

**BYLAWS OF THE
SEQUIM ASSOCIATION OF REALTORS[®] INC.**
(Revised July 2018/Certified 2020)

ARTICLE I - NAME

Section 1. Name. The name of this organization shall be the Sequim Association of REALTORS[®], Incorporated, hereinafter 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 the 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 interest may be safeguarded and advanced.

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

Section 5. To unite those engaged in the real estate profession in this community with the Washington 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[□] is: Clallam County East of Sieberts Creek.

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 rights of the National Association in the terms.

ARTICLE IV - MEMBERSHIP

Section 1. There shall be seven 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 Washington or a state contiguous thereto. All persons who are partners in a partnership, or all officers in a corporation who are actively engaged in the 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/Association 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. (Amended 1/01)

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. (Amended 1/01)

NOTE: REALTOR Members may obtain membership in a "secondary" Board/Association in another state.

(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/association 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/association, 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 principles 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[®] or REALTOR-ASSOCIATE[®] 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 paragraphs (a) or (b) of this Section, have interests requiring information concerning real estate, and are in sympathy with the objectives of the Association.

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.

(g) Life Members. Life Members shall be REALTOR[®] members who have been recognized by the Board of Directors of the Sequim Association of REALTORS[®] as individuals who have fulfilled long and distinguished membership in the association for a minimum of twenty (20) years, and have met the requirements as set forth from time to time by the Board of Directors.

Privileges of 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 hold elective office in the association; may use the terms REALTOR[®] and REALTORS[®]; and have the primary responsibility to safeguard and promote the standards, interests, and welfare of the association and the real estate profession.

Obligation of REALTOR[®] Members

It shall be the duty and responsibility of every REALTOR[®] member of this 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[®], 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 Code of Ethics and Arbitration Manual of this association, as from time to time amended.

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 Constitutions and Bylaws and Rules and Regulations of the Association, State and National Associations, 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 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 recent or pending bankruptcy, has no record of official sanctions involving unprofessional conduct, and 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 examination thereon as may be required by the Committee, and shall agree that if elected to membership, he will abide by such Constitution, Bylaws, Rules and Regulations, and Code of Ethics. (*)

(*) NO RECENT OR PENDING BANKRUPTCY is intended to mean that the applicant or any real estate firm in which the applicant is a sole proprietor, general partner, or corporate officer, or branch office manager is not involved in any pending bankruptcy or insolvency proceedings or, has not been adjudged bankrupt in the past three (3) years. If a bankruptcy proceeding as described above exists, membership may not be rejected unless the Association establishes that its interests and those of its members and the public could not be adequately protected by requiring that the bankrupt applicant pay cash in advance for Association and MLS fees for up to one (1) year from the date that membership is approved or from the date that the applicant is discharged from bankruptcy (whichever is later). In the event that an existing member initiates bankruptcy proceedings, the member may be placed on a "cash basis" from the date that bankruptcy is initiated until one (1) year from the date that the member has been discharged from bankruptcy.

NO RECORD OF OFFICIAL SANCTIONS INVOLVING UNPROFESSIONAL CONDUCT is intended to mean that the Association may only consider judgments within the past three (3) years of violations of (1) civil rights laws; (2) real estate license laws; (3) or other laws prohibiting unprofessional conduct against the applicant rendered by the courts or other lawful authorities.

- (b) Individuals who are actively engaged in the real estate profession other than as sole proprietors,

partners, corporate officers, or branch office 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 (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 will abide by such Constitution, Bylaws, and Rules and Regulations, and the Code of Ethics.

Section 3. Election.

