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## **SUTTER-YUBA ASSOCIATION OF REALTORS BYLAWS**

### **ARTICLE I - NAME**

**Section 1. Name.** The name of this organization shall be the **SUTTER-YUBA ASSOCIATION OF REALTORS Inc.**, hereafter referred to as the "Association".

**Section 2. REALTORS®.** Inclusion and retention of the Registered Collective Membership Mark "REALTORS" in the name of the Association shall be governed by the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS as from time to time amended.

### **ARTICLE II - OBJECTIVES**

#### **THE OBJECTIVES OF THE ASSOCIATION ARE:**

**Section 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.

**Section 2.** To promote and maintain high standards of conduct in the real estate profession as expressed in the Code of Ethics of NATIONAL ASSOCIATION OF REALTORS.

**Section 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.

**Section 4.** To further the interest of home and other real property ownership.

**Section 5.** To unite those engaged in the real estate profession in this community with the California Association of REALTORS and the NATIONAL ASSOCIATION OF REALTORS, thereby furthering their own objectives throughout the state and nation, and obtaining the benefits and privileges of membership therein.

**Section 6.** To designate, for the benefit of the public, individuals authorized to use the terms REALTOR and REALTORS as licensed, prescribed and controlled by the NATIONAL ASSOCIATION OF REALTORS.

### ARTICLE III - JURISDICTION

**Section 1.** The territorial jurisdiction of the Association as a member of the NATIONAL ASSOCIATION OF REALTORS shall include the County of Yuba and the County of Sutter as allocated by the Board of Directors of the NATIONAL ASSOCIATION REALTORS.

**Section 2.** Territorial jurisdiction is defined to mean:

(a) 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 the NATIONAL ASSOCIATION OF REALTORS, in return for which the Association agrees to protect and safeguard the property right of the NATIONAL ASSOCIATION REALTORS in the terms.

### ARTICLE IV - MEMBERSHIP

**Section 1.** There shall be six (6) classes of members as follows:

(a) REALTOR Members. REALTOR Members, whether primary or secondary shall be:

(1) Individuals who, as sole proprietors, partners, corporate officers, or branch office managers, are engaged actively in the real estate profession, including buying, selling, exchanging, renting or leasing, managing, appraising for others for compensation, counseling, building, developing or subdividing real estate, and who maintain or are associated with an established real estate office in the state of California or a state contiguous thereto. All persons who are partners in a partnership, or all officers in a corporation, who are actively engaged in real estate profession within the state or a state contiguous thereto shall qualify for REALTOR Membership only, and each is required to hold REALTOR Membership (except as provided in the following paragraph) in a Board of REALTORS within the state or a state contiguous thereto unless otherwise qualified for Institute Affiliate membership as described in Section 1 (b) of Article IV.

In the case of a real estate firm, partnership, or corporation, whose business activity is substantially all commercial, only those principals actively engaged in the real estate business in connection with the same office, or any other offices within the jurisdiction of the Board 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 Section 1(b) of Article IV.

(2) Individuals who are engaged in the real estate profession other than as sole proprietors, partners, corporate officers, or branch office managers and are associated with a REALTOR Member and meet the qualifications set out in Article V.

(3) Franchise REALTOR Membership. Corporate officers (who may be licensed or unlicensed) of a real estate brokerage franchise organization with at least one hundred fifty (150) franchisees located within the United States, its insular possessions and the commonwealth of Puerto Rico, elected to membership pursuant to the provisions in the NAR Constitution and Bylaws. Such individuals shall enjoy all of the rights, privileges and obligations of REALTOR® membership (including compliance with the Code of Ethics) except: obligations related to board mandated education, meeting attendance, or indoctrination classes or other similar requirements; the right to use the term REALTOR® in connection with their franchise organization's name; and the right to hold elective office in the local board, state association and National Association.

(4) Primary and secondary REALTOR Members. An individual is a primary member if the Association pays state and National dues based on such Member. An individual is a secondary Member if state and National dues are remitted through another Board/Association. One of the principals in a real estate firm must be a Designated REALTOR member of the Association in order for licensees affiliated with the firm to select the Association as their "primary" Board/Association.

(5) Designated REALTOR Members. Each firm (or office in the case of firms with multiple office locations) shall designate in writing one REALTOR Member who shall be responsible for all duties and obligations of Membership including the obligation to arbitrate pursuant to Article 17 of the Code of Ethics and the payment of Association dues as established in Article X of the Bylaws. The "Designated REALTOR" must be a sole proprietor, partner, corporate officer or branch office manager acting on behalf of the firm's principal(s) and must meet all other qualifications for REALTOR Membership established in Article V, Section 2, of the Bylaws.

**(b) Institute Affiliate Members.** Institute Affiliate Members shall be individuals who hold a professional designation awarded by an 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 hold office. Any such individual, if otherwise eligible, may elect to hold REALTOR Membership, subject to payment of applicable dues for such membership.

**(c) Affiliate Members.** Affiliate Members shall be real estate owners and other individuals or firms who, while not engaged in the real estate profession as defined in paragraph (a) or (b) of this Section, have interests requiring information concerning real estate, and are in sympathy with the objectives of the Association.

