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BYLAWS

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**BYLAWS
of the
Santa Clara County Association of REALTORS®**

**Established in 1896
Adopted on November 17, 2010**

ARTICLE 1 – NAME

Section 1. Name. The name of this organization shall be the Santa Clara County Association of REALTORS®, Incorporated (hereinafter referred to as “SCCAOR,” pronounced “score”).

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

ARTICLE 2 – OBJECTIVES

Section 1. Objectives. The objectives of SCCAOR are:

- (1) 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, counseling, financing, building, developing or subdividing real estate.
- (2) To promote and maintain high standards of conduct in the real estate profession as expressed in the Code of Ethics of NAR (hereinafter “Code of Ethics”).
- (3) 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.
- (4) To further the interests of home and other real property ownership.
- (5) To unite those engaged in the real estate profession in this community with the CALIFORNIA ASSOCIATION OF REALTORS® (hereinafter “C.A.R.”) and NAR thereby furthering their own objectives throughout the state and nation, and obtaining the benefits and privileges of membership therein.
- (6) 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 NAR

ARTICLE 3 – NATIONAL AND STATE MEMBERSHIPS

Section 1. SCCAOR Membership in NAR and C.A.R. SCCAOR shall be a member of NAR and C.A.R. as defined in the governing documents of NAR and C.A.R. By reason of SCCAOR’s membership in NAR and C.A.R., each REALTOR® member of SCCAOR shall be entitled to membership in NAR and C.A.R. without further payment of dues. SCCAOR shall continue as a member association of NAR and C.A.R., unless by a majority vote of all of its REALTOR® members the decision is made to withdraw, in which case NAR and C.A.R. shall be notified in writing at least one month in advance of the date designated for the termination of such membership.

Section 2. Ownership and Use of REALTOR® Membership Marks. SCCAOR recognizes the exclusive property rights of NAR in the terms REALTOR® and REALTORS®. SCCAOR shall discontinue use of the terms in any form in its name, upon ceasing to be a member of NAR, or upon a determination by the Board of Directors of NAR that it has violated the conditions imposed upon the terms.

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

Section 4. Other SCCAOR Rules, Regulations and Policies. SCCAOR may adopt any Rules and Regulations or policies not inconsistent with the Constitution, Bylaws, Rules and Regulations and policies of NAR and C.A.R. and these Bylaws. Any inconsistencies between SCCAOR's Rules and Regulations or policies and these Bylaws shall be controlled by these Bylaws.

ARTICLE 4 – JURISDICTION

Section 1. Description of Jurisdiction. The territorial jurisdiction of SCCAOR, as a member association of NAR, is Board of Choice as defined by NAR.

Section 2. Jurisdictional Rights. Territorial jurisdiction is defined to mean the right and duty to control the use of the terms REALTOR® and REALTORS® subject to the conditions set forth in these Bylaws and those of NAR, and to protect and safeguard the property rights of NAR in those terms.

ARTICLE 5 – MEMBERSHIP QUALIFICATION, APPLICATION AND ACCEPTANCE

Section 1. Classes of Membership. There shall be seven (7) classes of membership:

- (1) REALTOR® Members;
- (2) Institute Affiliate Members;
- (3) Affiliate Members;
- (4) Public Service Members;
- (5) Honorary Members;
- (6) Student Members; and
- (7) Property Owners.

Section 2. Qualifications of REALTOR® Members.

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

- (1) Maintain a current, valid California real estate broker license, real estate salesperson license, or real estate appraisal certification/license; and
- (2) Act as a sole proprietor, partner, or corporate officer of a real estate firm, or as an office manager of a real estate firm acting on behalf of the firm's principal(s); and
- (3) Remain actively engaged in the real estate profession; and
- (4) Maintain or be associated with a real estate office located within California; and
- (5) Have no record of official sanctions rendered by the courts or other lawful authorities for (i) violations of civil rights laws or real estate license laws within the past three years or (ii) criminal convictions if (1) the crime was punishable by death or imprisonment in excess of one year under the law under which the applicant was convicted and (2) no more than ten years have elapsed since the date of the conviction or the release of the applicant from the confinement imposed for that conviction, whichever is the later date.

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

- (1) Maintain a current, valid California real estate broker license, real estate salesperson license, or real estate appraisal certification/license; and
- (2) Remain actively engaged in the real estate profession; and
- (3) Remain employed by or affiliated as an independent contractor with a REALTOR® member who meets the requirements in Section 2.1 of this Article 5 for any Association in California or a state contiguous thereto; and
- (4) 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 5, Section 2.8.

2.4 Each firm shall designate in writing one “Designated REALTOR®” member who shall be responsible for the conduct of individuals affiliated with the firm and accountable to SCCAOR for all duties and obligations of SCCAOR membership, including, but not limited to, certification as set forth in Article 6, Section 12. 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 5, Sections 2.1 of the Bylaws.

