

**BYLAWS OF THE
NORTH SAN DIEGO COUNTY
ASSOCIATION of REALTORS[®], Incorporated**

ARTICLE I - NAME

Section 1. Name. The name of this organization shall be the North San Diego County Association of REALTORS[®] Incorporated, (hereinafter referred to as the "A.O.R." The term "Association" is used when referring to any Association of REALTORS[®]).

Section 2. REALTOR[®] Membership Mark in Name of Association. 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[®] (hereinafter sometimes "N.A.R.") as from time to time amended.

ARTICLE II - OBJECTIVES

Section 1. Objectives. The objectives of the Association are:

(a) To unite those engaged in the recognized branches of the real estate profession for the purpose of exerting a beneficial influence upon the profession and related interests. The "recognized branches of the real estate profession" include buying, selling, exchanging, renting or leasing, managing, appraising for others for compensation, financing, building, developing or subdividing real estate.

(b) To promote and maintain high standards of conduct in the real estate profession as expressed in the Code of Ethics of the N.A.R. (hereinafter "Code of Ethics").

(c) To provide a unified medium for real estate owners and those engaged in the real estate profession whereby their interests may be safeguarded and advanced.

(d) To further the interests of home and other real property ownership.

(e) To unite those engaged in the real estate profession in this community with the CALIFORNIA ASSOCIATION OF REALTORS[®] (hereinafter "C.A.R.") and N.A.R. thereby furthering their own objectives throughout the state and nation, and obtaining the benefits and privileges of membership therein.

(f) To designate, for the benefit of the public, those individuals within the state of California authorized to use the terms REALTOR[®] and REALTORS[®] as licensed, prescribed, and controlled by N.A.R.

ARTICLE III - NATIONAL AND STATE MEMBERSHIPS

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

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

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

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

ARTICLE IV - JURISDICTION

Section 1. Description of Jurisdiction. The territorial jurisdiction of the A.O.R. as a member of N.A.R. is:

NORTHERN BOUNDARY

Beginning at the corner common to San Diego, Orange and Riverside Counties; thence in a generally easterly and southeasterly direction along the San Diego - Riverside County line to the northeast corner of Section 1, Township 9 South, Range 2 West, San Bernardino Meridian.

EASTERN BOUNDARY

Beginning at the northeast corner of said Section 1; thence southerly along the east line of Sections 1, 12, 13, 24, 25 and 36, Township 9 South, Range 2 West, San Bernardino Meridian, to the southeast corner of said Section 36; thence westerly along the south line of

Sections 36, 35 and 34, Township 9 South, Range 2 West, San Bernardino Meridian, to the northeast corner of Section 4, Township 10 South, Range 2 West, San Bernardino Meridian; thence southerly along the east line of Sections 4 and 9, Township 10 South, Range 2 West, San Bernardino Meridian, to a point in the westerly boundary of the Pala Indian Reservation; thence southerly and easterly along the boundary of said Reservation to the northeast corner of Section 14, Township 10 South, Range 2 West, San Bernardino Meridian; thence southerly along the easterly line of Section 14 to the southeast corner of said Section 14; thence easterly along the northerly line of Section 24 to the northeast corner of said Section 24, Township 10 South, Range 2 West, San Bernardino Meridian; thence continuing easterly along the northerly lines of Section 19 and 20, Township 10 South, Range 1 West, San Bernardino Meridian to the southerly boundary of the Pauma Rancho; thence southeasterly along said Rancho boundary to the easterly line of Section 21, Township 10 South, Range 1 West, San Bernardino Meridian; thence southerly along the easterly line of Sections 21, 28, and 33 to the northwest corner of Section 3, Township 11 South, Range 1 West, San Bernardino Meridian, thence along the westerly and southerly line of said Section 3 to the southeast corner of said Section 3; thence continuing easterly along the southerly line of Sections 2 and 1, Township 11 South, Range 1 West, San Bernardino Meridian, to the southeast corner of said Section 1; thence along the northerly line of Section 7, Township 11 South, Range 1 East to the north quarter corner of said Section 7, thence southerly along the north-south centerlines of Sections 7, 18, and 19 to the northerly boundary of Rancho Guejito; thence along said Rancho boundary, southwest, southeasterly, southerly and northeasterly to an intersection with the easterly line of Section 12, Township 12 South, Range 1 West; thence southerly along the easterly line of Sections 12, 13, 24, 25, and 36 to the intersection of the easterly line of said Section 36 with the San Diego Corporate Boundary as same is shown on USGS Map titled SAN PASQUAL, CALIF 33116-A8-TF-024 and dated 1954 (Photorevised 1988).

SOUTHERN BOUNDARY

Beginning at the intersection of the San Diego Corporate Boundary as same is shown on USGS Map titled SAN PASQUAL, CALIF 33116-A8-TF-024, dated 1954 (Photorevised 1988); thence westerly along said San Diego Corporate Boundary as shown on said USGS Map and on USGS Map titled ESCONDIDO, CALIF, N3300-W11700/7.5" and dated 1968 (Photorevised 1975), to a point in the south line of the north half of Section 18, Township 13 South, Range 2 West, being a point on the San Dieguito River; thence westerly along said river to the intersection with the east line of Section 13, Township 13 South, Range 3 West; thence southerly along the east line of said Sections 13 and 24, Township 13 South, Range 3 West to the southeast corner of said Section 24; thence westerly along the south line thereof to the northeast corner of Section 26, Township 13 South, Range 3 West; thence southerly and westerly along the easterly and southerly lines thereof to the northwest corner of Section 35, Township 13 South, Range 3 West, being the northeast corner of Section 34 of said Township and Range; thence southerly along the east line thereof and the east line of Sections 3 and 10, Township 14 South, Range 3 West to the intersection with the south line of Black Mountain Road; thence westerly along said southerly line to the intersection of the north-south centerline of said Section 10; thence southerly along said centerline to and along the north-south centerline of Sections 15, 22 and 27 to the northerly line of Section 34, all in Township 14 South, Range 3 West; thence

