

BYLAWS

SOUTHLAND REGIONAL ASSOCIATION OF REALTORS®



SOUTHLAND REGIONAL
ASSOCIATION OF REALTORS®, INC.

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NOTE: There are Sections throughout the Bylaws requiring verbatim adoption by Member Associations. These are Articles that must be incorporated into a Member Association’s bylaws pursuant to NAR policy. Those Sections are identified by the following emblem at the end of the Section 

BYLAWS
SOUTHLAND REGIONAL ASSOCIATION OF REALTORS®

ARTICLE I – NAME

Section 1. Southland Regional Association of REALTORS®, Incorporated.

The name of this corporation shall be the Southland Regional Association of REALTORS®, Incorporated, (herein referred to as the "A.O.R." The term "Association" is used when referring to any Association of REALTORS®). **M**

Section 2. REALTOR® Membership Mark in Name of Association.

Inclusion and retention of the registered collective membership mark "REALTORS®" in the name of the A.O.R. shall be governed by the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS® (hereinafter "N.A.R.") as from time to time amended. The principal place of business shall be located at 7232 Balboa Boulevard, Van Nuys, California and said principal place of business may be changed by an amendment to the Bylaws. Authority is granted to the Board of Directors to establish such branch office or offices as the Board of Directors may from time-to-time deem advisable for the best interests of the corporation. **M**

ARTICLE II – OBJECTIVES

The objectives of the Association are:

Section 1. Objectives.

- (a) To unite those engaged in the recognized branches of the real estate profession for the purpose of exerting a beneficial influence upon the profession and related interests. The "recognized branches of the real estate profession" include buying, selling, exchanging, renting or leasing, managing, counseling, appraising for others for compensation, building, developing or subdividing real estate.
- (b) To promote and maintain high standards of conduct in the real estate profession as expressed in the Code of Ethics of N.A.R. (hereinafter "Code of Ethics").
- (c) To provide a unified medium for real estate owners and those engaged in the real estate profession whereby their interests may be safeguarded and advanced.
- (d) To further the interests of home and other real property ownership.
- (e) To unite those engaged in the real estate profession in this community with the CALIFORNIA ASSOCIATION OF REALTORS® (hereinafter "C.A.R.") and N.A.R. thereby furthering their own objectives throughout the state and nation, and obtaining the benefits and privileges of membership therein.
- (f) To designate, for the benefit of the public, those individuals within the state of California authorized to use the terms REALTOR® and REALTORS® as licensed, prescribed, and controlled by N.A.R.

ARTICLE III – NATIONAL AND STATE MEMBERSHIPS

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

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

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

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

ARTICLE IV – JURISDICTION

Section 1. Description of Jurisdiction. The territorial jurisdiction of the Southland Regional Association of REALTORS® as a member of the NATIONAL ASSOCIATION OF REALTORS® is: Within the Los Angeles City Corporate limits beginning at a point of Vineland Avenue and the Los Angeles River, thence easterly along the Los Angeles River to the westerly limits of the City of Burbank, thence northerly along the westerly limits of the City of Burbank to the intersection of Clybourn Avenue and Cohasset Street, thence northerly on Clybourn Avenue across land of the Hansen Flood Retarding Basin to where Clybourn Avenue would, if extended, intersect with the S.E. Corner of Section 36, T4N, R15W; thence northeast to northwest corner of Section 16, T5N, R14W; then in a northerly direction to the northwest corner of Section 34, T6N, R14W; thence in a northerly direction to southwest corner of Section 31, T7N, R17W east; then north to junction of Rangeline T9N north and R17W east; thence in a southerly

direction to Rangeline R19W west and the northerly boundary of the Las Padres National Forest; then easterly following the northern boundary of the Las Padres National Forest to the junction of the Ventura, Santa Barbara and Kern County lines, then south following the Santa Barbara County Line to Rangeline T6N South, thence east to the Los Angeles, Ventura County Line, thence south following the Los Angeles County line to the southeast corner of Ventura County Line, thence westerly to the centerline of Las Virgenes Road, thence south on Las Virgenes Road, to the centerline of Mulholland Drive, then easterly on Mulholland Drive, both sides of the street, to a point on Mulholland Drive where Vineland Avenue, if extended, would intersect with Mulholland Drive, thence north to the point of beginning, and including the San Fernando City Corporate Limits and the Hidden Hills City Corporate Limits.

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

ARTICLE V – MEMBERSHIP, QUALIFICATION, APPLICATION AND ACCEPTANCE

Section 1. Classes of Membership. There shall be four (4) classes of membership: (1) REALTOR® Members; (2) Institute Affiliate Members; (3) Affiliate Members; and (4) Honorary Members. **M**

Section 2. Qualifications for REALTOR® Members.
(a) REALTOR® members, whether primary or secondary, who are principals, (“principals” are defined, herein and throughout these bylaws when this terminology is used, as sole proprietors, partners, corporate officers or branch office managers of real estate firms) shall:

1. Maintain a current, valid California real estate broker or salesperson license or California real estate appraisal certification or license; and
2. Act as a sole proprietor, partner, corporate officer of a real estate firm or office manager of a real estate firm acting on behalf of the firm’s principal(s); and
3. Remain actively engaged in the real estate profession, (“engaged in the real estate profession” is defined, herein and throughout these bylaws when this terminology is used, as buying, selling, exchanging, renting or leasing, managing, counseling, appraising for others for compensation, building, developing or subdividing real estate; and
4. Maintain or be associated with a real estate office located within the state of California or a state contiguous thereto; and
5. (a) Have no record of official sanctions rendered by the courts or other lawful

authorities for (i) violations of civil rights laws or real estate license laws within the past three years or (ii) criminal convictions within the past ten years where the crime was punishable by death or imprisonment in excess of one year under the law under which the applicant was convicted (ten years is measured from the date of the conviction or the release of the applicant from the confinement imposed for that conviction, whichever is the later date).