2.5 Association of Choice.

- (1) 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 SCCAOR, SCCAOR pays C.A.R. and NAR dues for that individual.
- (2) Secondary Membership. A REALTOR® who has joined another Association as a primary member may join SCCAOR as a secondary member. There need not be a Designated REALTOR® member of SCCAOR for licensees to select SCCAOR as their secondary Association. The conditions for secondary membership shall be no more stringent than for primary membership, and the privileges of membership shall include the right to vote and the right to serve as a Director on the SCCAOR Board of Directors but not to hold office as an Officer.

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 5, Sections 2.1, 2.2, or 2.3 of the Bylaws unless they otherwise qualify for Institute Affiliate membership as described in Article 5, 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 SCCAOR 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 5, 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 NAR (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 SCCAOR 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 SCCAOR, C.A.R., and NAR.

Section 3. Primary and Secondary REALTOR® Members. An individual is a primary member of SCCAOR if SCCAOR pays C.A.R. and NAR dues for that individual. An individual is a secondary member if C.A.R. and NAR dues are remitted through another Board or Association. There must be a Designated REALTOR® member of SCCAOR for licensees affiliated with the firm to select SCCAOR as their primary Association. There need not be a Designated REALTOR® member of SCCAOR for licensees affiliated with the firm to select SCCAOR as their secondary association.

Section 4. Qualifications of Institute Affiliate Members. Institute Affiliate Members shall be individuals who hold a professional designation awarded by a qualified Institute, Society or Council affiliated with the NATIONAL ASSOCIATION OF REALTORS® 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 vote or hold office. Any such individual, if otherwise eligible, may elect to hold REALTOR® membership, subject to payment of applicable dues for such membership.

Section 5. Qualifications of Affiliate Members. Affiliate members shall be real estate owners, and other individuals or firms engaged in activities related to the real estate profession, who are not qualified for REALTOR® membership. Affiliate members have interests requiring information concerning real estate and sympathy with the objectives of SCCAOR

Section 6. Qualifications of Public Service Members. Public Service Members shall be those members who maintain an interest in the real estate profession, as employees or affiliates of educational, public utility, governmental or other similar organizations and are not engaged in the real estate profession on their own account or in association with an established real estate business.

Section 7. Qualifications of Honorary Members. Honorary members shall be those persons recognized by the Board of Directors as persons who have performed notable service for the real estate profession, for SCCAOR, or for the public though not engaged in the real estate profession.

Section 8. Qualifications of Student Members. Student members shall be students enrolled in an undergraduate or graduate degree program at an institution of higher education with a specialization or major in real estate, or who are seeking to obtain a real estate license or appraiser's license but who are not eligible for REALTOR® membership.

Section 9. Qualifications of Property Owner Members. Property Owners are those dues paying members of the Property Rights Protection League (P.R.P.L.).

Section 10. Designated REALTORS®. Each firm shall designate in writing one REALTOR® member who shall be responsible for the conduct of individuals affiliated with the firm(s) and accountable to SCCAOR for all duties and obligations of SCCAOR membership. The "designated REALTOR®" must be the sole proprietor, partner, corporate officer or a branch office manager acting on behalf of the firm and must have the authority to bind the firm in arbitration and must meet all the other qualifications for REALTOR® membership set forth in Article 5, Section 2 of these bylaws.

Section 11. Franchise Corporate Officers. Notwithstanding any other provision herein, franchise corporate officers or 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 NAR (hereinafter "Franchise Corporate Officers"). Franchise Corporate Officers may or may not be licensed for California real estate broker or sales person or appraisal activities. Franchise Corporate Officers shall enjoy all of the rights, privileges and obligations of REALTORE® membership, including compliance with the Code of Ethics, except: obligations related to board mandated education, meeting attendance,

or orientation 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 SCCAOR, C.A.R. and NAR.

Section 12. Membership Application.

- (1) Each applicant for membership shall submit an application in such manner and form as may be prescribed by SCCAOR Board of Directors (hereinafter "Board of Directors") and give his or her consent that the Board of Directors, through the SCCAOR Membership Committee (hereinafter "Membership Committee") or otherwise, may obtain information about the applicant from any member, other persons or Associations and that any information furnished to the Board of Directors by any member, person or Association shall not form the basis of any action for slander, libel or defamation of character. The Board of Directors, through the Membership Committee or otherwise, may consider the following in determining an applicant's qualifications for membership: (1) all final findings of Code of Ethics violations and violations of other membership duties at 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").
- (2) Applicants for membership shall be familiar with and agree to abide by the Bylaws and Rules and Regulations of SCCAOR, the Bylaws of C.A.R. and the NAR Constitution, Bylaws and Code of Ethics, to the extent they are applicable, and pass such reasonable and nondiscriminatory written examination thereon as may be required by the Membership Committee. Applicants must also attend an orientation program as may be required by the Board of Directors, the Membership Committee, or otherwise.
- (3) 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 NAR Code of Ethics.
- (4) 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 SCCAOR 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 SCCAOR or its members, such applications may be rejected.