westerly along the northerly line of Sections 34, 33, 32 and 31 all in Township 14 South, Range 3 West to the intersection with the centerline of U.S. Highway 5; thence northwesterly along said centerline to the intersection with the southerly line of Carmel Valley Road; thence westerly along said southerly line thereof, to the intersection with the easterly line of Highway 101 (S-21); thence southerly along said east line to the intersection with the westerly prolongation of the south line of Section 24, Township 14 South, Range 4 West; thence westerly along said westerly prolongation to the intersection with the Pacific Ocean shoreline.

WESTERN BOUNDARY

Beginning at the westerly prolongation of the south line of Section 24, Township 14 South, Range 4 West, San Bernardino Meridian, with the Pacific Ocean shoreline; thence northerly along said shoreline to its intersection with the southern grant line of Rancho Santa Margarita Y Las Flores; thence northeasterly along said grant line to a point of intersection with the north line of Section 23, Township 10 South, Range 4 West, San Bernardino Meridian; thence meandering in a generally northerly, northwesterly and westerly direction along the eastern and northern grant line of said Rancho Santa Margarita Y Las Flores to a point of intersection with the San Diego - Orange County line; thence northerly along the San Diego - Orange County line to the corner common to San Diego, Orange and Riverside Counties and POINT OF BEGINNING.

Section 2. Jurisdictional Rights. Territorial Jurisdiction is defined to mean the right and duty to control the use of the terms REALTOR[®] and REALTORS[®] subject to the conditions set forth in these Bylaws and those of N.A.R., and to protect and safeguard the property rights of N.A.R. in those terms.

ARTICLE V MEMBERSHIP, QUALIFICATION, APPLICATION AND ACCEPTANCE

Section 1. Classes of Membership. There shall be seven classes of membership: (1) REALTOR[®] Members; (2) Institute Affiliate Members; (3) Associated Professional Members, (4) Affiliate Members; (5) Public Service Members; (6) Honorary Members and (7) Student Members.

Section 2. Qualifications of REALTOR[®] Members.

2.1. REALTOR[®] Members, whether primary or secondary, who are principals, partners, corporate officers or branch managers of real estate firms shall:

- (a) Maintain a current, valid California real estate broker or salesperson license or California real estate appraisal certification or license; and
- (b) Act as a sole proprietor, partner, corporate officer of a real estate firm or office manager of a real estate firm acting on behalf of the firm's principal(s); and

- (c) Remain actively engaged in the real estate profession; and
- (d) Maintain or be associated with a real estate office located within the state of California or a state contiguous thereto.

2.2. REALTOR® members, whether primary or secondary, other than principals, partners, corporate officers, or branch managers of real estate firms shall:

- (a) Maintain a current, valid California real estate broker or salesperson license or California real estate appraisal certification or license; and
- (b) Remain actively engaged in the real estate profession; and
- (c) Remain employed by or affiliated as an independent contractor with a REALTOR® member who meets the requirements in Section 2.1 of this Article V for any A.O.R. in California or a state contiguous thereto.

2.3. REALTOR® members may be franchise corporate officers as described below in Article V, Section 2.8.

2.4 Each firm shall designate in writing one “Designated REALTOR®” member who shall be responsible for the conduct of individuals affiliated with the firm and accountable to the A.O.R. for all duties and obligations of A.O.R. membership, including, but not limited to, certification as set forth in Article VI, Section 12. The “Designated REALTOR® must be the sole proprietor, partner, corporate officer or an office manager acting on behalf of the firm’s principal(s) and must have the authority to bind the firm in arbitrations and must meet all the other qualifications for REALTOR® membership set forth in Article V, Sections 2.1 of the Bylaws.

2.5 Association of Choice.

(a) Primary Membership. Licensees affiliated with a REALTOR® firm may choose as their “primary” Association any Association within California where the firm maintains a “Designated REALTOR®.” If a REALTOR® is a primary member of the A.O.R.,, the A.O.R. pays C.A.R. and N.A.R. dues for that individual.

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

2.6 All persons who are partners in a partnership or officers in a corporation, and actively engaged in the real estate profession within the state of California or a state contiguous thereto or are franchise corporate officers as described below shall be ineligible for any class of membership other than REALTOR® membership. Each is required to hold REALTOR® membership individually in a local Association in California (except as provided in Section 2.7) or in a state contiguous thereto, if they meet all the other qualifications set forth in Article V, Sections 2.1, 2.2, or 2.3 of the Bylaws unless they otherwise qualify for Institute Affiliate membership as described in Article V, Section 3.

2.7 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 A.O.R. in which one of the firm's principals holds REALTOR® membership, shall be required to hold REALTOR® membership unless otherwise qualified for Institute Affiliate Membership as described in Article V, Section 3.

2.8 Notwithstanding any other provision herein, franchise corporate officers of real estate brokerage franchise organizations with at least one hundred fifty franchisees located within the United States, its insular possessions and the commonwealth of Puerto Rico, may be elected to membership pursuant to the Constitution and Bylaws of N.A.R. (hereinafter "Franchise Corporate Officers") Franchise Corporate Officers may or may not be licensed for California real estate broker or salesperson or appraisal activities. Franchise Corporate Officers shall enjoy all of the rights, privileges and obligations of REALTOR® membership, including compliance with the Code of Ethics, except: obligations related to A.O.R. mandated education, meeting attendance, or indoctrination classes or other similar requirements, if any; the right to use the term REALTOR® in connection with their franchise organization's name; and the right to hold elective office in the A.O.R., C.A.R., and N.A.R.

