



# **Tucson Association of REALTORS<sup>®</sup>, Inc.**

## **BYLAWS**

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**Tucson Association of REALTORS®, Inc.**  
**BYLAWS**

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**Tucson Association of REALTORS<sup>®</sup>, Inc.**

**BYLAWS**

*Approved: June 8, 2009*

*Effective: June 8, 2009*

**ARTICLE I – NAME**

**Section 1. Association Name.**

The name of this organization shall be the Tucson Association of REALTORS<sup>®</sup>, Inc., hereinafter referred to as the “Association.”

**Section 2. Subsidiary Name.**

The Association is the sole shareholder of a wholly owned for-profit subsidiary, the name of which is the Tucson Association of REALTORS<sup>®</sup>/Multiple Listing Service, Inc. (“TAR/MLS”).

**Section 3. Arizona Association of REALTORS<sup>®</sup>.**

The Arizona Association of REALTORS<sup>®</sup> (“AAR”) is a state level trade association acting under the authority of the National Association of REALTORS<sup>®</sup>; the purpose of which is to act as a link between local REALTOR<sup>®</sup> associations within the state of Arizona and the National Association of REALTORS<sup>®</sup>.

**Section 4. National Association of REALTORS<sup>®</sup>.**

The National Association of REALTORS<sup>®</sup> (“NAR”) is a national trade association representing the interests of its members in all aspects of residential and commercial real estate.

**Section 5. Membership Mark.**

Inclusion and retention of the Registered Collective Membership Mark “REALTORS<sup>®</sup>” in the name of the Association shall be governed by the Constitution and Bylaws of the NAR.

**ARTICLE II – OBJECTIVES**

The objectives of the Association are as follows.

**Section 1. Unite the Industry.**

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. Maintain High Standards.**

To promote and maintain high standards of conduct in the real estate profession as expressed in the NAR Code of Ethics and the Pathways to Professionalism.

**Section 3. Unified Medium.**

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. Promote Property Interests.**

To further the interests of real property owners and real property ownership.

**Section 5. Unite Real Estate Professionals.**

To unite those engaged in the real estate profession with the AAR and the NAR, thereby furthering their own objectives locally as well as throughout the state and nation and obtaining the benefits and privileges of Membership.

**Section 6. Regulate Use of Membership Mark.**

To designate, for the benefit of the public, those individuals authorized to use the terms REALTOR<sup>®</sup> and REALTORS<sup>®</sup> as licensed, prescribed, and controlled by the NAR.

**ARTICLE III – JURISDICTION**

**Section 1. Description of Jurisdiction.**

The territorial jurisdiction of the Association as a Member of the NAR is the following portion of Pinal County; commencing at the SE corner of T10S-R18E, proceeding North to the NE corner of T5S-R18E, then proceeding West to the NW corner of T5S-R11E, then proceeding South to the NW corner of T10S-R11E, then proceeding West to the NW corner of T10S-R2E, then proceeding South to the SW corner of T10S-R2E, then proceeding East to the SE corner of T10S-R18E; and all of Pima County, Arizona less the defined territory reserved to the Green Valley Association of REALTORS<sup>®</sup> and excluding any portions of the above-described areas which are Federal Indian Reservation land.

**Section 2. Right to Control Membership Mark.**

The Association has the right, within its territorial jurisdiction, to control the use of the

terms REALTOR® and REALTORS®, subject to the conditions set forth in these Bylaws and those of the NAR, in return for which the Association agrees it has the duty to protect and safeguard the property rights of the NAR in those terms.

## **ARTICLE IV – MEMBERSHIP and HONORARY TITLES**

### **Section 1. Categories of Membership.**

There shall be four (4) categories of Membership in the Association, namely: 1) REALTOR® Membership; 2) Institute Affiliate Membership; 3) Affiliate Membership; and 4) Student Membership (collectively “Members”). Membership in the Association is not transferable.

### **Section 2. REALTOR® Membership.**

REALTOR® is a category of Membership in the Association. Within the category of REALTOR® Membership, there shall be REALTOR® Principal Members and Non-Principal REALTOR® Members.

#### **(a) REALTOR® Principal Members.**

REALTOR® Principal Members, whether primary or secondary, shall be individuals who, as sole proprietors, partners, corporate officers, managing members of limited liability companies, or branch office managers (“Principals”) are licensed and are actively engaged in the real estate profession, including buying, selling, exchanging, renting, leasing, managing, appraising for others for compensation, counseling, building, developing, or subdividing real estate, and who maintain or are associated with an established real estate office in the State of Arizona, or a state contiguous thereto. All persons who are Principals and who are actively engaged in the real estate profession within the State of Arizona, or a contiguous state thereto, shall qualify for REALTOR® Membership only. Each such individual is required to hold REALTOR® Membership in a board or association of REALTORS® within the State of Arizona, or a state contiguous thereto, unless otherwise qualified for Institute Affiliate Membership as described in this Article IV Section 3.

In the case of a real estate firm whose business consists of at least a majority of commercial real estate activity, only those Principals who are licensed and are 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 or more of the firm’s Principals is licensed and actively conducts real estate business, shall be required to hold REALTOR® Membership unless the Principal or individual otherwise qualifies for Institute Affiliate Membership as described in this Article IV Section 3.

#### **(b) Non-Principal REALTOR® Members.**

Non-Principal REALTOR® Members are licensed individuals who are actively engaged in the real estate profession (as stated in this Article IV, Section 2a) other than as sole proprietors, partners, corporate officers, managing members of limited liability companies, or branch office managers and who at the time of application are associated either as an employee or as an independent contractor with a Designated REALTOR® Member of the Association or a Designated REALTOR® Member of another association (if a Secondary Member) and meet the qualifications set forth in Article V.

#### **(c) Primary and Secondary REALTOR® Members.**

REALTOR® Members may be Primary or Secondary Members. An individual is a Primary Member if the individual is in the employ of a REALTOR® Member and the Association pays the Member’s AAR and NAR dues. An individual is a Secondary Member if the Member’s AAR and NAR dues are remitted through another board or association.

#### **(d) Franchise REALTOR® Members.**

Franchise REALTOR® Members in the Association include 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, who are elected to Membership pursuant to the provisions of the NAR Constitution and Bylaws. Such individual

Franchise REALTOR® Members shall enjoy all of the rights, privileges and obligations of REALTOR® Membership (including compliance with the NAR Code of Ethics) except for obligations related to Association mandated education, meeting attendance, attending the Orientation Course, or other similar requirements, and shall have the right to use the term REALTOR® in connection with their franchise organization's name. They shall have the right to hold elective office in the Association, the AAR and the NAR.

