



BYLAWS OF THE Santa Clara County Association of REALTORS®, Incorporated

Established in 1896
Adopted March 2025

ARTICLE I – NAME

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

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

ARTICLE II - OBJECTIVES

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

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

ARTICLE III - NATIONAL AND STATE MEMBERSHIPS

Section 1. Association Membership in NAR and C.A.R. The A.O.R. 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 the A.O.R.’s membership in NAR and C.A.R., each REALTOR® member of the A.O.R. shall be entitled to membership in NAR and C.A.R. without further payment of dues. The A.O.R. shall continue as a member 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 the A.O.R.’s membership.

Section 2. Ownership and Use of REALTOR® Membership Marks. The A.O.R. recognizes the exclusive property rights of NAR in the terms REALTOR® and REALTORS®. The A.O.R. may use the terms while it is a member in good standing of NAR. The A.O.R. 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 use of the terms.

Section 3. Adoption and Enforcement of NAR Code of Ethics; Compliance with NAR and C.A.R. Governing Documents and Policies. The A.O.R. adopts the NAR 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 NAR and C.A.R.

Section 4. Other Association Rules, Regulations and 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 NAR and C.A.R. and these Bylaws. Any inconsistencies between the A.O.R.'s Rules and Regulations or policies and the Bylaws shall be controlled by these Bylaws.

ARTICLE IV – JURISDICTION

Section 1. Description of Jurisdiction. The territorial jurisdiction of the A.O.R., as a member of NAR, is:
Northern Boundary:

Beginning at the intersection of the prolongation of Lawrence Station Rd. with the Alameda-Santa Clara County line in Alviso Yacht Harbor; thence following the Santa Clara County line Easterly to its intersection with the Stanislaus County line.

Eastern Boundary:

Beginning at the intersection of Santa Clara County line with the Stanislaus County line; thence South along the Santa Clara County line to its intersection with the San Benito County line.

Southern Boundary:

Beginning at the intersection of San Benito County line with the Santa Clara County line; thence following the Santa Clara County line Westerly to its intersection with the Eastern Township line of T9S R1W, which is an extension of Harwood Rd.

Western Boundary:

Beginning at intersection of Santa Clara County line with Eastern Township line of T9S R1W; thence due North along said Township line, which is an extension of Harwood Rd; thence North along Harwood Rd. to its intersection with Los Gatos-Almaden Rd; thence Westerly along Los Gatos-Almaden Rd. to its intersection with National Ave; thence North along National Ave. to Bascom Ave. (formerly known as San Jose-Los Gatos Rd); Southerly on Bascom to Burton Rd; NW along Burton Rd. and its extension to Winchester Rd. (formerly known as Santa Clara-Los Gatos Rd); Northerly along Winchester to Wedgewood Ave; Westerly on Wedgewood to Pollard Rd; NW and Westerly on Pollard to Quito Rd; North on Quito to Saratoga Ave; NE on Saratoga to Prospect Rd; West on Prospect Rd. and its extension to the Eastern shoreline of Stevens Creek Reservoir; thence North along Eastern side of Stevens Creek to its intersection with Homestead Rd; East on Homestead to Lawrence Station Rd; North on Lawrence Station Rd. and its extension to the Santa Clara-Alameda County line, which is POB.

Including Communities of: Alviso, Milpitas, Cupertino, Santa Clara, San Jose, Campbell, Morgan Hill, San Martin, Gilroy. All within County of: Santa Clara.

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 NAR, and to protect and safeguard the property rights of NAR in those terms.

ARTICLE V – MEMBERSHIP QUALIFICATION, APPLICATION AND ACCEPTANCE

Section 1. Classes of Membership. There shall be six (6) classes of membership:

- (1) REALTOR® Members;
- (2) Institute Affiliate Members;
- (3) Affiliate Members;
- (4) Public Service Members;
- (5) Honorary Members;
- (6) Student Members

Section 2. Qualifications of REALTOR® Members.

2.1 REALTOR® members, whether primary or secondary, who are principals, (“principals” are defined, herein and throughout these bylaws when this terminology is used, as sole proprietors, 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 real estate appraisal certification or license; and
- (b) Act as a sole proprietor, partner, corporate officer of a real estate firm or office manager of a real estate firm acting on behalf of the firm’s principal(s); and
- (c) Remain actively engaged in the real estate profession, (“engaged in the real estate profession” is defined, herein and throughout these bylaws when this terminology is used, as buying, selling, exchanging, renting or leasing, managing, counseling, appraising for others for compensation, building, developing or subdividing real estate); and
- (d) Maintain or be associated with a real estate office located within the state of California or a state contiguous thereto; and
- (e) Have no record of official sanctions rendered by the courts or other lawful authorities for (i) violations of civil rights laws or real estate license laws within the past three years or (ii) criminal convictions within the past ten years where the crime was punishable by death or imprisonment in excess of one year under the law under which the applicant was convicted (ten years is measured from the date of the conviction or the release of the applicant from the confinement imposed for that conviction, whichever is the later date).