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

Section 4. Qualifications of Associated Professional Members. Associated Professional members shall be those individuals who are directly involved in the real estate transaction process other than through residential and/or commercial brokerage and who are not REALTOR® members of the A.O.R. Any such individual, if otherwise eligible, may elect to hold REALTOR® membership, subject to payment of applicable dues for such membership.

Section 5. Qualifications of Affiliate Members. Affiliate members shall be real estate owners, and other individuals or firms engaged in activities related to the real estate profession, who do not qualify for REALTOR[®] membership. Affiliate members have interests requiring information concerning real estate and sympathy with the objectives of the A.O.R.

Section 6. Qualifications of Public Service Members. Public Service members shall be those members who maintain an interest in the real estate profession as employees or affiliates of educational, public utility, governmental or other similar organizations and are not engaged in the real estate profession on their own account or with an established real estate business.

Section 7. Qualifications of Honorary Members. Honorary members shall be those persons recognized by the Board of Directors as persons who have performed notable service for the real estate profession, for the A.O.R., or for the public though not engaged in the real estate profession.

Section 8. Qualifications of Student Members. Student members shall be students enrolled in an undergraduate or graduate degree program at an institution of higher education with a specialization or major in real estate, or who are seeking to obtain a real estate license or appraiser's license but who are not eligible for REALTOR[®] membership.

Section 9. Membership Application.

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

(b) Applicants for membership shall be familiar with and agree to abide by the Bylaws and Rules and Regulations of the A.O.R., the Bylaws of C.A.R. and the N.A.R. Constitution, Bylaws and Code of Ethics, to the extent they are applicable, and pass such reasonable and nondiscriminatory written examination thereon as may be required by the Membership Committee. Applicants must also attend an orientation program as may be required by the Board of Directors, its Membership Committee, or otherwise.

(c) Applicants who are sole proprietors, general partners, corporate officers, or branch office managers (Section 2 of this Article V) of a real estate firm shall certify:

- (1) They have no record of official sanctions rendered by the courts or other lawful authorities within the past three years for violations of (i) civil rights laws; (ii) real estate license laws; or (iii) other laws prohibiting unprofessional conduct; and
- (2) That they have not been suspended or expelled from an Association the past three years for violations of the N.A.R. Code of Ethics.

(d) Applicants who are sole proprietors, general partners, corporate officers, or branch office managers (Section 2 of this Article V) of a real estate firm must disclose:

- (1) Whether they or their firms are subject to any pending bankruptcy proceedings; and
- (2) Whether they or their firms have been adjudged bankrupt within the past three (3) years. If the applicant is party to pending bankruptcy or insolvency proceedings or has been adjudged bankrupt within the past three (3) years, the applicant may be required to pay cash in advance for A.O.R. and MLS fees for up to one year from the date that membership is approved or from the date that the applicant is discharged from bankruptcy, whichever is later. If the Board of Directors determines that such prepayments will not protect the interests of the A.O.R. or its members, such applications may be rejected.

Section 10. Prior Membership Records. The A.O.R. may consider information received from other Associations in determining whether an applicant satisfies the A.O.R.'s membership requirements. The A.O.R. may request from any Association where the applicant held prior membership, minimum "core" information including:

- (a) All final findings of Code of Ethics violations and violations of other membership duties within the past three (3) years;
- (b) Pending complaints alleging violations of the Code of Ethics or alleging violations of other membership duties;
- (c) Incomplete or (pending) disciplinary measures;
- (d) Pending arbitration requests (or hearings); and
- (e) Unpaid arbitration awards or unpaid financial obligations to the Association or its MLS.

Section 11. Application Review and Acceptance. The procedure for acceptance to membership shall be as follows:

(a) The Membership Committee or otherwise shall determine whether the applicant is applying for the appropriate class of membership. It shall then give written notice to the REALTOR[®] members of such application and invite written comment. If one or more of the REALTOR[®] members object to the approval of the application, basing such objection on lack of qualification as set forth in the Bylaws, the Membership Committee or otherwise shall invite any objecting member to appear and substantiate his or her objections. Objections which are not substantiated shall be totally disregarded. The Membership Committee or otherwise must:

- (1) Inform the applicant in advance, in writing, of any objections and identify the objecting member; and
- (2) Give the applicant an opportunity to appear before the Membership Committee or otherwise and establish his or her qualifications. The Membership Committee may also request “core” information as defined in Article V, Section 10 from any Association of which the applicant was previously a member. The Membership Committee or otherwise shall thereafter make a written report of its findings. The Membership Committee or otherwise shall conduct all proceedings with strict attention to the principles of due process and compliance with the Bylaws.

(b) Within twenty (20) days, the Membership Committee or otherwise shall report its recommendation to the applicant and Board of Directors in writing. If the recommendation is to reject the application, the reasons shall be specifically stated. If any member of the Membership Committee or otherwise submits a dissenting recommendation, it shall also be reported to the applicant and Board of Directors. The applicant shall also be notified of his or her right to appear before the Board of Directors.

