Vacancy on Board of Directors. In the event there is a vacancy on the Board of Directors for any reason, the member who fills a vacant Director position shall serve the remainder of the term being filled. Vacancies shall be filled by majority vote of the Directors at the next regular meeting of the Board of Directors or at a meeting specially called for that purpose within forty-five (45) days of the date of the vacancy. The person so named shall otherwise qualify as a Director as set forth in these Bylaws, except the requirement to attend a pre-nomination Candidates Orientation does not apply to a person appointed to fill a vacancy created due to an elected Director not being installed for any reason, including failure to complete the requirements to take office as set forth in these Bylaws and the Policies and Procedures Manual. No person shall be appointed to fill a vacant Director position if he or she is concurrently or simultaneously nominated, elected or serving on a board of directors of another REALTOR® Association, or has served on the A.O.R.'s Board of Directors within the past two (2) years.

Section 8. Removal of Officers and Directors. In the event that an Officer or Director is deemed to be incapable for any reason of fulfilling the duties for which he or she is elected, or fails to

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maintain his or her membership in good standing, but will not resign from office voluntarily, is convicted of any felony or crime of moral turpitude, or there is a second finding of violation of a *Code of Ethics*, the Officer or Director may be removed from office under the following procedure:

(a) A petition requiring the removal of an Officer or Director and signed by not less than two thirds of the Directors shall be filed with the President, or if the President is the subject of the petition, with the next ranking Officer, and shall specifically set forth the reasons the individual is deemed to be disqualified from further service.

(b) Upon receipt of the petition, and not less than ten (10) days or more than thirty (30) days thereafter, a special meeting of the voting membership of the A.O.R. shall be held. The sole business of the meeting shall be to consider the charge against the Officer or Director, and to render a decision on such petition.

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

Section 9. Expenditures. The Board of Directors shall administer the finances of the A.O.R. through the current approved budget, but shall not incur an unbudgeted expenditure in excess of \$50,000.00 without authorization by a vote of all of the members in attendance at a duly constituted membership meeting, except in cases of emergency. However, unbudgeted expenditures required for the protection of capital assets or to respond to emergency situations may be incurred by the Board of Directors without the prior approval of the full membership of the A.O.R. Capital expenditures are those expenditures for long term improvements chargeable to the capital asset account.

ARTICLE XI - MEETINGS

Section 1. Annual Meetings. The annual meeting of the A.O.R. shall be held annually, and should be held during the months of October or November of each year, the date, hour, manner and place to be designated by the Board of Directors.

Section 2. Meetings of Directors. Except in cases of emergency or special meetings, the Board of Directors shall meet at the A.O.R.'s offices on the fourth Wednesday of each month. The date may be changed by vote of the Directors and notice shall be sent to all Directors. The Directors may choose not to meet in the month of December or at any other time by majority vote. Absence from three (3) regular meetings, including Orientation and Professional Standards training, during the calendar year or failure to attend the Orientation or Professional Standards training shall be construed as an automatic resignation, unless such absence is, in the opinion of the remaining Directors, due to an extreme emergency, such as a death in the immediate family. In such a case, the remaining Directors may excuse the absence by majority vote at any regular or special meeting. The CEO is not authorized to excuse the absence of a Director. A written excuse policy shall be approved by the Board of Directors and placed into the A.O.R.'s Policies and Procedure Manual.

Section 3. Other Meetings. Special meetings of the Directors may be called in accordance with California law. Meetings of the members may be held at other times as the President or the Board of Directors may determine, or upon the written request of at least ten (10%) percent of the members eligible to vote.

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Section 4. Notice of Meetings. Written notice of membership meetings shall be delivered personally, by first class mail, facsimile, electronic mail or other electronic means deemed proper by California law to the address shown on the current A.O.R. records of every member entitled to participate in the meeting at least one (1) week preceding all meetings. If a special meeting is called, it shall be accompanied by a statement of the purpose of the meeting.

Section 5. Quorum. A quorum for the transaction of business by the general membership shall consist of five percent (5%) of the members eligible to vote. A quorum for the transaction of business by the Board of Directors shall consist of a majority of the Directors.

ARTICLE XII - COMMITTEES

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

- Executive Committee
- Education Committee
- Equal Opportunity and Cultural Diversity Committee
- Grievance Committee
- Professional Standards Committee
- Finance Committee
- Multiple Listing Service / Technology Committee
- Professional Affiliates Committee
- Legislative Committee
- Housing Opportunity Committee

Section 2. Temporary Committees. The President shall appoint from the REALTOR® members, subject to confirmation by the Board of Directors, temporary committees as deemed necessary. Examples include Nominating Committee and/or Election Committee.

Section 3. Special Committees or Task Forces. The President shall appoint from the REALTOR® members subject to confirmation by the Board of Directors, special committees or task forces, as deemed necessary.

