

SOUTHEAST ARIZONA ASSOCIATION OF REALTORS®, INC.
125 S. 2ND STREET
SIERRA VISTA, AZ 85635

BYLAWS
AMENDED June 28/2016
(Approved NAR June 28, 2016 and
Approved by the General Membership July 12, 2016)

BYLAWS OF THE
SOUTHEAST ARIZONA
ASSOCIATION OF REALTORS®, INC.

ARTICLE I NAME

Section 1. Name. The name of the organization shall be the SOUTHEAST ARIZONA ASSOCIATION OF REALTORS®, INC., hereinafter referred to as the "Association."

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

Section 3. Gender. As used in these Bylaws, the term "he" shall mean he or she.

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 interest of home and other real property ownership.

Section 5. To unite those engaged in the real estate profession in the community with the ARIZONA ASSOCIATION OF REALTORS® and the NATIONAL ASSOCIATION OF REALTORS®, thereby furthering their own objectives throughout the state, 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 term 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 all of Cochise County, Arizona, exclusive of that portion of the southeast corner of the county described in the Metes and Bounds and outlined on a map which is attached hereto as Exhibit A to these Bylaws.

Section 2. 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®, 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 I. There shall be seven (7) classes of members as follows:

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

(a) Individuals who, as sole proprietors, partners, or 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 the state of Arizona or a state contiguous thereto. All persons who are partners in a partnership, or all officers of 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 in an association of REALTORS® within the state or a state contiguous thereto unless otherwise qualified for Institute Affiliate Membership as described in Section 1 (b) of ARTICLE IV.

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 as described in Section 1(b) of Article, IV.

NOTE: REALTOR® Members may obtain membership in a 'secondary' Association in another state.

(b) 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; the right to hold elective office in the local Association, State Association and National Association.

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

(2) Primary and Secondary REALTOR® Members. An individual is a primary member if the Association pays state and national dues based on such member. An individual is a secondary member if state and national dues are remitted through another association. One of the principals in a real estate firm must be a Designated REALTOR® member of the Association in order for licenses affiliated with the firm to select the Association as their "primary" association.

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

(4) Affiliate Members.

(a) 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 individuals, if otherwise eligible, may elect to hold REALTOR® Membership, subject to payment of applicable dues for such membership.

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

(5) Other Members.

(a) 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.

(b) Student Members. Student Members shall be individuals who are seeking undergraduate or graduate degree with 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 account or not associated with an established real estate office.

(6) 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.

(7) Life Members. Candidates for Life Members, the highest recognition of service that the Southeast Arizona Association of REALTORS®, Inc. can offer, must have:

- 1) Either reached the age of 65 with twenty-five (25) years of continuous membership in the Southeast Arizona Association of REALTORS®, Inc. or
- 2) Shall have been an active REALTOR® Member in the Southeast Arizona Association of REALTORS®, Inc. for not less than thirty (30) continuous years with no age restriction.
- 3) During those years the Member must have rendered extraordinary services to the Southeast Arizona Association of REALTORS®, Inc. and to the profession as: an Officer or Director, have served in either capacity for at least three (3) years or in Committee/Task Force service having served as a Committee/Task Force chairperson for a minimum of three (3) years.
- 4) Recommendations of Members for Life Membership shall be made to the Nominating Committee, who will verify eligibility and make recommendations to the Board of Directors for final approval.
- 5) Local dues shall be waived for the period of time the Licensee maintains a license with the Arizona Department of Real Estate and is a member of the Southeast Arizona Association of REALTORS®, Inc. (BOD approved 10/30/13)

ARTICLE V QUALIFICATIONS AND ELECTIONS

Section 1. Application. An application for membership shall be made in such a 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 of membership to thoroughly familiarize himself/herself with the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, the state and national associations, and if elected a member, will abide by the Constitutions and Bylaws and Rules and Regulations of the Association, state and national associations, and if a Designated REALTOR® will abide by the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® including the obligation to mediate controversies arising out of real estate transactions as specified by 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 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 from the basis of any action for slander, libel, or defamation of character. The application 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. Qualifications.

- (a) An applicant for REALTOR® membership who is a principal, partner, sole proprietor, or corporate officer of a real estate firm, or a current member who becomes a principal, partner, sole proprietor, or corporate officer or a branch office manager of a real estate firm shall supply evidence satisfactory to the Association that he is actively engaged in the real estate profession, maintains a current valid Arizona Real Estate Broker's License or Salespersons 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 has no record of recent or pending bankruptcy, has no record or official sanctions involving unprofessional conduct, agrees to complete a course of instruction covering the Bylaws and Rules and Regulations of the Association, by the Bylaws of the state association, the Constitution and Bylaws and Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® within a reasonable period of time after application

for membership, which shall be established by the Policy and Procedures as amended from time to time, and shall pass such reasonable and nondiscriminatory written examination thereon as may be required by the Committee, and shall agree that if elected to membership, he will abide by such Constitution, Bylaws, Rules and Regulations, and Code of Ethics.

(* Note: Article IV, Section 2, of the NAR Bylaws prohibits Member **Associations** from knowingly granting REALTOR[®] or REALTOR[®]-Associate 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.