2.2 REALTOR® members, whether primary or secondary, other than principals, shall:

- (a) Maintain a current, valid California real estate broker license 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 within the past ten years where the crime was punishable by death or imprisonment in excess of one year under the law under which the applicant was convicted (ten years is measured from the date of the conviction or the release of the applicant from the confinement imposed for that conviction, whichever is the later date).

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

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

2.5 Association of Choice.

- (a) Primary Membership. Licensees affiliated with a REALTOR® firm may choose as their "primary" Association any Association within California where the firm maintains a "Designated REALTOR®." An individual is a primary member of the A.O.R. if the A.O.R. pays C.A.R. and NAR dues based on such member. One of the principals in a real estate firm must be a Designated REALTOR® of the A.O.R. in order for the licensees affiliated with the firm to select the A.O.R. as the "primary" Association.
- (b) Secondary Membership. A REALTOR® who has joined another Association as a primary member may join this A.O.R. as a secondary member. There need not be a Designated REALTOR® member of this A.O.R. for licensees to select this A.O.R. as their secondary Association. The conditions for secondary membership shall be no more stringent than for primary membership, and the privileges of membership shall be the same including the right to vote and hold office.

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

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

Section 3. Qualifications for Institute Affiliate Members. Institute Affiliate Members shall be individuals who hold a professional designation awarded by a 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 4. Qualifications of Affiliate Members. Affiliate members shall be real estate owners, and other individuals or firms engaged in activities related to the real estate profession, who do not qualify for REALTOR® membership. Affiliate members have interests requiring information concerning real estate and sympathy with the objectives of the A.O.R.

Section 5. 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 with an established real estate business.

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

Section 7. 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 8. Membership Application.

- a. Each applicant for membership shall submit an application in such manner and form as may be prescribed by the A.O.R. Board of Directors (hereinafter "Board of Directors") and give his or her consent that the Board of Directors, through the A.O.R. Membership Committee (hereinafter "Membership Committee") or otherwise, may obtain information about the applicant from any member, other persons or Associations and that any information furnished to the Board of Directors by any member, person or Association shall not form the basis of any action for slander, libel or defamation of character. The Board of Directors, through its Membership Committee or otherwise, may consider the following in determining an applicant's qualifications for membership: (1) all final findings NAR 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; and/or (5) unpaid arbitration awards or unpaid financial obligations to any other Association or Association Multiple Listing Service ("MLS").
- b. Applicants for membership shall be familiar with and agree to abide by the Bylaws and Rules and Regulations of the A.O.R., the Bylaws of C.A.R. and the 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 or otherwise. Applicants must also complete an orientation program as may be required by the Board of Directors, its Membership Committee, or otherwise said program to be attended in-person or, upon request, through remote means. An Applicant will be eligible only for the status of provisional membership until any mandatory orientation is timely satisfied and/or until the Board of Directors' approval of the application.
- c. Applicants for REALTOR® membership shall certify: (1) that they have no record of official sanctions rendered by the courts or other lawful authorities for violations of civil rights laws or real estate license laws within the past three years; (2) that they have no criminal convictions within the past ten years where the crime was punishable by death or imprisonment in excess of one year under the law under which the applicant was convicted (ten years is measured from the date of the conviction or the release of the applicant from the confinement imposed for that conviction, whichever is the later date); and (3) that they have not been suspended or expelled from an Association the past three years for violations of the NAR Code of Ethics.
- d. Applicants who are sole proprietors, general partners, corporate officers, or branch office managers (Article V, Section 2) of a real estate firm must disclose: (1) whether they or their firms are subject to any pending bankruptcy proceedings; and (2) whether they or their firms have been adjudged bankrupt within the past three (3) years. If the applicant is party to pending bankruptcy or insolvency proceedings or has been adjudged bankrupt within the past three (3) years, the applicant may be required to pay cash in advance for A.O.R. and MLS fees for up to one year from the date that membership is approved or from the date that the applicant is discharged from bankruptcy, whichever is later. If the Board of Directors determines that such prepayments will not protect the interests of the A.O.R. or its members, such applications may be rejected.