- (b) REALTOR[®] members, whether primary or secondary, other than principals, shall:
1. Maintain a current, valid California real estate broker or salesperson license or California real estate appraisal certification or license; and
 2. Remain actively engaged in the real estate profession; and
 3. Remain employed by or affiliated as an independent contractor with a REALTOR[®] member who meets the requirements in Section 2.(a) of this Article V for any Association in California or a state contiguous thereto; and
 4. Have no record of official sanctions rendered by the courts or other lawful authorities for (i) violations of civil rights laws or real estate license laws within the past three years or (ii) criminal convictions within the past ten years where the crime was punishable by death or imprisonment in excess of one year under the law under which the applicant was convicted (ten years is measured from the date of the conviction or the release of the applicant from the confinement imposed for that conviction, whichever is the later date).
- (c) REALTOR[®] members may be franchise corporate officers as described in Article V, Section 2.(h).
- (d) Each firm shall designate in writing one “Designated REALTOR[®]” member who shall be responsible for the conduct of individuals affiliated with the firm and accountable to the A.O.R. for all duties and obligations of A.O.R. membership, including, but not limited to, certification as set forth in Article VI, Section 8. The Designated REALTOR[®], must be the sole proprietor, partner, corporate officer or an office manager acting on behalf of the firm’s principal(s) and must have the authority to bind the firm in arbitration and must meet all the other qualifications for REALTOR[®] membership set forth in Article V, Section 2.(a) of the Bylaws.
- (e) **Association of Choice.**
1. **Primary Membership.** Licensees affiliated with a REALTOR[®] firm may choose as their “primary” Association any Association within California where the firm maintains a “Designated REALTOR[®]”. An individual is a primary member of the A.O.R. if the A.O.R. pays C.A.R. and N.A.R. dues based on such member. One of the principals in a real estate firm must be a Designated REALTOR[®] of the A.O.R. in order for the licensees affiliated with the firm to select the A.O.R. as the “primary” Association.

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

(f) Each principal of the real estate firm who is actively engaged in the real estate profession within the state of California or a within a state contiguous thereto shall be required to become a REALTOR® member if any other principal of such firm, partnership or corporation is a REALTOR® member within those states. Each is required to hold REALTOR® membership individually in a local Association in California (except as provided in Section 2.(g)) if they meet all the other qualifications set forth in Article V, Sections 2.(a), 2.(b), or 2.(c) of the Bylaws. Each principal of the real estate firm or franchise corporate officers shall be ineligible for any class of membership other than REALTOR® membership unless they otherwise qualify for Institute Affiliate membership as described in Article V, Section 3.

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

(h) Notwithstanding any other provision herein, franchise corporate officers of real estate brokerage franchise organizations with at least one hundred fifty franchises located within the United States, its insular possessions and the commonwealth of Puerto Rico, may be elected to membership pursuant to the Constitution and Bylaws of N.A.R. (hereinafter "Franchise Corporate Officers"). Franchise Corporate Officers may or may not be licensed for California real estate broker or salesperson or appraisal activities.

Franchise Corporate Officers shall enjoy all of the rights, privileges and obligations of REALTOR® membership, including compliance with the Code of Ethics, except: obligations related to A.O.R. mandated education, meeting attendance, or indoctrination classes or other similar requirements, if any; the right to use the term REALTOR® in connection with their franchise organization's name; and the right to hold elective office in the A.O.R., C.A.R., and N.A.R. **M**

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

Section 4. Qualifications for Affiliate Members. Affiliate members shall be

real estate owners, and other individuals or firms engaged in activities related to the real estate profession, who do not qualify for REALTOR[®] membership. Affiliate members have interests requiring information concerning real estate and sympathy with the objectives of the A.O.R.

Section 5. Honorary Members. An Honorary Member shall have been a member in good standing for a minimum of twenty-five (25) years and have reached the age of seventy-five (75) and who is currently a member in good standing. REALTOR[®] Members that are eligible for Honorary Membership shall be nominated by the Executive Committee and elected by action of the Board of Directors. Honorary Members shall not be required to pay that portion of local Association dues retained by the Association. However, if such Honorary Member wishes to use Association services, he/she shall be required to pay all applicable fees, and shall continue to be termed a REALTOR[®] and receive State and National Association services, then such member shall inform the Association, in writing, and continue to pay to the Association that portion of local Association dues necessary to enable the Association to meet its dues obligations to C.A.R./N.A.R.

Section 6. Membership Application.

(a) Each applicant for membership shall submit an application in such manner and form as may be prescribed by the A.O.R. Board of Directors (hereinafter "Board of Directors") and give his or her consent that the Board of Directors, through the A.O.R. Membership Committee or otherwise, may obtain information about the applicant from any member, other persons or Associations and that any information furnished to the Board of Directors by any member, person or Association shall not form the basis of any action for slander, libel or defamation of character. The Board of Directors, through its Membership Committee or otherwise, may consider the following in determining an applicant's qualifications for membership: (1) all final findings of N.A.R. Code of Ethics violations and violations of other membership duties in any other Association within the past three (3) years; (2) pending ethics complaints or hearings; (3) unsatisfied discipline pending; (4) pending arbitration requests or hearings; (5) unpaid arbitration awards or unpaid financial obligations to any other Association or Association Multiple Listing Service ("MLS").

(b) Applicants for membership shall be familiar with and agree to abide by the Bylaws and Rules and Regulations for the A.O.R., the Bylaws of C.A.R. and the N.A.R. Constitution, Bylaws and Code of Ethics, to the extent they are applicable, and pass such reasonable and nondiscriminatory written examination thereon as may be required by the A.O.R. Applicants must also attend an orientation program as may be required by the Board of Directors, or otherwise. An individual will be given the opportunity to complete any mandated orientation program remotely. An applicant will be eligible only for the status of provisional membership* (should the Board of Directors allow such status) (*which is more fully defined in Section 8 (e)) until any mandatory orientation is timely satisfied and/or until Board of Directors' approval of the application.

(c) Applicants for REALTOR[®] membership shall certify: that they have no record of official sanctions rendered by the courts or other lawful authorities for (i) violations of civil rights laws or real estate license laws within the past three years or (ii) criminal convictions within the past ten years where the crime was punishable by death or imprisonment in excess of one year under the law under which the applicant was convicted (ten years is measured from the date of the conviction or the release of the applicant from the confinement imposed for that conviction, whichever is the later date), and iii) that they have not been suspended or expelled from an Association the past three years for violations of the N.A.R. Code of Ethics.

(d) Applicants who are sole proprietors, general partners, corporate officers, or branch office managers (Article V, Section 2) of a real estate firm must disclose: (1) whether they or their firms are subject to any pending bankruptcy proceedings; and (2) whether they or their firms have been adjudged bankrupt within the past three (3) years. If the applicant is party to pending bankruptcy or insolvency proceedings or has been adjudged bankrupt within the past three (3) years, the applicant may be required to pay cash in advance for A.O.R. and MLS fees for up to one year from the date that membership is approved or from the date that the applicant is discharged from bankruptcy, whichever is later. If the Board of Directors determines that such prepayments will not protect the interests of the A.O.R. or its members, such applications may be rejected.