- (e) **Designated REALTOR®.** Each real estate firm is required to designate, in writing to the Association, one REALTOR® Member to be the Designated REALTOR® (“Designated REALTOR®”). That individual shall be responsible for all duties and obligations of Membership of the firm in the Association, including, but not limited to, the obligation to arbitrate pursuant to Article 17 of the NAR Code of Ethics and for the payment of Association dues as established in Article X of these Bylaws.

### **Section 3. Institute Affiliate Membership.**

Institute Affiliate is a separate category of Membership in the Association. Institute Affiliate Members shall be individuals who hold a professional designation awarded by an Institute, Society or Council affiliated with the NAR 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 in the Institute, Society or Council. 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 NAR. Any such individual, if otherwise eligible, may elect to hold REALTOR® Membership, subject to payment of applicable dues for such Membership.

### **Section 4. Affiliate Membership.**

Affiliate is a separate category of Membership in the Association. Affiliate Members shall be individuals who, while not engaged in the real estate profession as stated in this Article IV, Section 2a by the nature of their occupation or business, share objectives compatible with the

real estate profession and desire or require information and services provided by the Association.

### **Section 5. Student Membership.**

Student Membership is a separate category of Membership in the Association. A Student Member shall be an individual who is currently pursuing an associate, undergraduate, or graduate degree with a specialization or major in real estate at an institution of higher learning or an individual who attends a college or university that does not offer a degree in real estate but can demonstrate a strong desire and commitment to learn about the real estate profession, and who has completed at least two (2) years of college, has taken at least one college course in real estate, if available at the college or university attended, and is not licensed to sell real estate. A Student Member shall have such rights and obligations as may be defined from time to time by the Board of Directors.

### **Section 6. Honorary Life Member.**

Honorary Life Member is an extraordinary achievement. It is the highest recognition of service the Association can bestow on a REALTOR®. To be considered for this honor, a REALTOR® Member must have been an active REALTOR Member for not less than thirty (30) years. During those years as a REALTOR® Member, the individual must have rendered volunteer services to the Association as an active committee(s) member for a minimum of 15 cumulative years, or served as an Association Officer, Director, Committee chairperson, representative of the Association to AAR or NAR for a minimum of five (5) years. The Nominating/Credentials Committee may consider a combination of the above-mentioned volunteer services. Recommendations for recipients of this award shall be made to the Nominating/Credentials Committee at the time the Committee is convened for the regular annual nomination process. The Association dues and assessments of Honorary Life Members shall be waived. The AAR and NAR dues and assessments of Honorary Life Members shall be paid by the Association. *(Amended 12/13/10)*

**Section 7. NAR REALTOR® Emeriti, Past NAR Presidents and NAR Distinguished Service Award Recipients.**

The Association dues and assessments of a REALTOR® Member who is a NAR REALTOR® Emeriti, a past President of the NAR, or a recipient of the NAR Distinguished Service Award shall be waived unless a contrary position is adopted by the Association Board of Directors.

**ARTICLE V – APPLICATION, QUALIFICATION AND ELECTION TO MEMBERSHIP**

**Section 1. Application for Membership.**

- (a) **Conditions of Application.** Application or reapplication for Membership in the Association shall be made in compliance with these Bylaws and all requirements prescribed by the Board of Directors. By signing the membership application the Applicant agrees to become familiar with, and if elected as a Member, to abide by the Bylaws and Policy Statements of the Association, the AAR, and the NAR, and if elected as a REALTOR® Member, to abide by the NAR Code of Ethics including, but not limited to, the obligation to arbitrate controversies arising out of real estate transactions in accordance with Article 17 of the NAR Code of Ethics, and as further specified in the NAR *Code of Ethics and Arbitration Manual*, as from time to time amended. The application form shall provide directions for accessing the current Association Bylaws and the NAR Code of Ethics on the Internet.
- (b) **Applicant Authorization.** By submitting a signed application for Membership in the Association, Applicant authorizes the Association to invite and receive information and comment about Applicant from any Member or other source, including a background check. If the Association requests a background check, the actual cost of the report shall be paid by Applicant at the time the application is submitted. Applicant also agrees that the Association may rely upon all information received which shall be conclusively deemed to be

privileged information. No such information obtained by the Association from any source may be used by Applicant in conjunction with any legal action including, but not limited to, any action for defamation brought against the Association, TAR/MLS, any Officer, Director, employee, volunteer of the Association or TAR/MLS, or the source supplying the information.

**Section 2. Character Qualification.**

- (a) **Qualification for REALTOR® Membership.** Applicants for REALTOR® Membership shall supply character evidence satisfactory to the Association that Applicant: 1) meets the requirements of Article IV, Section 2a or 2b, as appropriate; 2) maintains a current, valid Arizona real estate broker's or salesperson's license, or a valid license to engage in the appraisal of real property; 3) has a place of business within the State of Arizona or a state contiguous thereto (unless a Secondary Member); 4) has not been involved personally or indirectly through any firm in which applicant was formerly a Principal in any bankruptcy or insolvency proceedings or been adjudicated a bankrupt during the past thirty-six (36) months [Applicant shall not be rejected because of such action unless the Board of Directors establishes that the interests of the Association or its Members or the public could not be adequately protected by requiring that the Applicant pay cash in advance for Association and TAR/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.]; 5) has not been sanctioned within the past thirty-six (36) months by an official state licensing agency, a court, or other lawful authority for any violation of civil rights laws, real estate license laws, or other laws prohibiting unprofessional conduct; 6) does not have any pending unfulfilled sanction imposed by another board or association for violation of the NAR Code of Ethics [An Applicant who has an unfulfilled sanction pending imposed by another board or association of REALTORS® for violation of the Code of Ethics, shall not be approved for

Membership]; 7) does not have any pending arbitration requests or hearings; 8) does not owe any unpaid dues, fees, costs, penalties or monetary amounts to another board or association or its subsidiary; 9) has not had a felony charge filed or adjudicated against Applicant within the past three (3) years; 10) has passed a reasonable, nondiscriminatory written examination as may be required by the Board of Directors concerning ethics and real estate related issues; 11) has completed an Orientation Course as required by the Board of Directors and agrees to the terms of the REALTOR<sup>®</sup> pledge and; 12) has cooperated and supplied such additional information or verification as may be requested to substantiate such qualifications.