Section 4. Professional Standards Committee. Appointments to the Professional Standards Committee shall be consistent with the cooperative professional standards enforcement agreement of the A.O.R. To be eligible to serve on the Professional Standards Committee, a member must first have served two (2) years on the Grievance Committee of the A.O.R. or another REALTOR® Association. All Professional Standards Committee members shall complete training on an annual basis consistent with N.A.R., C.A.R., and A.O.R. requirements and/or policies.

Section 5. Grievance Committee. Appointments to the Grievance Committee shall be consistent with the cooperative professional standards enforcement agreement of the A.O.R.. All Grievance Committee members shall complete training on an annual basis consistent with N.A.R., C.A.R., and A.O.R. requirements and/or policies.

Section 6. MLS Representative. The President shall appoint from REALTOR® members, subject to confirmation by the Board of Directors, a representative and an alternate representative to any Multiple Listing Service to serve two (2) year terms. The MLS Representative shall serve at the pleasure of the Board of Directors and may be removed pursuant to the policies adopted by the Board of Directors.

Section 7. Young Professional Network. A Young Professionals Network may be formed. The make-up and description shall be provided for in the A.O.R.'s Policies and Procedures Manual.

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Section 8. 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 9. President. The President shall be an ex-officio non-voting member of all standing committees and shall be notified of their meetings.

Section 10. Attendance. Any Standing Committee, Temporary Committee, Special Committee or Task Force member who fails to attend three (3) regular meetings of the Committee or Task Force per calendar year, without excuse acceptable to the Chairperson of the Committee, shall be deemed to have resigned from the Committee or Task Force and the President fill the vacancy by appointing an individual who meets the qualifications for service for that Committee of Task Force.

Section 11. 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

Section 1. Amendment Upon Majority Vote of Directors. To the extent allowed by California law and the corporation's Articles of Incorporation, these Bylaws may be amended by nine (9) affirmative votes of Directors present, or by affirmative votes of seventy-five percent (75%) of the full Board of Directors if the Board of Directors consists of more than thirteen Directors, at any duly called meeting of the Directors at which a quorum is present, after the provisions of this section are followed. The membership shall be notified in writing of the nature of proposed amendments to the Bylaws and be given thirty (30) days' to provide written comments on the proposed amendments to the Board of Directors. The Board of Directors is required to consider the comments on proposed amendments at its next regularly scheduled meeting, but will not be required to act on the comments. The Board of Directors may, in its discretion, adopt some, all or none of the proposed amendments, or may present some, all, or none of the proposed amendments for membership vote pursuant to the procedures set forth in Section 3 below.

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Section 2. N.A.R. Mandated Policy Amendments. The Board of Directors shall, at any regular or special meeting of the Board of Directors at which a quorum is present, approve amendments to the Bylaws which are mandated by N.A.R. policy by a simple majority. Bylaw amendments mandated by N.A.R. and/or C.A.R. or recommended by A.O.R. counsel may not be contested. However, said amendments shall be noticed to the membership.

Section 3. Amendment Upon Majority Vote of Membership. When California law or N.A.R. policy require amendment of these Bylaws by membership vote, these Bylaws may be amended by: (a) a majority vote of the members present and qualified to vote at any meeting at which a quorum is present, provided the substance of such proposed amendment or amendments shall be plainly stated in the call for the meeting; or (b) a written ballot. If amendment is sought by written ballot, the ballot must be delivered personally, by facsimile, regular mail, electronic mail or other means to all members qualified to vote, plainly state the substance of the proposed amendment or amendments, provide an opportunity to specify approval or disapproval, and give at least ten (10) days in which to return the ballot delivered personally, by facsimile, regular mail, electronic mail or other electronic means to the A.O.R. Amendment by written ballot will only be effective if the number of votes cast within the time specified equals or exceed the number of votes that would have been required at a member meeting.

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

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

Section 4. Notice. Notice of all meetings at which amendments are to be considered shall be delivered personally, by facsimile, electronic mail, regular mail or other electronic means to every member eligible to vote at least twenty (20) calendar days prior to the meeting and shall plainly state the substance of the proposed amendment or amendments.

Section 5. Approval of Amendments by N.A.R. Amendments to these Bylaws affecting the admission or qualification of REALTOR® and Institute Affiliate members, the use of the terms REALTOR® and REALTORS®, or any alteration in the territorial jurisdiction of the A.O.R. shall become effective upon their approval as authorized by the Board of Directors of N.A.R.

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.

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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. Entitlement to compensation is determined by the cooperating broker's performance as procuring cause of sale (or lease).

Section 3. Participation.

(a) **REALTOR® Participant.** Any REALTOR® of this or any other association who is a principal, partner, corporate officer, or branch office manager acting on behalf of a principal, without further qualification, except as otherwise stipulated in these Bylaws, shall be eligible to participate in multiple listing upon agreeing in writing to conform to the rules and regulations thereof and to pay the costs incidental thereto.

