

**PRESCOTT AREA ASSOCIATION  
OF REALTORS® , INC.**  
(Adopted dated February 23, 1976)  
~~Amended January 25, July 11, 2024~~

**Article I – Name**

**Section 1. Name.** The name of this organization shall be the Prescott Area Association of REALTORS®, Incorporated, hereinafter referred to as the “Association.”

**Section 2. REALTOR® Trademark.** 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 interests 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 Arizona Association of REALTORS® and the NATIONAL ASSOCIATION OF REALTORS®, thereby furthering their own objectives throughout the state and nation and obtaining the benefits and privileges of membership therein.

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

**Article III – Jurisdiction**

**Section 1.** The territorial jurisdiction of the Association as a Member of the NATIONAL ASSOCIATION OF REALTORS® shall include Prescott and that portion of Yavapai County not allocated to any other Association by the NATIONAL ASSOCIATION OF REALTORS®.

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

- (1) 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 six classes of members as follows:

(1) **REALTOR® Members.** REALTOR® Members, whether primary or secondary shall be:

A. 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 Arizona 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 an association of REALTORS® within the state or a state contiguous thereto, unless otherwise qualified for Institute Affiliate membership.

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 association 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.

B. 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.

C. 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 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 association, state association, and National Association.

D. 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 association. One of the principals in a real estate firm must be a designated REALTOR® member of the association in order for licensees affiliated with the firm to select the association as their "primary" association.

E. 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 (or to mediate if required by the association) pursuant to Article 17 of the Code of Ethics and the payment of association dues. 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.

- (2) **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.
- (3) **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.
- (4) **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.
- (5) **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.
- (6) **Student Members.** Student Members shall be individuals who are seeking an undergraduate or graduate degree with a specialization or major in real estate at institutions of higher learning, and who have completed at least two years of college and at least one college level course in real estate, but are not engaged in the real estate profession on their own account or not associated with an established real estate office.

## **Article V- Qualification and Election**

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

- (1) 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 Constitution's Bylaws, and Rules and Regulations of the Association, the State and National Associations, and if elected a Member, will abide by the Constitution and Bylaws and Rules and Regulations of the Board, 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 or to mediate 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.**

- (1) 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 Association through its Membership Committee or otherwise that he/she is actively engaged in the real estate profession, and maintains a current, valid real estate broker's or salesperson 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\*\*, agrees to complete a course of instruction covering the Bylaws and Rules and Regulations of the Board, 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 PAAR, and shall agree that if elected to membership, he/she will abide by such Constitution, Bylaws, Rules and Regulations, and Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®.

\* If the applicant or the applicant's real estate firm is named as a debtor in such bankruptcy proceeding, membership may not be denied unless the Association establishes that its interests and those of its members and the public could not be adequately protected by requiring that the applicant pay cash in advance for Association dues and MLS fees for up to one (1) year from the date that membership is approved. 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.

\*\* An applicant must have no record of civil judgments imposed within the past seven (7) years involving judgments of civil rights laws, real estate license laws, or other laws prohibiting unprofessional conduct rendered by the courts or other lawful authorities.

An applicant who has a record of criminal conviction(s) within the past seven (7) years involving a crime that reasonably relates to the real estate business or puts clients, customers or other real estate professionals at risk, must provide, and the Association must consider, mitigating factors relating to that criminal history.

NOTE 1: One or more of the requirements for REALTOR® Membership set forth above in Article V, Section 2(a) may be deleted at the Association's discretion. However, Boards/Associations may NOT adopt membership qualifications more rigorous than specified in the Membership Qualification Criteria for REALTOR® Membership approved by the Board of Directors of the National Association.

NOTE 2: Article IV, Section 2, of the NAR Bylaws prohibits Member Boards/Associations from knowingly granting REALTOR® Membership to any applicant who has an unfulfilled sanction pending which was imposed by another Board or Association of REALTORS® for violation of the Code of Ethics.