Section 7. Prior Membership Records. The A.O.R. may consider information received from other Associations and/or through C.A.R.'s Ethics Check database or otherwise in determining whether an applicant satisfies the A.O.R.'s membership requirements. The A.O.R. may request from any Association where the applicant held prior membership, minimum "core" information including:

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

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

NOTE: Article IV, Section 2, of the N.A.R. Bylaws prohibits a Member A.O.R. from knowingly granting REALTOR[®] membership to any applicant who has an unfulfilled

sanction pending which was imposed by another Association for violation of the Code of Ethics, whether learned through C.A.R. Ethics Check or otherwise.

Section 8. Application Review and Acceptance. The procedure for acceptance to membership shall be as follows:

(a) The Membership Committee shall determine whether applicant is applying for the appropriate class of membership. If the AOR does not have a standing Membership Committee, the AOR's Chief Executive Officer/staff may act in this capacity. The Membership Committee or A.O.R. staff may request "core" information as defined in Article V, Section 7, from any Association of which the applicant was previously a member. The Membership Committee or A.O.R. staff shall thereafter provide a written list of applicants recommended to be approved or recommended to be rejected to the Board of Directors. If they recommend rejection, the Membership Committee or A.O.R. staff shall make a written report of its findings to the Board of Directors. The Membership Committee or A.O.R. shall staff consider all the information permitted under Sections 6 and 7 of this Article in its review of an applicant and shall conduct all proceedings with strict attention to the principles of due process and compliance with the Bylaws.

(b) If the recommendation is to reject the application, the reasons shall be specifically stated. If any member of the Membership Committee or A.O.R. staff submits a dissenting recommendation, it shall also be reported to the applicant and Board of Directors. The applicant shall also be notified of his or her right to appear before the Board of Directors, to present evidence, both written and oral, and to be represented by counsel.

(c) The Board of Directors shall review the qualifications of the applicant and the recommendations of the Membership Committee or the A.O.R. staff and then vote on the applicant's eligibility for membership. If the applicant appears, he or she may be represented by counsel, call witnesses on his or her behalf and make such statements as he or she deems relevant. The Board of Directors may also have counsel present. If the applicant receives a majority vote of the Board of Directors, he or she shall be declared accepted as a member and shall be advised by written notice. An application for Institute Affiliate Membership shall be acted upon by the Board of Directors within forty-five (45) days from the date of application for membership.

(d) If the Board of Directors determines that the application should be rejected, it shall record its reasons. If the Board of Directors believes that denial of membership to the applicant may become the basis of litigation and a claim of damage by the applicant, it may specify that denial shall become effective upon entry in a suit by the A.O.R. for a declaratory judgment by a court of competent jurisdiction of a final judgment declaring that the rejection violates no rights of the applicant.

(e) The Board of Directors, through its Membership Committee or otherwise, may grant "provisional" membership to an applicant in instances where the applicant for membership has not yet satisfied any mandatory orientation and/or has unsatisfied discipline pending in another Association, (except for violations of the Code of Ethics), provided all other qualifications for membership have been satisfied. Provisional members shall be considered REALTORS® and shall be subject to all of the same

privileges and obligations of REALTOR® membership. The Board of Directors may reconsider the membership status of provisional members when all mandatory orientation is completed and/or when all unsatisfied discipline has been resolved or if such matters are not fully resolved within six (6) months from the date that provisional membership is approved. At the time of reconsideration, if the Board of Directors determines that the individual has not done his or her part to satisfactorily resolve the unsatisfied discipline, at the discretion of the Board of Directors, membership may be terminated.

Section 9. New Member Code of Ethics Orientation. Applicants for REALTOR® membership and provisional REALTOR® members (where applicable) shall complete an orientation program on the Code of Ethics, meeting the minimum criteria established by N.A.R. for new member ethics training. This requirement does not apply to applicants for REALTOR® membership or provisional members who have completed comparable orientation in another Association, provided that REALTOR® membership has been continuous, or that any break in membership is for one year or less.

Failure to satisfy this requirement within 30 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. **M**

Section 10. Continuing Member Code of Ethics Training. Effective January 1, 2019, through December 31, 2021 and for successive three year periods thereafter, each REALTOR® member of the association (with the exception of REALTOR® members granted REALTOR® Emeritus status by the National Association) shall be required to complete a course on the Code of Ethics, meeting the minimum criteria established by N.A.R. for ethics training.. 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®, or 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 year cycle shall not be required to complete additional ethics training until a new three 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 year cycle will result in suspension of membership for the first two months (January and February) of the year following the end of any three year cycle or until the requirement is met, whichever occurs sooner. On March 1 of that year, the membership of a member who is still suspended as of that date will be automatically terminated.

This requirement will be satisfied upon presentation of documentation that the member has completed such course of instruction conducted by this or another Association, C.A.R., N.A.R. or any other recognized educational institution. REALTOR® members who have completed training as a requirement of membership in another Association and

REALTOR[®] members who have completed the New Member Code of Ethics Orientation during any three year cycle shall not be required to complete additional ethics training until a new three year period commences.

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

Section 11. Status Changes.

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

(b) If the licensed status of any member is terminated, his or her membership in the A.O.R. is subject to immediate termination. If any member ceases to meet any other ongoing qualification of membership, his or her membership may be terminated by the Board of Directors. Each member shall have the affirmative duty to notify the A.O.R. of any changes in their licensee status.

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

Section 12. Resignation. Resignations of members shall become effective when received in writing by the Board of Directors, provided, however, that if any member submitting the resignation is indebted to the A.O.R. for dues, fees, fines or other assessments of the A.O.R. or any of its services, departments, divisions or subsidiaries, the A.O.R. may condition the right of the resigning member to reapply for membership upon payment in full of all such monies owed.

ARTICLE VI - PRIVILEGES AND OBLIGATIONS OF MEMBERS

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

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

Section 2. Member Discipline.