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

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

- (1) All final findings of Code of Ethics violations and violations of other membership duties in any other Association within the past three (3) years
- (2) Pending ethics complaints (or hearings)
- (3) Unsatisfied discipline pending
- (4) Pending arbitration requests (or hearings)
- (5) Unpaid arbitration awards or unpaid financial obligations to any other Association or Association MLS

(c) **Broker License Requirement** Under no circumstances is any individual or firm entitled to MLS participation or membership unless they hold a current, valid real estate broker's license and offer or accept compensation to and from other participants, or are licensed or certified by an appropriate state

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regulatory agency to engage in the appraisal of real property. Use of information developed by or published by the MLS is strictly limited to the activities authorized under a participant's licensure(s) or certification and unauthorized uses are prohibited. Further, none of the foregoing is intended to convey participation or membership or any right of access to information developed by or published by the MLS where access to such information is prohibited by law.

(d) Actively Endeavor Requirement. Mere possession of a broker's license is not sufficient to qualify for MLS participation. Rather, the requirement that an individual or firm offers or accepts cooperation and compensation means that the participant actively endeavors during the operation of its real estate business to list real property of the type listed on the MLS and/or to accept offers of cooperation and compensation made by listing brokers or agents in the MLS. "Actively" means on a continual and ongoing basis during the operation of the participant's real estate business. The "actively" requirement is not intended to preclude MLS participation by a participant or potential participant that operates a real estate business on a part-time, seasonal, or similarly time-limited basis or that has its business interrupted by periods of relative inactivity occasioned by market conditions. Similarly, the requirement is not intended to deny MLS participation to a participant or potential participant who has not achieved a minimum number of transactions despite good faith efforts. Nor is it intended to permit an MLS to deny participation based on the level of service provided by the participant or potential participant as long as the level of service satisfies state law. (Adopted 11/08)

The key is that the participant or potential participant actively endeavors to make or accept offers of cooperation and compensation with respect to properties of the type that are listed on the MLS in which participation is sought. This requirement does not permit the MLS to deny participation to a participant or potential participant that operates a "Virtual Office Website" (VOW) (including a VOW that the participant uses to refer customers to other participants) if the participant or potential participant actively endeavors to make or accept offers of cooperation and compensation. The MLS may evaluate whether a participant or potential participant actively endeavors during the operation of its real estate business to offer or accept cooperation and compensation only if the MLS has a reasonable basis to believe that the participant or potential participant is in fact not doing so. The membership requirement shall be applied in a nondiscriminatory manner to all participants and potential participants. (Adopted 11/08)

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

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

Section 4. 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 5. Copyright Ownership. All right, title and interest in each copy of every MLS compilation created by the A.O.R. and the computerized MLS data base, and in the copyrights therein, shall at all times remain vested in the A.O.R. Participants and authorized subscribers affiliated with such

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participants are authorized only to use the MLS compilations and data base in accordance with the MLS Rules and Regulations as are from time to time promulgated by the Board of Directors.

Section 6. Supervision. All actions shall be subject to the approval of the Board of Directors of the A.O.R. The activity shall be operated under the supervision of the Multiple Listing Service Committee, in accordance with the Rules and Regulations, subject to approval of the Board of Directors of the Board of REALTORS®.

Section 7. MLS Committee. The A.O.R. President shall appoint, subject to the confirmation of the Board of Directors, a MLS Committee of nine (9) members. All members of the committee shall be REALTOR® participants in the MLS or subscribers. The President shall select the MLS Committee chairperson and vice chairperson from among the MLS Committee members. The actions of the MLS Committee are subject to the approval of the Board of Directors.

Section 8. Vacancies on MLS Committee. Vacancies in unexpired terms shall be filled as in the case of original appointees.

Section 9. Attendance at MLS Committee Meetings. Any MLS Committee member who fails to attend three (3) regular meetings of the MLS Committee per calendar year, without excuse acceptable to the Chairperson of the MLS Committee, shall be deemed to have resigned from the MLS Committee and the vacancy shall be filled as herein provided for original appointments.

Section 10. Access to Comparable and Statistical Information. Providing the MLS generates such publications, A.O.R. members who are actively engaged in real estate brokerage, management, mortgage financing, appraising, land development or building, but who do not participate in the MLS, are nonetheless entitled to receive, by purchase or lease, information other than current listing information that is generated wholly or in part by the MLS including “comparable” information, “sold” information and statistical reports. This information is provided for the exclusive use of A.O.R. members and individuals affiliated with A.O.R. members who are also engaged in the real estate business. Except as otherwise specified in the MLS Rules and Regulations, this information may not be transmitted, retransmitted or provided in any manner to any unauthorized individual, office or firm. A.O.R. members who receive such information are subject to the applicable provisions of the MLS Rules and Regulations whether they participate in the MLS or not.

Section 11. Non-Payment of Financial Obligations. If dues, fees, fines or other assessments are not paid within one (1) month after due date, the non-paying participant or subscriber shall have their service terminated in accordance with policies adopted by the A.O.R. A participant or subscriber may apply for reinstatement in a manner prescribed by the A.O.R., after making payment in full of all accounts due as of the date of termination. The A.O.R. shall have the authority to charge a reinstatement fee.