- (2) 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 with an employee or as an independent contractor with a Designated REALTOR® Member of the Association or a Designated REALTOR® member of another Board/Association (if 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, has no record of official sanctions involving unprofessional conduct\* 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 PAAR and shall agree in writing that if elected to membership he/she will abide by such Constitution, Bylaws, Rules and Regulations, and the Code of Ethics.

\* An applicant must have no record of civil judgments imposed within the past seven (7) years involving judgments of civil rights laws, real estate license laws, or other laws prohibiting unprofessional conduct rendered by the courts or other lawful authorities.

- A. An applicant who has a record of criminal conviction(s) within the past seven (7) years involving a crime that reasonably relates to the real estate business or puts clients, customers or other real estate professionals at risk, must provide, and the Association must consider, mitigating factors relating to that criminal history.
- B. The Association will also consider the following in determining an applicant's qualification for REALTOR® Membership:
  - a. All final findings of Code of Ethics violations and violations of other Membership duties in another Association within the past three (3) years
  - b. Pending ethics complaints (or hearings)
  - c. Unsatisfied discipline pending
  - d. Pending arbitration request (or hearings)
  - e. Unpaid arbitration awards or unpaid financial obligations to any other Association or Association MLS
  - f. Any misuse of the term REALTOR® or REALTORS® in the name of the applicant's firm "Provisional" membership may be granted in instances where ethics complaints or arbitration requests (or hearings) are pending in other Associations or where the applicant for membership has unsatisfied discipline pending in another Association (except for violations of the Code of Ethics; See Article V, Section 2(a) NOTE 2) provided all other qualifications for membership have been satisfied. Associations may reconsider the membership status of such individuals when all pending ethics and arbitration matters (and related discipline) have been resolved or if such matters are not resolved within six months from the date that provisional membership is approved. Provisional members shall be considered REALTORS® and shall be subject to all of the same privileges and obligations of REALTOR® Membership. If a member resigns from another Association with an ethics complaint or arbitration request pending, the Association may condition membership on the applicant's certification that he/she will submit to the pending ethics or arbitration proceeding (in accordance with the established procedures of the Association to which the applicant has made application) and will abide by the decision of the hearing panel.

### **Section 3. Election to Membership.**

The procedure for election to membership shall be as follows:

- (1) The Chief Executive Officer (or duly authorized designee) shall determine whether the applicant is applying for the appropriate class of membership. If the Association has adopted provisional membership, applicants for REALTOR® membership may be granted provisional membership immediately upon submission of a completed application form and remittance of applicable Association dues and any application fee. Provisional members shall be considered REALTORS® and shall be subject to all of the same privileges and obligations of membership. Provisional membership is granted subject to final review of the application by the Board of Directors.
- (2) If the Board of Directors determines that the individual does not meet all of the qualifications for membership as established in the Association's Bylaws, or, if the individual does not satisfy all of the requirements of membership (for example, completion of a mandatory orientation program) within 60 days from the Association's receipt of their application, membership may, at the discretion of the Board of Directors, be terminated. In such instances, dues shall be returned to the individual less a prorated amount to cover the number of days that the individual received Association services and any application fee. The Board of Directors shall vote on the applicant's eligibility for membership. If the applicant receives a majority vote of the Board of Directors, he/she shall be declared elected to membership and shall be advised by written notice.
- (3) The Board of Directors may not reject an application without providing the applicant with advance notice of the findings, an opportunity to appear before the Board of Directors, to call witnesses on his/her behalf, to be represented by counsel, and to make such statements as he/she 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.
- (4) If the Board of Directors determines that the application should be rejected, it shall record its reasons with the Chief Executive Officer (or duly authorized designee). 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. 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 (2) hours and thirty (30) 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 (1) year or less.

Failure to satisfy this requirement within sixty (60) days of the date of application (or, alternatively, the date that provisional membership was granted), will result in denial of the membership application or termination of provisional membership.

**Section 5. Continuing Member Code of Ethics Training.**

Effective January 1, 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 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® 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.

### **Section 6. Status Changes.**

- (1) A REALTOR® who changes the conditions under which he/she 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/she 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 thirty (30) days of the date the Association is advised of the disaffiliation with the current firm, membership will terminate automatically unless otherwise so directed by the Board of Directors.