NO RECORD OF OFFICIAL SANCTIONS INVOLVING UNPROFESSIONAL CONDUCT is intended to mean that the Association may only consider judgments within the past three (3) years of violations of (1) civil rights laws; (2) real estate license laws; (3) or other laws prohibiting unprofessional conduct against the applicant rendered by the courts of other lawful authorities, and (4) finding of violations of the REALTORS[®] Code of Ethics resulting in suspension or expulsion from any member association in which applicant is or was a member.

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

- (b) Individuals who hold a current Arizona Real Estate License and who are actively engaged in the real estate profession other than as principals, partners, sole proprietors, or corporate officers, or a branch officer manager in order to qualify for REALTOR[®] Membership, shall at the time of application, be associated either as an employee or as an independent contractor within a Designated REALTOR[®] Member of the Association, or a Designated REALTOR[®] member of another association (if a secondary member) or be licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property, and shall complete a course of instruction, within a reasonable period of time, which shall be established by the Policy and Procedures, as amended from time to time, 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 non-discriminatory written examination thereon as may be required by the Association and shall agree in writing that if elected to membership he will abide by the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS[®], and by the Constitution, Bylaws, and Rules and Regulations of the local Association, state association, and the national association.
- (c) An applicant for Institute Affiliate Membership shall supply to the Association evidence that applicant: holds a professional designation awarded by a Institute, Society or Council affiliated with the National Association of REALTORS[®] that addresses a specialty area other than residential brokerage or who otherwise holds a class of membership in such Institute, Society or Council that

confers the right to hold office and shall agree, if elected to membership, to abide by the Constitution, Bylaws and Rules and Regulations of the local Association, the State Association, and the National Association.

- (d) All applicants for any status of membership which if granted would be a reinstatement of membership must comply with all provisions of this Association's Bylaws pertaining to membership reinstatement, in addition to requirements contained in this Section.

Section 3. Election.

- (a) The Association Executive (or duly authorized designee) shall determine whether the applicant is applying for the appropriate class of membership. All membership applications shall be automatically approved through an administrative process after review by the Association Executive (or duly authorized designee). In the event an application is rejected the Association Executive shall present the application along with the rationale for the rejection to the Board of Directors for its review and action.
- (b) The Association will also consider the following in determining an applicant's qualification for REALTOR® membership:
 - 1. All final findings of Code of Ethics violations and violations of other membership duties in any other association within the past three (3) years
 - 2. Pending ethics complaints (or hearings)
 - 3. Unsatisfied discipline pending
 - 4. Pending arbitration requests (or hearings)
 - 5. Unpaid arbitration awards or unpaid financial obligations to any other association or association MLS
 - 6. 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 3 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.

- (c) All REALTOR® members shall be granted provisional membership immediately upon submission of a completed application form and remittance of applicable association dues and any application fee. Provisional members shall be considered REALTOR® members and shall be subject to the same privileges and obligations of membership. Provisional membership is granted subject to each applicant completing new member orientation and satisfying the NATIONAL ASSOCIATION OF REALTORS® Code of Ethics requirement, or proof of compliance, within one hundred twenty (120) days of application. If the individual does not satisfy all of the requirements of membership within one hundred twenty (120) days of application, membership may, at the discretion of the Board of Directors, be terminated. Dues shall be computed from the date of application and shall be nonrefundable unless the Board of Directors approves. In such an instance, 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. **(Amended 4/2015)**
- (d) The Board of Directors may not reject an application without providing the applicant with advance written notice of the findings and recommendations of the Association and a full hearing observing all due process rules and 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 or 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 proceeding.
- (e) If the Board of Directors determines that the applications should be rejected, it shall record its reasons with the Association Executive. 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 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

- (a) Applicants or REALTOR membership and provisional REALTOR members (where applicable) shall complete an orientation program on the Code of Ethics of not less than two hours and thirty minutes of instructional time. This requirement does not apply to applicants for REALTOR membership or provisional members who have completed comparable orientation in another association, provided that REALTOR membership has been continuous, or that any break in membership is for one year or less. **(Amended 4/2015)**
- (b) Failure to satisfy this requirement within one hundred twenty (120) 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. **(Amended 4/2015)**

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

ARTICLE VI PRIVILEGES AND OBLIGATIONS

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

Section 2. Any member of the Association may be reprimanded, fined, placed on probation, suspended, or expelled by the Board of Directors for a violation of these Bylaws and Rules and Regulations not inconsistent with these Bylaws, after a hearing as provided in the Code of Ethics and Arbitration Manual of the Association. Although members other than REALTORS® are not subject to the Code of Ethics or its enforcement by the

Association, such members are encouraged to abide by the principles established in the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® and conduct their business and professional practices accordingly. Further, members other than REALTORS® may upon recommendation of a hearing panel of the Professional Standards Committee, be subject to discipline as described above for any conduct, which in the opinion of the Board of Directors, applied on a nondiscriminatory basis, reflects adversely on the terms REALTOR® or REALTORS®, and the real estate industry, or for conduct that is inconsistent with or adverse to the objectives and purposes of the local Association, the state association, and the NATIONAL ASSOCIATION OF REALTORS®.