Section 13. Prior Membership Records. SCCAOR may consider information received from other Associations in determining whether an applicant satisfies SCCAOR's membership requirements. SCCAOR may request from any Association where the applicant held prior membership, minimum "core" information including:

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

Section 14. Application Review and Acceptance. The procedure for acceptance to membership shall be as follows:

- (1) The Membership Committee shall determine whether the applicant is applying for the appropriate class of membership. It shall then give written notice to the REALTOR® members of such application and invite written comment. If one or more of the REALTOR® members object to the approval of the application, basing such objection on lack of qualification as set forth in the Bylaws, the Membership Committee shall invite any objecting member to appear and substantiate his or her objections. Objections which are not substantiated shall be totally disregarded. The Membership Committee 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 Membership Committee and establish his or her qualifications. The Membership Committee may also request “core” information as defined in Article 5, Section 9, from any Association of which the applicant was previously a member. The Membership Committee shall thereafter make a written report of its findings. The Membership Committee shall conduct all proceedings with strict attention to the principles of due process and compliance with the Bylaws.
- (2) Within twenty (20) days, the Membership Committee 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 Membership Committee 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.
- (3) The Board of Directors shall review the qualifications of the applicant and the recommendations of the Membership Committee 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.
- (4) 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.
- (5) The Board of Directors, through its Membership Committee or otherwise, may grant “provisional” membership to an applicant in instances where ethics complaints or arbitration requests or hearings are pending in other Associations or where the applicant for membership has unsatisfied discipline pending in another Association, provided all other qualifications for membership have been satisfied. Provisional members shall be considered REALTORS® and shall be subject to all of the same privileges and obligations of REALTOR® membership. The Board of Directors may reconsider the membership status of provisional members when all pending ethics and arbitration matters and related discipline have been resolved or if such matters are not resolved within six (6) months from the date that provisional membership is approved. At the time of reconsideration, if the Board of Directors determines that the individual has not satisfactorily resolved the pending ethics or arbitration matter, at the discretion of the Board of Directors, membership may be terminated. Any dues paid by the provisional member shall not be refunded.
- (6) 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 SCCAOR, and will abide by the decision of the hearing panel.

Section 15. New Member Code of Ethics Orientation. Applicants for REALTOR® membership and provisional REALTOR® members (where applicable) shall complete an orientation program on the Code of Ethics, meeting the minimum criteria established by NAR for new member ethics training. This requirement does not apply to applicants for REALTOR® membership or provisional members who have completed comparable orientation in another Association, provided that REALTOR® membership has been continuous, or that any break in membership is for one year or less. Failure to satisfy this requirement within 90 days of the date of application (or, alternatively,

the date that provisional membership was granted), will result in denial of the membership application or termination of provisional membership.

Section 16. 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 SCCAOR shall be required to complete a course on the Code of Ethics, meeting the minimum criteria established by NAR 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., NAR, or any other recognized educational institution. REALTOR® members who have completed training as a requirement of membership in another Association and REALTOR® members who have completed the New Member Code of Ethics Orientation during any four year cycle shall not be required to complete additional ethics training until a new four year period commences. Failure to satisfy this requirement shall be considered a violation of a membership duty for which REALTOR® membership shall be suspended until such time as the training is completed.

Members suspended for failing to meet the requirement for the first four (4) year cycle (2001 –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 17. Status Changes.

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

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

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

Section 18. 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 SCCAOR for dues, fees, fines or other assessments of SCCAOR or any of its services, departments, divisions or subsidiaries, SCCAOR may condition the right of the resigning member to reapply for membership upon payment in full of all such monies owed.

ARTICLE 6 – PRIVILEGES AND DUTIES OF MEMBERSHIP

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

All SCCAOR members are subject to the Code of Ethics and its enforcement by SCCAOR, all SCCAOR members are required to abide by the principles established in the Code of Ethics and conduct their business and professional practices accordingly. Further, any member may, upon recommendation of a hearing panel of the Professional Standards Committee, be subject to discipline as described above, for any conduct, which in the opinion of the Board of Directors, reflects adversely on the real estate industry or the terms REALTOR® or REALTORS® and for conduct that is inconsistent with or adverse to the objectives and purposes of SCCAOR, C.A.R. or NAR.

Section 2. Member Discipline.

(1) Any member of SCCAOR may be reprimanded, placed on probation, suspended or expelled for harassment of an Association employee or a member after an investigation in accordance with the procedures of SCCAOR. The decision of the appropriate disciplinary action to be taken shall be made by the investigatory team comprised of the President, President-Elect and one member of the Board of Directors selected by the highest ranking officer not named in the complaint, upon consultation with the legal counsel for SCCAOR. If the complaint names the President or President-Elect, they may not participate in the proceedings and shall be replaced by the Immediate Past President or, alternatively, by another member of the Board of Directors selected by the highest ranking officer not named in the complaint.