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

## **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.** The Association is a signatory to the Arizona Association of REALTORS® Statewide Professional Standards Agreement and its related policies, which shall be a part of these Bylaws by reference. The Agreement obligates REALTOR® members to abide by the Code of Ethics and Arbitration Manual policies imposed as administered by the Arizona Association of REALTORS® and the discipline imposed through its process. Any reference to obligations to abide by the Code of Ethics and the obligation

to arbitrate by Association members refers to this Agreement.

**Section 3.** 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 NATIONAL ASSOCIATION OF REALTORS®. Although Members other than REALTORS® are not subject to the Code of Ethics nor its enforcement by the Association, such Members are encouraged to abide by the principles established in the Code of Ethics of the NATIONAL ASSOCIATION OF REALTOR® and conduct their business and professional practices accordingly. Further, members other than REALTORS® may, upon recommendations of the Membership Committee, or upon recommendation by a hearing panel of the Professional Standards 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 4.** 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 5.** Resignations of Members shall become effective when received in writing by the Board of Directors, provided, however, that if any Member submitting the resignation is indebted to the Association for dues, fees, fines or other assessments of the Association or any of its services, departments, divisions, or subsidiaries, the Association may condition the right of the resigning Member to apply for membership upon payment in full of all such monies owed.

**Section 6.** If a Member resigns from the Association or otherwise causes membership to terminate with an ethics complaint pending, the complaint shall be processed until the decision of the Association with respect to disposition of the complaint is final by this Association (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 Boards 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 ethics respondent's resignation or membership termination, any discipline ratified by the Board of Directors shall be held in abeyance until such time as the respondent rejoins an Association of REALTORS®.

- (1) If a member resigns or otherwise causes membership to terminate, the duty to submit to arbitration or mediation if required by the Association continues in effect even after membership lapses or is terminated, provided that the dispute arose while the former member was a REALTOR®.

**Section 7.**

REALTOR® members, whether primary or secondary, in good standing are entitled to vote and to hold elective office in the association, and may use the term REALTOR®. For purposes of this section, the term "good standing" means the member satisfies the "Obligations of REALTOR® Members", is current with all financial and disciplinary obligations to the association and MLS, has completed any new member requirements, and complies with NAR's trademark rules.

- (1) 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 unless 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.

- (2) 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.
- (3) 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 8. 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®, 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 9. Affiliate Members.** Affiliate Members shall have rights and privileges and be subject to obligations prescribed by the Board of Directors.

**Section 10. Public Service Members.** Public Service Members shall have rights and privileges and be subject to obligations prescribed by the Board of Directors.

**Section 11. Honorary Members.** Honorary Membership shall confer only the right to attend meetings and participate in discussions.

**Section 12. Students Members.** Student Members shall have the rights and be subject to obligations prescribed by the Board of Directors.

**Section 13. Certification by REALTOR®.** Designated REALTOR® Members of the Association shall certify to the Association during the month of August on a form provided by the Board, a complete listing of all individuals licensed or certified in the REALTOR®'s office(s) and shall designate a primary Association for each individual who holds membership. Designated REALTORS® shall also identify any non-member licensees in the REALTORS® office(s) and if Designated REALTOR® dues have been paid to another Association based on said non-member licensees, the Designated REALTOR® shall identify the Association to which dues have been remitted. These declarations shall be used for purposes of calculating dues under Article X, Section 2(a) of the Bylaws. "Designated" REALTOR® Members shall also notify the Association of any additional individual(s) licensed or certified with the firm(s) within thirty (30) days of the date of affiliation or severance of the individual.