The procedure for election to membership shall be as follows:

- (a) The Membership Committee shall determine whether the applicant is applying for the appropriate class of membership. It shall then give oral notice to the REALTOR[□] Members of such application and invite written comment. If one or more of the REALTOR[□] Members object to the approval of the application, basing such objection on lack of qualification as set forth in these Bylaws, the Committee shall invite any objecting Member to appear and substantiate his objections. Objections which are not substantiated shall be totally disregarded. The Committee may not find objections substantiated without (1) informing the applicant in advance, in writing, of the objections and identifying the objecting Member, and (2) giving the applicant a full opportunity to appear before the Committee and establish his qualifications. The Committee shall thereafter make a written report of its findings. The Membership Committee shall conduct all proceedings with strict attention to the principles of due process and compliance with the Bylaws of the Association.
- (b) Thereafter, within thirty (30) days, the Membership Committee shall report its recommendation to the Board of Directors in writing. If the recommendation is adverse to the approval of the application, the reasons shall be specifically stated. If any member of the Membership Committee submits a dissenting recommendation, it shall also be reported to the Board of Directors.
- (c) The Board of Directors shall review the qualifications of the applicant and the recommendations of the Committee and then vote on the applicant's eligibility for membership. If the applicant receives a majority vote of the Board of Directors, he shall be declared elected to membership and shall be so advised by written notice.
- (d) The Board of Directors may not reject an application without providing the applicant with advance notice of the findings and recommendations of the Membership Committee, 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.
- (e) If the Board of Directors determines that the application should be rejected, it shall record its reasons

with the Secretary. 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 Association for a declaratory judgment by a court of competent jurisdiction of a final judgment declaring that the rejection violates no rights of the applicant.

Section 4. Status Changes.

(a) A REALTOR[□] who changes the conditions under which he holds membership shall be required to provide written notification to the Association within thirty (30) days. A REALTOR[□] (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[□] principals may be required to satisfy any previously unsatisfied membership requirements applicable to REALTOR[□] (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[□] (principal). If the REALTOR[□] (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[□] who is transferring their license from one firm comprised of REALTOR[□] principals to another firm comprised of REALTOR[□] principals shall be subject to all of the privileges and obligations of membership during the period of transition. If the transfer is not completed within fourteen (14) days of the date the Board is advised of the disaffiliation with the current firm, membership will terminate automatically unless otherwise so directed by the Board of Directors.

NOTE: The Board of Directors, at its discretion, may waive any qualification which the applicant has already fulfilled in accordance with the Association'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 quarter 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.

Section 5. New member Code of Ethics orientation.

Applicants for REALTOR[□] membership and provisional REALTOR[□] members (where applicable) shall complete an orientation program on the Code of Ethics of not less than two hours and thirty minutes of instructional time. 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 sixty (60) days of the date of application will result in denial of the membership application or termination of provisional membership.

Note: Orientation programs must meet the learning objectives and minimum criteria established from time to time by the NATIONAL ASSOCIATION OF REALTORS[□].

Section 6. Continuing member Code of Ethics training.

Effective January 1, 2019, through December 31, 2021, and for successive three (3) 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 ethics training of not less than two (2) hours and thirty (30) 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 REALTOR® association, the State Association of REALTORS[□], the NATIONAL ASSOCIATION OF REALTORS[□], 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 three (3) year cycle shall not be required to complete additional ethics training until a new three (3) year cycle commences.

Failure to satisfy the required periodic ethics training shall be considered a violation of a membership duty.

Failure to meet the requirement in any three (3) year cycle will result in suspension of membership for the first two (2) months (January and February) of the year following the end of any three (3) year cycle or until the requirement is met, whichever occurs sooner. On March 1st of that same year, the membership of a member who is still suspended as of that date will be automatically terminated.

Enforcement of the Code

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 NATIONAL ASSOCIATION OF REALTORS®. AS amended from time to time, which I by this provision deemed inconsistent with state law shall be deleted or amended to comply with state law.