(a) Any REALTOR[®] member of the A.O.R. may be disciplined by the Board of Directors for violations of the Code of Ethics or other duties of membership after a hearing as described in the California Code of Ethics and Arbitration Manual and its Implementation Guidelines together with the SRAR Professional Standards Rules Addendum provided that the discipline imposed is consistent with N.A.R. policy as set forth in the California Code of Ethics and Arbitration Manual and its implementation Guidelines together with the SRAR Professional Standards Rules Addendum. **M**

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

Section 3. Resignation with Pending Arbitration or Disciplinary Hearing. If a member resigns from the A.O.R. or otherwise causes membership to terminate with a disciplinary complaint pending, the complaint shall be processed until the decision of the A.O.R. with respect to disposition of the complaint is final by this A.O.R. (if respondent does not hold membership in any other Association) or by any other Association in which the respondent continues to hold membership. If an ethics respondent resigns or otherwise causes membership in all Associations to terminate before an ethics complaint is filed alleging unethical conduct occurred while the respondent was a REALTOR[®], the complaint, once filed, shall be processed until the decision of the Association with respect

to disposition of the complaint is final. In any instance where an ethics hearing is held subsequent to an ethic respondent's resignation or membership termination, any discipline ratified by the Board of Directors shall be reported to C.A.R. Ethics Check and held in abeyance until such time as the respondent rejoins an Association of REALTORS®.

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

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

Section 5. Privileges and Duties of REALTOR® Members.

(a) It shall be the duty and responsibility of every REALTOR® member of this A.O.R. to abide by the Constitution and Bylaws of C.A.R., the Constitution and Bylaws of N.A.R. and to abide by the Code of Ethics, as set forth in Article VI, Section 1 of these Bylaws.

(b) REALTOR® members have the primary responsibility to safeguard and promote the standards, interests and welfare of the A.O.R. and the real estate profession.

(c) REALTOR® members may use the terms REALTOR® and REALTORS® subject to the provisions of Article VIII. **M**

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

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

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

management control. The signatures on such certification must be notarized.

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

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

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

NOTE: Local Associations establish the rights and privileges to be conferred on Institute Affiliate Members except that no Institute Affiliate Member may be granted the right to use the term REALTOR[®], 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.

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

Section 8. Certification by Designated REALTOR[®]. Designated REALTORS[®] shall certify to the A.O.R. during the first month of each fiscal year, on a form provided by the A.O.R., a complete listing of all individuals licensed or certified under California law, with the REALTOR[®] firm(s), and shall designate the primary association, if any, for each individual. These declarations shall be used for the purposes of calculating dues and assessments under Article IX, Section 2 of the Bylaws. Designated REALTOR[®] members shall also notify the A.O.R. of any additional individual(s) licensed or certified with the firm(s) and of any individual whose affiliation with the firm was severed within thirty days of the date of affiliation or severance of the individual(s).

ARTICLE VII – PROFESSIONAL STANDARDS AND ARBITRATION

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

Section 2. Member Compliance with N.A.R. and C.A.R. Constitution, Bylaws, Policies, Rules, Regulations and Code of Ethics. It shall be the duty and responsibility of every REALTOR[®] member of this A.O.R. to abide by the Constitution and

Bylaws and the Rules and Regulations of this A.O.R., the Constitution and Bylaws of C.A.R., the Constitution and Bylaws of N.A.R. and the Code of Ethics, including the duty to arbitrate controversies arising out of real estate transactions as specified by Article 17 of the N.A.R. Code of Ethics and as further defined and in accordance with the procedures set forth in the California Code of Ethics and its Implementation Guidelines together with the SRAR Professional Standards Rules Addendum as published and from time to time amended by C.A.R. By becoming and remaining a member, every REALTOR® member agrees that he or she and the corporation or firm for which he or she acts as a partner, officer, principal, or branch office manager, will submit to arbitration through the A.O.R. all disputes with any other member or members of the public subject to the conditions set forth in the California Code of Ethics and Arbitration Manual and its Implementation Guidelines together with the SRAR Professional Standards Rules Addendum. **M**

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

Section 1. Use and Control of REALTOR® Membership Marks. Use of the terms REALTOR® and REALTORS® by members shall, at all times, be subject to the provisions of the Constitution and Bylaws of N.A.R. and to the Rules and Regulations prescribed by its Board of Directors. The A.O.R. shall have the authority to control, jointly and in full cooperation with N.A.R., use of the terms within its jurisdiction. Any misuse of the terms by members is a violation of a membership duty and may subject members to disciplinary action by the Board of Directors after a hearing as provided for in the C.A.R. Code of Ethics and Arbitration Manual and its Implementation Guidelines together with the SRAR Professional Standards Rules Addendum. **M**

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

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

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

ARTICLE IX – DUES AND ASSESSMENTS

Section 1. Application Fee. The Board of Directors may adopt a reasonable application fee for membership in the A.O.R. The application fee for REALTOR® membership shall not exceed three (3) times the amount of the annual dues for REALTOR® membership. The application fee shall be required to accompany each application for membership in the A.O.R. and shall become the property of the A.O.R. upon final approval of the application. The A.O.R. shall collect all C.A.R. and N.A.R. new member and application fees, if any. **M**

Section 2. Dues and Assessments.

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

(b) The dues and assessments of each Designated REALTOR® member shall be a base amount plus an amount multiplied by the number of real estate licensees and licensed or certified appraisers under California law to which he or she certified under Article VI, Section 8 and who: (1) are employed by or affiliated as independent contractors or who are otherwise directly or indirectly licensed or certified with such REALTOR® member; and (2) are not REALTOR® members of any Association within California or a state contiguous thereto or Institute Affiliate members of this A.O.R. In calculating the dues and assessments payable to the A.O.R. by a Designated REALTOR® member, non-member licensees as defined in (1) and (2) of this sub-paragraph shall not be included in the computation of dues and assessments if the Designated REALTOR® has paid dues based on non-member licensees to another Association within the state of California or a state contiguous thereto, provided the Designated REALTOR® notifies the A.O.R. in writing of the identity of the Association to which dues and assessments have been remitted.

(c) In accordance with Article VI, Section 8, The Designated REALTOR® has an affirmative and ongoing duty to keep dues and assessment formulations current and accurate and shall notify the A.O.R. within 30 days of any changes, additions, or deletions of any real estate licensees and licensed or certified appraisers employed by or affiliated as independent contractors or who are otherwise directly or indirectly licensed or certified with such Designated REALTOR®.