**Section 14.** Harassment. Any member of the Association may be reprimanded, placed on probation, suspended or expelled for harassment of an Association or MLS employee or Association Officer or Director after an investigation in accordance with the procedures of the Association. As used in this Section, harassment means any verbal or physical conduct including threatening or obscene language, unwelcome sexual advances, stalking, actions including strikes, shoves, kicks, or other similar physical contact, or threats to do the same, or any other conduct with the purpose or effect of unreasonably interfering with an individual's work performance by creating a hostile, intimidating or offensive work environment. The decision of the appropriate disciplinary action to be taken shall be made by the investigatory team comprised of the President, and President-elect and/or Immediate Past President and one member of the Board of Directors selected by the highest- ranking officer not named in the complaint, upon consultation with legal counsel for the Association. Disciplinary action may include any sanction authorized in the Association's Code of Ethics and Arbitration Manual. If the complaint names the President, President-elect, or Immediate Past President, they may not participate in the proceedings and shall be replaced, by another member of the Board of Directors selected by the highest- ranking officer not named in the complaint.

#### **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 safeguard and promote the standards, interests, and welfare of the association and the real estate profession., and to protect against conduct that may cause a lack of public confidence in the real estate profession or in REALTORS®. REALTOR® members also must abide by the governing documents and policies of the association, the State Association, and the NATIONAL ASSOCIATION OF REALTORS®, as well as 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 in accordance with the procedures set forth in the Code of Ethics and Arbitration manual.

Every REALTOR® member shall maintain a high level of integrity and adhere to the association's membership criteria. Any violent act or threat of violence to person or property, hateful conduct, or acts of moral turpitude impacting the public shall not be tolerated and may be cause for disciplinary action, up to and including termination of membership.

**Section 3.** The responsibility of the Association and Association 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 consistent with the cooperative professional standards enforcement agreement entered into by the Association, which by this reference is made apart of these Bylaws.

#### **Article VIII – Use of the Terms REALTOR® and REALTORS®**

**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 a 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® principal member 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 or Institute Affiliate members.

- (1) In the case of a REALTOR® principal member 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 holds REALTOR® membership. If a firm, partnership, or corporation operates additional places of business in which no principal holds REALTOR® membership, the term REALTOR® or REALTORS® may not be used in any reference to those additional places of business.

**Section 4.** Institute Affiliate members shall not use the terms REALTOR® or REALTORS®, nor the imprint of the emblem seal of the NATIONAL ASSOCIATION OF REALTORS®.

#### **Article IX – State and National Memberships**

**Section 1.** The association shall be a member of the NATIONAL ASSOCIATION OF REALTORS® and the Arizona Association of REALTORS®. By reason of the association's membership, each REALTOR® member of the Member Board shall be entitled to membership in the NATIONAL ASSOCIATION OF REALTORS® and the Arizona 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.

#### **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:

- (1) 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 association in the state or a state contiguous thereto or Institute Affiliate members of the association. In calculating the dues payable to the association by a designated REALTOR® member, non-member licensees as defined in (1) and (2) of this paragraph shall not be included in the computation of dues if the designated REALTOR® has paid dues based on said non-member licensees in another association in the state or a state contiguous thereto, provided the designated REALTOR® notifies the association in writing of the identity of the association 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 association.

- A. 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 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 provided that such licensee is not otherwise included in the computation of dues payable by the principal of the entity.
  - B. A REALTOR® with a direct or indirect ownership interest in an entity engaged exclusively in soliciting and/or referring clients and customers to the REALTOR® for consideration on a substantially exclusive basis shall annually file with the association on a form approved by the association a list of the licensees affiliated with that entity and shall certify that all of the licensees affiliated with the entity are solely engaged in referring clients and customers and are not engaged in listing, selling, leasing, renting, 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.
  - C. 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, leasing, renting, managing, counseling, or appraising real property) other than referrals, and dues for the current fiscal year shall be payable.
  - D. 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.
- (2) REALTOR® Members. The annual dues of REALTOR® members other than the designated REALTOR® shall be as established annually by the board of directors.

- (3) 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®.
- (4) 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®.
- (5) Public Service Members. The annual dues of each Public Service Member shall be as established annually by the Board of Directors.
- (6) Honorary Members. Dues payable, if any, shall be at the discretion of the Board of Directors.
- (7) Student 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 December. Dues for new members shall be computed from the first day of the month in which a Member is notified of election and the granting of provisional membership and shall be prorated for the remainder of the year.

- (1) 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.
- (2) The Board of Directors may amend the dues payment schedule and provisions of this section to facilitate payment by the membership.