Section 3. Any REALTOR® of the Association may be disciplined by the Board of Directors for violations of the Code of Ethics or other duties of membership, after a hearing as described in the Code of Ethics and Arbitration Manual of the Association, provided that the discipline imposed is consistent with the discipline authorized by the Professional Standards Committee of the NATIONAL ASSOCIATION OF REALTORS® as set forth in the Code of Ethics and Arbitration Manual of the national association.

Section 4.

- (a) 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 any financial obligations, the Board shall condition the right to the resigning member to reapply for membership upon payment in full of all such monies owed.
- (b) In the event that a REALTOR® Member resigns and remains licensed with a Designated REALTOR®, partnership and/or corporate firm who is an Association Member, the dues and fees obligation of the Designated REALTOR® shall continue to reflect that licensee until such time as the licensee is terminated and notification in writing is provided to the Association in compliance with Article VI, Section 13 and Association Policy.
- (c) In the event that a Designated REALTOR® resigns from Association membership, the resignation must be submitted in writing, signed by the Designated REALTOR®. The Association members who are licensed with the resigning Designated REALTOR® must submit written notification to the Association within ten (10) days or membership will be terminated.

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

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

Section 6. REALTOR® Members.

- (a) REALTOR® Members, whether primary or secondary, shall be considered in "good standing" when the member has met all financial and other obligations to the Association. A REALTOR® Member in "good standing" shall be entitled to all privileges of membership to include the right to vote and hold elective office in the Association; may use the terms REALTOR® and REALTORS®, which use shall be subject to the provisions of Article VIII; and have the primary responsibility to safeguard and promote the standards, interests, and welfare of the Association and the real estate profession.
- (b) If a REALTOR® Member is a sole proprietor in a firm, a partner in a partnership, or an officer of a corporation, and is suspended or expelled, the firm, partnership, or corporation shall not use the terms REALTOR® or REALTORS® in connection with its business during the period of suspension, until readmission to REALTOR® Membership, or unless connection with the firm, partnership or corporation is severed, or management control is relinquished, whichever may apply. The membership of all other principals, partners, or corporate officers shall suspend or terminate during the period of suspension of the disciplined member, or until readmission of the disciplined member, or unless connection of the disciplined Member with the firm, partnership, or corporation is severed, or unless the Designated REALTOR® who is suspended or expelled removes himself from any form or degree of management control of the firm for the term of the suspension or until readmission to membership, whichever may apply. Removal of an individual from any form or degree of management control must be certified to the Association by the member who is being suspended or expelled and by the individual who is assuming management control, and the signatures of such certification must be notarized. In the event the suspended or expelled member is so certified to have relinquished all form or degree of management control of the firm, the membership of other partners, corporate officers, or other individuals affiliated with the firm shall not be affected, and the firm, partnership or corporation may continue to use the terms REALTOR® and REALTORS® in connection with its business during the period of suspension or until the former member is readmitted to membership in the Association. The

foregoing is not intended to preclude a suspended or expelled member from functioning as an employee or independent contractor, providing no management control is exercised. Further, the membership of REALTORS® other than principals who are employed by or affiliated as independent contractors with the disciplined member shall suspend or terminate during the period of suspension of the disciplined member or until readmission of the disciplined member, or unless connection of the disciplined member with the firm, partnership, or corporation is severed, or management control is relinquished, whichever may apply. If a REALTOR® Member other than a sole proprietor in a firm, partner in a partnership, or an officer of a corporation is suspended or expelled, the use of the terms REALTOR® or REALTORS® by the firm, partnership, or corporation shall not be affected.

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

NOTE: Local associations establish the rights and privileges to be conferred on Institute Affiliate Members except that no Institute Affiliate Member, Affiliate Member, Public Service Member, Honorary Member, or Student Member may be granted the right to use the term REALTOR®, REALTOR® Associate, or the REALTOR® logo; to serve as President of the local association; or to be a participant in the local association's Multiple Listing Service. **(Amended 4/2015)**

Section 7. Institute Affiliate Member. 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® as in the Policy Statements. **(Amended 4/2015)**

Section 8. Affiliate Members. Affiliate Members shall have rights and privileges and be subject to obligations prescribed by the Board of Directors as in the Policy Statements. **(Amended 4/2015)**

Section 9. Public Service Members. Public Service Members shall have rights and privileges and be subject to obligations prescribed by the Board of Directors as in the Policy Statements. **(Amended 4/2015)**

Section 10. Honorary Members. Honorary Membership shall confer only the right to attend meetings and participate Board of Directors as in the Policy Statements. **(Amended 4/2015)**

Section 11. Student Members. Student Members shall have rights and privileges and be subject to obligations prescribed by the Board of Directors as in the Policy Statements. **(Amended 4/2015)**

Section 12. Life Members shall have the rights and privileges and be subject to obligations prescribed by the Board of Directors as in the Policy Statements. Life Members shall have voting rights as long as they are REALTORS® and have selected Southeast Arizona Association of REALTORS® as their primary association and are a member in good standing. **(Amended 4/2015)**

Section 13. Certification by REALTOR®. Upon request Designated REALTOR® Members of the Association shall certify to the Association on a form provided by the Association, a complete listing of all individuals licensed or certified in the REALTOR®'s office(s) and shall designate a primary Association for each individual who holds membership. Designated REALTORS® shall also identify any non-member licensees in the REALTOR®'s office(s) and if Designated REALTOR® dues have been paid to another 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 ten days of the date of affiliation or severance of the individual.