ARTICLE VI - PRIVILEGES AND OBLIGATIONS

Section 1. The privileges and obligations of Members, in addition to those otherwise provided in these Bylaws shall be 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 these Bylaws and Association Rules and Regulations consistent with these Bylaws, after a hearing as provided in the Code of Ethics and Arbitration Manual of the Association. Although Members other than REALTORS[□] are not subject to the Code of Ethics nor its enforcement by the Association, such Members are encourage 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[□] or 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[□] Member 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. Resignation 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 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 in 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, 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, whichever may apply. 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 until connection of the disciplined Member with the firm, partnership, or corporation is severed, or unless the REALTOR[□] Member (non-principal) elects to sever his connection with the REALTOR[□] and affiliate with another REALTOR[□] Member in good standing in the Association, whichever may apply. If a REALTOR[□] Member who is other than a principal in a firm, partnership, or 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[□] Member for suspension or expulsion under Section 6 (a) hereof, 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 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[□].

Note: Local associations establish the rights and privileges to be conferred on Institute Affiliate Members except that no Institute Affiliate Member may be granted the right to use the term REALTOR[□], REALTOR-ASSOCIATE[□], or the REALTOR[□] logo, to serve as President of the local association; or to be a Participant in the local association's Multiple Listing Service.

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 by REALTOR[□]. "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 REALTORS[□]'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 fifteen (15) 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 NATIONAL ASSOCIATION OF REALTORS[□], as amended from time to time, which is by this reference incorporated into these Bylaws, provided, however, that any provision deemed inconsistent with state law shall be deleted or amended to comply with state law.

Section 2. It shall be the duty and responsibility of every REALTOR[□] Member of this 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 Code of Ethics and Arbitration Manual of this Association as from time to time amended.

Section 3. The Board and Board 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 entered into by the Board, which by this reference is made a part of these Bylaws.

ARTICLE VIII - USE OF THE TERMS REALTOR® AND 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.

Section 1. Use of the terms REALTOR[□] and 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 membership duty and may subject members to disciplinary action by the board of directors after a hearing as provided for in the association's Code of Ethics and Arbitration Manual.

Section 2. REALTOR[□] Members of the Association shall have the privilege of using the terms REALTOR[□] and REALTORS[□] in connection with their places of business within the state 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. 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 the state or a state contiguous thereto are REALTOR[□] Members of the Board or Institute Affiliate Members as described in Section 1 (b) of Article IV.

(a) In the case of a REALTOR® member who is a principle of the 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, or 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. (Amended 1/01)

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 the Washington Association of REALTORS[□]. By reason of the Association's Membership, each REALTOR[□] Member of the Member Association shall be entitled to membership in the NATIONAL ASSOCIATION OF REALTORS[□] and the Washington 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[□] and 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 Washington 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 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) Designated 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 who (1) are employed by or affiliated as independent contractors, or who are otherwise directly or indirectly licensed with such REALTOR[□] Member, and (2) are not REALTOR[□] Members of any Board in the state or a state contiguous thereto or Institute Affiliate Members of the Board. In calculating the dues payable to the Association by a designated 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 Association 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.
(Amended 1/01)

(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 the 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 of the entity.

A REALTOR[®] with a direct or indirect ownership interest in an entity engaged exclusively in soliciting and/or referring clients and customers to the REALTOR[®] for consideration on a substantially exclusive basis shall annually file with the association on a form approved by the association a list of the licensees affiliated with that entity and shall certify that all 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[®].

Designated REALTORS[®] shall notify the association within three (3) days of any change in status of licensees in a referral firm. The exemption for any licensee included on the certification form shall automatically be revoked upon the individual being engaged in real estate licensed activities (listing, selling, renting, managing, counseling, or appraising real property) other than referrals, and dues for the current fiscal year shall be payable. Membership dues shall be prorated if the licensee held REALTOR[®] or REALTOR-ASSOCIATE[®] membership during the preceding calendar year.