(2) Any REALTOR® member of SCCAOR 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 NAR 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 SCCAOR or otherwise causes membership to terminate with a disciplinary complaint pending, the 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 shall be entitled to vote. Only a primary REALTOR® member is eligible to hold an elective Officer position. Proxy voting is not allowed.

Section 5. Privileges and Duties of REALTOR® Members.

(1) It shall be the duty and responsibility of every REALTOR® member of SCCAOR to abide by the Constitution and Bylaws of C.A.R., the Constitution and Bylaws of NAR and to abide by the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, as set forth in Article VI Section 1 of these bylaws.

(2) REALTOR® members have the primary responsibility to safeguard and promote the standards, interests and welfare of SCCAOR and the real estate profession.

(3) REALTOR® members may use the terms REALTOR® and REALTORS® subject to the provisions of Article 8.

(4) If a REALTOR® member who is a sole proprietor, principal in a firm, partner in a partnership, officer of a corporation, or branch office manager is suspended or expelled, his or her firm, partnership or corporation shall not use the terms REALTOR® or REALTORS® in connection with its business during the period of suspension or expulsion and the membership of all other principals, partners or corporate officers shall suspend or terminate

during the period of suspension or expulsion, unless: (1) the disciplined member severs his or her connection with the firm, partnership or corporation; or (2) the disciplined member relinquishes management control of the firm.

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

Removal of an individual from any form or degree of management control must be certified to SCCAOR by the disciplined member and by the individual who is assuming management control.

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.

(5) 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 6, 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 NAR Constitution and Bylaws.

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

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

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

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

Section .11 Privileges and Duties of Property Owner Members. Property Owner Members shall have the rights and privileges and be subject to the obligations prescribed by the Board of Directors.

Section 12. Certification by “Designated” REALTOR®. “Designated” REALTORS® shall certify to SCCAOR during the first month of the fiscal year on a form provided by SCCAOR, a complete listing of all individuals licensed or certified under California Law, with the REALTOR® firm(s) and shall designate the primary Association, if any, for each individual. These declarations shall be used for purposes of calculating dues under Article 9, Section 2 of these bylaws. “Designated” REALTOR® members shall also notify SCCAOR if any additional individual(s) licensed or certified with the firm(s) and of any individual whose affiliation with the firm was severed within thirty days of the date of affiliation or severance of the individual(s).

ARTICLE 7 – PROFESSIONAL STANDARDS AND ARBITRATION

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

Section 2. Member Compliance with NAR and C.A.R. Constitution, Bylaws, Board of Directors Policies, Rules, Regulations and Code of Ethics. It shall be the duty and responsibility of every REALTOR® member of SCCAOR to abide by the Constitution and Bylaws of C.A.R., the Constitution and Bylaws of NAR and to abide by the Code

of Ethics including the duty to arbitrate controversies arising out of real estate transactions as specified by Article 17 of the Code of Ethics, and as further defined and in accordance with the procedures set forth in the *California Code of Ethics and Arbitration Manual* as from time to time amended by C.A.R.. By becoming and remaining a member, every REALTOR® member agrees that he/she and the corporation or firm for which he/she acts as partner, officer, principal or branch office manager, will submit to arbitration through SCCAOR all disputes with any other member or member of the public subject to the conditions set forth in the *California Code of Ethics and Arbitration Manual*.

ARTICLE 8 – USE OF THE TERMS REALTOR® AND REALTORS®

Section 1. Use and Control of REALTOR® Membership Marks. Use of the terms REALTOR® and REALTORS® by members shall, at all times, be subject to the provisions of the Constitution and Bylaws of NAR and to the Rules and Regulations prescribed by its Board of Directors. SCCAOR shall have the authority to control, jointly and in full cooperation with NAR, 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 *California Code of Ethics and Arbitration Manual*.

Section 2. Jurisdictional Limits on Use of REALTOR® Membership Marks. REALTOR® members of SCCAOR 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.

(1) 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 NAR

ARTICLE 9 –DUES AND ASSESSMENTS

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

Section 2. Dues.

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

(2) 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 12, who: (1) are employed by the designated REALTOR® member 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 SCCAOR. In calculating the dues payable to SCCAOR by a Designated REALTOR® member, non-member licensees as defined in (1) and (2) of this sub-paragraph shall not be included in the computation of dues if the Designated REALTOR® has paid dues based on non-member licensees to another

Association within the state of California or a state contiguous thereto, provided the Designated REALTOR® notifies SCCAOR in writing of the identity of the Association to which dues have been remitted.