Every 90 days the Association shall audit Association membership with information provided by the Arizona Department of Real Estate. The Designated REALTOR® shall be billed and required to pay for any

Licensee licensed with their firm and not reported to the Association in a timely fashion, as previously agreed to when applying for membership under the Designated REALTOR® dues formula as prescribed by the National Association of REALTORS®.

Section 14. Continuing Member Code of Ethics Training

- (a) Within two years of the date of election to membership, and every two years thereafter, each REALTOR® Member of the Association shall be required to demonstrate that they have completed a course of not less than three (3) hours on the REALTORS® Code of Ethics, its interpretation and meaning and/or the procedures related to its enforcement (effective January 1, 1995).
- (b) This requirement will be considered satisfied upon presentation of evidence that the member has completed an educational program conducted by another Member association, the Arizona Association of REALTORS®, the NATIONAL ASSOCIATION OF REALTORS® or any of its affiliated institutes, societies or councils, or any other recognized educational institution which, in the opinion of the Board of Directors, is an adequate substitute for the training programs conducted by the Association.
- (c) Failure to satisfy this requirement biennially will result in membership being suspended. If after thirty (30) days the suspended member has not met the requirement, membership will automatically terminate.

Section 15. 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 Treasurer 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 Treasurer, they may not participate in the proceedings and shall be replaced by the Immediate Past President or, alternatively, 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 consistent with the Arizona Association of REALTORS® Statewide Professional Standards Enforcement Agreement entered into by the Association, which by this reference is made a part of these Bylaws.

Section 2. It shall be the duty and responsibility of every REALTOR® of this Association to abide by the Constitution and Bylaws and the Rules and Regulations of the Association, the Constitution and Bylaws of the state association, the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS®, and to abide by the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® including the duty to mediate and arbitrate controversies arising out of real estate transactions as specified by Article 17 of the Code of Ethics, and as further defined and in accordance with procedures set forth in the Code of Ethics and Arbitration Manual of the NATIONAL ASSOCIATION OF REALTORS® as from time to time amended. A written request for procedural review of the arbitration hearing procedures must be filed within twenty (20) days after the award has been transmitted to the parties. The request for procedural review must cite the alleged procedural deficiencies or other irregularities the party believes constitute deprivation of due

process (e.g., fraud, coercion, bias, prejudice, evident partiality, etc.). Only the bases raised in the written request for procedural review may be raised before the Directors. Any portion of the deposit to be returned will be sent at the completion of the 20-day period.

Section 3. The Association's enforcement of the Code of Ethics shall be further governed by the Agreement Between Signatory Associations of REALTORS® in establishing Regional Professional Standards Procedures and the policies and procedures incident thereto, as from time to time amended, which by this reference is made a part of these Bylaws.

Section 4. It shall be the duty and responsibility of each REALTOR® Member of this Association to abide by the Code of Ethics and to arbitrate controversies arising out of real estate transactions as specified by Article 17 of the Code of Ethics when such ethics matters and arbitration disputes are referred by this Association to the Regional Grievance or Professional Standards Committees.

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

Section 2. REALTOR® Members of the Association shall have the privilege of using the terms REALTOR® and REALTORS® in connection with their place of business within the state or a state contiguous thereto so long as they remain REALTOR® members in good standing. No other class of members shall have this privilege.

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

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 Association 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 (1) 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 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 OF REALTORS® and the ARIZONA ASSOCIATION OF REALTORS®.

ARTICLE X DUES AND ASSESSMENTS

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

Section 2. Dues.

(a) Designated REALTOR® Members. The annual dues of each Designated REALTOR® Member shall be in such amount to be 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 Designated REALTOR® Member, and (2) are not REALTORS® Members of any Association in the state or a state contiguous thereto or Institute Affiliate Members of the Association, or state associations. In calculating the dues payable to the Association by a Designated REALTOR® Members, 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.

(b) REALTOR® Members. The annual dues of REALTOR® Members other than the Designated REALTOR® shall be an amount determined annually by the Board of Directors.

(1) For the purpose of this Section, a Designated REALTOR® Member of a member association shall be held to be any member who has a place or places of business within the state or a state contiguous thereto of the member association and who, as a principal, partner, or corporate officer or branch office manager of a real estate firm, partnership, or corporation, is actively engaged in the real estate profession as defined in ARTICLE III, Section 1, of the Constitution of the NATIONAL ASSOCIATION OF REALTORS®. An individual shall be deemed to be licensed with a Designated REALTOR® if the license of the individual is held by the Designated REALTOR® or by any broker who is licensed with the Designated REALTOR®, or by any entity in which the Designated 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 fees payable by the principal, partner, or corporate officer of the entity. 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.

(2) 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, 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®.

(2a) 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.