Membership dues shall be prorated for any licensee included on a certification form submitted to the association who during the same calendar year applies for REALTOR[®] or REALTOR-ASSOCIATE[®] membership in the association. However, membership dues shall not be prorated if the licensee held REALTOR[®] or REALTOR-ASSOCIATE[®] membership during the preceding calendar year. (Amended 11/09 and 11/14)

(b) The annual dues of REALTOR[®] Members other than the Designated REALTOR[®] shall be in such amount 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 Bylaws of the NATIONAL ASSOCIATION OF REALTORS[®].

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

(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.

(h) Life Members. Dues payable, if any, shall be at the discretion of the Board of Directors.

Section 3. Dues Payable. Dues for all Members shall be payable annually in advance on the first day of January. Dues shall be computed from the first day of the quarter in which a Member is notified of election and shall be prorated for the remainder of the year.

(a) In the event a sales licensee or licensed or certified appraiser who holds REALTOR[□] membership is dropped for nonpayment of Association dues, and the individual 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. Nonpayment of Financial Obligations. If dues, fees, fines, or other assessments including amounts owed to the Association or the Associations 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. Deposit. All monies received by the Association for any purpose shall be deposited to the credit of the Association in a financial institution or institutions selected by resolution of the Board of Directors.

Section 6. Expenditures. The Board of Directors shall administer the day to day finances of the Association. Capital expenditures in excess of \$1 may not be made unless authorized by fifty-one (51) % of the Board Members eligible to vote.

Section 7. 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 8. 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.

NOTE: A Member Board's dues obligation to the National Association is reduced by an amount equal to the amount which the Board is assessed for a REALTOR[□] Member, times the number of REALTOR[□] Emeriti (as recognized by the National Association), Past Presidents of the National Association, and

recipients of the Distinguished Service Award of the National Association who are REALTOR[□] Members of the Board. The dues obligation of such individuals to the local Board should be reduced to reflect the reduction in the Board's dues obligation to the national Association. The Board may, at its option, choose to have no dues requirement for such individual except as may be required to meet the Board's obligation to the State Association with respect to such individuals. It should be noted that this does not affect a "designated" Realtor[□]'s dues obligation to the Board with respect to those licensees employed by or affiliated with the "designated" REALTOR[□] who are not Members of the local Board.

ARTICLE XI - OFFICERS AND DIRECTORS

Section 1. Officers. The elected officers of the Association shall be: a President, a Vice President, a Secretary, and a Treasurer. The Secretary and Treasurer may be the same person. They shall be elected for terms of one year.

(a) No person shall be eligible for the office of President unless he/she has held an elective position, for at least one year, on the Association's 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 Secretary to keep the records of the Board and to carry on all necessary correspondence with the NATIONAL ASSOCIATION OF REALTORS[□] and the Washington Association of REALTORS[□].

Section 3. Board of Directors. The governing body of the Association shall be a Board of Directors consisting of the elected officers and three (3) REALTOR[□] Members of the Association. Directors shall be elected to serve for terms of three years, except that at organization, one-third of the elected Directors shall be elected for terms of one, two, and three years, respectively, or for lesser terms as may be necessary to complete the first fiscal year. Thereafter, as many Directors shall be elected each year as are required to fill vacancies. Other voting Members of the Board of Directors shall be State Directors as authorized by the Washington Association of REALTORS[□], the immediate Past President, and the MLS Chairman.

Section 4. Election of Officers and Directors.

(a) At least two (2) months before the annual election, a Nominating Committee of three (3) REALTOR[□] Members shall be appointed by the President with the approval of the Board of Directors. The Nominating Committee shall select at least one candidate for each office and at least one candidate for each place to be filled on the Board of Directors. The report of the Nominating Committee shall be read to all members in attendance at three (3) consecutive meetings preceding the election. Additional candidates for the offices to be filled may be placed in nomination by petition signed by at least 10% of the REALTOR[□] Members eligible to vote. The petition shall be filed with the Secretary at least two (2) weeks before the election. The Secretary shall read the notice of such additional nominations to all members in attendance preceding the election.