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

(d) If the Board of Directors determines that the application should be rejected, it shall record its reasons. If the Board of Directors believes that denial of membership to the applicant may become the basis of litigation and a claim of damage by the applicant, it may specify that denial shall become effective upon entry in a suit by the A.O.R. for a

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

(e) The Board of Directors, through its Membership Committee or otherwise, may grant provisional membership to an applicant in instances where ethics complaints or arbitration requests or hearings are pending in other Associations or where the applicant for membership has unsatisfied discipline pending in another Association, provided all other qualifications for membership have been satisfied. Provisional members shall be considered REALTORS® and shall be subject to all of the same privileges and obligations of REALTOR® membership. The Board of Directors may reconsider the membership status of provisional members when all pending ethics and arbitration matters and related discipline have been resolved or if such matters are not resolved within six (6) months from the date that provisional membership is approved. At the time of reconsideration, if the Board of Directors determines that the individual has not satisfactorily resolved the pending ethics or arbitration matter, at the discretion of the Board of Directors, membership may be terminated. Any dues paid by the provisional member shall be prorated from the date of application to the date of termination, and the remaining dues shall be returned to the terminated provisional member.

(f) If a member resigns from another Association with an ethics complaint or arbitration request pending, the Board of Directors may condition membership on the applicant's certification that he or she will submit to the pending ethics or arbitration proceeding, in accordance with the procedures of the A.O.R., and will abide by the decision of the hearing panel.

Section 12. New Member Code of Ethics Orientation.

Applicants for REALTOR® membership and provisional REALTOR® members (where applicable) shall complete an orientation program, including the Code of Ethics, meeting the minimum criteria established by N.A.R. for new member ethics training. This requirement does not apply to applicants for REALTOR® membership or provisional members who have completed comparable orientation in another Association, provided that REALTOR® membership has been continuous, or that any break in membership is for one year or less. Failure to satisfy this requirement within two (2) Orientation course offerings from the date of application will result in denial of the membership application or termination of provisional membership.

Section 13. Continuing Member Code of Ethics Training.

Every four year period, starting with the period from January 1, 2001 through December 31, 2004, and for successive four year periods thereafter, each member of the A.O.R. shall be required to complete a course on the Code of Ethics, meeting the minimum criteria established by N.A.R. for quadrennial ethics training. This requirement will be satisfied upon presentation of documentation that the member has completed such course of instruction conducted by this or another Association, C.A.R., N.A.R., or any other recognized educational institution. REALTOR® members who have completed training as a requirement of membership in another Association and REALTOR® members who have completed the New Member Code of Ethics Orientation during any four year cycle shall

not be required to complete additional ethics training until a new four year period commences. Failure to satisfy this requirement shall be considered a violation of a membership duty for which REALTOR® membership shall be suspended until such time as the training is completed.

Members suspended for failing to meet the requirement for the first four (4) year cycle (2001-2004) will have until December 31, 2005 to meet the requirement. Failure to meet the requirement by that time will result in automatic termination of membership.

Failure to meet the requirement for the second (2005-2008) cycle and subsequent four (4) year cycles will result in suspension of membership for the first two months (January and February) of the year following the end of any four (4) year cycle or until the requirement is met, whichever occurs sooner. On March 1 of that year, the membership of a member who is still suspended as of that date will be automatically terminated.

Section 14. Status Changes.

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

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

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

Section 15. Resignation. Resignations of members shall become effective when received in writing by the Board of Directors, provided, however, that if any member

submitting the resignation is indebted to the A.O.R. for dues, fees, fines or other assessments of the A.O.R. or any of its services, departments, divisions or subsidiaries the A.O.R.. may condition the right of the resigning member to reapply for membership upon payment in full of all such monies owed.

ARTICLE VI - PRIVILEGES AND DUTIES OF MEMBERSHIP

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

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

Section 2. Member Discipline.

(a) Any member of the A.O.R. may be reprimanded, placed on probation, suspended or expelled for sexual harassment of an Association or MLS employee after a hearing in accordance with the established procedures of the A.O.R. The decision of the appropriate disciplinary action to be taken shall be made by the investigatory team comprised of the President, President-Elect and one member of the Board of Directors selected by the highest ranking officer not named in the complaint, upon consultation with counsel for the A.O.R. If the complaint names the President or President-Elect, 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.

(b) Any REALTOR[®] member of the A.O.R. may be disciplined by the Board of Directors for violations of the Code of Ethics or other duties of membership after a hearing as described in the *California Code of Ethics and Arbitration Manual*, provided that the discipline imposed is consistent with N.A.R. policy as set forth in the *California Code of Ethics and Arbitration Manual*.

Section 3. Resignation with Pending Arbitration or Disciplinary Hearing. If a member resigns from the A.O.R. or otherwise causes membership to terminate with a disciplinary complaint pending, that Board of Directors may condition the right of the

resigning member to reapply for membership upon the applicant's certification that he or she will submit to the pending disciplinary hearing and comply with any sanction imposed. If a member resigns or otherwise causes membership to terminate, the duty to submit to arbitration continues in effect even after membership lapses or is terminated provided that the dispute arose while the former member was a REALTOR[®] member.

Section 4. Voting Rights and Eligibility for Elective Office. Only REALTOR[®] and Associated Professional members in good standing and whose financial obligations to the A.O.R. are paid in full shall be entitled to vote and to hold elective office in the A.O.R. Proxy voting is not allowed.

Section 5. Privileges and Duties of REALTOR[®] Members.

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

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

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

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

(1) The disciplined member severs his or her connection with the firm, partnership or corporation; or

(2) The disciplined member relinquishes management control of the firm.

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

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

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

(e) In any action taken against a principal REALTOR® member for suspension or expulsion, notice of such action shall be given to all REALTORS® employed by or affiliated as independent contractors with such REALTOR® member and they shall be advised that the provisions in this Article VI, Section 5 shall apply.