A REALTOR® with a direct or indirect ownership interest in an entity engaged exclusively in soliciting and/or referring clients and customers to the REALTOR® for consideration on a substantially exclusive basis shall annually file with the association on a form approved by the association a list of the licensees affiliated with that entity and shall certify that all of the licensees affiliated with the entity are solely engaged in referring clients and customers and are not engaged in listing, selling, leasing, managing, renting, counseling, appraising or arranging financing for real property. The individuals disclosed on such form shall not be deemed to be licensed with the REALTOR® filing the form for purposes of this Article 9, Section 2 (2) and shall not be included in calculating the annual dues of the Designated REALTOR®

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

(3) 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.

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

(5) 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.

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

Section 3. Dues Payable. Dues for all members shall be payable annually in advance on the first day of January. Dues shall be computed from the first day of the quarter in which a member is notified of acceptance and shall be prorated for the remainder of the year. Any member who initiates bankruptcy proceedings may be placed on a “cash basis” from the date the bankruptcy petition is filed until one year from the date that the member has been discharged from bankruptcy. All dues or fees paid to SCCAOR are nonrefundable.

Section 4. Nonpayment of Financial Obligations.

(1) If dues, fees, fines, or other assessments including amounts owed to SCCAOR are not paid within one month after the due date, the nonpaying member is subject to suspension. Three months after the due date, membership of the nonpaying member shall automatically terminate unless within that time the amount due is paid. However, no action shall be taken to suspend or expel a member for nonpayment of disputed amounts until the accuracy of the amount owed has been confirmed by the Board of Directors. Furthermore, no member shall be suspended or expelled until twenty days after notice of a proposed suspension or expulsion and the reason therefore has been mailed to the member, which notice may be given before or after the expiration of the one-month limit, two-month limit, or three-month limit.

(2) If within ten 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 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 SCCAOR to suspend or expel the member.

(3) If the Board of Directors determined that the member was delinquent, the Board of Directors may decide, as it deems in the best interest of SCCAOR, 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.

(4) Any suspension or expulsion occurring after a hearing shall be effective five 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 SCCAOR 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.

(5) 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.

(6) In the event the membership of a real estate licensee or certified or licensed appraiser who holds REALTOR® membership is terminated for nonpayment of SCCAOR 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(2), will be increased to reflect the addition of a non-member licensee. Dues shall be calculated from the first day of the current fiscal year and are payable within thirty days of the notice of termination.

Section 5. Reinstatement after Termination for Nonpayment of Financial Obligations. A former member who has had his/her membership terminated for nonpayment of dues, fees, fines, or other assessments duly levied in accordance with the provisions of these Bylaws or the provisions of other Rules and Regulations of SCCAOR 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 SCCAOR for any purpose shall be deposited to the credit of SCCAOR 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 SCCAOR shall be noticed to the delinquent member in writing setting forth the amount owed and due date.

ARTICLE 10 - OFFICERS AND DIRECTORS

Section 1. Officers. The elected officers of SCCAOR shall be: President, President-Elect, Vice-President and Secretary/Treasurer. The President-Elect shall automatically ascend to the presidency at the end of his/her term as President-Elect. The term of each office shall be one year from January through December. No person shall hold more than one office at the same time. The Chief Executive Officer is the managing staff person of SCCAOR but is not an officer or member of the Board of Directors.

Section 2. Powers and Duties of Officers. The powers and duties of the officers shall be such as their titles, by general usage, would indicate and such as may be assigned to them by the Board of Directors. It shall be the duty of the Chief Executive Officer to keep the records and maintain all SCCAOR's official records.

Section 3. Board of Directors. The governing body of SCCAOR shall be a Board of Directors consisting of the elected officers and fifteen members of SCCAOR which includes one (1) representative as designated by the South County REALTORS® Alliance to serve a one year term. No more than one (1) Director, who is not a REALTOR® member of SCCAOR may serve at any given time. All directors including the elected officers have one vote. Directors shall be elected to serve for terms of three years.

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

(1) Subject to the provisions of the California Nonprofit Corporation Law and any limitations in the articles or Bylaws relating to action required to be approved by the members or a majority of all the members, the activities and affairs of SCCAOR shall be conducted under the direction of the Board of Directors. The Board of Directors may delegate the management of the activities of SCCAOR to a Board of Directors approved committee provided that approval of any change of policy is approved by the Board of Directors.

Section 5. Election of Officers and Directors.

(1) Nominating Committee. A Nominating Committee composed of eleven primary SCCAOR REALTOR® members shall be appointed annually, 90 days prior to the publication of the names of the candidates selected by the Nominating Committee.