(d) A REALTOR® with a direct or indirect ownership interest in an entity engaged exclusively in soliciting and/or referring clients and customers to the REALTOR® for consideration on a substantially exclusive basis (“LFRO”) shall annually file with the association, on a form approved by the association, a list of the licensees affiliated with that entity and shall certify that all of the licensees affiliated with the entity are solely engaged in referring clients and customers and are not engaged in the real estate profession as defined in Article V, Section 2 (a) (3) (buying , selling, exchanging, renting or leasing, managing, counseling, appraising for others for compensation, building,

developing or subdividing real estate) and are not participants or subscribers in a Multiple Listing Service ("MLS"). The individuals disclosed on such form shall not be deemed to be licensed with the REALTOR[®] filing the form for purposes of this Article IX, Section 2 (b) and shall not be included in calculating the annual dues and assessments of the Designated REALTOR[®]. It shall be considered a violation of a membership duty for a REALTOR[®] to falsely certify LFRO status. Moreover, the exemption for any licensee included on the certification form for a LFRO shall automatically be revoked upon the individual being engaged in the real estate profession as defined in Article V, Section 2 (a) (3) other than for referrals, or for being a participant or subscriber of any MLS, and dues and assessments for the entire current fiscal year shall be immediately due and payable in full. Licensee may not reapply for LFRO exemption until the following year.

A REALTOR[®] with a direct or indirect ownership interest in an entity engaged in the real estate business which provides services for which a Mortgage Loan Originators("MLO") license endorsement is required may annually file with the association, on a form approved by the association, a list of the MLO licensees and certify that the listed licensees (1) have a MLO license or endorsement, (2) are not engaged in the real estate profession as defined in Article V, Section 2 (a) (3) (buying, selling, exchanging, renting or leasing, managing, counseling, appraising for others for compensation, building, developing or subdividing real estate) except for licensed activities for which an MLO is required, and (3) are not participants or subscribers in any Multiple Listing Service. The individuals disclosed on such forms shall not be deemed to be licensed with the REALTOR[®] filing the form for purposes of this Article IX, Section 2(b) and shall not be included in calculating the annual dues and assessments of the Designated REALTOR[®]. It shall be a violation of a membership duty for a REALTOR[®] to falsely certify MLO status. Moreover, the exemption for any licensee included on the certification form for a MLO exemption shall automatically be revoked upon the individual being engaged in the real estate profession as defined in Article V, Section 2 (a) (3), other than in those activities for which a MLO license or endorsement is required or for being a participant or subscriber of any MLS, and dues and assessments for the entire current fiscal year shall be immediately due and payable in full. Licensee may not reapply for a MLO exemption until the following fiscal 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[®] membership in the association. However, membership dues shall not be prorated if the licensee held REALTOR[®] membership during the preceding calendar year.

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

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

(e) In the case of a Designated REALTOR[®] member in a firm, partnership, or corporation whose business activity is substantially all commercial, any assessments for

non-member licensees shall be limited to licensees affiliated with the Designated REALTOR[®] (as defined in sub-paragraph (b) of this Section) in the office where the Designated REALTOR[®] holds membership, any other offices of the firm located within the jurisdiction of this Association.

(f) The annual dues and assessments of each Institute Affiliate Member shall be 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 collecting and remitting dues to the National Association for Institute Affiliate Members (\$75.00). The National Association shall credit \$25 to the account of a local association for each Institute Affiliate Member whose office address is within the 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 Members whose office address is located within the territorial jurisdiction of the state association. Local and state associations may not establish any additional entrance, initiation fees or dues for Institute Affiliate Members, but may provide service packages to which Institute Affiliate Members may voluntarily subscribe. **M**

Section 3. Dues and Assessments Payable. Dues and assessments for all members shall be payable in advance on the first day of January. Dues and assessments shall be computed from the first day of the month in which a new member is notified of acceptance and shall be prorated for the remainder of the year. Any member who initiates bankruptcy proceedings may be placed on a “cash basis” from the date the bankruptcy petition is filed until one year from the date that the member has been discharged from bankruptcy. All dues, assessments or fees paid to the A.O.R. are nonrefundable, except for those dues and assessments returned to a terminated provisional member as provided in Article V, Section 8.

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

Section 4. Reinstatement After Termination for Nonpayment of Financial Obligations. A former member who has had his or her membership terminated for nonpayment of dues, fees, fines or other assessments duly levied in accordance with the provisions of these Bylaws or the provisions of other Rules and Regulations of the A.O.R. or any of its services, departments, divisions or subsidiaries may apply for reinstatement in a manner prescribed for new applicants for membership, only upon making payment in full of all accounts past due as of the date of termination, together with interest at the rate

of ten (10%) percent per annum on each item comprising the accounts, from its due date until paid, and after complying with all sanctions imposed by a disciplinary panel together with the payment of the application fee required of new applicants.

Section 5. Collection and Proration of Dues. The manner of collection and proration of dues shall be set by the Board of Directors as amended from time-to-time in the Membership Rules and/or appropriate committee formats.

Section 6. Deposits. All monies received by the A.O.R. for any purpose shall be deposited to the credit of the A.O.R. in a financial institution or institutions selected by resolution of the Board of Directors. The Board of Directors shall have the authority and responsibility to administer the Association's finances in accordance with good business practice and allocate funds of the Association subject to the following limitations:

(a) Any capital expenditure not exceeding two and one-half percent (2.5%) of the current annual operating budget or \$300,000, whichever is less, shall require a majority vote of the Board of Directors present at a regularly scheduled or specially called meeting. Any capital expenditure exceeding two and one-half percent (2.5%) of the current annual operating budget or \$300,000, whichever is less, shall require a two-thirds vote of the Board of Directors present at a regularly scheduled or specially called meeting.

(b) Any capital expenditure, in excess of 10% of the current annual operating budget may not be made unless authorized by a majority vote of the association members and present at a duly held membership meeting (Article VI, Section 4 of these Bylaws). There shall be no sale of real property excepting with prior consent of the membership. However, nothing shall preclude the Board of Directors from making any expenditures necessary for the maintenance or replacement of equipment of a like type and/or value and/or making building repairs to insure the uninterrupted operation of the Association. Capital expenditure is an expenditure for permanent additions or improvements to property, as opposed to money spent for repairs, replacements, and/or operations. However, in determining whether or not an expenditure is to be submitted to the membership, the cost of implementation shall be included.