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

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

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

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

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

- a. The Membership Committee or A.O.R. staff shall determine whether the applicant is applying for the appropriate class of membership. If the A.O.R. does not have a standing Membership Committee, the A.O.R.'s Executive Officer/staff may act in this capacity. The Membership Committee or A.O.R. staff may request "core" information as defined in Article V, Section 9, from any Association of which the applicant was previously a member. The Membership Committee or A.O.R. staff shall thereafter provide a written list for approval or recommend rejection of the applicant. If they recommend rejection, the Membership Committee or A.O.R. staff shall make a written report of its findings to the Board of Directors. The Membership Committee or A.O.R. staff shall consider the information permitted under Sections 8 and 9 of this Article in its review of an applicant and conduct all proceedings with strict attention to the principles of due process and compliance with the Bylaws.
- b. If the recommendation is to reject the application, the reasons shall be specifically stated. If any member of the Membership Committee or A.O.R. staff submits a dissenting recommendation, it shall also be reported to the applicant and Board of Directors. The applicant shall also be notified of his or her right to appear before the Board of Directors.
- c. The Board of Directors shall review the qualifications of the applicant and the recommendations of the Membership Committee or A.O.R. staff and then vote on the applicant's eligibility for membership. If the applicant appears, he or she may be represented by counsel, call witnesses on his or her behalf and make such statements as he or she deems relevant. The Board of Directors may also have counsel present. If the applicant receives a majority vote of the Board of Directors, he or she shall be declared accepted as a member and shall be advised by written notice. An application for Institute Affiliate Membership shall be acted upon by the Board of Directors within forty-five (45) days from the date of application for membership.
- d. If the Board of Directors determines that the application should be rejected, it shall record its reasons. If the Board of Directors believes that denial of membership to the applicant may become the basis of litigation and a claim of damage by the applicant, it may specify that denial shall become effective upon entry in a suit by the A.O.R. for a declaratory judgment by a court of competent jurisdiction of a final judgment declaring that the rejection violates no rights of the applicant.
- e. The Board of Directors, through its Membership Committee or otherwise, may grant "provisional" membership to an applicant in instances where the applicant for membership has not yet satisfied any mandatory orientation and/or has unsatisfied discipline pending in another Association (except for violations of the Code of Ethics), provided all other qualifications for membership have been satisfied. Provisional members shall be considered REALTORS® and shall be subject to all of the same privileges and obligations of REALTOR® membership. The Board of Directors may reconsider the membership status of provisional members when all mandatory orientation is completed and/or when all unsatisfied discipline has been resolved or if such matters of unresolved discipline are not fully resolved within six (6) months from the date that provisional membership is approved. At the time of reconsideration, if the Board

of Directors determines that the individual has not done his or her part to satisfactorily resolve the unsatisfied discipline, at the discretion of the Board of Directors, membership may be terminated.

Section 11. New Member Code of Ethics and Fair Housing 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.

Applicants for REALTOR® membership and provisional REALTOR® members (where applicable) shall complete Fair Housing training of not less than two (2) hours of instructional time. This requirement will be satisfied upon presentation of documentation that the member has completed a course of instruction conducted by this or another REALTOR® association, the California Association of REALTORS®, the NATIONAL ASSOCIATION OF REALTORS®, or the Institutes, Societies, and Councils, which meets the learning objectives and minimum criteria established by the NATIONAL ASSOCIATION OF REALTORS® from time to time. Fair Housing training approved by a state licensing authority for an existing Fair Housing requirement to gain or maintain licensure shall also fulfill this requirement, provided it also meets the learning objectives and minimum criteria established by the NATIONAL ASSOCIATION OF REALTORS® from time to time. 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 (1) 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 12. Continuing Member Code of Ethics and Fair Housing Training. Every three-year period, starting with the period from January 1, 2019 through December 31, 2021, and for successive three-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 NAR for 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 REALTOR® Association, C.A.R., or NAR., which meets the learning objectives and minimum criteria established by NAR 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 three-year cycle shall not be required to complete additional ethics training until a new three-year period commences.

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

Effective January 1, 2025, through December 31, 2027 and for successive three year periods thereafter, each REALTOR® member of the association (with the exception of REALTOR® members granted REALTOR® Emeritus status by the National Association) shall be required to complete Fair Housing training of not less than two (2) hours of instructional time. This requirement will be satisfied upon presentation of documentation that the member has completed a course of instruction conducted by this or another REALTOR® association, the California Association of REALTORS®, the NATIONAL ASSOCIATION OF REALTORS®, or the Institutes, Societies, and Councils, which meets the learning objectives and minimum criteria established by the NATIONAL ASSOCIATION OF REALTORS® from time to time. Fair Housing training approved by a state licensing authority for an existing Fair Housing requirement to maintain licensure shall also fulfill this requirement, provided it also meets the learning objectives and minimum criteria established by the NATIONAL ASSOCIATION OF

REALTORS® from time to time. REALTOR® members who have completed Fair Housing training as a requirement of membership in another association shall not be required to complete additional Fair Housing training until a new three-year cycle commences.

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

Section 13. Status Changes.

- (a) REALTORS® who change the conditions under which they hold membership shall be required to provide written notification to the A.O.R. within thirty (30) days. A non-principal REALTOR® who becomes a principal in the firm with which he or she has been licensed or, becomes a principal in a new firm which will be comprised of REALTOR® principals, may be required to satisfy any previously unsatisfied membership requirements applicable to principal REALTOR® members. During the period of transition from one status of membership to another, such members shall be subject to all of the privileges and obligations of a principal REALTOR® member. The Board of Directors, at its discretion, may waive any qualification which the member has already fulfilled in accordance with the Bylaws. If the REALTOR® does not satisfy the requirements established in the Bylaws for the category of membership to which they have transferred within thirty (30) days of the date they advised the A.O.R. of their change in status, their application for change of status will terminate automatically unless otherwise so directed by the Board of Directors.
- (b) If the licensed status of any member is terminated, his or her membership in the A.O.R. shall be subject to immediate termination. If any member ceases to meet any other ongoing qualification of membership, his or her membership may be terminated by the Board of Directors. Each member shall have the affirmative duty to notify the A.O.R. of any changes in their licensee status.
- (c) Any application fee related to a change in membership status shall be reduced by an amount equal to any application fee previously paid by the applicant. Dues shall be prorated from the first day of the month in which the member is notified of acceptance by the Board of Directors of his or her change in status and shall be based on the new membership status for the remainder of the year.