- (b) **Standard for Rejection.** No Applicant may be denied Membership in the Association unless the reason is a mandatory basis for rejection or unless the Board of Directors establishes that the interest of the Association and those of its Members and/or the public could not be adequately protected by allowing the Applicant to become a Member.
- (c) **Orientation Course Ethics Instruction.** The Orientation Course is a mandatory educational program which shall include a minimum of two and one half (2½) hours of instruction on the NAR Code of Ethics. The Board of Directors may authorize additional time requirements and course requirements beyond the minimum NAR Orientation Course requirement.
- (d) **Requirement of Orientation Course.** Failure of an Applicant for Membership to timely attend the Orientation Course shall automatically result in a denial of application and an automatic termination of the Applicant's Provisional Membership (see Article V, Section 3a) together with a forfeiture of the application fee. The time requirement for new Applicants to attend the Orientation Course is ninety (90) days from the date the Applicant is granted Provisional Membership. Designated REALTORS<sup>®</sup> must attend the Orientation Course within thirty (30) days from the date the Association is advised in writing of the appointment of the Designated REALTOR<sup>®</sup>.

These time requirements may be extended if any delay was occasioned by the Association. A reapplication for Membership shall require payment of a new application fee. Failure of a newly named Designated REALTOR<sup>®</sup> to attend in a timely manner shall automatically result in such person being terminated by the Association as the Designated REALTOR<sup>®</sup>.

- (e) **Other Categories of Membership.** An Applicant for any other category of Membership in the Association, other than a REALTOR<sup>®</sup> Member, shall supply satisfactory evidence to the Association that the Applicant meets the requirements of the applicable Membership category as set forth in these Bylaws or as otherwise determined from time to time by the Board of Directors of the Association.

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

The procedure for election to Membership shall be as follows.

- (a) **Submission of Application - Provisional Membership.** Upon submission of a fully completed application form and payment of the application fee, together with a prorata portion of the relevant annual Association dues and any assessment(s), an Applicant for Membership shall automatically be granted temporary Membership status known as Provisional Membership. Provisional Members shall be considered Members and shall be entitled to all of the rights and privileges and subject to all of the obligations of Membership. If the Board of Directors subsequently determines that the Applicant does not meet the qualifications for Membership or if Applicant is automatically terminated such as for not timely completing the Orientation Course, then the Applicant's Provisional Membership shall automatically terminate. The Provisional Member and his or her Designated Broker shall be expeditiously advised in writing by the Association of a termination of Provisional Membership status. Thereafter, the former Applicant shall be a Non-Member licensee.

- (b) **Computation of and Return of Dues and Assessment(s).** Association annual dues and any assessment(s) for Membership Applicants shall be prorated to charge the Provisional Member fees and assessments for the number of days remaining through the end of the current billing period. If a Provisional Member has not been approved for Membership at the commencement of a new billing period then the Provisional Member shall be billed and timely pay for the entire ensuing year. If a Provisional Member is terminated, the Association dues and any assessments paid by the Applicant shall be refunded less an amount representing the prorated number of total days during the billing period that Applicant received Association services.
- (c) **Negative Information.** Any written comments or reports of a negative nature about an Applicant shall be provided by staff to the Board of Directors accompanied by any verifiable evidence and/or information supporting the negative comments or reports. All such information shall remain the sole and exclusive property of the Association and shall not be made available to other persons or entities, including the Applicant.
- (d) **Termination of Provisional Membership.** Except where the termination is mandatory, the Board of Directors shall record its findings and conclusion to terminate the Provisional Member with the Association Chief Executive Officer.

An Applicant shall be promptly notified in writing by the Association of the action of the Board of Directors. The Board of Directors shall schedule a timely hearing date and provide notice to the Provisional Member of an opportunity to appear before the Board of Directors to contest its findings and conclusion. The notice shall advise the Provisional Member of a requirement to provide the Association a written statement requesting a hearing. The notice must be received by the Association not later than fifteen (15) business days following the date the notice of the right to a hearing is sent by the Association. Failure to request a hearing in writing shall constitute an irrevocable

waiver of the right to a hearing and constitute an automatic termination of the Applicant's Provisional Membership. The notice shall also advise the Provisional Member of his or her right to call witnesses, to be represented by counsel, and to make such statements as the Provisional Member deems relevant.

In the request for hearing, the Provisional Member shall advise the Association of the name, address, and phone number of each witness to be called and whether legal counsel will be present at the hearing. The Board of Directors may have legal counsel present. Association staff shall present and represent the Association's position. A written or electronic record shall be made of the hearing. The Chairperson of the Board of Directors shall set reasonable rules for the conduct of the hearing. Any procedural or substantive ruling by the Chairperson on behalf of the Board of Directors shall be final and binding on all parties to the hearing.

A decision by a majority vote of the Board of Directors as to whether the Provisional Member should be accepted for Membership or terminated shall be final and binding on all parties. The Provisional Member shall be expeditiously advised in writing only as to the final conclusion reached by the Board of Directors.

- (e) **Potential Litigation.** If the Board of Directors determines that termination of a Provisional Member may become the basis of a judicial claim for damages, the Board of Directors may specify that its decision to terminate shall become effective upon entry of a final judgment declaring that the termination violates no rights of the individual in a suit initiated by the Association for a declaratory judgment in a court of competent jurisdiction. Pending such determination, the Provisional Member shall be entitled to all rights and subject to all obligations of such Membership in the Association.

#### **Section 4. Quadrennial Code of Ethics Training.**

- (a) **Requirements.** Each REALTOR<sup>®</sup> Member of the Association shall be required to complete quadrennial ethics training of not less than two and one-half (2½) hours of instruction during each successive four-year cycle beginning January 1, 2001 as well as comply with such other requirements as from time to time are established by the NAR and the Association Board of Directors. This requirement may be satisfied by demonstrating that the Member has completed a course of instruction conducted by this or another association, the AAR, the NAR, or any other recognized educational institute or provider that meets the learning objectives and minimum criteria established from time to time by the NAR. REALTOR<sup>®</sup> Members who can demonstrate that they have completed training as a requirement of Membership in another association and REALTOR<sup>®</sup> Members who have completed the Orientation Course during any four-year cycle shall not be required to complete additional ethics training until a new four-year cycle commences.
- (b) **Noncompliance.** Failure to satisfy the requirement for Quadrennial Code of Ethics training for any four-year cycle ending December 31 shall be considered a violation of Association Membership duty and shall result in an automatic suspension of Membership status without a requirement of prior notice effective January 1 of the following year. The suspension shall continue during the first two months (January and February) of that following year or until the educational requirement is met, whichever first occurs. Effective March 1 of that year, the Membership of a member who is still suspended as of that date will automatically be terminated.