- (c) Institute Affiliate Members. The annual dues of each Institute Affiliate Member shall be as established in Article 11 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 (\$105). The National Association shall credit \$35.00 to the account of a local association for each Institute Affiliate Members whose office address is within the assigned territorial jurisdiction of that association, provided, however, if the office location is also within the territorial jurisdiction of a Commercial Overlay Board (COB), the \$35.00 amount will be credited to the COB, unless the Institute Affiliate Member directs that the dues be distributed to the other Associations. The National Association shall also credit \$35.00 to the account of state associations for each Institute Affiliate Member 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. (Amended 11/2013 4/02)

- (d) Affiliate Members. The annual dues of each Affiliate Member shall be such amount as established annually by the Board of Directors.
- (e) Public Service Members. There will be no annual dues for Public Service Members.
- (f) Honorary Members. Dues payable, if any, shall be at the discretion of the Board of Directors.
- (g) Student Members. Dues payable, if any, shall be at the discretion of the Board of Directors.
- (h) REALTOR® Emeriti. 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 determined by the Board of Directors.

Section 3. Dues Payable.

- (a) Dues for all members shall be due and payable annually in advance. The Association Policies and Procedures shall set the manner in which dues and fees are prorated and paid for the

remainder of the year by members joining after January 1st of each year. Notice shall be given to Association members in writing setting forth the amount owed and the due date. **(Amended 4/2015)**

- (b) 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® the dues obligation of the Designated REALTOR® (as set forth in Article X, Section 2(a)) will be increased to reflect the addition of a non-member licensee. Dues shall be calculated from the first day of the current fiscal year and are payable within 30 days of the notice of termination.

Section 4. Non-payment of Financial Obligations: Members are subject to specific penalties for non-payment of all or part of the financial obligations owed to the Association per the Policy Statement. All financial obligations which are not paid when due shall be subject to a late penalty and/or suspension until such time as the fees are paid. However, no action shall be taken to suspend or terminate 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 other financial obligations levied in accordance with the provisions of these Bylaws or the provisions of other Rules and Regulations of the Association may apply for reinstatement, after making payment in full of all accounts due as of the date of termination. **(Amended 4/2015)**

Section 5. Deposit. All monies received by the Association for any purpose shall be deposited to the credit of the Association in a financial institution or institutions selected by resolution of the Board of Directors.

Section 6. Removed (10/2014)

Section 7. Notice of Dues, Fees, Fines, Assessments, and Other Financial Obligations of Members. All dues, fees, fines, assessments, or other financial obligations to the Association shall be noticed to the delinquent Association Member in writing in setting forth the amount owed and the date.

ARTICLE XI OFFICERS AND DIRECTORS

Section 1. Qualifications. To be eligible for nomination, election, or appointment to fill a position as an officer or director of the SOUTHEAST ARIZONA ASSOCIATION OF REALTORS®, INC., each person shall be a Designated REALTOR® or REALTOR® Member of the Association in good standing. In addition, persons nominated, elected, or appointed for the positions of President, President-Elect, MLS President and MLS President-Elect shall be licensed as a Real Estate Broker, Associate Broker in the State of Arizona or have been a member of the Southeast Arizona Association of REALTORS®, Inc. no less than three (3) continuous years and have served as a Director for at least one (1) year and hold a National Association of REALTORS® sanctioned designation. (Amended 9/2/14)

Section 2. Officers. The elected officers of the Board of Directors of the Association shall be: President, President-Elect, and Treasurer. They shall be elected for terms of one (1) year, except that the Treasurer shall be elected for a two (2) year term.

- (a) The President-elect, upon completion of his term of office, shall succeed to the Presidency to serve for one year.

Section 3. 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 as described in the Policy and Procedures.

Section 4. Association Executive. The Board of Directors may employ an Association Executive who shall be the Chief Executive Officer of the Association and who shall perform such other duties as may be delegated to him by the President, the Executive Committee or the Board of Directors. The period of employment shall be set by the Board of Directors and shall be set forth in a written contract of employment

approved by the Board of Directors. He shall be seated at all meetings of the Board of Directors, other meetings as directed by the President, and shall have voice but no vote in the deliberations at these meetings.

Section 5. Board of Directors.

(a) The governing body of the Association shall be the Board of Directors consisting of Four (4) elected officers consisting of the President, President Elect, Treasurer and Immediate Past President. In addition the Directors shall be as follows: One (1) Directors shall be elected to serve terms of three (3) years, One (1) Director shall be elected to serve a Two (2) year term- One (1) Director shall be elected for one (1) year term. An Affiliate Director shall be elected to serve a one (1) year term. Thereafter, as many directors shall be elected each year as are required to fill vacancies. Additional Quota Directors, as required by Arizona Association of REALTORS®, shall be selected by the President from the existing Board of Directors. Additional voting members of the Board of Directors shall be as specified in ARTICLE XI, Section 5, paragraph (b). (Amended 8/14, 6/16)

(b) Annually, the Board of Directors shall choose one (or more) Officer(s) of the Association to represent the Association as a voting member of the Board of Directors of the Arizona Association of REALTORS®. Should an Association member be elected by the State Association Board of Directors to a position of Director at the Arizona Association of REALTORS® or to a position of Director of the NATIONAL ASSOCIATION OF REALTORS®, that Member shall also be a voting member of the Board of Directors of this Association. The MLS President and MLS President-Elect shall be a voting member of the Board of Directors of this Association. An Affiliate Member shall also be elected as a One Year Director with full voting privileges.

Section 6. Nomination and Election of Officers and Directors.

(a) At least two (2) months before the annual election, the Nominating Committee consisting of the outgoing Officers & Directors shall be convened.