Affiliate Membership shall also be granted to individuals licensed or certified to engage in real estate practice who, if otherwise eligible, do not elect to hold REALTOR membership in the Association, provided the applicant is engaged exclusively in a specialty of the real estate business other than brokerage of real property.

**(d) Public Service Members.** Public Service members shall be individuals who are interested in the real estate profession as employees of or affiliated with educational, public utility, governmental or other similar organizations, but are not engaged in the real estate profession on their own account or in association with an established real estate business.

**(e) Honorary Members.** Honorary Members shall be individuals not engaged in the real estate profession who have performed notable service for the real estate profession, for the Association, or for the public.

**(f) Student Members.** Student members shall be individuals who are seeking an undergraduate or graduate degree with a specialization or major in real estate at institutions of higher learning and who have completed at least two years of college and at least one college level course in real estate, but are not engaged in the real estate profession on their own account or not associated with an established real estate office.

## **ARTICLE V - QUALIFICATION AND ELECTION**

### **Section 1. Application.**

(a) An application for membership shall be made in such manner and form as may be prescribed by the Board of Directors and made available to anyone requesting it. The application form shall contain among the statements to be signed by the applicant (1) that applicant agrees as a condition to membership to thoroughly familiarize himself with the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS, the Constitutions, Bylaws, and Rules and Regulations of the Association, the State and National Associations, and, if elected a Member, will abide by the Constitution and Bylaws and the Rules and Regulations of the Association, the Constitution and Bylaws of the State Association, the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS, and if a REALTOR Member, will abide by the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS including the obligation to arbitrate controversies arising out of real estate transactions as specified by Article 17 of the Code of Ethics, and as further specified in the "Code of Ethics and Arbitration Manual" of the NATIONAL ASSOCIATION OF REALTORS, as from time to time amended, and (2) that applicant consents that the Association, through its Membership Committee or otherwise, may invite and receive information and comment about applicant from any Member or other persons, and that applicant agrees that any

information and comment furnished to the Association by any person in response to the invitation shall be conclusively deemed to be privileged and not form the basis of any action for slander, libel, or defamation of character. The applicant shall, with the form of application, have access to a copy of the Bylaws, Constitution, Rules and Regulations, and Code of Ethics referred to above.

## **Section 2. Qualification.**

(a) An applicant for REALTOR Membership who is a sole proprietor, partner, corporate officer, or branch office manager of a real estate firm shall supply evidence satisfactory to the Membership Committee or otherwise that he is actively engaged in the real estate profession, and maintains a current, valid real estate broker's or salesperson's license or is licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property, has a place of business within the state or a state contiguous thereto (unless a secondary member), has no record of official sanctions involving unprofessional conduct, has no recent or pending bankruptcy, has no record of official sanctions involving unprofessional conduct, agrees to complete a course of instruction covering the Bylaws and Rules and Regulations of the Association, the Bylaws of the State Association, and the Constitution and Bylaws and Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS, and shall pass such reasonable and nondiscriminatory written examinations thereon as may be required by the Committee, and shall agree that if elected to membership he will abide by such Constitution, Bylaws, Rules & Regulations, and Code of Ethics.

(b) Individuals who are actively engaged in the real estate profession other than as sole proprietors, partners, corporate officers, or branch managers, in order to qualify for REALTOR Membership, shall at the time of application be associated either as an employee or as an independent contractor with a Designated REALTOR Member of the Association or a Designated REALTOR Member of another Board/Association (if a secondary member), and must maintain a current, valid real estate broker's or salesperson's license or be licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property, shall complete a course of instruction covering the Bylaws and Rules and Regulations of the Association, the Bylaws of the State Association, and the Constitution and Bylaws and Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS, and shall pass such reasonable and nondiscriminatory written examinations thereon as may be required by the Membership Committee and shall agree in writing that if elected to membership he will abide by such Constitution, Bylaws, Rules and Regulations, and the Code of Ethics.

(c) The Association will also consider the following in determining an applicant's qualifications for REALTOR® membership:

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

"Provisional" membership may be granted 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). Associations may reconsider the membership status of such individuals when all pending ethics and arbitration matters (and related discipline) have been resolved or if such matters are not resolved within six months from the date that provisional membership is approved. Provisional members shall be considered REALTORS<sup>®</sup> and shall be subject to all of the same privileges and obligations of REALTOR<sup>®</sup> membership.

If a member resigns from another association with an ethics complaint or arbitration request pending, the association may condition membership on the applicant's certification that he/she will submit to the pending ethics or arbitration proceeding (in accordance with the established procedures of the association to which the applicant has made application) and will abide by the decision of the hearing panel.

### **Section 3. Election.**

The procedure for election to membership shall be as follows:

(a) Applicants for REALTOR<sup>®</sup> membership shall be granted provisional membership immediately upon submission of a completed application form and remittance of applicable Association dues and any application fee. Provisional members shall be considered REALTORS and shall be subject to all of the same privileges and obligations of membership. Provisional membership is granted subject to subsequent review of the application by the Board of Directors. If the Board of Directors determines that the individual does not meet all of the qualifications for membership as established in the Association's Bylaws, or, if the individual does not satisfy all of the requirements of membership (for example, completion of a mandatory orientation program) within one-hundred twenty (120) days from the Association's receipt of their application, membership may, at the discretion of the Board of Directors, be terminated.