#### **Section 5. Status Changes.**

The Association Members shall notify the Association of any changes in the Members' business and/or residence addresses or any contact information such as telephone numbers, facsimile number, email addresses, etc., not later than ten (10) days after the effective date of said

change. The Designated REALTOR<sup>®</sup> is required to notify the Association in writing of a change of the Member's status under which Membership is held in the Association, a transfer of license from one firm to another, changes in the Member's business and/or residence address, and all contact information, such as telephone numbers, facsimile number, email addresses, etc., not later than ten (10) days after the effective date of said change. Such information shall remain confidential information, except as to REALTOR<sup>®</sup> Members of the Association. The Association shall be provided notice in writing by the Designated REALTOR<sup>®</sup> within ten (10) days following the opening of a new or any branch office, or upon the closing of any existing office.

### **ARTICLE VI – RIGHTS AND DUTIES OF MEMBERSHIP IN ASSOCIATION**

#### **Section 1. Statement of Privileges and Obligations.**

The rights and duties of Members of the Association, in addition to those otherwise provided for in these Bylaws, shall be as specified in this Article VI.

#### **Section 2. Voting Rights at Annual Meeting.**

Only REALTOR<sup>®</sup> Members, whether primary or secondary, who are in good standing with the Association shall be entitled to vote at any Membership meeting of the Association.

#### **Section 3. Right to Use Membership Mark.**

Only REALTOR<sup>®</sup> Members shall be entitled to use the terms REALTOR<sup>®</sup> and REALTORS<sup>®</sup> subject to the provisions of Article VIII of these Bylaws.

#### **Section 4. Duty to Promote Interests of Association.**

REALTOR<sup>®</sup> Members have the primary responsibility to safeguard and promote the standards, interests, and welfare of the Association and the real estate profession.

#### **Section 5. Compliance of All Members.**

All Members of the Association shall comply with these Bylaws and Association Policy Statements. Such compliance is a duty of Membership. Violation of a Membership duty may result in a hearing as provided in the NAR

*Code of Ethics and Arbitration Manual.* Following a hearing for such violation, as provided in the NAR *Code of Ethics and Arbitration Manual*, a Member may be reprimanded, fined, placed on probation, suspended, or terminated.

Any REALTOR<sup>®</sup> Member of the Association may be disciplined by the Board of Directors for violations of the NAR Code of Ethics or other duties of Membership, after a hearing as described in the NAR *Code of Ethics and Arbitration Manual*, provided that the discipline imposed is consistent with the discipline authorized by the Professional Standards Committee of the NAR as set forth in the NAR *Code of Ethics and Arbitration Manual*.

#### **Section 6. The NAR Code of Ethics.**

REALTOR<sup>®</sup> Members are subject to the NAR Code of Ethics and its enforcement by the Association. All other Members of the Association are expected to abide by the principles established in the NAR Code of Ethics and conduct their business and professional practices accordingly.

#### **Section 7. Duty to Arbitrate.**

It is the duty of every REALTOR<sup>®</sup> Member to arbitrate controversies arising out of real estate transactions as specified by Article 17 of the NAR Code of Ethics, and as further defined and in accordance with the procedures set forth in the NAR *Code of Ethics and Arbitration Manual* as from time to time amended.

#### **Section 8. Harassment Prohibited.**

Any Member, Officer, Director or employee of the Association may be reprimanded, placed on probation, suspended or terminated for harassment of an Association or TAR/MLS employee, Officer or Director. Disciplinary action may also consist of any sanction authorized in the NAR's *Code of Ethics and Arbitration Manual*. As used in these Bylaws, 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 disciplinary action to be taken shall be determined by an investigatory team comprised of the President, President-Elect, Vice President, Chief Executive Officer, 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. A person complained of 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.

#### **Section 9. Resignation of Membership.**

Resignation of Membership shall be in writing signed by the Member. The resignation shall be effective upon receipt by the Association provided all dues, assessments, fees, fines, and any other charges of the Association and any subsidiary of the Association are paid current through the time of resignation. Resignations must be received in writing on or before December 31 to eliminate the duty to pay dues and assessments for the immediately following entire year.

#### **Section 10. Conditions of Reapplication.**

If a Member resigns from the Association or otherwise causes his/her Membership to terminate with an ethics complaint pending, the 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. If a Member resigns or otherwise causes his/her 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<sup>®</sup>.

A reapplication for Membership in the Association will not be processed until such Member pays in full any outstanding monies owed by the Applicant including annual simple interest at the legal rate of interest for the State of Arizona. No refund of any annual dues or assessments will be made upon termination.

## **ARTICLE VII – PROFESSIONAL STANDARDS**

### **Section 1. Code of Ethics and Arbitration Manual.**

The responsibility of the Association and of Association Members relating to the enforcement of the NAR Code of Ethics, the disciplining of Members, the arbitration of disputes, and the organization and procedures incident thereto shall be governed by the NAR *Code of Ethics and Arbitration Manual*, as from time to time amended, which by this reference is made a part of these Bylaws. Any provisions of the NAR *Code of Ethics and Arbitration Manual* deemed inconsistent with Arizona law shall be deleted or amended to comply with Arizona law. Enforcement thereof shall be in accordance with the AAR Statewide Professional Standards Enforcement Agreement, as from time to time amended, entered into by this Association, and which by reference is made a part of these Bylaws.

### **Section 2. Adherence to Governing Documents.**

It is the duty of every REALTOR<sup>®</sup> of this Association to abide by these Bylaws, the Constitution and Bylaws of the AAR, the Constitution and Bylaws of the NAR, and the NAR Code of Ethics, including the duty to arbitrate controversies arising out of real estate transactions as specified by Article 17 of the Code of Ethics, and as further defined and in accordance with the procedures set forth in the *Code of Ethics and Arbitration Manual* of the NAR as from time to time amended.