**Section 4. Nonpayment of Financial Obligations.** If dues, fees, fines, or other assessments including amounts owed to the Association or the Association's Multiple Listing Service are not paid within one (1) month after the due date, the nonpaying Member is subject to suspension at the discretion of the Board of Directors. Two (2) months after the due date, membership of the nonpaying Member may be terminated at the discretion of the Board of Directors. Three (3) months after the due date, membership of the nonpaying Member shall automatically terminate unless within that time the amount due is paid. However, no action shall be taken to suspend or expel a Member for nonpayment of disputed amounts until the accuracy of the amount owed has been confirmed by the Board of Directors. A former Member who has had his membership terminated for nonpayment of dues, fees, fines, or other assessments duly levied in accordance with the provisions of these Bylaws or the provisions of other Policies or 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 the date of termination.

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

**Section 6. Notice of Dues, Fees, Assessments and Other Financial Obligations of Members.**

All dues, fees, fines, assessments, or other financial obligations to the Association or Association's Multiple Listing Services shall be noticed to the delinquent Association Member in writing setting forth the amount owed and due date.

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

shall be as determined by the Board of Directors.

NOTE: A Member Association's dues obligation to the National Association is reduced by an amount equal to the amount which the Association 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 Association. The dues obligation of such individuals to the local Association should be reduced to reflect the reduction in the Association's dues obligation to the National Association. This does not affect a "Designated" REALTOR®'s dues obligation to the Association 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 officers of the Association shall be: President, a President-elect, a Treasurer, a First Vice President, a Treasurer-elect, and an Immediate Past President. The term of each officer shall commence on January 1 and shall be for one year or until their respective successors are duly elected and qualified. Any member to assume the position of President, President-elect, First Vice President, Treasurer or Treasurer-elect must have fulfilled their term as Director or Officer of the Prescott Area Association of REALTORS® within the six (6) preceding years.

**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. The President-elect shall serve as President in the absence of the President. It shall be the particular duty of the Chief Executive Officer to keep the records of the Association and to carry on all necessary correspondence with the NATIONAL ASSOCIATION OF REALTORS® and the Arizona 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 nine (9) elected REALTOR® Members, and one (1) appointed Affiliate Director. Three (3) of the directors will be elected based on their specialty serving as an Appraiser Director, a Property Management Director, and a Commercial Director, respectively. Directors shall be elected to serve for terms of two years. As many Directors shall be elected each year as are required to fill vacancies. The Immediate Past President of the Association shall serve as an officer, ex-officio, and with all Officers and Directors shall have full voting privileges, except for the appointed Affiliate Director, who shall be a non-voting Director. Beginning with the 2012 elections, and thereafter, the terms to which directors are elected will hereafter be two years.

- (1) No director shall serve for more than two (2) consecutive, two (2) year terms, except for the appointed Affiliate Director who shall serve a one (1) year term.
- (2) To run for a Director position a member must be a member in good standing with the Prescott Area Association of REALTORS®.
- (3) No officer shall serve as director in the year immediately following their term of officer.
- (4) No more than three (3) REALTORS® from the same real estate firm may simultaneously serve on the Board of Directors.
- (5) The Affiliate Director is appointed by the President subject to the approval of the Board of Directors.

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

- (1) At least two (2) months before the annual election, a Leadership Development Committee of 9-11 REALTOR® members including 1-2 recent past presidents; the President, President-Elect, First Vice-President, Treasurer 2 Committee members and 2-3 at-large REALTOR® members. One of the past presidents would chair the committee. The group shall be appointed by the President with the approval of the Board of Directors. The Leadership Development 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 Leadership Development Committee shall be electronically transmitted to each member eligible to vote at least three (3) weeks preceding the election. Additional candidates for the offices to be filled may be placed in nomination by petition signed by at least 15% of the REALTOR® members eligible to vote. The petition shall be filed with the Chief Executive Officer at least two (2) weeks before the election. The Chief Executive Officer shall send notice of such additional nominations to all members eligible to vote before the election.
- (2) The election of Officers and Directors shall take place no later than the 30th day of September. Election of Officers and Directors may be conducted by electronic means, in accordance with procedures established by the Board of Directors.
- (3) The President, with the approval of the Board of Directors, shall appoint an Election Task Force of four REALTOR® members to certify all votes cast electronically. In case of a tie vote, the issue shall be determined by a special election.