(b) Dues shall be computed from the date of application and shall be non-refundable unless the Association's Board of

Directors terminates the individual's membership in accordance with subsection (a) above. In such instances, dues shall be returned to the individual less a prorated amount to cover the number of days that the individual received Association services and any application fee.

(c) The Board of Directors may not terminate any provisional membership without providing the provisional member with advance notice, an opportunity to appear before the Board of Directors, to call witnesses on his behalf, to be represented by counsel, and to make such statements as he deems relevant. The Board of Directors may also have counsel present. The Board of Directors shall require that written minutes be made of any hearing before it or may electronically or mechanically record the proceedings.

(d) If the Board of Directors determines that provisional membership should be terminated, it shall record its reasons with the Secretary. If the Board of Directors believes that termination of provisional membership may become the basis of litigation and a claim of damage by a provisional member, it may specify that termination shall become effective upon entry in a suit by the Association for a declaratory judgment by a court of competent jurisdiction of a final judgment declaring that the termination violates no rights of the individual.

#### **Section 4. New Member Code of Ethics Orientation.**

Applicants for REALTOR membership and provisional REALTOR members shall complete an orientation program on the Code of Ethics of not less than two hours and thirty minutes of instructional 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 year or less.

Failure to satisfy this requirement within one-hundred twenty (120) 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 5. Continuing Member Code of Ethics Training.**

Effective January 1, 2001, through December 31, 2004, and for successive four year periods thereafter, each REALTOR member of the Association shall be required to complete quadrennial ethics training of not less than two hours and thirty minutes 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 association, the State Association of REALTORS, the NATIONAL ASSOCIATION OF REALTORS, or any other recognized educational institution or provider which meets the learning objectives and minimum criteria established by the NATIONAL ASSOCIATION OF REALTORS

from time to time. REALTOR members who have completed training as a requirement of membership in another association and REALTOR members who have completed the New Member Code of Ethics Orientation during any four year cycle shall not be required to complete additional ethics training until a new four year cycle 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.

#### **Section 6. Status changes.**

(a) A REALTOR<sup>®</sup> who changes the conditions under which he holds membership shall be required to provide written notification to the Board within thirty (30) days. A REALTOR<sup>®</sup> (non-principal) who becomes a principal in the firm with which he has been licensed or, alternatively, becomes a principal in a new firm which will be comprised of REALTOR<sup>®</sup> principals may be required to satisfy any previously unsatisfied membership requirements applicable to REALTOR<sup>®</sup> (principal) Members but shall, during the period of transition from one status of membership to another, be subject to all of the privileges and obligations of a REALTOR<sup>®</sup> (principal). If the REALTOR<sup>®</sup> (non-principal) does not satisfy the requirements established in these Bylaws for the category of membership to which they have transferred within thirty (30) days of the date they advised the Association of their change in status, their new membership application will terminate automatically unless otherwise so directed by the Board of Directors.

A REALTOR<sup>®</sup> who is transferring their license from one firm comprised of REALTOR<sup>®</sup> principals to another firm comprised of REALTOR<sup>®</sup> principals shall be subject to all of the privileges and obligations of membership during the period of transition. If the transfer is not completed within thirty (30) days of the date the Association is advised of the disaffiliation with the current firm, membership will terminate automatically unless otherwise so directed by the Board of Directors.

(The Board of Directors, at its discretion, may waive any qualification which the applicant has already fulfilled in accordance with the Board's Bylaws.)

(b) 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.

(c) Dues shall be prorated from the first day of the monthly in which the member is notified of election by the Board of Directors and shall be based on the new membership status for the remainder of the year.

## **ARTICLE VI - PRIVILEGES AND OBLIGATIONS**

**Section 1.** The privileges and obligations of members, in addition to those otherwise provided in these Bylaws, shall be as specified in this Article.

**Section 2.** Any Member of the Association may be reprimanded, fined, placed on probation, suspended, or expelled by the Board of Directors for a violation of the Bylaws and Association Rules and Regulations consistent with the Bylaws, after a hearing as provided in the "Code of Ethics and Arbitration Manual" of the Association. Although Members other than REALTORS Members are not subject to the Code of Ethics nor its enforcement by the Association, such Members are encouraged to abide by the principles established in the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® and conduct their business and professional practices accordingly. Further, Members other than REALTORS may, upon recommendation of the Membership Committee, or upon recommendation by a hearing panel of the Professional Standards Committee, be subject to discipline as described above, for any conduct which in the opinion of the Board of Directors, applied on a nondiscriminatory basis reflects adversely on the terms REALTOR, REALTORS, and the real estate industry, or for conduct that is inconsistent with or adverse to the objectives and purposes of the local Association, the State Association, and the NATIONAL ASSOCIATION OF REALTORS.

**Section 3.** Any REALTOR Members of the Association 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 Code of Ethics and Arbitration Manual of the Association, provided that the discipline imposed is consistent with the discipline authorized by the Professional Standards Committee of the NATIONAL ASSOCIATION OF REALTORS® as set forth in the Code of Ethics and Arbitration Manual of the National Association.

**Section 4.** 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 Association for dues, fees, fines, or other assessments of the Association or any of its services, departments, divisions, or subsidiaries, the Association may condition the right of the resigning Member to reapply for membership upon payment in full of all such monies owed.