(b) The election of Officers and Directors shall take place at the annual meeting. Election shall be by ballot and all votes shall be cast in person, or by board approved proxy. The ballot shall contain the names of all candidates and the offices for which they are nominated.

(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.

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

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 the 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 Association 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 Association 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 September of each year, the date, place, and hour to be designated by the Board of Directors.

Section 2. Meetings of Directors. The Board of Directors shall designate a regular time and place of meetings. Absence from three regular meetings without an excuse deemed valid by the Board of Directors shall be construed as a resignation. Special Meeting of the Board of Directors may be held at times the President, or a majority of the Board of Directors may determine, provided a minimum of 24 hour notice is given. (Amended 01/04)

Section 3. Other Meetings. Meetings of the Members may be held at other times as the President or the Board of Directors may determine, or upon written request of at least 30% of the Members eligible to vote.

Section 4. Notice of Meetings. Written notice by U.S. mail or by electronic transmission shall be given to every Member entitled to participate in the meeting at least one (1) week preceding all meetings. If a special meeting is called, it shall be accompanied by a statement of the purpose of the meeting. (Amended 09/04)

Section 5. Quorum. A quorum for the transaction of business shall consist of 20% of the Members eligible to vote.

Section 6. Notice of all regular or special meetings of the Board of Directors or S.A.R. committees shall be by U.S. mail, or by electronic transmission, stating the date and time, and the type and purpose of the meeting.

Section 7. Any action required to be taken at the Board of Directors meeting, or any action which may be taken at a meeting of a S.A.R. committees members, may be taken without a meeting if the committee has

a quorum, and a majority of the committee members present consent to taking action without a meeting. Only members that make up the quorum are entitled to vote on the proposal. (Amended 09/04)

Section 8. Electronic transmission includes transmission by facsimile or e-mail. (Amended 09/04)

ARTICLE XIII - COMMITTEES

Section 1. Standing Committees. The President shall appoint from among the REALTOR Members or affiliates, subject to confirmation by the Board of Directors, the Following standing committees:

- American Home Week
- Awards
- Budget-Finance
- Bylaws
- Education
- Government Affairs
- Grievance
- Membership
- MLS
- Nominations/Elections
- Past Presidents
- Public Relations
- RPAC
- Special & Board Events

All matters are referred from the Association's Grievance Committee to the State's Professional Standards Committee.

Section 2. Special Committees. The President shall appoint, subject to confirmation by the Board of Directors, special committees as deemed 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 the Bylaws.

Section 4. President. The President shall be an ex-officio member of all standing committees and shall be notified of their meetings.

ARTICLE XIV - FISCAL AND ELECTIVE YEAR

Section 1. The fiscal and elective year of the Association shall be January 1 to December 31.

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 the majority vote of the Members present and qualified to vote at any meeting at which a quorum is present, provided the substance of such proposed amendment or amendments shall be plainly stated in the call for the meeting, 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 given to members 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[□] Members and Institute Affiliate Members, the use of the terms REALTOR[□] and REALTORS[□], or any alteration in the territorial jurisdiction of the Association shall become effective upon their approval as authorized by the Board of Directors of the NATIONAL ASSOCIATION OF REALTORS[□].

ARTICLE XVII - DISSOLUTION

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

ARTICLE XVIII - MULTIPLE LISTING

Multiple Listing Service Operated as a Committee of the Association

Section 1. Authority. The Board of REALTORS[□] shall maintain for the use of its Members a Multiple Listing Service which shall be subject to the Bylaws of the Board of REALTORS[□] and such Rules and Regulations as may be hereinafter adopted.