## **ARTICLE VIII – USE OF THE TERM REALTOR<sup>®</sup> AND REALTORS<sup>®</sup>**

### **Section 1. Use and Regulation of Registered Terms.**

Use of the terms REALTOR<sup>®</sup> and REALTORS<sup>®</sup> and the imprint of the emblem seal of the NAR by Members shall, at all times, be subject to the provisions of the Constitution and Bylaws of the NAR and to the Policies prescribed by its Board of Directors. The Association has the authority and the duty to control, jointly and in full cooperation with the NAR, use of those terms and the imprint of the emblem seal of the NAR 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 NAR *Code of Ethics and Arbitration Manual*.

### **Section 2. Members Authorized to Use Terms REALTOR<sup>®</sup> and REALTORS<sup>®</sup>.**

Only REALTOR<sup>®</sup> Members are authorized to and have the privilege of using the terms REALTOR<sup>®</sup> and REALTORS<sup>®</sup> and the imprint of the emblem seal of the NAR in connection with their places of business within the State of Arizona, or a contiguous state, so long as they remain such Members in good standing. No other category of Members shall have this privilege. Institute Affiliate Members shall not use the terms REALTOR<sup>®</sup> or REALTORS<sup>®</sup> or the imprint of the emblem seal of the NAR.

### **Section 3. All Principals Must Be REALTOR<sup>®</sup> Members.**

A REALTOR<sup>®</sup> who is a Principal of a real estate firm may only use the terms REALTOR<sup>®</sup> and REALTORS<sup>®</sup> and the imprint of the emblem seal of the NAR if all the Principals of such firm who are actively engaged in the real estate profession within the State of Arizona, or a contiguous state, are either REALTOR<sup>®</sup> Members or Institute Affiliate Members of the Association.

### **Section 4. Commercial Firm.**

In the case of a REALTOR<sup>®</sup> who is a Principal of a real estate firm in which the majority of the business conducted is commercial, then the right and privilege to use the term REALTOR<sup>®</sup> or REALTORS<sup>®</sup> shall be limited to only those office locations in which a Principal is a REALTOR<sup>®</sup> Member and actively engaged in the real estate business. If the firm operates additional places of business in which no Principal active in the real estate business is located at such additional office(s) is a REALTOR<sup>®</sup>, then the term REALTOR<sup>®</sup> or REALTORS<sup>®</sup> and the imprint of the emblem seal of the NAR may not be used in any reference to those additional places of business.

## **ARTICLE IX – STATE AND NATIONAL MEMBERSHIPS**

### **Section 1. Association Membership in Arizona and National Associations.**

The Association shall be a Member of the NAR and the AAR. By reason of the Association's Membership, each REALTOR<sup>®</sup> Member of the Association shall be entitled to membership in both the AAR and the NAR. The Association shall continue as a Member of the AAR and the NAR unless, by a majority vote of all of its REALTOR<sup>®</sup> Members, a decision is made to withdraw, in which case the State and National Associations shall be notified at least one month in advance of the date designated for Membership termination.

### **Section 2. Exclusive Property Rights of the NAR.**

The Association recognizes the exclusive property rights of the NAR in the use of the terms REALTOR<sup>®</sup> and REALTORS<sup>®</sup> and the imprint of the emblem seal of the NAR. The Association shall discontinue use of the terms in any form in its name upon ceasing to be a Member of the NAR, or upon a determination by the Board of Directors of the NAR that the Association has violated the conditions imposed upon the terms.

### **Section 3. Loss of Right to Use Membership Mark.**

(a) **Suspension or Expulsion of a REALTOR<sup>®</sup> Principal Member.** If a REALTOR<sup>®</sup> Principal Member is suspended or terminated from the Association, the REALTOR<sup>®</sup> Principal Member's firm, partnership, corporation, or limited liability company and all other Principals, partners, or corporate officers shall likewise be prohibited from using the terms REALTOR<sup>®</sup> or REALTORS<sup>®</sup> and the imprint of the emblem seal of the NAR in connection with the business during the period of suspension or termination. Such condition shall continue until either readmission of the REALTOR<sup>®</sup> Member to REALTOR<sup>®</sup> Principal Membership status or until the relationship of the suspended or terminated REALTOR<sup>®</sup> Principal Member is severed, or any management control of the firm by the suspended or terminated

REALTOR<sup>®</sup> Principal Member is relinquished. To continue to have the right to use the words REALTOR<sup>®</sup> and REALTORS<sup>®</sup>, and the imprint of the emblem seal of the NAR, a Non-Principal REALTOR<sup>®</sup> Member of such firm may elect to sever connection with the firm and affiliate with another firm which is in good standing with the Association.

(b) **Relinquishment of Control.** Evidence of relinquishment of a REALTOR<sup>®</sup> Principal from actual management control shall require delivery of a verified written statement to the Association by the suspended or terminated REALTOR<sup>®</sup> Principal acknowledging removal from the position of management control together with a similar verified written statement from the substituted REALTOR<sup>®</sup> Principal acknowledging the assumption of such control. Following submission of the appropriate documentation, the other REALTOR<sup>®</sup> Principals and other individuals affiliated with that firm, may continue or resume using the terms REALTOR<sup>®</sup> and REALTORS<sup>®</sup> and use the imprint of the emblem seal of the NAR in connection with the business. The foregoing is not intended to preclude a suspended or terminated REALTOR<sup>®</sup> Principal from functioning as an employee or independent contractor, provided no management control is exercised.

(c) **Written Notice.** Upon the suspension or termination of a REALTOR<sup>®</sup> Principal Member, said Member shall immediately provide written notice to all REALTOR<sup>®</sup> Principal Members and to all non-Principal REALTOR<sup>®</sup> Members employed by or affiliated as independent contractors with such REALTOR<sup>®</sup> Principal Member advising of the suspension or termination. The notice shall fully advise concerning the prohibition as to the use of the terms REALTOR<sup>®</sup> or REALTORS<sup>®</sup> and the imprint of the emblem seal of the NAR as set forth in these Bylaws. The REALTOR<sup>®</sup> Principal Member shall provide the Association with a copy of the written notice together with evidence that it was sent to all affected Members in the firm.