- (1) The two most immediate Past Presidents who are eligible and available serve as the Chairperson and Vice Chairperson of the Nominating Committee, with the most recent Past President as the Vice Chairperson and the next most recent Past President as the Chairperson of the Committee;
- (2) The Directors shall select nominations to the committee and elect nine members and five alternates.
- (3) The alternates shall be designated from one to five and shall fill vacancies in the designated order of appointment. Alternates must attend Committee meetings and may participate in Committee deliberations. Alternates do not vote except when designated to serve in the place of a Committee member unable to be present at meetings of the Committee.
- (4) A quorum of the Committee shall consist of nine persons including the Chairperson. Committee members must be present for all interviews to be eligible to vote.
- (5) Once a Nominating Committee member is elected by the Board of Directors and has accepted that position, that individual shall not be eligible that year for nomination to any directorship by the Nominating Committee or by petition as provided herein, prior to commencement of the nominating interview process.
- (6) Prior to April 1st of each year, SCCAOR shall invite members to submit written applications to be considered for nomination as an Officer or Director stating their qualifications and experience. The Committee shall not be limited in its selection of nominees to those persons submitting applications but may consider persons proposed by the Committee or other members.
- (7) Not more than five members of the Board of Directors, including the immediate two Past Presidents, may be appointed to the Nominating Committee.
- (8) No member may serve on the Nominating Committee who is the immediate family to a candidate to become an officer or director of the Board.
- (9) The Committee shall select one or more candidate for each vacancy and directorship. The Committee shall notify nominees and obtain acceptance of their nomination. Once accepted the nominee may not run for another position through petition process in that year.
- (10) The Nominating Committee shall make its report to the Board of Directors at least 15 days prior to publication.

(2) Qualifications for Officers and Directors. Candidates for Officers shall at the time of nomination be primary SCCAOR REALTOR® members in good standing. Candidates for Directors shall at the time of nomination be primary or secondary SCCAOR REALTOR® members in good standing. Members nominated to serve as an officer of SCCAOR shall have served as a Director prior to the commencement of the term of office for which nominated. No member may serve more than two successive three-year terms as a Director.

(3) Notice of Nominations. The names of the individuals nominated by the Nominating Committee shall be published not later than July 1st of each year. Candidates for officers or directors, other than those candidates selected by the Nominating Committee, may be nominated by written petition on a form from SCCAOR. The petition must be signed by one hundred and fifty or more REALTOR® members in good standing and be delivered to the Chief Executive Officer at SCCAOR not later than noon on July 21st of each year. If said day is a Saturday, Sunday or holiday, the filing deadline shall be noon of the next regular business day. No individual may be a candidate for more than one office. Names of nominees shall be published to the members no later than August 1st of each year. Nominations other than provided herein shall not be considered or acted upon.

(4) Contested Election. In the event of a contested election the President, upon approval of the Board of Directors, shall appoint an Election Committee of no fewer than seven REALTOR® members to conduct the election.

(5) Elections. Elections shall be held no later than September 30th of each year. Elections shall be by ballot. Ballots may be submitted by mail or in person or by a secured electronic medium approved by the Board of Directors. There shall be no proxy votes. The ballot shall contain the names of all candidates and specify the office for which each is nominated. No person may be a candidate for more than one position whether nominated by the Nominating Committee or by petition. In case of a tie vote, the issue shall be determined by a majority vote of the Board of Directors.

Section 6. Vacancies. To fill vacancies among the Officers and Directors, the President shall propose a qualified REALTOR® member to fill each vacancy. At the next regular scheduled meeting of the Board of Directors, the Board of Directors shall, by a majority vote, fill the position. This person shall serve for the balance of the vacating term. If the Director vacancy exceeds two years (24 months), that would be considered one term with respect to

serving the maximum two consecutive terms. Serving for less than two years (24 months) would not be counted against time served towards the maximum of two consecutive terms. If an officer or director is unable to assume office after being elected, his/her seat becomes vacant and shall be filled by the Board of Directors.

Section 7. Removal of Officers and Directors. In the event that an Officer or Director is deemed to be incapable of fulfilling the duties for which elected, but will not resign from office voluntarily, the officer or director may be removed from office under the following procedure:

(1) Apparent or alleged violations of the Code of Business Conduct by any member of the Board of Directors shall be referred to the Executive Committee of the Board of Directors which shall, after appropriate inquiry and investigation of the relevant facts, communicate its findings and recommendations to the total Board of Directors. An independent panel shall consist of five (5) members: three (3) Director members appointed by the Board of Directors, one (1) past president chosen by lottery, and one (1) active Professional Standards Hearing Officer chosen by lottery. The Presiding Officer of the panel shall be SCCAOR's legal counsel, who is not a member and does not have voting rights. In the event the complaining or responding Director is a member of the Executive Committee, the complaining or responding Director shall recuse himself or herself from any deliberations or voting on the issue before the Executive Committee. If the Board of Directors concludes that a Director/Officer has knowingly violated the Code of Business Conduct, or the Director/Officer fails or refuses to cooperate with any inquiry or investigation of the matter, it may impose such disciplinary measures as are appropriate and permissible under the circumstances, including but not limited to, a resolution of censure, removal of the offending Director/Officer from the Board of Directors, or removal from membership recommendation to the Nominating Committee not to consider recommending the offending Director/Officer to a subsequent term on the Board of Directors, or instructing the CEO not to allow the offending Director/Officer to obtain a written petition to seek election to the Board of Directors. If the offending Director/Officer is removed from the Board of Directors, that person may not reapply to be nominated to the Board of Directors or seek to petition for a position on the Board of Directors for three (3) years from the date the offending Director/Officer is removed. If the offending Director/Officer re-applies after expiration of the three (3) year suspension period for a Board of Director or Officer position, then that person must include acknowledgement of his/her violation in the application to the Nominating Committee and that person will not be permitted to run for a Board of Director or Officer position using the petition.