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

Section 8. Financial Report. The Chief Executive Officer shall select subject to approval of the Board of Directors, a certified public accounting firm to prepare a financial report for the fiscal year ending December 31. Such report shall be presented to the Board of Directors no later than the June Board meeting. Availability of said report to be noticed to all REALTOR[®] members with copies provided to them upon request.

ARTICLE X – OFFICERS & DIRECTORS

Section 1. Board of Directors. The governance of the Association shall be vested in a Board of Directors consisting of twenty-two elected Directors, including the immediate Past President, and nominated and elected as prescribed by the Bylaws. The current President may choose to directly appoint an individual, at or before the first meeting of the board of directors to that President's elected year, who has been a REALTOR® member of the Association for five (5) years, is not a Past President, and does not otherwise currently qualify to be a Director (hereinafter "Presidential Appointee"). The Presidential Appointee may not be related by blood or marriage to the first or second degree to the President. This appointment shall not be included in the total size of the Board of Directors as aforementioned. No more than six (6) of the 22 elected directors may be past presidents, exclusive of the immediate past president. The remainder shall be elected from the REALTOR® membership. A Division created by the Board of Directors as stated in Article XIII, Section 2 may be entitled, as determined by the Board of Directors, to one voting representative on the Board of Directors of the Southland Regional Association of REALTORS®. The Representative must be a REALTOR® member. The representative shall be selected as defined in the Policies and Procedures of that Division. The Division representatives shall not be included in the total size of the Board of Directors as aforementioned.

Section 2. Nominating Committee. The Nominating Committee shall consist of 9 members selected as follows:

- (a) Two most immediate Past Presidents (that are available and willing to serve). The most immediate Past President available and willing to serve shall Chair the Committee.
- (b) Four members, two of whom shall be a current committee chair (excluding the Past Presidents, Executive, Bylaws, or other Nominating committees), who may or may not be members of the Board of Directors, who have not served on the committee in the previous year, and who are not subject to re-election during the current year, nominated by the current President, subject to affirmation by the Board of Directors. No more than two members can be from the same broker-owned office, firm partnership or corporation.
- (c) Three members of the Association, **one of whom may be a Past President**, to be chosen by the Board of Directors by secret ballot and has not served on the committee in the previous year.
 - i. Each Director may nominate not more than one candidate to the Nominating Committee.
 - ii. Each Director may vote for not more than three candidates.
- (d) Presidential selections for the Nominating Committee for approval by the Board of Directors should be announced no later than the April meeting.

(e) The Board of Directors should complete nominations for appointment and election to the Nominating Committee not later than its April meeting. All Directors shall contact potential nominees that they intend to nominate prior to the Board of Directors meeting to ascertain that they will serve if nominated. Names of the Nominating Committee members shall be published upon approval by the Board of Directors. At that time, the Board of Directors Candidate Application and deadline for its submission shall also be published.

Section 3. Nominations.

(a) All candidates for the Board of Directors, except for the Presidential Appointee, whether by nomination by the Nominating Committee, or by petition, must have submitted the Board of Directors Application form to the Association Office by the published deadline in order to be eligible.

(b) No candidate for the Board of Directors may be nominated by the Nominating Committee or qualify by petition who has served three (3) continuous terms, six (6) years, on the Board of Directors without having taken at least a one (1) year sabbatical following such service. This restriction shall not apply to the Presidential Appointee.

(c) No candidate for the Board of Directors may be nominated by the Nominating Committee or qualify by petition who is not actively engaged in the real estate industry as defined in Article V, Sections 2.(a) – 2.(e), of these Bylaws. This restriction shall not apply to the Presidential Appointee.

(d) No candidate for Board of Directors may be nominated by the Nominating Committee who is related by blood or marriage to the first or second degree to any member of the Nominating Committee.

(e) Not less than 60 days nor more than 120 days prior to the Annual Election, the Nominating Committee's choice shall be published in REALTOR[®] REPORT.

(f) REALTOR[®] Members may be nominated for the Board of Directors by petition. In order to qualify for the ballot, a petition nominee must obtain the signatures of the number allowed under Calif. Corp. law based on the total membership count in good standing in their respective category as of April 1, on the petition form provided by the Association.

The petition shall be filed with the Chief Executive Officer not later than 12:00 noon, 30 days after the publishing of the Nominating Committee's choice. Petitions may contain the name of only one nominee. Petition nominees will appear on the ballot along with all other nominees in random order, drawn by lot. The ballot shall also contain a place for write-in nominees and be distributed by any method deemed appropriate by the Board of Directors, to all respective members at least fourteen days prior to Election Day.

(g) No person is eligible for Director who has not met the following requirements prior to the date of nominations:

The individual must have been 1) a REALTOR[®] member of the Association for five (5) years and have served three (3) years as a REALTOR[®] on an Association standing committee; or 2) have been a REALTOR[®] member for three (3) years and have served as a chair or vice chair of an Association standing committee, or 3) has attended a leadership program as approved by the Board of Directors and have served three (3) years as a REALTOR[®] member on an Association standing committee. These requirements shall not apply to the Presidential Appointee.

(h) The individual nominated must agree that after election he or she will take any further educational course or other training prescribed by the Board of Directors for attendance by all Directors. Acceptance of the office of Director will constitute the agreement by the individual. If any director fails to satisfy these requirements after election, he or she shall not be eligible for further election to the Board of Directors until the requirements are met, and is subject to removal by a 2/3 vote of the Board of Directors. In the event of a merger, an individual's committee service with his or her former Association shall count toward the eligibility requirements.

Section 4. Election of Directors.

(a) The annual election day shall be the second Tuesday in October.

(b) The election of Directors shall be by ballot received at the Association's office by any method authorized by the Board of Directors, on or before 12:00 noon of the election day.

(c) Directors shall serve a term of two (2) years or until their successors are elected.

(d) The President shall be selected from the Board of Directors and shall automatically serve as a Director for the year following his or her election.

(e) One half of the Board of Directors shall be elected each year, the number being adjusted to take into consideration any automatic directorships allotted to the President, Past President,.

(f) No more than six (6) Past Presidents, not including the Immediate Past President, and Director appointed under Article XIII, Section 2 (if a Past President) may serve on the Board of Directors at any one time,. Past Presidents, nominated for the Board of Directors, shall appear on a separate ballot regardless of the number nominated. However, Past Presidents will not be deemed elected unless their individual vote tally would have been sufficient for election without regard to the separate ballot category.