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

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

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

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

Section 10. Privileges and Duties of Honorary Members. Honorary membership shall confer only the right to attend meetings and participate in discussions.

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

Section 12. Certification by "Designated" REALTOR®. "Designated" REALTORS® shall certify to the A.O.R. during the first month of the fiscal year on a form provided by the A.O.R., a complete listing of all individuals licensed or certified under California law with the REALTOR® firm(s) and shall designate the primary Association, if any, for each individual. These declarations shall be used for purposes of calculating dues under Article IX, Section 2 of the Bylaws. "Designated" REALTOR® members shall also notify the A.O.R. of any additional individual(s) licensed or certified with the firm(s) and of any individual whose affiliation with the firm was severed within thirty (30) days of the date of affiliation or severance of the individual(s).

ARTICLE VII - PROFESSIONAL STANDARDS AND ARBITRATION

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

Section 2. Member Compliance with N.A.R. and C.A.R. Constitution, Bylaws, Policies, Rules, Regulations, and Code of Ethics. It shall be the duty and responsibility of every REALTOR® member of this A.O.R. to abide by the Constitution and Bylaws and the Rules and Regulations of this A.O.R., the Constitution and Bylaws of C.A.R., the Constitution and Bylaws of N.A.R., and the Code of Ethics, including the duty to arbitrate controversies arising out of the real estate transactions as specified by Article 17 of the N.A.R. Code of Ethics and as further defined and in accordance with the procedures set forth in the *California Code of Ethics and Arbitration Manual* as from time to time amended by C.A.R. By becoming and remaining a member, every REALTOR® member agrees that he or she and the corporation or firm for which he or she acts as a partner, officer, principal or branch office manager, will submit to arbitration through the A.O.R. all disputes with any other member or member of the public subject to the conditions set forth in the *California Code of Ethics and Arbitration Manual*.

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

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

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

Section 3. Use of REALTOR® Membership Marks Dependent on Status of Firm Principals. A REALTOR® member who is a principal of a real estate firm, partnership, or

corporation may use the terms REALTOR[®] and REALTORS[®] only if all the principals of such firm, partnership, or corporation who are actively engaged in the real estate profession within California, or a state contiguous thereto, are REALTOR[®] members.

(a) In the case of a REALTOR[®] member who is a principal of a real estate firm, partnership or corporation whose business activity is substantially all commercial, the right to use the term REALTOR[®] or REALTORS[®] shall be limited to office locations in which a principal, partner, corporate officer or branch officer 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 officer manager holds REALTOR[®] membership, the term REALTOR[®] or REALTORS[®] may not be used in any reference to those additional places of business.

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

ARTICLE IX - DUES AND ASSESSMENTS

Section 1. Application Fee. The Board of Directors may adopt a reasonable application fee for membership in the A.O.R. The application fee for REALTOR[®] membership shall not exceed three (3) times the amount of the annual dues for REALTOR[®] membership. The application fee shall be required to accompany each application for membership in the A.O.R. and shall become the property of the A.O.R. upon final approval of the application.

Section 2. Dues.

- (a) The Board of Directors shall determine annually the amount of annual dues to be paid by each class of membership.
- (b) The dues of each designated REALTOR[®] member shall be a base amount plus an amount multiplied by the number of real estate licensees and licensed or certified appraisers under California law to which he or she certified, and who:
 - (1) Are employed by or affiliated as independent contractors, or who are otherwise directly or indirectly licensed or certified with such REALTOR[®] member; and
 - (2) Are not REALTOR[®] or Institute Affiliate members of the A.O.R., C.A.R. or N.A.R. In calculating the dues payable to the A.O.R. by a Designated REALTOR[®] member, non-member licensees as defined in (1) and (2) of this subparagraph shall not be included in the computation of dues if the Designated REALTOR[®] has paid dues

based on non-member licensees to another Association within the state of California or a state contiguous thereto, provided the Designated REALTOR® notifies the A.O.R. in writing of the identity of the Association to which dues have been remitted.

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 Article IX, Section 2 (b) and shall not be included in calculating the annual dues of the Designated REALTOR®.

Membership dues shall be prorated for any licensee included on a certification form submitted to the association who during the same calendar year applies for REALTOR® membership in the association. However, membership dues shall not be prorated if the licensee held REALTOR® membership during the preceding calendar year.

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

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

(e) In the case of a Designated REALTOR® member in a firm, partnership, or corporation whose business activity is substantially all commercial, any assessments for non-member licensees shall be limited to licensees affiliated with the Designated REALTOR® (as defined in sub-paragraph (b) of this Section) in the office where the Designated REALTOR® holds membership, and any other offices of the firm located within the jurisdiction of this Association.

(f) The annual dues of each Institute Affiliate Member shall be as established in Article II of the Bylaws of the NATIONAL ASSOCIATION OF REALTORS®.

Section 3. Dues Payable. Dues for all members shall be payable annually in advance on the first day of December for the coming year. Dues shall be computed from

the first day of the month in which a member makes application for membership and shall be prorated for the remainder of the year. Any member who initiates bankruptcy proceedings may be placed on a "cash basis" from the date the petition is filed until one year from the date that the member has been discharged from bankruptcy. All dues or fees paid to the A.O.R. are nonrefundable, except for those dues returned to a terminated provisional member as provided in Article V, Section 10.

Section 4. Nonpayment of Financial Obligations.

(a) If dues, fees, fines, or other assessments including amounts owed to the A.O.R. or its Multiple Listing Service are not paid by January 15, the nonpaying member is subject to suspension. On February 1 after the due date, membership of the nonpaying member may be terminated at the discretion of the Board of Directors. On February 15 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. Furthermore, no member shall be suspended or expelled until fifteen (15) days after notice of a proposed suspension or expulsion has been mailed to him, which notice may be given before or after the deadline dates previously stated in this paragraph.