#### **Section 5. Vacancies.**

- (1) If a vacancy occurs in the office of President, the President-Elect shall automatically succeed to the office of President, effective on the date the vacancy occurs, and: (a) shall serve out the remainder of the unexpired term of the former President; and (b) shall also serve out the term that the President-elect had been elected to serve as President during the following calendar year, provided that the President-elect was elected to the office of President-elect, rather than succeeding to such office pursuant to subsection (3) below.
- (2) If a vacancy occurs in the office of Treasurer, the Treasurer-elect shall automatically succeed to the office of Treasurer, effective on the date the vacancy occurs, and shall serve out both the remainder of the unexpired term of the former Treasurer and the term that the Treasurer-elect had been elected to serve as Treasurer during the following calendar year.
- (3) If a vacancy occurs in the office of President-elect, the First Vice President shall automatically succeed to the office of President-elect, effective on the date the vacancy occurs, and shall serve out the remainder of the unexpired term of the former President-elect. However, the First Vice President shall not automatically succeed to the office of President, or (if the First Vice President succeeds to the office of President pursuant to subsection 1 above) continue in the office of President, after the end of the unexpired term of the former President-elect. Rather, the office of President for the following term shall be filled at the next annual election, and the First Vice President may, but shall not be required to, stand for election to the office of President.
- (4) Vacancies in the offices of First Vice President, Treasurer-elect and Director shall be filled by a REALTOR® Member who meets the qualifications and who is elected by a simple majority vote of the Board of Directors. Each such appointee shall serve until the end of the calendar year during which such individual was appointed, and such office for the following term shall be filled at the next annual election. The appointee may, but shall not be required to, stand for election to such office.
- (5) The foregoing procedures for filling vacancies shall apply regardless of the reason for the vacancy, including death, resignation or removal.

**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, he/she shall be subject to removal by declaration of a simple majority vote of the Board of Directors (excluding any

Director who is the subject of such vote) that a vacancy in the Officer or Director position has occurred. Such declaration may provide that the removed Officer or Director is disqualified from serving as an Officer, Director and/or in any other position with the association, either permanently, for a specified period of time or until the occurrence of a specified event. The Board of Directors may, by a simple majority vote after review of the circumstances of such prior removal, revoke, shorten or otherwise modify the disqualification of the removed Officer or Director.

In the alternative, the Officer or Director may be removed from office under the following procedure:

- (1) A petition requiring the removal of an Officer or Director and signed by not less than one-third of the voting membership or a majority of all Directors shall be filed with the President, or if the President is the subject of the petition, with the next ranking officer, and shall specifically set forth the reasons the individual is deemed to be disqualified from further service.
- (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 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.
- (3) 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.

An Officer or Director who is removed from office by vote of the Members, as set forth above, shall be permanently disqualified from serving as an Officer, Director or in any other position with the Association, including, but not limited to, as a member of any committee or task force.

## **Article XII – Meetings**

**Section 1. Annual Meetings.** The Association's annual membership meeting shall be held no later than the 30th day of September 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. If a Director is absent from any three (3) meetings (whether regular or special) of the Board of Directors within a calendar year, it shall be considered a resignation from the Board of Directors. The only exception will be for meetings missed to conduct other Association business at the local, state, or national levels. The members of the Association's leadership team (the President, the President-elect and the Chief Executive Officer) shall have the discretion and authority to permit Directors to participate in meetings remotely by use of telephone conference, videoconference or other method that permits all the Directors present at the meeting to hear each other.

**Section 3. Other Membership Meetings.** Membership Meetings may be held at other times as the President or the Board of Directors may determine, or upon the written request of at least ten (10) percent of the REALTOR® Members.