- (d) **Suspension or Expulsion of a Non-Principal REALTOR® Member.** If a Non-Principal REALTOR® Member in a firm is suspended or terminated, the use of the terms REALTOR® or REALTORS® and the imprint of the emblem seal of the NAR by the firm and other REALTOR® Members in the firm shall not be affected.

#### **Section 4. Association Adoption of the Code of Ethics and Enforcement.**

The Association adopts the NAR Code of Ethics and agrees to enforce it among its REALTOR® Members.

#### **Section 5. Adherence to The NAR and The AAR Governance Documents.**

The Association and all of its Members agree to abide by the Constitution, Bylaws, Rules and Regulations and Policies as may from time to time be adopted by the NAR and the AAR.

### **ARTICLE X – FEES, DUES, ASSESSMENTS AND FINANCES**

#### **Section 1. REALTOR® Member Application Fee.**

The Board of Directors shall establish the amount of the application fee for REALTOR® Members. The application fee shall not exceed three times the amount of the annual dues for REALTOR® Membership. The payment of the application fee shall accompany the application. Application fees are non-refundable. The Board of Directors, directly or through its Chief Executive Officer or through its Policies, may make exceptions concerning entitlement to refunds for extraordinary circumstances which exceptions, once made, are final and binding.

#### **Section 2. Dues and Assessments.**

(a) **Setting Annual Dues and Assessments.**

The annual dues and any assessments for all categories of Membership in the Association (except for Institute Affiliate Membership) shall be established annually by the Board of Directors on or before November 15 of the year immediately preceding the year in which the dues and any assessments are to be collected. If the Board of Directors fails to establish the fees or assessments for the succeeding year on or

before November 15 of the current year, then the annual dues for the succeeding year shall remain the same as in the current year and there shall be no assessment over and above the dues. The Board of Directors has the right at any time to make special assessments as well as the right to set the time for payment and the consequences for failure to pay the special assessment in a timely manner.

(b) **Calculation of Dues and Assessments.**

The annual dues and any assessments owed by a firm shall be assessed to each Designated REALTOR® Member or a Principal of the firm in the absence of a Designated REALTOR®. The amount of dues and assessments owed shall be calculated by multiplying the amount of the dues and any assessment times the number of licensed real estate salespersons and licensed or certified appraisers who are: 1) employed by or affiliated as independent contractors, or otherwise licensed with the Designated REALTOR®'s firm; and 2) not (i) REALTOR® Members of another board or association in Arizona, or a contiguous state, (ii) an Institute Affiliate Member of the Association, or (iii) an AAR Non-Member. Non-Member licensees shall not be included in the computation provided the Non-Member licensee is a Primary Member in another association (“Board of Choice”) in Arizona, or a contiguous state thereto, and further provided the Designated REALTOR® identifies the Non-Member and specifies the identity of the Board of Choice to which such Non-Primary Member dues have been remitted.

(c) **Dues for Commercial Firms.**

In the case of a Designated REALTOR® Member of a firm whose business consists of a majority of commercial real estate activity, any dues and assessments shall be limited to licensees affiliated with the Designated REALTOR®, as defined in this Article X, Section 2b, in the office where the Designated REALTOR® holds Membership, and any other offices of the firm located within the jurisdiction of this Association.

(d) **License with a REALTOR® Principal Member.**

An individual, for the purpose of

determining the responsibility for payment of dues and assessments, is deemed to be licensed with a REALTOR® Principal Member if the individual's Arizona real estate license is held by the REALTOR® Principal Member or with any entity in which the REALTOR® Principal Member has a direct or indirect ownership interest and which is engaged in other aspects of the real estate business (except as provided in Article X, Section 2c), provided that such licensee is not otherwise included in the computation of dues payable by the Principal of the entity.

(e) **Referral Business.** A REALTOR® Member with a direct or indirect ownership interest in an entity engaged exclusively in soliciting and/or referring clients and customers to the REALTOR® Member for consideration on a substantially exclusive basis shall annually file with the Association, on a form approved by the Association, a list of the real estate licensees affiliated with that entity. The firm 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® Member filing the form for the purposes of this section and shall not be included in calculating the annual dues of the Designated REALTOR®. If a REALTOR® Member terminates association with a referral business and joins a firm actively engaged in the business of real estate, then the Designated REALTOR® of such firm shall be responsible for the payment of dues for such newly acquired REALTOR® Member.

(f) **Proration of Dues for New Members.** Membership dues and assessments shall be prorated for any new Member licensee included on a certification form submitted to the Association who during the same calendar year applies for Membership in the Association. Membership dues and assessments shall not be prorated for any licensee who held Association Membership during the preceding calendar year.

(g) **Institute Affiliate Members.** The annual NAR dues of each Institute Affiliate Member shall be as established in Article II of the Bylaws of the NAR as from time to time amended.

(h) **Dues Payable.**

In the event a sales licensee or licensed or certified appraiser who holds REALTOR® membership is dropped for nonpayment of Association dues, and the individual remains with the designated REALTOR®'s firm, the dues obligation of the "designated" REALTOR® 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 thirty (30) days of the notice of termination.

### **Section 3. Duty of Certification.**

During January of each year the Designated REALTOR® shall certify to the Association, on a form approved or provided by the Association, a complete listing of all individuals licensed or associated with the Designated REALTOR®'s firm. The Designated REALTOR® shall list the Primary status for each individual licensed or associated with the firm. The Designated REALTOR® shall identify any Secondary Member licensees and advise the Association whether dues for such Member have been paid to another board or association and if so, shall identify the board or association to which such dues have been remitted.

### **Section 4. Nonpayment of Financial Obligations.**

If dues, fees, assessments or other financial obligations are owed to the Association, the Board of Directors may impose such sanctions as it deems appropriate. When an account is more than thirty (30) days past due, the Association shall provide a written notice to the delinquent Member setting forth the amount owed, the past due date, and an indication of the potential consequences for permitting the account to remain uncollected. Unless modified, if such obligations are not paid within one (1) month following the due date, a delinquent Member is subject to suspension at the sole discretion of the Board of Directors. Two (2) months following the due date, the Membership of the delinquent Member may be automatically terminated at the discretion of the Board of

Directors. Three (3) months following the due date, Membership of the delinquent Member shall automatically terminate unless within that time the full amount due and owing is paid. The Association may, at its discretion, charge the legal rate of interest on past dues fees and assessments and other Member obligations due the Association. A Member terminated for nonpayment of a financial obligation due the Association may apply for reinstatement in the manner prescribed for new Applicants for Membership in Article V, Section 1 of these Bylaws provided the full amount of the past due account plus the application fee and any other amounts which are required pursuant to Article V are paid at the time of the submission of the application for Membership. If an existing Member initiates bankruptcy proceedings, the Association shall require that the Member thereafter 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. It shall be the obligation of the Member to timely provide evidence of the discharge of bankruptcy to the appropriate Association staff on or after the first anniversary date of the discharge of the Member or the Member shall remain on a "cash basis" until such proof is provided.