(g) Any tie votes will be broken in accordance with the methods determined by the Board of Directors, in their sole discretion. This decision shall be accomplished as soon as practicable but no later than 40 days following the election.

(h) Ballots shall be overseen by an Election Committee appointed by the President and approved by the Board of Directors, who shall declare the elected directors upon conclusion of their ballot counting.

(i) If there are no petition candidates for the Board of Directors or nominations that exceed the number of vacancies available by the petition deadline, those nominated by the Nominating Committee shall be deemed duly elected and the election concluded.

Section 5. Election of Officers. Within ten days after the annual election, the new Directorate shall meet and elect a President and a President-Elect. The President-Elect shall automatically become a member of the Board of Directors for the following year. Further, the President-Elect shall become President, subject to election by the Directors, and based upon their determination of satisfactory performance by the President-Elect during the preceding year, and in the absence of any unforeseen events. Members of the Nominating Committee and Directors appointed by a Division are not eligible to run for office.

Section 6. Powers and Duties of Officers. The powers and duties of the Officers shall be such as their title by general usage would indicate, and such as may be assigned to them respectively by the Board of Directors from time-to-time, and such as are required by law. The President, President-Elect and Secretary-Treasurer shall have the power to act for the Board in carrying out the current policies and activities of the Association between meetings of the Board when deemed necessary due to time constraints. A majority vote of said officers shall constitute approval and authority to transact such business between meetings of the Board, and shall be reported at the next regularly scheduled Board of Directors meeting. The incoming President shall announce the standing committees and their chairman at the first regular meeting in January, or as soon thereafter as practicable.

Section 7. Vacancies of Elected Officers.

(a) **President:** In the event of a vacancy in the office of President, the President-Elect shall fill the remainder of the term of office.

(b) **President-Elect:** A vacancy in the office of President-Elect shall be filled for the remainder of the term of office by a majority vote of the Board of Directors present at a regular meeting to be held no later than sixty (60) days from the date of the occurrence of the vacancy. This appointment shall be on an interim basis. The condition in Article X, Section 5, which states, "Further, the President-Elect shall become President subject to election by the Directors, and based upon their determination of satisfactory performance by the President-Elect during the preceding year, and in the absence of any unforeseen events", shall not apply to the interim appointee.

Section 8. Vacancies of Directors. Vacancies on the Board of Directors shall be filled for the remainder of the vacating Director's term by appointment by the Board of Directors.

Section 9. Chief Executive Officer. The Board of Directors shall appoint a Chief Executive officer who shall act as Secretary-Treasurer of the corporation. In the event of the Chief Executive Officer's inability to continue to serve, the Board of Directors shall appoint another Chief Executive Officer.

Section 10. Removal of Officers and Directors for Cause.

(a) Removal by Board for Cause. The Board of Directors shall declare vacant the office of any Officer or Director on the occurrence of any of the following events;

1. The death of the Officer or Director.
2. The Officer or Director has been declared of unsound mind by a final order of a court.
3. The Officer or Director has been convicted of a felony.
4. The Officer or Director is convicted of a breach of duty under Section 7238 of the California Corporate Code.
5. The Officer or Director is absent from three (3) regularly scheduled Board meetings in one year without an excuse deemed valid by the Board of Directors.
6. The Officer or Director resigns from office.
7. The Officer or Director no longer meets the qualifications for an Officer, Director and/or a member, including but not limited to those requirements as set out in Article V, Section 2 (a) and (b), Section 10 and Section 11 (b), the Officer or Director has resigned as a member (Article V, Section 12), and/or their membership has been terminated. The A.O.R shall have the right to review such requirements during the term of the Officer or Director, including obtaining information as otherwise set forth in Article V, Section 7.

(b) Removal by Board for Violation. The Board of Directors may declare vacant the office of any Officer or Director, if, during his/her term of office, an Officer or Director is determined to have violated the N.A.R. Code of Ethics or other director or membership duty. Removal from office shall be subject to review by the Association's Board of Directors as to the severity of the violation based solely on the final findings of fact and the appropriateness of removal from office.

(c) Removal by the Membership. The Membership may remove an Officer or Director it deems to be incapable for any reason of fulfilling the duties for which he or she is elected, under the following procedure:

1. A petition requiring the removal of an Officer or Director and signed by not less than one-third of the voting membership or 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.
2. Upon receipt of the petition, and not less than twenty (20) days or more than forty-five (45) days thereafter, a special meeting of the voting membership of the A.O.R. shall be held. The sole business of the meeting shall be to consider the charge against the Officer or Director, and to render a decision on such petition.

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

ARTICLE XI – MEETINGS

Section 1. Installation Meeting. The installation of Officers and Directors shall be held at an annual installation meeting each year, at a place and time designated by the Board of Directors.

Section 2. Other Meetings. Meetings of the members may be held at such other times as may be determined by the President or Board of Directors. All members qualified to vote shall be notified by mail of date and business for which meeting is called, no less than thirty (30) nor more than ninety (90) days prior to the date of the meeting. Any decision made at the meeting without such prior notice shall not be final until confirmed at the next membership meeting.

Section 3. Petitioning for a Meeting Call. The Board of Directors shall, within 20 days of receipt of a request by at least 5% of the voting members, make a call for a meeting to be held not less than 35 days nor more than 90 days after the receipt of the request. Voting members are those REALTOR® in good standing and qualified to vote, each of whom shall be entitled to inspect the membership list at reasonable times and on reasonable notice. The notice for the meeting shall set forth the date, time and place of the meeting and the purpose or purposes for which the meeting is called.

Section 4. Proxy. Proxies shall not be permitted for membership meetings.

Section 5. Quorum.
(a) Ten percent of the REALTOR® Members of or 100 members qualified to vote (See Article VI, Section 4) whichever is the lesser, of the Association in good standing shall constitute a quorum for the transaction of business. The number necessary to establish a quorum shall be determined ten days prior to the date of the meeting.

(b) In the event a General Membership meeting is adjourned for lack of a quorum, another meeting shall be held within 90 days of the date of the adjourned meeting. At such second meeting the number in attendance at the time of the transaction of any business shall constitute a quorum.

Section 6. Voting By Ballot. Any action which may be taken by the members at a meeting, whether for the amendment of Bylaws or to transact other business, may be taken by ballot, at the discretion of the Board of Directors.

(a) A "ballot" is a vote which is submitted by the voting member in writing or by electronic mail. Whether an electronic mail ballot is permitted shall be within the discretion of the Board of Directors.