Section 2. Purpose. A Multiple Listing Service is 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 which Participants engaging in real estate appraisal contribute to common data bases; 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. Any REALTOR[□] Member of this or any other Board/Association who is a principal, partner or corporate officer, or branch manager acting on behalf of the principal, without further qualification, shall be eligible to participate in Multiple Listing upon agreeing in writing to conform to the Rules and Regulations thereof and to pay the costs incidental thereto. However, under no circumstances is any individual or firm, regardless of membership status, entitled to Multiple Listing Service "Membership" or "Participation" unless they hold a current, valid real estate broker's license and offer or accept compensation to and from other Participants or are licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property. Use of information developed by or published by a Board/Association Multiple Listing Service is strictly limited to the activities authorized under a

participant's licensure(s) or certification and unauthorized uses are prohibited. Further, none of the foregoing is intended to convey "Participation", or "Membership" or any right of access to information developed or published by a Board/Association Multiple Listing Service where access to such information is prohibited by law.

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

The key is that the participant or potential participant actively endeavors to make or accept offers of cooperation and compensation with respect to properties of the type that are listed on the MLS in which participation is sought. This requirement does not permit 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 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 in a nondiscriminatory manner to all participants and potential participants. (Adopted 11/08)

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

Section 5. Appointment of MLS Committee. The President shall appoint, subject to the confirmation of the Board of Directors, a Multiple Listing Committee of all designated broker Members who are Participants in the Multiple Listing Service. In addition to the designated brokers, the Board of Directors may appoint REALTORS[□] affiliated with Participants to the MLS committee, not to exceed 10% of the total membership of the committee. Fractions will be rounded. All members of the Committee shall be Participants in the Multiple Listing; except at the option of the local Association, REALTORS[□] affiliated with Participants may be appointed to serve in such numbers as determined by the local Association. The Committee shall select its Chairman from among its Members. (The Chairman may be designated by the President.) The Chairman shall be approved by the Board of Directors. The Chairman shall be a voting member of the Board of Directors.

Section 6. 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, 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 7. Subscribers. Subscribers (or users) of the MLS include non-principal brokers, sales associates, and licensed and certified appraisers affiliated with Participants.

ARTICLE XIX - INDEMNIFICATION

Section 1. The Association shall indemnify any person who shall serve as a director, officer, committee member, or employee of this Association, or any other person who shall act in a similar capacity or capacities for the Association, against any and all liability and reasonable expense that may be incurred by them in connection with, or resulting from, any claim, action, suit or proceeding, civil or criminal, or in connection with an appeal resulting thereto, in which they may become involved as a party defendant, or otherwise, by reason of their having been a director, officer, etc., of this Association, or by reason of any action taken or not taken in their capacity as director, officer, etc., whether or not they continue to be such at the time such a liability or expense shall have been incurred. The term liability and reasonable expense shall include, but not be limited to, court cost, judgments, depositions and other expenses of disbursements attendant upon such claim or suit, and counsel fees. The Association does, however, reserve the right to determine who shall be counsel for such person in any claim or action.

Section 2. Provided, however, that as a condition to the foregoing in case of a negotiated settlement before or after filing suit, and before the matter in question is submitted to a judge or jury, the Association must determine that such person acted at the direction of the Board of Directors, or the President, or that they acted in good faith in what they reasonably believed to be the best interests of the Association, and that they had no reasonable cause to believe that the conduct was unlawful. Provided, further, that as a condition to the foregoing in case the matter is submitted to a judge or jury and the Association has not agreed to indemnification, there must be a finding by the Court or instruction to the jury providing for indemnification by the Association when it is found that said person acted at the direction of the Board of Directors, or the President, or that they acted in good faith in what they reasonably believed to be the best interest of the Association, and that they had no reasonable cause too believe that their conduct was unlawful.

Membership Policy Statements Approved by the Board of Directors NATIONAL ASSOCIATION OF REALTORS®

(The following policy statements are informational, and not part of the Bylaws.)

Statements of Membership Policy Related to Implementation of Board of Choice

That, effective upon approval by the Board of Directors, the following statements of membership policy and amendments to the Model Board Bylaws to implement the board of choice proposal be adopted.