(2) A Petition requiring the removal of an officer or director and signed by not less than five hundred of the voting membership or a majority of all directors shall be filed with the President, or if the President is the subject of the petition, with the next ranking officer, and shall specifically set forth the reasons the individual is deemed to be disqualified from further service.

(3) Upon receipt of the petition, and not less than twenty days or more than forty-five days thereafter, a special meeting of the voting membership of SCCAOR shall be held, and the sole business of the meeting shall be to consider the charge against the officer or director, and to render a decision on such petition.

(4) The special meeting shall be noticed to all voting members at least ten days prior to the meeting, and shall be conducted by the President unless the President's continued service in office is being considered at the meeting. In such case, the next ranking officer will conduct the meeting. Provided a quorum is present (a minimum of twenty-five (25) voting members present), a majority vote of those present shall be required for the removal from office.

Section 8. Expenditures. The Board of Directors shall administer the day-to-day finances of SCCAOR. Unbudgeted capital expenditures in excess of \$25,000.00 may not be made unless authorized by a majority of SCCAOR members eligible to vote and present at a duly held membership meeting. However, unbudgeted expenditures required for the protection of capital assets or to respond to emergency situations may be incurred by the Board of Directors without the prior approval of the full membership of SCCAOR. Capital expenditures are those expenditures for long-term improvements chargeable to the capital asset account.

ARTICLE 11 - MEETINGS

Section 1. Annual Meetings. The annual meeting of SCCAOR shall be held each year, the date, place and hour to be designated by the Board of Directors, but in no event later than December 21st of each year.

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

Section 3. Other Meetings. Meetings of the members may be held at other times as the President or the Board of Directors may determine, or upon written request of at least 100 of the members eligible to vote.

Section 4. Notice of Meetings.

(1) General Notice Contents. All notices of meetings of members shall be sent or otherwise given in accordance with Subsection (2) of this section of this Article 11 not less than 10 nor more than 90 days before the date of a scheduled meeting; provided however, that if notice is given by mail, and the notice is not mailed by U.S. mail, registered, or certified mail, that notice shall be given not less than 20 days before the meeting. The notice shall specify the place, date and time of the meeting and (i) in the case of a special meeting, the general nature of the business to be transacted and no other business may in that case be transacted, or (ii) in the case of the regular meeting, those matters which the Board of Directors, at the time of giving the notice, intends to present for action by the members.

(2) Manner of Giving Notice. Notice of any meeting of members, or other matters requiring notice as herein specified, shall be given in any manner reasonably calculated to provide all members with notice, including but not limited to writing, either personally or by electronic transmission, U.S. mail, telegraphic or other written or electronic communication, charges prepaid, addressed to each member at the address of that members appearing on the records of the Corporation.

(3) Affidavit of Notice. An affidavit of the mailing or other means of giving any notice of any members meeting may be executed by the secretary/treasurer, assistant secretary, or any designated agent of the Corporation giving the notice, and if so executed, shall be filed and maintained in the minute book of Corporation.

(4) Use of term "Published." As used in these Bylaws, the term "published" or "publication" shall be synonymous with giving notice as herein defined.

Section 5. Quorum. A quorum for the transaction of business by the general membership shall consist of twenty-five members eligible to vote and present at a duly held membership meeting. A quorum for the transaction of business by the Board of Directors shall consist of 51% of the Directors.

ARTICLE 12 – COMMITTEES

Section 1. Executive Committee. The Executive Committee shall consist of the elected officers, the most recent past president available to serve, and two REALTOR® Directors elected by the Board of Directors on a calendar year basis. The Executive Committee shall be empowered to take any action that is not in conflict with existing policy, not inconsistent with the long term objectives of SCCAOR and within the funds available in the budget provided the authority to approve that type item has not been reserved to the members or the Board of Directors by the Bylaws of SCCAOR or by corporate resolution. All actions taken by the Executive Committee and all items reported to the Executive Committee, except those taken or reported in Executive Session, shall be reflected in the minutes of the meeting at which the action was taken or the report was made. Minutes of meetings of the Executive Committee shall be provided to each member of the Board of Directors within two business days following conclusion of the Executive Committee meeting. In all cases, the Board of Directors shall provide Executive Committee minutes at or prior to the next Board of Directors meeting. The Executive Committee shall meet in Executive Session only to discuss legal or personnel matters.