**Section 5.** If a Member resigns from the Association or otherwise causes membership to terminate with an ethics complaint pending, that Board of Directors may condition the right of the resigning Member to reapply for membership upon the applicant's certification that he/she will submit to the pending ethics proceeding and will abide by the decision of the hearing panel.

(a) 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 REALTOR®.

**Section 6. REALTOR® Members.** REALTOR® Members, whether primary or secondary, in good standing whose financial obligations to the Association are paid in full shall be entitled to vote and to hold elective office in the Association; may use the terms REALTOR® and REALTORS®, which use shall be subject to the provisions of Article VIII; and have the primary responsibility to safeguard and promote the standards, interests, and welfare of the Association and the real estate profession.

(a) If a REALTOR member is a sole proprietor in a firm, a partner in a partnership, or an officer of a corporation, and is suspended or expelled, the firm, partnership, or corporation shall not use the terms REALTOR or REALTORS in connection with its business during the period of suspension, or until readmission to REALTOR Membership, or unless connection with the firm, partnership, or corporation is severed, or management control is relinquished, whichever may apply. The membership of all other principals, partners, or corporate officers shall suspend or terminate during the period of suspension of the disciplined Member, or until readmission of the disciplined Member, or unless connection of the disciplined Member with the firm, partnership, or corporation is severed, or unless the REALTOR who is suspended or expelled removes himself from any form or degree of management control of the firm for the term of the suspension or until readmission to membership, whichever may apply. Removal of an individual from any form or degree of management control must be certified to the Association by the Member who is being suspended or expelled and by the individual who is assuming management control, and the signatures of such certification must be notarized. In the event the suspended or expelled Member is so certified to have relinquished all form or degree of management control of the firm, the membership of other partners, corporate officers, or other individuals affiliated with the firm shall not be

affected, and the firm, partnership or corporation may continue to use the terms REALTOR and REALTORS in connection with its business during the period of suspension or until the former Member is readmitted to membership in the Association. The foregoing is not intended to preclude a suspended or expelled Member from functioning as an employee or independent contractor, providing no management control is exercised. Further, the membership of REALTORS other than principals who are employed by or affiliated as independent contractors with the disciplined Member shall suspend or terminate during the period of suspension of the disciplined Member or until readmission of the disciplined Member, or unless connection of the disciplined Member with the firm, partnership, or corporation is severed, or management control is relinquished, or unless the REALTOR<sup>®</sup> Member (non-principal) elects to sever his connection with the REALTOR<sup>®</sup> and affiliate with another REALTOR<sup>®</sup> Member in good standing in the Association, whichever may apply.

If a REALTOR Member other than a sole proprietor in a firm, partner in a partnership, or an officer of a corporation is suspended or expelled, the use of the terms REALTOR or REALTORS by the firm, partnership, or corporation shall not be affected.

(b) In any action taken against a REALTOR<sup>®</sup> Member for suspension or expulsion under Section 6(a) hereof, notice of such action shall be given to all REALTORS<sup>®</sup> employed by or affiliated as independent contractors with such REALTOR<sup>®</sup> Member and they shall be advised that the provisions in Article VI, Section 6(a) shall apply.

**Section 7. Institute Affiliate Members.** Institute Affiliate Members shall have rights and privileges and be subject to obligations prescribed by the Board of Directors consistent with the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS<sup>®</sup>.

**Section 8. Affiliate Members.** Affiliate Members shall have rights and privileges and be subject to obligations prescribed by the Board of Directors.

**Section 9. Public Service Members.** Public Service Members shall have rights and privileges and be subject to obligations prescribed by the Board of Directors.

**Section 10. Honorary Members.** Honorary Membership shall confer only the right to attend meetings and participate in discussions.

**Section 11. Student Members.** Student Members shall have rights and privileges and be subject to obligations prescribed by the Board of Directors.

**Section 12. Certification of REALTOR<sup>®</sup>** Designated REALTOR Members of the Association shall certify to the Association during

the month of January, on a form provided by the Association, a complete listing of all individuals licensed or certified in the REALTOR'S office(s) and shall designate a primary board for each individual who holds membership. Designated REALTORS shall also identify any non-member licensees in the REALTOR's office(s) and if Designated REALTOR Dues have been paid to another board based on said non-member licensees, the Designated REALTOR shall identify the Board to which dues have been remitted. These declarations shall be used for purposes of calculating dues under Article X, Section 2(a) of the Bylaws. Designated REALTOR Members shall also notify the Association of any additional individual(s) licensed or certified with the firm(s) within thirty (30) days of the date of affiliation or severance of the individual.

#### **ARTICLE VII - PROFESSIONAL STANDARDS AND ARBITRATION**

**Section 1.** The responsibility of the Association and of Association members relating to the enforcement of the Code of Ethics, the disciplining of Members, and the arbitration of disputes, and the organization and procedures incident thereto shall be governed by the Code of Ethics and Arbitration Manual of the Association, as from time to time amended, which by this reference is made a part of these Bylaws.

**Section 2.** It shall be the duty and responsibility of every REALTOR Member of the Association to abide by the Constitution and Bylaws and the Rules and Regulations of the Association, the Constitution and Bylaws of the State Association, the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS, and to abide by the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS, 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 Association of REALTORS Code of Ethics and Arbitration Manual as adopted by this Association as from time to time amended.