The primary board of affiliation elected by a REALTOR® must be in the state where the REALTOR® is licensed and maintains his/her principal place of business. Licensees affiliated with a REALTOR® firm may choose as their "primary" board any board in the state where the firm maintains a "Designated" REALTOR®.

Membership shall be available in a secondary board on terms and conditions no more stringent than the requirements established in the board's Bylaws for REALTOR® and (REALTOR-ASSOCIATE® where applicable) membership. The privileges of membership shall be the same including the right to vote and hold office. Membership will be granted to individuals who hold REALTOR® or REALTOR-ASSOCIATE® membership in their primary board without any requirement that the Designated REALTOR® they are licensed or affiliated with hold membership in the secondary board. However, MLS services will only be available if the Designated REALTOR® participates in the MLS. Board dues shall not include a national allocation since NAR dues have been paid through the member's primary board. A state allocation may only be included if the member's primary board is located in a different state.

REALTORS® shall be entitled to purchase services from boards other than their primary board without the necessity of holding membership in those boards. Service fees will be determined by the individual boards. However, the board may require that a REALTOR® (principal) be licensed in the state as a condition of MLS participation. (Adopted 2/94; amended 11/96)

Concerning Board of Choice Across State Lines

That the membership choices currently provided under Board of Choice be expanded across state lines as follows:

Members may join a primary board across contiguous state lines. State association membership would be in the state where primary board membership is held. To become effective July 1, 1996, with optional local board adoption sooner. (Adopted 11/95)

Portability of Membership Records (Files)

In order to facilitate timely processing of applications for membership and to assist associations in determining an applicant's qualification for REALTOR® or REALTOR-ASSOCIATE® membership, associations shall, based on a request from another association, share information about current or former members. Minimum "core" member information shall include:

Previous applications for membership

All final findings of Code of Ethics violations and violations of other membership duties within the past three (3) years (when available) Pending complaints alleging violations of the Code of Ethics or alleging violations of other membership duties Incomplete or (pending) disciplinary measures Pending arbitration requests (or hearings) Unpaid arbitration awards or unpaid financial obligations to the association or its MLS

An association may, at its discretion, consider information received from other associations when determining whether an applicant satisfies the association's membership requirements as established in the association's bylaws (not to exceed N.A.R.'s Membership Qualification Criteria). (Adopted 2/96)

Clarification of the Term "Principal"

The term "principal" as used in the NAR Constitution and Bylaws and in other relevant policies, includes licensed or certified individuals who are sole proprietors, partners in a partnership,

officers or majority shareholders of a corporation, or office managers (including branch office managers) acting on behalf of principals of a real estate firm. (Adopted 11/96)

Secondary Membership in a Board/Association

When a member has joined a primary association and paid local, state, and national dues, secondary membership may be held in a local association in another state (provided the applicant meets all of the qualifications for membership) without holding membership in that state association, or alternatively, secondary membership may be held directly in the state association without holding membership in a local association in that state. (Adopted 11/96)

Membership Requirements Related to Multiple Office Locations

When considering an applicant for REALTOR® membership who is a principal in a real estate firm, associations have an obligation to determine that all of the principals of the real estate firm who are actively engaged in the real estate business in the state are either applying for or already hold REALTOR® membership (or Institute Affiliate membership, if applicable) in a board or association. (Adopted 11/96)

If an association (local, state, national) is notified by another association that a REALTOR® member has an office location elsewhere in the state that is not functioning as a "REALTOR®-office" (i.e., licensees affiliated with the office are not members or are not accounted for under the DR dues formula) the association where the REALTOR® holds primary membership shall be responsible, in cooperation with the state and national associations, for ensuring compliance with applicable membership policies (i.e., that said licensees hold membership in the REALTOR®'s primary association - or some other association in the state where the firm maintains a designated REALTOR® presence - or that dues have been paid to an association based on non-member licensees affiliated with the office. (Adopted 11/96)

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