## **ARTICLE XI - DIRECTORS**

### **Section 1. Board of Directors.**

The governing body of the Association shall be a Board of Directors, consisting of the Officers, twelve (12) REALTOR<sup>®</sup> Member Directors who shall serve for terms of two (2) years, one (1) voting Affiliate Member Director who shall serve for a term of two (2) years, and one (1) voting representative from the TAR/MLS Board of Directors who shall serve for a term of (1) year. The TAR/MLS representative shall be the current TAR/MLS Vice President. If the current TAR/MLS Vice President is unable or unwilling to serve as a TAR Director, the current TAR/MLS President shall designate a person that has been elected to serve as a TAR/MLS Officer. In the event a TAR/MLS Officer is unable or unwilling to serve as a TAR Director, the TAR/MLS President shall designate a TAR/MLS Director to serve. The Board of Directors shall be charged with the responsibility of management of the

Association's business, including the adoption of necessary policies, rules and regulations and the levy of fines in the enforcement thereof, and personnel issues relating to the employment of the Chief Executive Officer. The maximum number of Officers and Directors associated with any firm shall be three (3). If an Officer/Director transfers his license from one firm to another during his term in office, with the result that the maximum number of three Officers or Directors associated with a single firm is exceeded, none of the Officers and Directors associated with the firm shall be compelled to resign from their elective office until the expiration of their current term.

### **Section 2. General Duties of Individual Directors.**

The Association's Directors shall be responsible to: 1) act in good faith concerning the affairs of the Association; 2) act with the care that a reasonably prudent person in a like position would exercise under similar circumstances; 3) become and remain informed about information relevant to the Association's business; 4) be prepared for Board of Director meetings by thoroughly reviewing pertinent information provided to Board Members including the financial reports of the Association; 5) obtain such advice and guidance from staff and other professionals as necessary, but exercise independent judgment when voting on matters affecting the Association; 6) keep sensitive Board business confidential; 7) avoid even the appearance of a conflict of interest in accordance with Article XII; 8) regularly attend all Board meetings; 9) act in a manner the Director reasonably believes to be in the best interest of the Association; 10) routinely attend and participate in various Association committee meetings, programs, special events, and other activities; and 11) attend a Director's Orientation session prior to taking the oath of office as an Association Director which shall occur annually as soon after elections are completed as is practicable.

### **Section 3. Specific Duties of Board of Directors.**

The Board of Directors shall specifically be responsible to perform the following tasks: 1) at the beginning of each year, review the Association Strategic Plan, make any desired

modifications thereto which it deems appropriate, and manage the Association consistent with the Association Strategic Plan; 2) at the beginning of each year review, modify as appropriate, and approve and/or ratify both the Corporation Authority Matrix and the Policy Statements of the Association; 3) on or before December 15 of each year, review and evaluate the performance of the Chief Executive Officer of the Association considering his or her performance in relation to the position's requirements as set forth in his or her Employment Agreement, as directed from time to time by the Board of Directors, and as set forth in these Bylaws; then make an assessment as to whether any bonus for achievements of the current year is appropriate and if so, in what amount, and assess whether any modification to the compensation package is to be provided to the Chief Executive Officer for the ensuing year; 4) timely prepare an annual budget for the Association (see also this Article XI, Section 6); 5) annually and timely establish dues and assessments for the ensuing year for Membership (see also Article X, Section 2); 6) obtain and maintain appropriate liability insurance; and 7) newly elected Association Directors shall attend the annual orientation for Board Members and attend, as a guest, all Board of Directors meetings in a non-voting capacity and shall be subject to the provision of this Article XI, Section 8b.

#### **Section 4. Deposit of Funds.**

The Board of Directors shall from time to time establish approved repositories for the deposit of all funds incoming to the Association. All deposits shall be made to federally insured financial accounts or such other similar type secure accounts made pursuant to policies established from time to time by the Board of Directors. All monies received by the Association from any source and for any purpose shall be expeditiously deposited to the appropriate bank account of the Association.

#### **Section 5. Expenditures.**

The Board of Directors shall administer the finances of the Association. The Board of Directors shall not approve any non-budgeted obligations in excess of an aggregate amount of five percent (5%) of the approved annual fiscal year budget, as modified from time to time,

unless approved by a two thirds (2/3) vote of the Board of Directors. Association funds held and designated as reserves may be expended in amounts in excess of the aforementioned restriction for which the reserve was established.

#### **Section 6. Notice to Membership of Annual Budget.**

The Board of Directors shall approve an annual Association budget. Before adopting the annual budget, the Board of Directors shall make the budget available for review by the Membership for a period of not less than thirty (30) days and shall give due notice of its availability for viewing via the Association website or otherwise and indicate the date and place at which the Directors will meet to vote on approval of the budget as presented or as modified at such meeting. The annual budget shall be approved on or before November 15 of each year.

#### **Section 7. Audit.**

The Board of Directors shall approve an annual audit of the accounting books and records of the Association which shall be performed by a Certified Public Accountant selected by the Board of Directors. The audit shall be completed as expeditiously as is feasible following the end of the fiscal year of the Association.

#### **Section 8. Regular Meetings of Directors.**

(a) **Schedule of Regular Meetings.** The Board of Directors shall designate a regular time and place for its meetings. A quorum for the transaction of business shall be a majority of the number of Directors (not including any current vacancies). A quorum must be present for any vote to be taken by the Board of Directors. No proxy voting is permitted.