Section 14. Resignation. Resignations of members shall become effective when received in writing by the Board of Directors, provided, however, that if any member submitting the resignation is indebted to the A.O.R. for dues, fees, fines or other assessments of the A.O.R. or any of its services, departments, divisions or subsidiaries, the A.O.R. may condition the right of the resigning member to reapply for membership upon payment in full of all such monies owed.

ARTICLE VI - PRIVILEGES AND DUTIES OF MEMBERSHIP

Section 1. Member Compliance with Bylaws, Policies, Rules and Regulations. It shall be the duty of every member of the A.O.R. to safeguard and promote the standards, interests, and welfare of the A.O.R. and the real estate profession, and to protect against conduct that may cause a lack of public confidence in the real estate profession or REALTORS®. REALTOR® members also must abide by the governing documents and policies of the A.O.R., C.A.R., and NAR, as well as the Code of Ethics of NAR, including the duty to arbitrate controversies arising out of real estate transactions as specified by Article 17 of the Code of Ethics. 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 governing documents and policies 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*.

Every REALTOR® member shall maintain a high level of integrity and adhere to the A.O.R.'s membership criteria. Any violent act or threat of violence to person or property, hateful conduct, or acts of moral turpitude impacting the

public shall not be tolerated and may be cause for disciplinary action, up to and including termination of membership.

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

Section 2. Member Discipline.

- (a) 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 NAR policy as set forth in the *California Code of Ethics and Arbitration Manual*.
- (b) Any member of the A.O.R. may be reprimanded, placed on probation, suspended or expelled or removed from any office or committee for violation of the A.O.R.'s Anti-Harassment Policy following an investigation and decision process as set forth in said Anti-Harassment Policy. The A.O.R.'s Anti-Harassment Policy may be amended at any time by majority vote of the Board of Directors, with such amendment effective for any conduct the last instance of which occurred after the date the amendment to the [Anti-Harassment Policy](#) was adopted.

Section 3. Resignation with Pending Arbitration or Disciplinary Hearing. If a member resigns from the A.O.R. or otherwise causes membership to terminate with a disciplinary complaint pending, the complaint shall be processed until the decision of the A.O.R. with respect to disposition of the complaint is final by the A.O.R. (if respondent does not hold membership in any other Association) or by any other Association in which the respondent continues to hold membership. If an ethics respondent resigns or otherwise causes membership in all Associations to terminate before an ethics complaint is filed alleging unethical conduct occurred while the respondent was a REALTOR®, the complaint, once filed, shall be processed until the decision of the Association with respect to disposition of the complaint is final. In any instance where an ethics hearing is held subsequent to an ethic respondent's resignation or membership termination, any discipline ratified by the Board of Directors shall be reported to Ethics Check and held in abeyance until such time as the respondent rejoins an Association of REALTORS®.

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

Section 4. Voting Rights and Eligibility for Elective Office. Only REALTOR® members, whether primary or secondary, in good standing are entitled to vote and to hold elective office in the A.O.R. Proxy voting is not allowed. For the purposes of these bylaws, the term "good standing" means the member satisfies the obligations of REALTOR® members set forth in Article VI, Section 1, is current with all financial and disciplinary obligations to the A.O.R. and MLS, has completed any new members requirements, and complies with NAR's trademark rules.

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 NAR 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 in good standing may use the terms REALTOR® and REALTORS® subject to the provisions of Article VIII.

- (d) If a REALTOR® member who is a sole proprietor, principal in a firm, partner in a partnership, officer of a corporation, or branch office manager is suspended or expelled, his or her firm, partnership or corporation shall not use the terms REALTOR® or REALTORS® in connection with its business during the period of suspension or expulsion and the membership of all other principals, partners or corporate officers shall suspend or terminate during the period of suspension or expulsion, unless: (1) the disciplined member severs his or her connection with the firm, partnership or corporation; or (2) the disciplined member relinquishes management control of the firm.

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

Removal of an individual from any form or degree of management control must be certified to the A.O.R. by the disciplined member and by the individual who is assuming management control. The signatures on such certification must be notarized. The foregoing is not intended to preclude a suspended or expelled member from functioning as an employee or independent contractor, provided no management control is exercised.

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

Section 6. Privileges and Duties of Institute Affiliate Members. Institute Affiliate members shall have the rights and privileges and be subject to the obligations prescribed by the Board of Directors consistent with 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 Service Members. Public Service members shall have the rights and privileges and be subject to the obligations prescribed by the Board of Directors.