(b) If within ten (10) days after the mailing of a notice, the member requests a hearing, the effective date of the suspension or expulsion shall be deferred until after such hearing. The Board of Directors shall mail to the member at least five (5) days prior to the hearing a notice of the time and place of the hearing. At the hearing the Board of Directors shall receive evidence from the member and may receive evidence from any other person on the issue of whether the member was delinquent in the payment of fees or charges and on the issue of whether it would be in the best interest of the A.O.R. to suspend or expel the member.

(c) If the Board of Directors determines that the member was delinquent, the Board of Directors may decide, as it deems in the best interest of the A.O.R., to suspend or expel the member, to decline to suspend or expel the member, or to decline to suspend or expel the member on condition that the member pay the delinquency on or before a specified date or pay the delinquency in specified installments on or before specified dates. The member shall be automatically suspended or expelled without further hearing if the member fails to perform such condition.

(d) Any suspension or expulsion occurring after a hearing shall be effective five (5) days after notice thereof is mailed to the member, subject to the right of the Board of Directors to specify that the suspension or expulsion shall become effective upon the entry, in a suit by the A.O.R. for declaratory relief, of the final judgement of a Court of competent jurisdiction declaring that the suspension or expulsion violates no rights of the member.

(e) A member who has been expelled may apply for reinstatement in the manner prescribed for new applicants for membership, upon making full payment of all

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

(f) In the event the membership of a salesperson or certified or licensed appraiser who holds REALTOR® membership is terminated for nonpayment of A.O.R. dues, and the licensee or appraiser remains affiliated with the same firm, the dues obligation of the designated REALTOR®, as set forth in this Article IX, Section 2, will be increased to reflect the addition of a non-member licensee or appraiser. Dues shall be calculated from the first day of the current fiscal year and are payable within thirty days of the notice of termination.

Section 5. Reinstatement After Termination for Nonpayment of Financial Obligations. A former member who has had his or her membership terminated for nonpayment of dues, fees, fines, or other assessments duly levied in accordance with the provisions of these Bylaws or the provisions of other Rules and Regulations of the A.O.R. or any of its services, departments, divisions or subsidiaries may apply for reinstatement in a manner prescribed for new applicants for membership, only after making payment in full of all accounts due as of the date of termination.

Section 6. Deposit. All monies received by the A.O.R. for any purpose shall be deposited to the credit of the A.O.R. in a financial institution or institutions selected by resolution of the Board of Directors.

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

ARTICLE X - OFFICERS AND DIRECTORS

Section 1. Board of Directors.

(a) Composition. The governing body of the Association shall be a Board of Directors consisting of: one (1) Director from each District, two (2) Directors-at-Large from any REALTOR® office in the NSDCAR assigned jurisdiction, one (1) Director appointed by the Board of Directors from the NSDCAR Commercial Division and who is also a REALTOR member of NSDCAR, one (1) Director appointed by the Board of Directors from the Associated Professional category of membership, and any Director(s) of the National Association of REALTORS® appointed by NSDCAR.

(b) Eligibility. A REALTOR® shall be eligible for election to the Board of Directors upon completion of one (1) year of membership in good standing in the North San Diego County Association of REALTORS® and has been actively involved on a

Committee, task force, workgroup, or a District Council for at least one (1) year prior to assuming office.

(c) Terms. Directors shall be elected to serve for a term of two (2). The terms shall be such that one-half of the Directors shall be elected each year. The term of each officer shall be one year from January through December. No person shall run for or hold more than one office at the same time, except that the Board may appoint one of the elected Directors to serve as Chairman of the Board or Treasurer.

(d) Powers and Duties of the Board of Directors. Subject to the provisions of the nonprofit Corporation Law governing mutual-benefit corporations, California Corporations Code Section 7110, et seq., and the specific provisions of the Articles of Incorporation and these By-Laws, requiring any action to be approved by the members, the activities and affairs of the Association shall be conducted and all corporate powers shall be exercised by or under the direction of the Board of Directors. The Board of Directors may delegate the management of the activities of the Association to any person or persons, entity or committee however composed, including the employment of an Executive Officer and a professional staff, provided that the activities and affairs of the Association shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board of Directors.

Section 2. Officers.

(a) Elected Officers. The officers of the Corporation shall consist of a Chairman and Secretary/Treasurer, both of whom shall be Directors of the Corporation and are elected by the in-coming Board of Directors the October before their term is to begin and from among the qualified Directors for the effective year.

(b) Eligibility to serve as an Officer. A REALTOR[®] shall be eligible for the offices of Chairman and Secretary/Treasurer only after having served one (1) year as a Director prior to the date of assuming office.

(c) Duties of Officers. The duties of the officers shall be such as their titles, by general usage, would indicate and such as may be assigned to them by the Board of Directors. It shall be the particular duty of the Secretary/Treasurer to keep the records of the Association and to carry on all necessary correspondence with the National Association of REALTORS[®] and the California Association of REALTORS[®]. Any of the duties of the Secretary/Treasurer may be delegated to the Executive Officer with the approval of the Board of Directors.

Section 3. Election of Directors and Officers.