Section 2. Standing Committees. The President shall appoint from among the REALTOR® members, subject to confirmation by the Board of Directors, the following standing committees that may consist of sub-committees:

- Arbitration and Professional Standards Com.
- Budget and Finance Committee
- Business Technology Committee
- Government Relations (GRC)
- Grievance Committee
 - Ombudsman Committee
- Housing Opportunities Committee (HOC)
- Local Candidate Recommendation Com. (LCRC)
- Membership Committee
 - Broker Outreach Committee
 - Commercial Committee

- Education Committee
- Strategic Partnership & Diversity Alliance Committee
- Young Professional Network (YPN)
- Special Events Committee
 - Installation Committee

Arbitration and Professional Standards, Budget and Finance, LCRC, Broker Outreach, Grievance and Ombudsman committees shall be composed of REALTOR® members only.

Section 3. Special Committees. The President shall appoint, subject to confirmation by the Board of Directors, special committees as deemed necessary.

Section 4. Term of Committee Appointments. Committee members shall be appointed to one-year terms except that the members of the Grievance, Arbitration and Professional Standards Committees and LCRC shall be appointed to staggered three-year terms.

Section 5. Organization. All committees shall be of such size and shall have duties, functions and powers as assigned by the Board of Directors except as otherwise provided in these Bylaws.

Section 6. President. The President shall be an ex-officio non-voting member of all committees and shall be notified in accordance with the Bylaws of all such meetings.

Section 7. Removal. The President shall have the power, subject to confirmation by the Executive Committee, to remove any member from a committee.

ARTICLE 13 ENDORSEMENTS

Section 1. Endorsements of Candidates and Ballot Measures. Upon completion of candidate interviews and consideration of ballot measures and upon receipt of recommendations, LCRC or GRC shall recommend candidates and issues deemed worthy of full endorsement by SCCAOR to the Board of Directors for approval.

Section 2. Notification and Publication. Upon approval by the Board of Directors the recommendations shall be published to the members by SCCAOR.

Section 3. Petition for a Membership Vote. If a member of SCCAOR brings forth a written petition signed by **no** fewer than five hundred members objecting to the recommendation of any candidate or issue within ten days of the publication, a formal vote of the entire membership shall be called on that specific candidate or issue. A minimum of one hundred members shall constitute a quorum for such a meeting. If no quorum is achieved, or if a majority of those present do not vote against the recommendation, the action of the Board of Directors shall stand as the formal position of SCCAOR.

ARTICLE 14 – ANCILLARY ORGANIZATIONS

Section 1. Business Centers. The Board of Directors may establish such business centers as may, from time to time, be prudent to satisfy the needs of the members to receive services from SCCAOR in a timely, convenient and efficient manner. The Board of Directors may consolidate or close such business centers as may be prudent in the exercise of good business judgment.

Section 2. Marketing and Networking Groups. The Board of Directors may establish or recognize such marketing or networking groups within SCCAOR jurisdiction as may be appropriate to afford members a greater opportunity for cooperation and discussion of areas of the real estate business in which they are mutually interested.

Section 3. Conformance to SCCAOR Policies and Bylaws. Subordinate organizations shall be in compliance with SCCAOR policies and Bylaws at all times. Such organizations may elect officers and governing bodies but may not levy fees or establish special membership requirements without the prior approval of the Board of Directors of

SCCAOR. No officer or member of any such organization shall (a) contract for or incur any debt or obligation on behalf of SCCAOR or (b) endorse any candidate or issue except in strict accordance with Article 13 of these Bylaws. Each organization shall furnish timely reports to SCCAOR as required to properly account for funds received and disbursed. Failure of an organization to comply with the terms of this Article may result in withdrawal of recognition by SCCAOR.

ARTICLE 15 - FISCAL AND ELECTIVE YEAR

Section 1. Fiscal and Elective Year. The fiscal and elective year of SCCAOR shall be the calendar year beginning January 1st and ending December 31st.

ARTICLE 16 - 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 SCCAOR, 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 17 – AMENDMENTS

Section 1. Amendment Upon Majority Vote of Membership. These Bylaws may be amended, repealed or new bylaws adopted by a majority vote of the members present and qualified to vote at any meeting at which a quorum is present, except that the Board of Directors, approve amendments to the bylaws which are mandated by NAR policy.

Section 2. Notice. Notice of all meetings at which amendments are to be considered shall be delivered, in accordance with Section 4 of Article 11 herein, to every member eligible to vote at least ten days, prior to the meeting.

ARTICLE 18 – DISSOLUTION

Section 1. Dissolution. Upon the dissolution of SCCAOR, 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