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

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

Section 11. Certification by Designated REALTOR®. Designated REALTORS® shall certify to the A.O.R. during the first month of the fiscal year on a form provided by the A.O.R., a complete listing of all individuals licensed or certified under California Law, with the REALTOR® firm(s) and shall designate the primary Association, if any, for each individual. These declarations shall be used for purposes of calculating dues and assessments under Article IX, Section 2 of these Bylaws. Designated REALTOR® members shall also notify the A.O.R. 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 VII – PROFESSIONAL STANDARDS AND ARBITRATION

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

Section 2. Member Compliance with 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 this A.O.R. to abide by the governing documents and policies of this A.O.R., C.A.R., and NAR, and the Code of Ethics, including the duty to arbitrate controversies arising out of real estate transactions as specified by Article 17 of the NAR 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 the A.O.R. all disputes with any other member or member of the public subject to the conditions set forth in the *California Code of Ethics and Arbitration Manual*.

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

Section 1. Use and Control of REALTOR® Membership Marks. Use of the terms REALTOR® and REALTORS® by members shall, at all times, be subject to the provisions of the Constitution and Bylaws of NAR 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 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 C.A.R. Code of Ethics and Arbitration Manual.

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

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

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

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

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. The A.O.R. shall collect all C.A.R. and NAR new member and application fees, if any.

Section 2. Dues and Assessments.

- (a) The Board of Directors shall determine annually the amount of annual dues and assessments, if any, to be paid by each class of membership.
- (b) The dues and assessments of each Designated REALTOR[®] member shall be a base amount plus an amount multiplied by the number of real estate licensees and licensed or certified appraisers under California law to which he or she certified under Article VI, Section 11, and who: (1) are employed by or affiliated as independent contractors or who are otherwise directly or indirectly licensed or certified with such REALTOR[®] member; and (2) are not REALTOR[®] members of any Association within California, or a state contiguous thereto or Institute Affiliate members of this A.O.R.. In calculating the dues and assessments payable to the A.O.R. by a Designated REALTOR[®] member, non-member licensees as defined in (1) and (2) of this sub-paragraph shall not be included in the computation of dues and assessments if the Designated REALTOR[®] has paid dues and assessments based on non-member licensees to another Association within the state of California or a state contiguous thereto, provided the Designated REALTOR[®] notifies the A.O.R. in writing of the identity of the Association to which dues and assessments have been remitted.
- (c) In accordance with Article VI, Section 11, the Designated REALTOR[®] has an affirmative and ongoing duty to keep dues and assessment formulations current and accurate and shall notify the A.O.R. within 30 days of any changes, additions or deletions of any real estate licensees and licensed or certified appraisers employed by or affiliated as independent contractors or who are otherwise directly or indirectly licensed or certified with such Designated REALTOR[®].
- (d) A REALTOR[®] with a direct or indirect ownership interest in an entity engaged exclusively in soliciting and/or referring clients and customers to the REALTOR[®] for consideration on a substantially exclusive basis ("LFRO") shall annually file with the association on a form approved by the association a list of the licensees affiliated with that entity and shall certify that all of the licensees affiliated with the entity are solely engaged in referring clients and customers and are not engaged in the real estate profession as defined in Article V, Section 2 (c) (buying, selling exchanging, renting or leasing, managing, counseling appraising for other for compensation, building, developing or subdividing real estate) and are not participants or subscribers in a Multiple Listing Service ("MLS"). The individuals disclosed on such form shall not be deemed to be licensed with the REALTOR[®] filing the form for purposes of this Article IX, Section 2 (b) and shall not be included in calculating the annual dues and assessments of the Designated REALTOR[®]. It shall be considered a violation of a membership duty for a REALTOR[®] to falsely certify LFRO status. Moreover, the exemption for any licensee included on the certification form for a LFRO shall automatically be revoked upon the individual being engaged in the real estate profession as defined in Article V, Section 2 (c) other than for referrals, or for being a participant or subscriber of any MLS, and dues and assessments for the entire current fiscal year shall be immediately due and payable in full. Licensee may not reapply for a LFRO exemption until the following fiscal year.
- (e) A REALTOR[®] with a direct or indirect ownership interest in an entity engaged in the real estate business which provides services for which a Mortgage Loan Originators ("MLO") license endorsement is required may annually file with the association, on a form approved by the association, a list of the MLO licensees and certify that the listed licensees (1) have a MLO license or endorsement, (2) are not engaged in the real estate profession as defined in Article V, Section 2 (c) (buying, selling, exchanging, renting or leasing, managing, counseling, appraising for others for compensation, building, developing or subdividing real estate) except for licenses activities for which an MLO is required, and (3) are not participants or subscribers in any MLS. The individuals disclosed on such forms shall not be deemed to be licensed with the REALTOR[®] filing the form for purposes of this Article IX, Section 2 (b) and shall not be included in calculating the annual dues and assessments of the Designated REALTOR[®]. It shall be considered a violation of a membership duty for a REALTOR[®] to falsely certify MLO status. Moreover, the exemption for any licensee, included on the certification form for an MLO exemption, shall automatically be revoked upon the individual being engaged in the real estate profession as defined in Article V, Section 2 (c) other than in those activities for which an MLO license or endorsement is required or upon their joining an MLS,

and dues and assessments for the entire current fiscal year shall be immediately due and payable in full. Licensee may not reapply for an MLO exemption until the following fiscal year.