(a) Nominating Committee. At least ninety (90) days before the annual election, a Nominating Committee of a minimum of five (5) REALTOR[®] members shall be appointed by the Chairman of the Board with the approval of the Board of Directors. No member of the Nominating Committee may be a candidate for any position. The

Nominating Committee shall select candidates for each vacant elected Director position. The Nominating Committee shall nominate one or more qualified candidates for each Director seat subject to election that year. No member of the Nominating Committee may be a candidate for the Board of Directors. The report of the Nominating Committee shall be provided to each REALTOR® at least thirty (30) days preceding the election stating the vacancies to be filled. Additional candidates for Director-at-Large may be placed in nomination by a petition signed by a minimum of twenty (20) REALTOR® members in good standing in each NSDCAR District, accompanied by a Statement of Qualification, and must be delivered to the Association Office no later than fifteen (15) days prior to the election. Additional candidates for Director from a specific District may be placed in nomination by a petition signed by a minimum of ten percent (10%) of the total eligible voting membership of the District from which the candidates wish to run, as determined by the voting eligibility figures for the prior year, or 25 signatures, whichever is the greater number. Nominations made by other than as provided herein shall not be considered or acted upon at the election.

(b) Election Procedure. The election of ~~President-Elect and~~ Directors shall take place during the month of June at a time to be designated by the Board of Directors. Ballots will be delivered or made available electronically to all REALTOR® members of the Association in good standing and entitled to vote. All ballots must be properly executed and submitted by 5:00 p.m. on the prescribed day. No proxy votes will be allowed.

(c) Election Committee. The Chairman of the Board, with the approval of the Board of Directors, shall appoint an Election Committee of at least three (3) REALTOR® members to conduct the election. No member of the Election Committee may be a candidate for the Board of Directors. In case there be more than one (1) candidate for a single position, the candidate receiving the greatest number of votes shall be declared duly elected by the Election Committee. In case of a tie vote, the issue shall be determined by lot. Results of the election shall be announced in the Association's official publication and will be posted in the Association Office.

Section 4. Vacancies. Vacancies among the Board of Directors shall be filled by a simple majority vote of the Board of Directors until the next annual election. Vacancies shall be filled within (60) days of notice of vacancy. If an officer or director is unable to assume office after being elected and his or her seat becomes vacant, that seat shall be filled by the Board of Directors. Any such Director shall come from the vacant District.

Section 5. 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 a director and signed by not less than one-third of the voting membership if the subject Board Member is a Director-at-Large, or one-third of the voting membership of the appropriate district if the subject Board Member

is a district director, or signed by a majority of all directors shall be filed with the Chairman of the Board and shall specifically set forth the reasons the individual is deemed to be disqualified from further service.

The Board may remove a Director from officer position by a two-thirds vote of the Board. An officer so removed from service shall continue serve as Director on the Board unless a petition requesting the removal of the director has been filed in accordance with the provisions for Director or Director-at-Large in the paragraph above and the required procedure followed.

(b) Upon receipt of the petition, and not less than twenty (20) days or more than forty-five (45) days thereafter, a special meeting of the appropriate voting membership of the A.O.R. as indicated in Section 5 (a) above shall be held, and the sole business of the meeting shall be to consider the charge against the director, and to render a decision on such petition.

(c) The special meeting shall be noticed to the appropriate voting members as identified in Section 5 (a) above at least ten days prior to the meeting, and shall be conducted by the Chairman of the Board unless the Chairman'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.

Section 6. C.A.R. Delegates/Directors

(a) The C.A.R. Delegates/Directors shall be selected by the in-coming Chairman of the Board, subject to the approval of the Board of Directors and the California Association of REALTORS[®]. At least one C.A.R. Delegate/Director shall be selected from each A.O.R. District.

(b) The Chairman of the Board shall appoint a member to fill any vacancy of a C.A.R. Delegate/Director, subject to the approval of the Board of Directors and the California Association of REALTORS[®].

Section 7. Expenditures. The Board of Directors shall administer the day to day finances of the A.O.R. Unbudgeted capital expenditures in excess of \$25,000 may not be made unless authorized by a majority of the A.O.R. members voting, provided quorum requirements are met as set forth elsewhere in these bylaws. However, unbudgeted expenditures required for the protection of capital assets or to respond to emergency situations may be incurred by the Board of Directors without the prior approval of the full membership of the A.O.R. Capital expenditures are those expenditures for long term improvements chargeable to the capital asset account.

Section 8. Right to Indemnity. To the fullest extent permitted by law this corporation shall indemnify its Directors, Officers, Employees and other persons described in Section 9246 (a) of the California Corporations Code, including persons formerly

occupying any such position, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding" as that term is used in that section and including an action by or in the right of the corporation, by reason of the fact that the person is or was a person described in that section. "Expenses" as used in these Bylaws shall have the same meaning as in Section 9246 (a) of the California Corporations Code.

ARTICLE XI - MEETINGS

Section 1. Annual Meetings. The annual meeting of the A.O.R. shall be held during June of each year, the date, place and hour to be designated by the Board of Directors.

Section 2. Meetings of Directors.

(a) The Board of Directors shall designate a regular time and place of meetings. Absence from two regular meetings in any calendar year without an excuse deemed valid by the Board of Directors shall be construed as resignation.

(b) Any action required or permitted to be taken by the Board of Directors may also be taken without a meeting if 75% of the members of the Board shall individually or collectively consent in writing to that action. Such action by written consent shall have the same force and effect as an affirmative vote of the board of Directors. Such written consent or consents shall be filed with the Minutes of the preceding board meeting.

Section 3. Other Meetings. Meetings of the members may be held at other times as the Chairman of the Board or the Board of Directors may determine, or upon the written request of at least 25% of the members eligible to vote.

Section 4. Notice of Meetings and Votes. Notice shall be given to every member at least seven (7) days preceding all meetings or before a vote is to be taken upon an issue or issues, accompanied by a statement of the purpose of the meeting except for established regular meetings. If a special meeting is called or a vote of the membership is to be conducted, it shall be accompanied by a statement of the purpose of the meeting or the issues involved in the vote.