**Section 3.** The Association and Association members are also responsible for the enforcement of the Code of Ethics, the disciplining of members, the arbitration of disputes, and the organization and procedures incident thereto, consistent with the cooperative professional standards enforcement agreement(s) entered into by the Association, which by this reference is made a part of these Bylaws.

#### **ARTICLE VIII - USE OF THE TERMS REALTOR AND REALTORS**

**Section 1.** Use of the terms REALTOR or REALTORS by members shall, at all times be subject to the provisions of the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS and to the rules and regulations prescribed by its Board of Directors. The Association shall have the authority to control, jointly and in full cooperation with the NATIONAL ASSOCIATION OF REALTORS, 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.** REALTOR Members of the Association shall have the privilege of using the terms REALTOR or REALTORS in connection with their places of business within the state or state contiguous thereto so long as they remain REALTOR Members in good standing. No other class of members shall have this privilege.

**Section 3.** A REALTOR Member who is a principal of a real estate firm, partnership, or corporation may use the terms REALTOR or REALTORS only if all the principals of such firm, partnership, or corporation, who are actively engaged in the real estate profession within the state or a state contiguous thereto are REALTOR Members of the Association or Institute Affiliate Members as described in Section 1(b) of Article IV.

(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 shall not use the terms REALTOR or REALTORS nor the imprint of the emblem seal of the NATIONAL ASSOCIATION OF REALTORS.

#### **ARTICLE IX - STATE AND NATIONAL MEMBERSHIPS**

**Section 1.** The Association shall be a member of the NATIONAL ASSOCIATION OF REALTORS and of the California Association of REALTORS. By reason of the Association's membership, each REALTOR Member of the member board shall be entitled to membership in the NATIONAL ASSOCIATION OF REALTORS and the California Association of REALTORS, without further payment of dues. The Association shall continue as a member of the State and National Associations, unless by a majority vote of all of its REALTOR Members, decision is made to withdraw, in which case the State and National Associations shall be notified at least one month in advance of the date designated for the termination of such membership.

**Section 2.** The Association recognizes the exclusive property rights of the NATIONAL ASSOCIATION OF REALTORS in the terms

REALTOR or REALTORS. The Association shall discontinue use of the terms in any form in its name, upon ceasing to be a Member of the National Association, or upon a determination by the Board of Directors of the National Association that it has violated the conditions imposed upon the terms.

**Section 3.** The Association adopts the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS and agrees to enforce the code among its REALTOR Members. The Association and all of its Members agree to abide by the Constitution, Bylaws, Rules and Regulations, and policies of the National Association and the California Association of REALTORS.

#### **ARTICLE X - DUES AND ASSESSMENTS**

**Section 1. Application Fee.** The Board of Directors may adopt an application fee for REALTOR Membership in a reasonable amount, not exceeding three (3) times the amount of the annual dues for REALTOR membership, which shall be required to accompany each application for REALTOR membership and which shall become the property of the Association upon final approval of the application.

**Section 2. Dues.** The annual dues of members shall be as follows:

(a) **REALTOR Members.** The annual dues of each Designated REALTOR Member shall be in such amount as established annually by the Board of Directors, plus an additional amount to be established annually by the Board of Directors times the number of real estate salespersons and licensed or certified appraisers employed by or affiliated as independent contractors, or who are otherwise directly or indirectly licensed with such REALTOR member and are not REALTOR members of any board in the state or a state contiguous thereto or Institute Affiliate Members of the Association. In calculating the dues payable to the Association by a Designated REALTOR Member, non-member licensees as defined in Section 2 (a) (1) and (2) of this Article shall not be included in the computation of dues if the Designated REALTOR has paid dues based on said non-member licensees in another board in the state, or a state contiguous thereto, provided the Designated REALTOR notifies the board in writing of the identity of the board to which dues have been remitted. 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 (1) and (2) of this paragraph) in the office where the Designated REALTOR holds membership, and any other offices of the firm located within the jurisdiction of this board.

(1) For the purpose of this Section, a REALTOR Member of a Member Board shall be held to be any Member who has a place or

places of business within the state or a state contiguous thereto and who, as a principal, partner, corporate officer or branch office manager of a real estate firm, partnership or corporation, is actively engaged in the real estate profession as defined in Article III, Section 1, of the Constitution of the NATIONAL ASSOCIATION OF REALTORS. An individual shall be deemed to be licensed with a REALTOR if the license of the individual is held by a REALTOR or by any broker who is licensed with the REALTOR® or by any entity in which the REALTOR has a direct or indirect ownership interest and which is engaged in other aspects of the real estate business (except as provided for in Section 2(a) (1) hereof) provided that such licensee is not otherwise included in the computation of dues payable by the principal, partner, or corporate officer or branch office manager of the entity.

A REALTOR with a direct or indirect ownership interest in any 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, counseling or appraising real property. The individuals disclosed on such form shall not be deemed to be licensed with the REALTOR filing the form for purposes of this Section 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 membership in the association. However, membership dues shall not be prorated if the licensee held REALTOR membership during the preceding calendar year.