- (f) Membership dues and assessments shall be prorated for any licensee included on a certification form submitted to the Association who during the same calendar year applies for REALTOR® membership in the Association. However, membership dues and assessments shall not be prorated if the licensee held REALTOR® membership during the preceding calendar year.
- (g) The annual dues and assessments of REALTOR® members shall not include any allocation for C.A.R., if the member is a member of an Association of C.A.R. and that Association has paid C.A.R. dues and assessments for the member.
- (h) The annual dues and assessments of REALTOR® members shall not include any allocation for NAR, if the member is a member of an Association of NAR and that Association has paid NAR dues and assessments for the member.
- (i) In the case of a Designated REALTOR® member in a firm, partnership, or corporation whose business activity is substantially all commercial, any assessments for non-member licensees shall be limited to licensees affiliated with the Designated REALTOR® (as defined in sub-paragraph (b) of this Section) in the office where the Designated REALTOR® holds membership, and any other offices of the firm located within the jurisdiction of this Association.
- (j) The annual dues and assessments of each Institute Affiliate Member shall be as established in Article II of the Bylaws of the NATIONAL ASSOCIATION OF REALTORS®.

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

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

Section 4. Nonpayment of Financial Obligations.

- (a) If dues, fees, fines, or other assessments including amounts owed to the A.O.R. are not paid within one (1) month after the due date, the nonpaying member is subject to suspension. Two (2) months after the due date, membership of the nonpaying member shall automatically terminate unless within that time the amount due is paid. However, no action shall be taken to suspend, expel or otherwise terminate a member for nonpayment of disputed amounts until the accuracy of the amount owed has been confirmed by the Board of Directors. Furthermore, no member shall be suspended, expelled or otherwise terminated until twenty (20) days after notice of a proposed suspension, expulsion or termination and the reason therefore has been sent by regular first-class mail or electronic submission to him or her, which notice may be given before or after the expiration of the one-month limit or two-month limit.
- (b) If within ten (10) days after the sending of a notice, the member requests a hearing, the effective date of the suspension, expulsion or termination shall be deferred until after such hearing. The Board of Directors shall send by regular first-class mail, or by electronic submission to the member at least five (5) days prior to the hearing a notice of the time and place of the hearing. At the hearing the Board of Directors shall receive evidence from the member and may receive evidence from any other person on the issue of whether the member was delinquent in the payment of dues, fees, fines or other assessments and on the issue of whether it would be in the best interest of the A.O.R. to suspend, expel or otherwise terminate the member.
- (c) If the Board of Directors determines that the member was delinquent, the Board of Directors may decide, as it deems in the best interest of the A.O.R., to suspend, expel or otherwise terminate the member

immediately, or to decline to suspend, expel or terminate the member on condition that the member pay the delinquency on or before a specified date or pay the delinquency in specified installments on or before specified dates. The member shall be automatically suspended, expelled or otherwise terminated without further hearing if the member fails to perform such condition.

- (d) Any suspension, expulsion or termination occurring after a hearing shall be effective five (5) days after notice thereof is mailed or electronically sent or submitted to the member, subject to the right of the Board of Directors to specify that the suspension, expulsion or termination shall become effective upon the entry, in a suit by the A.O.R. for declaratory relief, of the final judgment of a Court of competent jurisdiction declaring that the suspension, expulsion violates no rights of the member.
- (e) In the event the membership of a real estate licensee or certified or licensed appraiser who holds REALTOR® membership is terminated for nonpayment of the A.O.R. dues, fees, fines or other assessments and the licensee or appraiser remains affiliated with the same firm, the dues and assessment obligation of the Designated REALTOR®, as set forth in this Article IX, Section 2(b), will be increased to reflect the addition of a non-member licensee or appraiser. Such Designated REALTOR® dues and assessments shall be calculated from the first day of the current fiscal year and are payable within thirty (30) days of the notice of termination.

Section 5. Reinstatement after Termination for Nonpayment of Financial Obligations. A former member who has had his/her membership terminated for nonpayment of dues, fees, fines, or other assessments duly levied in accordance with the provisions of these Bylaws or the provisions of other Rules and Regulations of the A.O.R. or any of its services, departments, divisions or subsidiaries may apply for reinstatement in a manner prescribed for new applicants for membership, only upon making full payment of all past due accounts, together with interest at a rate of ten (10%) percent per annum on each item comprising the accounts, from its due date until paid, and after complying with all sanctions imposed by a disciplinary panel together with the payment of the application fee required of new applicants.

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

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

ARTICLE X - OFFICERS AND DIRECTORS

Section 1. Officers. The elected Officers of the A.O.R. shall be: President, President-Elect, Vice-President and Treasurer. The President-Elect shall automatically ascend to the presidency at the end of his/her term as President-Elect unless for some reason he or she were removed from office while President-Elect. The Treasurer also serves as Chair of the Finance Committee. 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 the A.O.R. but is not an Officer or member of the Board of Directors.