(b) Notices for action to be taken by ballot shall satisfy the same requirements as in the case of meetings called for amendment of Bylaws, or the transaction of other business. The notice shall advise members of the number required for a quorum, and the number required for adoption of any proposed action. The Board of Directors shall allow a reasonable period of time for the members to consider and send in ballots.

(c) The Board of Directors may not call for vote by ballot where a meeting has been called by Petition, pursuant to Article XI, Section 3, unless voting by ballot is permitted by language contained in the petition.

(d) A quorum for the purposes of a vote by ballot shall mean that the votes cast by ballot must be equal to or greater than the number of votes required for a quorum in meetings attended by voting members.

(e) A ballot, whether in writing or by electronic mail, once received by the Association, cannot be revoked by the member submitting the ballot.

Section 7. Board of Directors Quorum. Majority of the total authorized members of the Board of Directors, at a regular or special meeting, shall constitute a quorum for the transaction of business.

ARTICLE XII - COMMITTEES

Section 1. Appointments. The President shall appoint those committees necessary to achieve the goals of the Association subject to affirmation by the Board of Directors by a vote of a majority of Directors then in office.

Section 2. Duties. Committees shall have such duties and functions as may be assigned to them by the Board of Directors.

Section 3. Size and Term.

(a) Committees shall consist of such a number of members as the formats prescribe and shall be appointed by the President for specified terms or until their successors have been duly appointed and confirmed or until they are officially discharged.

(b) The Association's C.A.R. Nominating Committee shall consist of such a number of members as the C.A.R. Nominating Committee Format prescribes and shall be appointed by the incumbent C.A.R. Region 18 Chairman for specified terms or until their successors have been duly appointed and affirmed or until they are officially discharged.

Section 4. Actions. All actions of committees shall be subject to the approval of the Board of Directors.

ARTICLE XIII - TRUSTEESHIPS

Section 1. Trusteeships and Divisions as referred to herein shall mean semi-autonomous bodies delegated to manage significant Association functions requiring more continuous and independent control than can be provided by a Committee.

Section 2. Trusteeships and Divisions may be created, or terminated, from time-to-time by the Board of Directors, by a two-thirds vote of those present and voting.

Section 3. Management.

(a) Trustees shall be appointed by the President, subject to affirmation by the Board of Directors. Trustees may be removed by a two-thirds vote of the Directorate.

(b) A Division may have its own membership provided it is drawn from REALTOR[®], whether from the Southland Regional Association or other Associations. The Association may also authorize a Division to have its own officers, Board of Directors and/or counsel, and may approve a separate dues structure for its members.

Section 4. The Trusteeships and Divisions shall propose such rules and procedures as are necessary to carry out their assigned goals and purposes, which rules and procedures shall be subject to approval or modification by the Association Board of Directors on a two-thirds vote of those present and voting.

ARTICLE XIV - MULTIPLE LISTING SERVICE

Section 1. Authority and Governing MLS Rules. The Association shall maintain for the use of licensed real estate brokers and salesperson, and licensed or certified appraisers, a Multiple Listing Service ("MLS"), which shall be subject to the Bylaws of the Association and such Rules and Regulations as may be hereinafter adopted.

Section 2. Purpose. A Multiple Listing Service is a means by which authorized MLS broker participants establish legal relationships with other participants by making a unilateral contractual offer of compensation and cooperation to other broker participants; by which information is accumulated and disseminated to enable authorized participants to prepare appraisals and other valuations of real property; by which participants engaging in real estate appraisal contribute to common databases; and is a facility for the orderly correlation and dissemination of listing information among the participants so that they may better serve their clients and public.

Section 3. Participation. Any REALTOR[®] of this or any other Association or qualified real estate broker who is a principal, partner, corporate officer, or branch office manager acting on behalf of a principal, without further qualification, except as otherwise stipulated in these bylaws, shall be eligible to participate in the Multiple Listing Service 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 an 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 by or published by an Association Multiple Listing Service where access to such information is prohibited by law.

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 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.

Section 4. Availability. Nothing in the Bylaws of the Association or the Rules and Regulations of the Multiple Listing Service shall be deemed to deny availability of the Multiple Listing service to any licensed real estate broker who is entitled to it under the law of the State of California, regardless of whether or not the licensee is a Member of the Association.

Section 5. Access to Comparable and Statistical Information. Provided the MLS generates such publications, A.O.R. members who are actively engaged in real estate brokerage, management, mortgage financing, appraising, land development or building but who do not participate in the MLS, are nonetheless entitled to receive, by purchase or lease, information other than current listing information that is generated wholly or in part by the MLS including “comparable” information, “sold” information and statistical reports. This information is provided for the exclusive use of A.O.R. members and individuals affiliated with A.O.R. members who are also engaged in the real estate business. Except as otherwise specified in the MLS Rules and Regulations, this information may not be transmitted, retransmitted or provided in any manner to any unauthorized individual, office or firm. A.O.R. members who receive such information are subject to the applicable provisions of the MLS Rules and Regulations whether they participate in the MLS or not.

ARTICLE XV - FISCAL YEAR AND ELECTIVE YEAR

Section 1. The Association's fiscal year shall be the calendar year beginning January 1 and ending December 31.

Section 2. The Association's elective year shall be the calendar year beginning January 1 and ending December 31.

ARTICLE XVI - RULES OF ORDER

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

ARTICLE XVII - AMENDMENTS

Section 1. Amendment Upon Majority Vote.

(a) Upon Majority Vote of Membership. These Bylaws may be amended by a majority vote of the members present and qualified to vote at any meeting at which a quorum is present, provided the substance of such proposed amendment or amendments shall be plainly stated in the call for the meeting.

(b) Upon Majority Vote of Board. In addition, the Board of directors may, at any regular or special meeting of the Board of Directors at which a quorum is present, approve amendments to the Bylaws which are mandated by N.A.R. policy or set forth in the C.A.R. Model Bylaws, or as otherwise permitted in California Corporation Code, Section 7150

Section 2. Approval of Amendments by N.A.R. Amendments to these Bylaws affecting the admission or qualification of REALTOR[®] and Institute Affiliate members, the use of the terms REALTOR[®] and REALTORS[®], or any alteration in the territorial jurisdiction of the A.O.R. shall become effective upon their approval as authorized by the Board of Directors of N.A.R.

ARTICLE XVIII - DISSOLUTION

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