(b) **REALTOR Members.** The annual dues of REALTOR Members other than the Designated REALTOR shall be as established annually by the Board of Directors.

(c) **Institute Affiliate Members.** The annual dues of each Institute Affiliate Member shall be as established in Article II of the National Association's Bylaws for REALTOR Members.

(d) **Affiliate Members.** The annual dues of each Affiliate Member shall be in such amount as established annually by the Board of Directors.

(e) **Public Service Members.** The annual dues of each Public Service Member shall be in such amount as established annually by the Board of Directors.

(f) **Honorary Members.** Dues payable, if any, shall be at

the discretion of the Board of Directors.

(g) **Student Members.** Dues payable, if any, shall be at the discretion of the Board of Directors.

**Section 3. Dues Payable.** State and National dues for all members shall be payable annually in advance on the first day of January. Dues for new members shall be computed from the first day of the month in which the member applies for and is granted provisional membership. National dues shall be computed from the date of application and granting of provisional membership.

(a) In the event a sales licensee or licensed or certified appraiser who holds REALTOR membership is dropped for non-payment of Association dues, and the licensee remains with the designated REALTOR's firm, the dues obligation of the "designated" REALTOR (as set forth in Article X, Section 2 a) 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 30 days of the notice of termination.

**Section 4. Non-Payment of Financial Obligations.** If dues, fees, fines, or other assessments including amounts owed to the Association or the Association's Multiple Listing Service are not paid within one (1) month after the due date, the nonpaying Member is subject to suspension at the discretion of the Board of directors. Two (2) months after the due date, membership of the nonpaying Member may be terminated at the discretion of the Board of Directors. Three (3) months after the due date, membership of the nonpaying Member shall automatically terminate unless within that time the amount due is paid. However, no action shall be taken to suspend or expel a Member for nonpayment of disputed amounts until the accuracy of the amount owed has been confirmed by the Board of Directors. A former Member who has had his 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 Association or any of its services, departments, divisions or subsidiaries may apply for reinstatement in a manner prescribed for new applicants for membership, after making payment in full of all accounts due as of the date of termination.

**Section 5. Deposits and Expenditures.** Deposits and expenditures of funds shall be in accordance with policies established by the Board of Directors.

**Section 6. Notice of Dues, Fees, Fines, Assessments, and Other Financial Obligations of Members.** All dues, fees, fines, assessments, or other financial obligations to the Association or Association Multiple Listing Service shall be noticed to the delinquent Association Member in writing setting forth the amount owed and due date.

**Section 7.** The dues of REALTOR Members who are REALTOR Emeriti (as recognized by the National Association), Past Presidents of the National Association or recipients of the Distinguished Service Award shall be as determined by the Board of Directors.

## **ARTICLE XI - OFFICERS AND DIRECTORS**

**Section 1. Officers.** The elective officers of the Association shall be: a President, President-Elect, a Vice President, a Secretary and a Treasurer. The Secretary and Treasurer shall be the same person. 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 (1) year, except the Secretary-Treasurer, who shall serve a two (2) year term, from January through December. No person shall hold more than one office at the same time. The Executive Officer is the chief staff person of the Association, but is not an officer or member of the Board of Directors.

**Section 2. Duties of Officers.** The 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 particular duty of the Executive Officer to keep the records of the Association and to carry on all necessary correspondence with the NATIONAL ASSOCIATION OF REALTORS and the California Association of REALTORS.

**Section 3. Board of Directors.** The governing body of the Association shall be a Board of Directors consisting of the President, the President-Elect, the Vice President, the Secretary-Treasurer, and five (5) REALTOR members of the Association. Of the five (5) REALTOR members of the Board of Directors, one member shall be the Immediate Past President of the Association and one member shall be the Chairperson of the Multiple Listing Service, each of whom shall serve one-year terms. Three (3) members shall be elected from the membership at large and shall serve three (3) year, rotating terms, with one (1) Director being replaced each year.

An Executive Officer, employed by the Board of Directors, shall be the Administrative Officer of the Association, performing all duties attendant with that office. The person, so selected, shall not be actively engaged in the real estate business.

President-Elect and Vice President shall be so designated for the purpose of representing the Association in an official capacity.

(a) President shall be a REALTOR Member with a minimum of two (2) years experience as an elected member of the Board of Directors.

(b) President-Elect shall be a REALTOR Member with a

minimum of one (1) year experience as an elected member of the Board of Directors.

**Section 4. Election of Officers and Directors.**

(a) At least two (2) months before the annual election, a Nominating Committee of five (5) REALTOR Members shall be appointed by the President with the approval of the Board of Directors. The Nominating Committee shall select one candidate for each office and one candidate for each place to be filled on the Board of Directors.

The report of the Nominating Committee shall be mailed or where permitted by state law, electronically transmitted to each Member eligible to vote at least three (3) weeks preceding the election. Additional candidates for the offices to be filled may be placed in nomination by petition signed by at least ten percent (10%) of the REALTOR Members eligible to vote. The petition shall be filed with the Executive Officer at least two (2) weeks before the election. The Executive Officer shall send notice of such additional nominations to all Members eligible to vote before the election.