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

Section 3. Board of Directors. The governing body of the A.O.R. shall be a Board of Directors consisting of the four elected Officers and fifteen members of the A.O.R., which shall include the President-Elect of the South County REALTOR® Alliance (SCRA) and the immediate Past President of the A.O.R. Directors shall be elected to serve for terms of three years. The President-Elect of SCRA shall serve a one-year term and the immediate Past President of the A.O.R shall serve a three-year term. The immediate Past President shall have an automatic one-

year appointment to the Executive Committee. No more than one (1) Director, who is not a REALTOR® member of the A.O.R. may serve at any given time. All Directors including the elected Officers have one vote.

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

- (a) 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 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 a Board of Directors approved committee provided that approval of any change of policy is approved by the Board of Directors.
- (b) The Board of Directors shall abide by and be held to the provisions of the Code of Ethics and all A.O.R. policies.

Section 5. Election of Officers and Directors.

5.1 Nominating Committee. A Nominating Committee composed of eleven primary A.O.R. REALTOR® members shall be appointed annually, 90 days prior to the publication of the names of the candidates selected by the Nominating Committee.

- (a) 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.
- (b) Applicants for the Nominating Committee must complete and submit an application with their qualifications. A member currently serving on the SCCAOR Board of Directors or as an Officer who is applying for the Nominating Committee shall recuse themselves from voting on the Nominating Committee selection.
- (c) No member shall serve on the Nominating Committee for more than three consecutive years without a two-year absence.
- (d) The Directors shall select nominations to the Committee and elect nine members and five alternates.
- (e) 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.
- (f) 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.
- (g) 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 Officer or Director position by the Nominating Committee or by petition as provided herein, prior to commencement of the nominating interview process. The commencement of the nominating interview process shall be determined to be once the Nominating Committee members have received the completed candidate application package.
- (h) Prior to April 1st of each year, the A.O.R. 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.
- (i) Not more than five members of the Board of Directors, including the immediate two Past Presidents, may be appointed to the Nominating Committee.
- (j) 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.
- (k) 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.
- (l) In the event that qualified candidates are not available for any position, the Nominating committee shall continue the search for a qualified candidate.
- (m) The Nominating Committee shall make its report to the Board of Directors at least 15 days prior to publication.

5.2 Qualifications for Officers and Directors. Candidates for Officers shall at the time of nomination be primary or secondary A.O.R. REALTOR® members in good standing. Candidates for Directors shall at the time of nomination be primary or secondary A.O.R. REALTOR® members in good standing. Members nominated to serve as an Officer of the A.O.R. 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.

5.3 Notice of Nominations. The names of the individuals nominated by the Nominating Committee shall be published no 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 the A.O.R. 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 the A.O.R. 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.

5.4 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.

5.5 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.

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

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 following the process above.

Section 7. Removal of Officers and Directors.

- (a) Removal by Board for Cause. The Board of Directors shall declare vacant the office of any Officer or Director on the occurrence of any of the following events:
- (1) The death of the Officer or Director.
 - (2) The Officer or Director has been declared of unsound mind by a final order of a court.
 - (3) The Officer or Director has been convicted of a felony.
 - (4) The Officer or Director is convicted of a breach of duty under Section 7238 of the California Corporate Code.
 - (5) The Officer or Director is not able to comply with the A.O.R. Board of Directors Attendance Policy.
 - (6) The Officer or Director resigns from office.
 - (7) The Officer or Director no longer meets the general requirements for Officers and Directors enumerated in Sections 1 and 3 hereof.

- (b) Removal by Board for Violation. The Board of Directors may declare vacant the office of any Officer or Director if, during his/her term of office, an Officer or Director is determined to have violated the NAR Code of Ethics or other director or membership duty. Removal from office shall be subject to review by the Association's Board of Directors as to the severity of the violation based solely on the final findings of fact and the appropriateness of removal from office.
- (c) Removal by the Membership. The Membership may remove an Officer or Director it deems to be incapable for any reason of fulfilling the duties for which he or she is elected, under the following procedure:
 - (1) A petition requiring the removal of an Officer or Director and signed by not less than one-third of the voting membership or a majority of all Directors shall be filed with the President, or if the President is the subject of the petition, with the next ranking officer, and shall specifically set forth the reasons the individual is deemed to be disqualified from further service. The ranking of the officers shall be in the order of President, President-Elect, Vice President, Treasurer.
 - (2) Upon receipt of the petition, and not less than twenty (20) days or more than forty-five (45) days thereafter, a special meeting of the voting membership of the A.O.R. shall be held. The sole business of the meeting shall be to consider the charge against the Officer or Director, and to render a decision on such petition.
 - (3) The special meeting shall be noticed, including the general nature of the meeting, to all voting members at least four (4) days prior to the meeting, and shall be conducted by the President unless the President's continued service in office is being considered at the meeting. In such case, the next ranking officer will conduct the meeting. Provided a quorum is present, a three-fourths vote of members present and voting shall be required for removal from office.