**Section 4. Notice of Membership Meetings.** Notice shall be electronically submitted to every Member entitled to participate in the meeting at least one (1) week preceding all meetings. If a special meeting is called, notice shall be accompanied by a statement of the purpose of the meeting.

**Section 5. Quorum.** A quorum for the Board of Directors shall be a majority of the Board of Directors. A quorum for committees, workgroups and task forces shall be a majority of that group's members. For membership meetings, those voting members present constitute a quorum.

**Section 6. Electronic Voting.** Electronic Voting by the Board of Directors, membership, committees, workgroups, and task forces is permitted as long as it is done in accordance with Arizona law and the Arizona Non-Profit Corporation Act.

#### **Article XIII –**

**Section 1. Committees.** The following Committees of PAAR are hereby established:

- Executive Committee
- Finance Committee
- MLS Committee

(1) **Committee Organization:** All committees, or special task force groups, shall be of such size and shall have duties, functions, and powers as assigned by the President or the Board of Directors except as otherwise provided in these Bylaws.

(2) **Committee Chair and Vice Chair Appointments:** The President shall appoint from among the REALTOR® Members a Chair for each Committee, and the President-elect shall appoint from among the REALTOR® Members a Vice Chair for each Committee, Appointees shall serve for a one (1) year term and are subject to confirmation by the Board of Directors.

**Section 2. Special Committees and Task Forces.** The President shall appoint, subject to the confirmation by the Board of Directors, special committees and task force groups as deemed necessary. A committee chair can appoint a task force with the approval of the Committee.

**Section 3. Organization.** All committees shall be of such size and shall have duties, functions, and powers as assigned 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, non-voting member of committees and special committees and tasks forces and shall be notified of their meetings.

**Sections 5. AAR Quota Directors.** The President shall appoint from among the REALTOR® Members AAR/Quota Directors for a one (1) year term, subject to confirmation by the Board of Directors, according to the number of Quota Directors allotted as established and amended from time to time by the Arizona Association of REALTORS®.

#### **Article XIV – Fiscal and Elective Year**

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

**Section 2.** Newly elected Officers and Directors will assume office January 1 and the terms of office will terminate on 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 eligible to vote who cast votes in the electronic voting process, provided the substance of such proposed amendment or amendments shall be plainly stated in the proposal for amendment and providing there was a membership meeting held prior to the vote including open discussion of the proposed amendment. Article IX may be amended only by a majority vote of all REALTOR® Members.

- (1) When Bylaws amendments are mandated by NAR policy, these Bylaws may be automatically amended to reflect the mandate as of the effective date of the mandatory policy authorized by the NATIONAL ASSOCIATION OF REALTORS®. The Association shall provide notice of that change in a regular or special membership communication.

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

**Section 3.** Amendments to these Bylaws affecting the admission or qualification of REALTOR® and Institute Affiliate Members, the use of the terms REALTOR® 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 of this Association, the Board of Directors, after providing for the payment of all obligations, shall distribute any remaining assets to the ARIZONA ASSOCIATION OF REALTORS® or, within its discretion, to any other non-profit tax-exempt organization.

## Article XVIII – Multiple Listing.

**Section 1. Authority.** The Association of REALTORS® shall maintain for the use of its Members a Multiple Listing Service which shall be subject to the Bylaws of the Associations of REALTORS® and such rules and regulations as may be hereinafter adopted.

**Section 2. Purpose.** A Multiple Listing Service is:

~~(1) 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);~~

~~(2)~~(1) A means by which cooperation among Pparticipants is enhanced;

~~(3)~~(2) A means by which information is accumulated and disseminated to enable authorized Participants to prepare appraisals, ~~analysisanalyses~~, and other valuations of real property for bona fide clients and customers;

~~(4)~~(3) A means by which Participants engaging in real estate appraisal contribute to common data bases; ~~and~~

~~(5)~~(4) A facility for the orderly correlation and dissemination of listing information ~~so~~ Participants ~~so to enable participants to~~ ~~may~~ better serve their clients, ~~customers~~ 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<sup>®</sup> Member of this or any other Association who is a principal, partner, or corporate officer, or branch manager acting on behalf of the principal, without further qualification, except as otherwise stipulated in these bylaws, 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~~ cooperate with other Participants or are licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property.