Meetings are herein defined as any convening of the membership at which only information is to be given or a vote is to be taken or the conducting of any absentee ballot vote with or without a physical convening of the membership.

Section 5. Quorum. A quorum for the transaction of business by the general membership shall consist of five percent (5%) of the members eligible to vote.

A quorum for the transaction of business by the Board of Directors shall consist of 51% of the Directors. A meeting at which a quorum is initially present may continue to transact

business notwithstanding the withdrawal of a Director(s), provided any action taken is approved by at least a majority of the required quorum for that meeting.

ARTICLE XII - COMMITTEES

Section 1. Standing Committees. The Chairman of the Board shall appoint from among the REALTOR[®] members, subject to confirmation by the Board of Directors, the following standing committees:

Grievance
Professional Standards

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

Section 3. Term of Committee Appointments. Committee members shall be appointed to one year terms except that the members of the Grievance and Professional Standards committees shall be appointed to staggered three-year terms, whenever possible.

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

Section 5. President. The Chairman of the Board shall be an ex-officio non-voting member of all standing committees and shall be notified of their meetings.

Section 6. Removal. The Chairman of the Board shall have the power, subject to confirmation by the Board of Directors, to remove any member from a committee.

ARTICLE XIII - FISCAL AND ELECTIVE YEAR

Section 1. Fiscal and Elective Year. The fiscal and elective year of the A.O.R. shall be the calendar year beginning January 1 and ending December 31.

ARTICLE XIV - RULES OF ORDER

Section 1. Rules of Order. Robert's Rules of Order, latest edition, shall be recognized as the authority governing the meetings of the A.O.R. in all instances wherein its provisions do not conflict with the California Nonprofit Corporations Code or these Bylaws. The Board of Directors and committees will follow consensus decision making, with the definition of consensus as defined by the Board in its policies.

ARTICLE XV - AMENDMENTS

Section 1. Amendment Upon Majority Vote of Membership. These bylaws may be amended and any non-election issues may be approved by a majority vote of the members present or voting by absentee ballot who are qualified to vote provided a quorum is represented in person or by absentee ballot, and provided the substance of such proposed amendment or amendments shall be plainly stated in the call for the meeting, except that the Board of Directors may, at any regular or special meeting of the Board of Directors at which a quorum is present approve amendments to the bylaws which are mandated by N.A.R. policy.

Section 2. Notice. Notice of all meetings or voting at which amendments to these bylaws are to be considered shall be distributed to every member eligible to vote at least seven calendar days prior to the meeting or vote being conducted.

Section 3. Approval of Amendments by N.A.R. Amendments to these Bylaws affecting the admission or qualification of REALTOR[®] and Institute Affiliate members, the use of the terms REALTOR[®] and REALTORS[®] or any alteration in the territorial jurisdiction of the A.O.R. shall become effective upon their approval as authorized by the Board of Directors of N.A.R.

ARTICLE XVI - DISSOLUTION

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

ARTICLE XVII - MULTIPLE LISTING SERVICE

Section 1. Authority. The A.O.R. is a Shareholder of San Diego Regional Multiple Listing Service Corporation, Inc. (SANDICOR, Inc.), a lawful corporation of the State of California, which operates a Multiple Listing Service ("MLS") for the use of licensed real estate brokers and licensed or certified appraisers. The A.O.R. may perform services as a service center under contract with SANDICOR.

Section 2. Governing Documents. The MLS operated by SANDICOR, Inc, in which the Association of REALTORS[®] is a shareholder shall be governed by the Articles of Incorporation, Bylaws, Rules, Regulations, Policies, Practices, and Procedures of SANDICOR, Inc.

Section 3. Access to Comparable and Statistical Information. A.O.R. members who are actively engaged in real estate brokerage, management, mortgage financing, appraising, land development or building, but who do not participate in the SANDICOR MLS, are nonetheless entitled to receive, by purchase or lease, information designated by SANDICOR, other than current listing information that is generated wholly or in part by

the SANDICOR MLS including "comparable" information, "sold" information and statistical reports. This information is provided for the exclusive use of A.O.R. members and individuals affiliated with A.O.R. members who are also engaged in the real estate business and may not be transmitted, retransmitted or provided in any manner to any unauthorized individual, office or firm except as otherwise specified in the SANDICOR MLS Rules and Regulations. A.O.R. members who receive such information are subject to the applicable provisions of the SANDICOR MLS Rules and Regulations whether they participate in the SANDICOR MLS or not.

Article XVIII – POLICY GOVERNANCE

Section 1. Governance Model. The Association will be governed by Executive Limitations Policies, Governance Process Policies, Board-CEO Linkage Policies, and Ends Policies, as amended from time to time by the Board of Directors (“Policies”), which Policies shall at all times be in compliance with the policies of the National Association of REALTORS® (“N.A.R.”) as set forth in the Current Version of the California Model Bylaws (“Model Bylaws”) and California state law.

Originally Adopted by Vote of the Members, December 1993
Revised per Board of Directors, March 1994
Amended by the Members, November 1994
Revised per Board of Directors, August 1996
Amended by the Members, June 1997
Amended by the Members, June 1998
Amended per Board of Directors, April 2000
Amended per Board of Directors, August 2000
Amended by the Members, June 2001
Amended by the Members, June 2003
Amended by the Board of Directors March 2005
Amended by the Members, June 2005
Amended by the Members, June 2006
Amended per Board of Directors, June 2007
Amended by the Members, June 2007
Amended by the Members, June 2008