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

ARTICLE XI - MEETINGS

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

Section 3. Meetings of Members.

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

Section 4. Notice of Meetings.

- (a) **Membership Meetings.** Written notice of membership meetings, stating the date, time, place (and/or means of electronic transmission by and to the A.O.R. or electronic video screen communication, if any, by which members may participate) and purpose of the meeting, shall be delivered personally, by first class mail, facsimile, electronic mail or other electronic means to the address shown on the current A.O.R. records of every member entitled to participate in the meeting at least twenty (20), but not more than 90, calendar days preceding all meetings. The A.O.R. may also publish notice of membership meetings in any publication regularly sent to all members of the A.O.R. If a special meeting is called, it shall be accompanied by a statement of the purpose of the meeting.
- (b) **Board of Directors Meetings.**
 - (1) Notice of time and place of special meetings of the Board shall be delivered personally or by telephone to each Director or sent by first-class mail, fax or e-mail addressed to each director at that director's address as it is shown on the records of the A.O.R.. In case the notice is mailed it shall be deposited in the United States mail at least four (4) days before the time of the holding of the meeting. In case the notice is delivered personally, by telephone, fax or e-mail, it shall be delivered personally, by telephone, fax or e-mail at least forty-eight (48) hours before the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated either to the Director or to a person at the office of the Director whom the person giving the notice has reason to believe will promptly communicate it to the Director. Notice may also be left on a voice mail machine.
 - (2) **Waiver of Notice.** The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though a meeting had been duly held after regular call and notice if a quorum is present and if, either before or after the meeting, each of the Directors not present, signs a written waiver of notice, a consent to holding the meeting or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 5. Quorum. A quorum for the transaction of business by the general membership shall consist of 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. If a meeting at which a quorum is no longer present, the Board of Directors can continue to transact business, but they can no longer approve any motions. Directors participating via conference call or by electronic video screen communication will be considered as present.

Section 6. Action without a Meeting.

- (a) **Membership Meetings.** Any action that may be taken at any regular membership meeting or special membership meeting may be taken without a meeting if the association distributes a written or electronic ballot to every member entitled to vote on the matter. Approval by written or electronic ballots shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve such action at a meeting had the vote been taken in a face-to-face meeting.
- (b) **Board of Directors Meetings.** Any action that may be taken by the Board may be taken without a meeting if all Directors individually or collectively consent in writing to that action (unanimous consent). The written consents shall be filed with the corporate records or made a part of the minutes of the meeting. The action by written consent shall have the same force and effect as a unanimous vote of the Directors. E-mail shall be considered written consent.

ARTICLE XII - 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 the A.O.R. 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 the A.O.R. 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. All A.O.R. standing committees shall be defined and approved by the Board of Directors, at their discretion. Recommendations for standing committees and chairs (except for the Finance Committee) shall be submitted by the President-Elect for the year they serve as President, subject to confirmation by the Board of Directors. The standing committees are Finance, Professional Standards and Grievance, Local Government Relations (LGR) and Local Candidate Recommendation Committee.

Professional Standards and Grievance, Local Government Relations (LGR) and Local Candidate Recommendation Committee (LCRC) committees shall be composed of REALTOR® members only.

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

Section 4. Term of Committee Appointments. Committee members shall be appointed to one-year term except the members of the Grievance, Professional Standards Committees and Local Candidate Recommendation Committee (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 Board of Directors, to remove any member from a committee.

ARTICLE XIII - 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 shall recommend candidates and issues deemed worthy of full endorsement by the A.O.R. 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 the A.O.R..

Section 3. Petition for a Membership Vote. If a member of the A.O.R. 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 the A.O.R.

ARTICLE XIV – 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 the A.O.R. 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, Networking Groups, and the A.O.R. District Councils. The Board of Directors may establish or recognize such marketing or networking groups within the A.O.R. 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 the A.O.R. Policies and Bylaws. Subordinate organizations shall be in compliance with the A.O.R. 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 the A.O.R.. No Officer or member of any such organization shall (a) contract for or incur any debt or obligation on behalf of the A.O.R. or (b) endorse any candidate or issue except in strict accordance with Article XIII of these Bylaws. Each organization shall furnish timely reports to the A.O.R. 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 the A.O.R..

ARTICLE XV - FISCAL AND ELECTIVE YEAR

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

Section 2. Elective Year. The elective year shall begin the day following the official closing of the NAR annual convention and end the last day of the NAR convention the following year.

ARTICLE XVI - 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 XVII – AMENDMENTS

Section 1. Amendment.

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

mandated by NAR policy or set forth in the C.A.R. Model Bylaws, or as otherwise permitted in California Corporation Code, Section 7150.

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

Section 3. Approval of Amendments by NAR 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 NAR.

ARTICLE XVIII - DISSOLUTION

Section 1. Dissolution. Upon the dissolution of the 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 nonprofit tax-exempt organization.