"Cooperation" (and its derivative forms including "cooperate") means (a) or (b) or both: (a) sharing information on listed property and making property available to other brokers for showing to prospective purchasers and tenants when it is in the best interests of a listing broker's clients; (b) attempting to find buyers or tenants for properties listed in the Service.

\*\*—Use of information developed by or published by an Association Multiple Listing Service is strictly limited to the activities authorized under a Participation 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 Multiple Listing Service participation. Rather, the requirement that an individual or firm ~~"offers or accepts cooperation and compensation"~~ cooperates means that the Participant actively endeavors during the operation of its real estate business to cooperate with other Participants list real property of the type listed on the Multiple Listing Service and/or to accept offers of cooperation and compensation made by listing brokers or agents of in the Multiple Listing Service. "Actively" means on a continual and on-going basis during the operation of the Participants real estate business. The "actively" requirement is not intended to preclude Multiple Listing Service 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 Multiple Listing Service 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 a Multiple Listing Service to deny participation based on the level of service provided by the 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~~ cooperate with respect to properties of the type that are listed on the Multiple Listing Service in which participation is sought. This requirement does not permit a Multiple Listing Service 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~~ cooperate.

A Multiple Listing Service may evaluate whether a Participant or potential Participant "actively endeavors during the operation of its real estate business" to cooperate ~~"offer or accept cooperation and compensation"~~ only if the Multiple Listing Service 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.

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

**Section 5. Appointment of Committee.** The President shall appoint, subject to the confirmation of the Board of Directors, a Multiple Listing Committee of REALTOR® Members. All members of the committee shall be Participants in Multiple Listing except at the option of the Board of Directors, REALTORS® affiliated with Participants may be appointed to serve in such numbers as determined by the Board of Directors. The Committee members so named shall serve two (2) year staggered terms. The Chairperson to be appointed by the President.

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

**Section 7. Attendance.** Any Committee member who fails to attend three (3) meetings within a calendar year, whether regular or special, of the MLS Committee, shall be deemed to have resigned from that committee and the vacancy shall be filled as herein provided for original appointees.

**Section 8. Subscribers.** Subscribers (or users) of the Multiple Listing Service include non-principal brokers, sales associates, and licensed and certified appraisers affiliated with Participants.

- (1) Subscribers also include affiliated unlicensed administrative and clerical staff, personal assistants, and individuals seeking licensure or certification as real estate appraisers who are under the direct supervision of a Multiple Listing Service Participant or the Participant's licensed designee.

#### **Article XIX – Chief Executive Officer**

**Section 1.** The Board of Directors may employ a Chief Executive Officer who shall be the chief administrative officer of the Association and serve as the Secretary, subject to approval of the President and the Board of Directors, and who shall perform such other duties as may be delegated by the Board of Directors. The Association will provide Employee Dishonesty Insurance that covers the Chief Executive Officer who, along with all other employees and member volunteers. The Chief Executive Officer shall have the authority to hire, supervise, evaluate, and terminate other staff, if any, and shall perform such other duties as prescribed by the Board of Directors.

#### **Article XX – Professional Counsel.**

**Section 1.** The Board of Directors may retain legal and other professional counsel and negotiate the terms of compensation thereof.

#### **Article XXI – Accounting Procedures.**

**Section 1.** The Board of Directors may retain the services of a Certified Public Accountant or a Registered Agent with an accounting firm and negotiate the terms of compensation thereof.

**Section 2.** The Chief Executive Officer shall be responsible for contracting with a CPA for an independent audit of the Association books to be submitted to the Board of Directors before their regularly scheduled July meeting.

## **Article XXII – Lockbox System**

**Section 1.** The Association may provide for the members a lockbox system for use of the members. The lockbox system must be in compliance with the security measures required by the NATIONAL ASSOCIATION OF REALTORS®. The system will be operated through the Association’s Multiple Listing Service or Regional Multiple Listing Service Authority in accordance with the Rules and Regulations in compliance with NAR Guidelines for security.