(b) The Nominating Committee shall solicit a minimum of one candidate for each office and one candidate for each vacancy to be filled on the Board of Directors. The report of the Nominating Committee shall be provided to each REALTOR® Member eligible to vote at least three (3) weeks preceding the election. Nominees shall be members in good standing.

(c) Additional candidates for the offices to be filled may be placed in nomination by petition signed by at least ten percent (10%) of the REALTOR® Members eligible to vote. The petition shall be filed with the Executive Officer at least two (2) weeks before the election. The Executive Officer shall send notice of such additional nominations to all REALTOR® Members eligible to vote before the election.

(d) Nominations for each elective Board Officer position and each Director vacancy may be accepted from the floor at the annual General Membership and Election Meeting. Upon nomination, the nominee must accept the nomination in person or in writing. The nominee must be a member in good standing.

(e) The election of Officers and Directors shall take place at the annual General Membership and Election Meeting,. Election shall be by ballot and all votes shall be cast in person. This Association has a volunteer membership, therefore, NO vote by proxy, absentee ballot or power of attorney shall be accepted. Members eligible to vote shall be members in good standing. Except that for the position of Affiliate Director, voting shall include members eligible to vote and each Affiliate office shall have one vote.

(f) The President, shall appoint an Election Committee of three (3) REALTOR® Members to count and verify ballots of the election. A candidate must receive over fifty percent (50%) of the votes cast (or in case of a tie), the two candidates receiving the most votes shall be voted upon and the individual receiving over fifty percent (50%) of the votes cast shall be elected.

Section 7. Installation. Installation of the newly elected Board of Directors shall take place at a date, time and place designated by the sitting Board of Directors. The new Board of Directors shall be seated in accordance with the elective year (ARTICLE XI, Section 10).

Section 8. Vacancies.

(a) If for any reason the President is unable to complete his term of office, the President-Elect shall assume the position of President and perform the duties of that office for the remainder of the term.

(b) A vacancy in the position of President-Elect shall be filled in the same manner and with the same criteria as the position was originally filled with the exception that the nominating committee shall be convened immediately upon notification of the vacancy. The special election meeting shall be held within one (1) month thereafter following the guidelines found in ARTICLE XII, Sections 1.

(c) Vacancies in other positions on the Board of Directors shall be filled by Presidential appointment, and ratified by a simple majority vote of the Board of Directors, until the next Annual Business and Election Meeting.

Section 9. Removal of Officers and Directors. In the event that an officer or director is deemed to be incapable of fulfilling the duties for which elected, but will not resign from office voluntarily, the officer or director may be removed from office under the following procedure:

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

(b) Upon receipt of the petition, and not less than twenty (20) days nor more than forty-five (45) days thereafter, a special meeting of the voting membership of the Association shall be held, and the sole business of the meeting shall be to consider the charge against the officer or director, and to render a decision on such petition.

(c) The special meeting shall be noticed to all voting members at least ten (10) days prior to the meeting, and shall be conducted by the President of the Association unless the President's continued service in office is being considered at the meeting. In such case, the next ranking officer will conduct the meeting of the hearing by the members. Provided a quorum is present, a three-fourths (3/4) vote of members present and voting shall be required for removal from office.

Section 10. Elective Year. The elective year of the Board of Directors shall be January 1 to December 31 annually (effective 2004). (Moved from Article XIV Section 2) **(Amended 4/2015)**

ARTICLE XII MEETINGS

Section 1. Membership Meetings

(a) Annual General Membership and Election Meeting. The annual election of Board Officers and Directors shall be held at a time and place to be designated by the Board of Directors.

(b) Other Meetings. Meetings of the Members may be held at other times as the President or the Board of Directors may determine, or upon the written request of at least ten percent (10%) of the Members eligible to vote.

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

(d) General Membership Quorum. A quorum for the transaction of business shall consist of those members present and eligible to vote.

Section 2.

(a) Meetings of the Board of Directors. The Board of Directors shall designate a regular time and place of meetings. Absence from three (3) regular meetings within a calendar year shall be construed as resignation. A quorum of at least fifty-one percent (51%) of the elected voting membership of the Board of Directors must be present to conduct business. Work sessions may be called as the President or the Board of Directors deem necessary to conduct the business of the Association. **(Amended 4/2015)**

(b) Emergency Directors Meetings. In the event of an emergency as determined by the President or the Association Executive, there shall be a minimum of twenty-four (24) hours notice of an emergency meeting given to the Board of Directors and Designated Brokers. Such notice need not be in writing. A quorum for an emergency meeting shall be fifty-one percent (51%) of the Board of Directors as set by Article XII, Section 2(a) of these Bylaws.

(c) Special Meetings. Special meetings of the Board of Directors may be called from time to time by the President or by a quorum of the Board of Directors. Written notice stating the day, place and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered to all Directors and Designated Brokers not less than one (1) week prior to said meeting.

ARTICLE XIII COMMITTEES

Section 1. Standing Committees. The President shall appoint from among the REALTOR® Members, subject to confirmation by the Board of Directors, chairmen for such Standing Committees as deemed necessary by the President and the Chairperson shall report to the Board of Directors. Standing Committees shall include, but not be limited to: **(Amended 4/2015)**

Professional and Business Development, Executive, Budget/Finance, Government Affairs; Public Relations **(Amended 4/2015)**

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

Section 3. Task Forces. The President at his discretion may appoint one or more persons as a Task Force to investigate a matter and report to him without the approval of the Board of Directors.