(b) The election of officers and directors shall take place at the June meeting. Election shall be by ballot, if there is a contest for offices. The ballot shall contain the names of all candidates and the offices for which they are nominated. The winner shall be the candidate receiving the highest number of votes. In case of a tie vote, the issue shall be determined by lot. If there are no additions by petition, or nominations from the floor at the May meeting, election may be by voice vote at the June Meeting.

(c) The President, with the approval of the Board of Directors, shall appoint an election committee of three (3) REALTOR Members to conduct the election. In case of a tie vote, the issue shall be determined by lot.

(e) Any questions concerning election procedures which are not specifically herein covered, shall be determined by the Board of Directors consistent with the California Elections Code and cases interpreting said Code.

**Section 5.** Vacancies among the Officers and the Board of Directors shall be filled by a simple majority vote of the Board of Directors until the next annual election. 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 6. 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:

(a) 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.

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

(c) The special meeting shall be noticed to all voting Members at least ten (10) days prior to the meeting, and shall be conducted by the President of the Board 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 of the hearing by the Members. Provided a quorum is present, a three-fourths vote of Members present and voting shall be required for removal from office.

## **ARTICLE XII - MEETINGS**

**Section 1. Annual Meetings.** The Annual Meeting of the Association shall be held during December of each year, and shall be the meeting where the new officers are installed; the date, place and hour to be designated by the Board of Directors.

**Section 2. Meeting of Directors.** The Board of Directors shall designate a regular time and place of meetings. Absence from three (3) 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 such other times as the President or the Board of Directors may determine, or upon the written request of at least ten percent of the REALTOR Members.

**Section 4. Notice of Meetings.** Written notice shall be given to every member entitled to participate in the meeting at least one (1) week preceding all meetings. If a special meeting, it shall be accompanied by a statement of the purpose of the meeting.

**Section 5. Quorum.** A quorum for the transaction of Business shall consist of forty (40) of the REALTOR members.

**Section 6. Electronic Transaction of Business.** To the fullest extent permitted by law, the Board of Directors or membership may conduct business by electronic means.

**Section 7. Action Without Meeting.** Unless specifically

prohibited by the articles of incorporation, any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors. The consent shall be evidenced by one or more written approvals, each of which sets forth the action taken and bears the signature of one or more Directors. All the approvals evidencing the consent shall be delivered to the Executive Officer to be filed in the corporate records. The action taken shall be effective when all the Directors have approved the consent unless the consent specifies a different effective date.

### **ARTICLE XIII - COMMITTEES**

**Section 1. Standing Committees.** The President shall appoint a Chairperson, who shall select the committee members from among the REALTOR Members, subject to confirmation by the Board of Directors, the following standing committees:

Education	*Multiple Listing Service	*Finance/Long Range Planning
Legislative-REALTORS Active in Politics	Bylaws	Orientation/ Membership
Communications-Public Relations	Professional** Standards	Grievance**
Equal Opportunity-H.U.D.		

\*MLS Chairperson is an elected position. Refer to Article XVIII-Multiple Listing, Section 5.

\*Finance Committee Chairperson shall have served at least one (1) year on the Finance Committee, prior to being selected as Chairperson. Long Range Planning shall be a sub-committee, with a separate chairperson selected by the Finance Chairperson, within the Finance/Long Range Planning Committee.

\*\*Appointments to the Professional Standards Committee and Grievance Committee shall be consistent with the cooperative professional standards enforcement agreement of the Association.

**Section 2. Special Committees.** The President shall appoint, subject to confirmation by the Board of Directors, such special committees as he may deem necessary.

**Section 3. Organization.** All committees shall be of such size and shall have such duties, functions and powers as may be assigned to them by the President or the Board of Directors, except as otherwise provided in these Bylaws.

**Section 4. President and President-Elect.** The President and President-Elect shall be ex-officio members of all standing committees and shall be notified of their meetings.

**Section 5. Action Without Meeting.** Any committee may act by unanimous consent in writing without a meeting. The consent shall be evidenced by one or more written approvals, each of which sets forth the action taken and bears the signature of one or more of the members of the committee.

**Section 6. Attendance by Telephone.** Members of a committee may participate in any meeting through the use of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Such participation shall be at the discretion of the President and shall constitute presence at the meeting.

#### **ARTICLE XIV - FISCAL AND ELECTIVE YEAR**

**Section 1.** The fiscal and elective year of the Association shall be the calendar year.

#### **ARTICLE XV - RULES OF ORDER**

**Section 1.** Robert's Rules of Order, latest edition, shall be recognized as the authority governing the meetings of the Association, its Board of Directors and committees, in all instances wherein its provisions do not conflict with these Bylaws.

#### **ARTICLE XVI - AMENDMENTS**

**Section 1.** These Bylaws may be amended by a majority vote of the voting 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, except that 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.

**Section 2.** Notice of all meetings at which such amendments are to be considered shall be mailed to every member eligible to vote at least one (1) week prior to the meeting.

**Section 3.** Amendments to these Bylaws affecting the admission or qualification of REALTOR and Institute Affiliate Members, the use of the terms REALTOR or REALTORS, or any alteration in the territorial jurisdiction of the Association shall become effective upon their approval by the Board of Directors of the NATIONAL ASSOCIATION OF REALTORS.