Section 4. Organization. All committees shall be of such size and shall have duties, functions, and powers as assigned by the President and ratified by the Board of Directors except as otherwise provided for in these Bylaws.

Section 5. President. The President shall be a member of all committees, and shall be notified of their meetings, except the President shall not be a member of the Nominating Committee and the REALTOR® of the Year Committee. **(Amended 4/2015)**

Section 6. Staff Liaison to Committees. The Association Executive and/or staff shall serve as staff liaison to all committees and provide liaison between committees and the Board of Directors. **(Amended 4/2015)**

Section 7. Executive Committee. There shall be an Executive Committee of the Board of Directors, composed of the President, the President-Elect, the Treasurer, Immediate Past President, and the MLS President which will meet on an as-needed basis. The recommendations of the executive committee will be presented at the next meeting of the Board of Directors. **(Amended 4/2015)**

**ARTICLE XIV FISCAL POLICY
(Amended 4/2015)**

Section 1. Fiscal Year. The fiscal year of the Association shall be January 1 through December 31.

Section 2. Moved to Article XI Section 10 (10/2014)

Section 3: Fiscal Administration. The Board of Directors shall administer the finances of the Southeast Arizona Association of REALTORS® per the Policy Statements.

Section 4: Capital Expenditures. All capital expenditures shall be approved in advance by a majority vote of the Board of Directors.

Section 5: Ability to Incur Debt or Make Loans. The Board of Directors of the Southeast Arizona Association of REALTORS® may not incur debt on behalf of the Association in an amount greater than \$50,000 without approval of a majority of a quorum of the membership of the Association.

The Board of Directors of the Southeast Arizona Association of REALTORS® may not make loans in the amount greater than \$10,000 without approval of a majority of a quorum of the membership of the Association.

ARTICLE XV RULES OF ORDERS

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

Section 2. Parliamentarian. The President, at his discretion, may appoint a Parliamentarian to hold a nonvoting position on the Board of Directors to advise on procedures as set forth in these Bylaws and Robert's Rules of Order, latest edition.

ARTICLE XVI AMENDMENTS

Section 1. 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.

Section 2. Notice of all meetings at which amendment(s) are to be considered and a copy of the proposed amendment(s) shall be provided to every member eligible to vote at least one (1) week prior to the meeting.

Section 3. Unless otherwise stated, amendments to these Bylaws proposed and approved by the General Membership shall become effective immediately with the exception that 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®.

Section 4. Amendments to these Bylaws that are mandatory changes required by the NATIONAL ASSOCIATION OF REALTORS® shall be incorporated herein, upon approval of the Board of Directors.

Section 5. Within thirty (30) days after the Bylaws have been amended, the membership will be provided with a written statement providing the exact wording of the new Bylaws.

ARTICLE XVII DISSOLUTION

Section 1. Upon the dissolution or winding up of affairs of the 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 SERVICE (Amended 4/2015)

The Multiple Listing Service shall be operated as a Separate Corporation Wholly-owned by the SOUTHEAST ARIZONA ASSOCIATION OF REALTORS®, INC.

Section 1. Authority. The SOUTHEAST ARIZONA ASSOCIATION OF REALTORS®, INC., shall maintain a Multiple Listing Service which shall be a lawful corporation of the State of Arizona, all the stock of which shall be owned by the Southeast Arizona Association of REALTORS®, Inc.

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

Section 3. Governing Documents. The Board of Directors shall cause any Multiple Listing Service established by it pursuant to this Article to conform its Corporate Charter, Constitution, Bylaws, Rules, Regulations, and Policies, Practices, and Procedures at all times to the Constitution, Bylaws, Rules, Regulations, and Policies of the NATIONAL ASSOCIATION OF REALTORS®.

Section 4. Participation

Any REALTOR® of this or any other association 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 multiple listing upon agreeing in writing to conform to the rules and regulations thereof and to pay the costs incidental thereto.* However, under no circumstances is any individual or firm, regardless of membership status, entitled to multiple listing service "membership" or "participation" unless they hold a current, valid real estate broker's license and offer or accept compensation to and from other participants or are licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property.** Use of information developed by or published by 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. (Amended 11/08)

Mere possession of a broker's license is not sufficient to qualify for MLS participation. Rather, the requirement that an individual or firm offers or accepts cooperation and compensation means that the participant actively endeavors during the operation of its real estate business to list real property of the type listed on the MLS and/or to accept offers of cooperation and compensation made by listing brokers or agents in the MLS. "Actively" means on a continual and ongoing basis during the operation of the participant's real estate business. The "actively" requirement is not intended to preclude MLS participation

by a participant or potential participant that operates a real estate business on a part-time, seasonal, or similarly time-limited basis or that has its business interrupted by periods of relative inactivity occasioned by market conditions. Similarly, the requirement is not intended to deny MLS participation to a participant or potential participant who has not achieved a minimum number of transactions despite good faith efforts. Nor is it intended to permit an MLS to deny participation based on the level of service provided by the participant or potential participant as long as the level of service satisfies state law. (Adopted 11/08)

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

Section 5. Statistical Reports. MLSs may, as a matter of local determination, make statistical reports, sold information, and other informational reports derived from the MLS available to REALTORS® who do not participate in the MLS but who are engaged in real estate brokerage, management, appraising, land development, or building. Additional expenses incurred in providing such information to REALTORS® who do not participate in the MLS may be included in the price charged for such information. Any information provided may not be transmitted, retransmitted, or provided in any manner to any individual, office, or firm, except as otherwise authorized in the MLS rules and regulations.