## **ARTICLE XVII - DISSOLUTION**

**Section 1.** Upon the dissolution or winding up of the affairs of this Association, the Board of Directors, after providing for the payment of all obligations, shall distribute any remaining assets to the California Association of REALTORS, or within its discretion, to any other non-profit tax exempt organization.

## **ARTICLE XVIII - MULTIPLE LISTING**

**Section 1. Authority.** The Association of REALTORS shall maintain for the use of its members a Multiple Listing Service, which shall be subject to the Bylaws of the Association of REALTORS and such Rules and Regulations as may be hereinafter adopted.

**Section 2. Purpose.** A Multiple Listing Service a means by which authorized Participants make blanket unilateral offers of compensation to other Participants (acting as subagents, buyer agents, or in other agency or non-agency capacities defined by law); by which cooperation among participants is enhanced; by which information is accumulated and disseminated to enable authorized Participants to prepare appraisals, analyses, and other valuations of real property for bona fide clients and customers; by databases; and is a facility for the orderly correlation and dissemination of listing information so participants may better serve their clients and the public. Entitlement to compensation is determined by the cooperating broker's performance as a procuring cause of the sale (or lease).

**Section 3. Participation.** Initial Participation. Any individual is eligible to participate in the Service upon meeting all the following requirements:

3.1 The individual, or corporation for which the individual acts as a broker/officer, holds a valid California real estate broker's license or is a licensed or certified appraiser; and

3.2 The individual is a principal, partner, corporate officer, or branch office manager acting on behalf of a principal; and

3.3 The individual or corporation for which the individual acts as an MLS Participant and offers or accepts compensation to and from other participants.

NOTE: Mere possession of a broker's license is not sufficient to qualify for MLS participation. Rather, the requirement that an individual or firm 'offers or accepts cooperation and

compensation' means that the Participant actively endeavors during the operation of its real estate business to list real property of the type listed on the MLS and/or to accept offers of cooperation and compensation made by listing brokers or agents in the MLS. "Actively" means on a continual and on-going basis during the operation of the Participant's real estate business. The "actively" requirement is not intended to preclude MLS participation by a Participant or potential Participant that operates a real estate business on a part time, seasonal, or similarly time-limited basis or that has its business interrupted by periods of relative inactivity occasioned by market conditions. Similarly, the requirement is not intended to deny MLS participation to a Participant or potential Participant who has not achieved a minimum number of transactions despite good faith efforts. Nor is it intended to permit an MLS to deny participation based on the level of service provided by the Participant or potential Participant as long as the level of service satisfies state law.

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

3.4 The individual signs a written agreement to abide by the Rules and Regulation of the Service

in force at that time and as from time to time amended; and

3.5 Payment of the applicable fees.

**Section 4. Supervision.** The activity shall be operated under the supervision of the Multiple Listing Service Committee, in accordance with the Rules and Regulations, subject to the approval of the Board of Directors of the Association of REALTORS®.

**Section 5.** A Multiple Listing Service Committee Chairperson shall be elected by participants (principals, partners, corporate officers or branch office managers) in good standing of the Multiple Listing Service and REALTORS affiliated with participants. At the April meeting of the MLS Committee, the Committee shall nominate one candidate, preferably from, but not limited to, members of the current committee. Additional candidates may qualify by petition, with signatures of ten percent (10%) of the MLS participants (principals, partners, corporate officers or branch office managers), and submitted to the current Chairperson of MLS at the first Tuesday meeting in May, at this time nominations may also be made from the floor.

The election shall take place on the second Tuesday meeting in May. Election shall be by ballot, if there is a contest for office. The winner shall be the candidate receiving the highest number of votes.

In case of a tie vote, the issue shall be determined by lot. If there are no additions by petition, or nomination from the floor, election may be by voice vote. Chairperson, so elected, shall be confirmed by the Board of Directors. Said Chairperson shall select a committee of at least six (6) participants (principals, partners, corporate officers or branch office managers) of the Multiple Listing Service, prior to installation of the officers of the Association. These committee members are to be approved by the Board of Directors and their terms will run concurrently with the elected officers and directors-at-large of the Association for one year terms. Members may be reappointed with appointee consent. The MLS Chairperson shall serve as a Director on the Board of Directors.

**Section 6.** Vacancies in unexpired terms shall be filled as in the case of original appointees.

**Section 7. Attendance.** Any Committee member who fails to attend three (3) consecutive regular or special meetings of the Committee, without excuse acceptable to the Chairperson of the Committee, shall be deemed to have resigned from the Committee and the vacancy shall be filled as herein provided for original appointees.

**Section 8. ACCESS TO COMPARABLE AND STATISTICAL INFORMATION:** Association Members who are actively engaged in real

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

**Section 9. Subscribers.** Subscribers (or users) of the MLS include non-principal brokers, sales associates, and licensed and certified appraisers affiliated with Participants.

**NOTE:** For MLS Rules & Regulations, see attached pages.

#### **ARTICLE XIX - RIGHT TO INDEMNIFY**

To the fullest extent permitted by law, this corporation shall indemnify its Directors, Officers, Employees, and other persons described in Section 9246(a) of the California Corporations Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding" as that term is used in that Section and including an action by or in the right of the corporation, by reason of the fact that the person is or was a person described in that Section. "Expenses" as used in this bylaw shall have the same meaning as in Section 9246(a) of the California Corporations Code.