MLSs may, as a matter of local determination, provide statistical reports, sold information, and other informational reports derived from the MLS to government agencies. MLSs may, as a matter of local discretion require that such agencies (or representatives of such agencies) hold an appropriate form of membership in the MLS or in the association of REALTORS® as a condition of such access. It is strongly recommended that any irrelevant information such as the names of current or former owners, or information concerning the sales commission or the compensation offered or paid to cooperating brokers be deleted.

ARTICLE XIX RESERVES (Amended 4/2015)

Section 1. The Association shall have a Reserve Fund for special operating purposes. Said fund shall be a segregated fund, placed at interest and any interest earned remaining in the fund. Amounts shall be deposited to the Reserve Fund in accordance with the Association's Policy Statements until such time that the balance in the Fund is no less than one half (½) the Association's annual budget. Funds shall be dispersed from the Reserve Fund in accordance with the Association's Policy Statements

Section 2. The Association shall have a Capital Purchase, Replacement and Repair Fund. Amounts shall be allocated for the Capital Purchase, Replacement and Repair Fund in accordance with the Association's Policy Statements until such time that the balance of the Fund is no less than \$10,000. Funds shall be dispersed from the Fund in accordance with the Association's Policy Statements.

ARTICLE XX INDEMNIFICATION

Section 1. Definitions For the purposes of the Article XX, "agent" means any person who is or was a director, officer, employee, committee member or other agent of the Corporation, or is or was serving at the request of the Corporation as director, officer, employee, committee member or partnership, joint venture, trust or other enterprise or was a director, officer, employee or agent of a foreign or domestic corporation which was a predecessor corporation of the Corporation or of another enterprise at the request of such predecessor corporation; "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative; and "expenses" includes without limitation to

attorney's fees and any expenses of establishing a right to indemnification under Sections 2 or 3 of this Article XX.

Section 2. Indemnification in Third Party Actions

The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the Corporation to procure a judgment in its favor) by reason of the fact that such person is or was an agent of the corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if such person acted, or failed to act, in good faith and in a manner such person reasonably believed to be in the best interests of the Corporation and, in the case of a criminal action or proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any such action upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner in which the person reasonably believed to be in the best interests of the Corporation or that the person had reasonable cause to believe that the person's conduct was unlawful.

Section 3. Indemnification in Derivative Actions

The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or complete action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was an agent of the Corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted, or failed to act, in good faith in a manner such person believed to be in the best interests of the Corporation and with such care, including reasonable inquiry, as a ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be make under this Section 3 in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation for negligence or misconduct in the performance of such person's duty to the Corporation, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall determine.

Section 4. Indemnification Upon Application

The court in which any action or suit addressed in Section of Article XX was brought may determine upon application that, in view of all the circumstances, indemnity of amount paid in settlement is proper and order indemnity for the amounts paid in settlement and for the expenses actually and reasonably paid in connection with such application, to the extend the court shall determine.

Section 5. Indemnification Against Expenses

To the extent that an agent of the Corporation has been successful on the merits in defense of any proceeding referred to in Section 2 and 3 of this Article XX or in defense of any claim, issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

Section 6. Required Determinations. Except as provided in Section 5 of this Article XX, and indemnification under this Article XX, unless ordered by a court, shall be made by the Corporation only as authorized in the specific case, upon a determination that indemnification of the agent is proper under the circumstances because the agent has met the applicable standard of conduct set forth in Sections 2 or 3 of the Article XX. Such determination shall be made by any of the following:

- (a) A majority vote of a quorum consisting of directors who are not parties to such proceeding:
or
- (b) If such quorum is not obtainable, in written opinion of independent legal counsel appointed for that purpose by a majority of the directors who are not parties to such proceeding: or
- (c) If there are no directors not parties to such proceeding, by the court or other body before which the action or proceeding was brought or any court of competent jurisdiction upon the approval of an application by any person seeking indemnification in which case

indemnification may include the expenses actually and reasonably paid in connection with such application.

Section 7. Advance of Expenses. Expenses incurred in defending any proceeding may be advanced by the Corporation prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Article XX.

Section 8. Other Indemnification. No provision made by the Corporation to indemnify it or its subsidiary's directors or officers for the defense of any proceeding, whither contained in the Article of Incorporation, these Bylaws, a resolution of the members or the Board of Directors, an agreement or otherwise, shall be valid unless consistent with this Article XX. Nothing contained in the Article XX shall affect any right to indemnification to which persons other than such directors and officers may be entitled by contract or otherwise.

Section 9. Continuation of Indemnification. The indemnification provisions of the Article XX shall continue as to a person who ceased to be an agent of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person.

Signed: *Tim Bullington*
Tim Bullington, 2016 President
Date: 6/29/16

Signed: *Robert W. Karp*
Robert Karp, Association Executive
Date: 6/29/16