(b) **Attendance At Board Meetings.** Members of the Board of Directors are expected to attend all Board of Directors' meetings. The failure of an individual Director Member to attend two consecutive Board meetings or a total of three scheduled Board of Directors' meetings within a calendar year shall, absent a showing of a health condition, jury duty, or catastrophic

event, be deemed to be an automatic resignation from the Board of Directors. In such event, the Board of Directors shall review the circumstances and by majority vote determine whether there was an adequate showing of such circumstances to merit the Director Member remaining on the Board of Directors. The Chief Executive Officer shall be responsible for maintaining the official record of attendance which shall be distributed at least quarterly to all Board Members. If the President is removed for non-attendance, then the President-Elect shall preside at subsequent Board meetings. If the President-Elect is unavailable to so serve, then the Vice-President shall serve. If the Vice President is unavailable to so serve as President, then the Board shall elect a President from among its Members.

#### **Section 9. Urgent Director Meetings.**

In the event of a need for an urgent meeting of the Board of Directors as determined by the President or the Chief Executive Officer, there shall be a minimum of twenty-four (24) hours advance notice required unless all Members of the Board of Directors are available to be present for a meeting on shorter notice or unless a Director(s) waives the right in writing to be present. Such advance notice need not be in writing. A quorum for an emergency meeting shall be two-thirds (2/3) of the Members of the Board of Directors less those Directors who waive their right to be present. Telephonic or other electronic attendance is permitted for attendance at an urgent meeting provided there is proper technology to permit all parties, including the person(s) not physically present, to hear the discussions of one another and participate in the discussion. No proxy voting is permitted.

**Section 10. Emergency Director Meetings.** If a quorum of the Association's Directors cannot readily or reasonably be assembled because of an extreme local emergency, a declared state of emergency including Pima County, Arizona, or a state of war emergency as defined in Arizona Revised Statutes §26-301, or as hereafter amended, any five (5) Members of the Board of Directors, following a good faith attempt to notice all Directors, may call for a meeting of the Board of Directors. If, after diligent effort, it

appears that it will not be reasonably feasible to assemble five (5) Directors, then the Members calling the meeting may agree and select up to three (3) additional REALTOR® Members who are not Directors to temporarily act as Directors during the emergency. A quorum shall consist of those regular and temporary Directors able to be present. Telephonic or other electronic attendance is permitted for attendance at an emergency meeting provided there is proper technology present so that all parties, including the person(s) not physically present, may hear the discussions of one another and can participate in the discussion. No proxy voting is permitted.

#### **Section 11. Term of Office for Directors.**

The term of office for an elected REALTOR® Director is two (2) years. No REALTOR® Director shall be eligible to be elected for more than three (3) successive terms.

#### **Section 12. Qualifications of Directors.**

Candidates for a position on the Board of Directors as a REALTOR® Member shall be a REALTOR® Member who has served or shall currently be serving at least one (1) complete term as a Member of a Committee or Task Force of the Association or TAR/MLS. A candidate for the position of Affiliate Director shall be an Affiliate Member who has served or shall currently be serving at least one (1) complete term as a Member of a Committee or Task Force of the Association or TAR/MLS. The Officers of the Association serve by virtue of the office they hold.

#### **Section 13. AAR Quota Board of Director Members.**

(a) **Qualification for the AAR Directors.** Candidates shall be REALTOR® Members who have served at least a one-year term as an Officer or Director of the Association or shall have served or are serving as Chairperson of a Committee or Task Force of the Association, the AAR, or the state or local chapters of an Institute, Society and/or Council of the NAR. The President of the Association and the President-Elect shall be Quota Directors of the AAR.

(b) **Election.** Quota Membership on the AAR Board of Directors shall be implemented

pursuant to the AAR Bylaws. The elected Directors shall serve staggered three (3) year terms.

- (c) **Vacancy.** Recommendations for appointment to fill a vacancy on said Board of Directors shall be made by the Association President with the approval of the Association Board of Directors. Non-quota Directors are not eligible to serve as Quota Directors of the Association on the AAR Board of Directors. In no event shall a non-quota Director hold a Quota Directorship simultaneously. The failure to attend an AAR Board of Directors' meeting, absent a showing of a health condition, jury duty, or catastrophic event shall be deemed an automatic resignation from the position.

#### **Section 14. NAR Directors.**

(a) **Qualification for the NAR Directors.**

Candidates for the position of a NAR Director must be a REALTOR® Member who has served at least a one-year term as an Officer or Director of the Association or shall have served or is currently serving as Chairman of a Committee, or Task Force of the Association, the AAR, the NAR, or the state or local chapters of an Institute, Society and/or Council of the NAR. The NAR Director(s) shall be elected by a vote of the Association Board of Directors to serve for three-year term(s) from a candidate list prepared by the Nominating and Credentials Committee recommending the best qualified candidates.

(b) **Vacancy.**

Recommendations for appointment to fill a vacancy on said Board of Directors shall be made by the Association President with the approval of the Association Board of Directors. The failure to attend a NAR Board of Directors' meeting, absent a showing of a health condition, jury duty, or catastrophic event shall be deemed an automatic resignation from the position.

### **ARTICLE XII – DIRECTOR CONFLICT OF INTEREST**

#### **Section 1. Director Conflict of Interest.**

A Director shall be deemed to have a conflict of interest when the Director, acting on behalf of the Association, is or appears unable to exercise fair and impartial judgment in the best interests of the Association due to a substantial conflict with the Director's personal or business interests. A Director's conflicting interest is governed by Arizona Revised Statutes §10-3860 *et. seq.*

#### **Section 2. Real Estate Business.**

The fact that a Director, while making decisions on behalf of the Association, is also directly or indirectly involved in the real estate business does not in and of itself create a conflict of interest. To constitute a conflict of interest, there must be a substantial actual or perceived inappropriate use or attempted use of the Director's position with the Association for the Director's personal interest or gain contrary to the best interests of the Association.

#### **Section 3. Disclosure.**

As soon as practical following discovery of an actual or perceived conflict of interest, the Director shall disclose the nature and extent of the actual, perceived or potential conflict of interest to the Board of Directors. At the sole discretion of the Board of Directors, upon request of any member of the Board of Directors, the Board of Directors may take a non-binding, non-controlling vote as to whether in the opinion of the Board of Directors a conflict of interest exists in a particular circumstance.

#### **Section 4. Voting.**

A Director shall not be present at nor participate directly or indirectly in the Board of Directors' deliberations or vote concerning the matter giving rise to the conflict of interest.

#### **Section 5. Violation of Conflict of Interest.**

If a Director knowingly makes decisions or participates in discussions about and/or votes upon any matter where an actual or perceived conflict of interest exists, then such Director shall be deemed to be in violation of Membership duties and shall be referred to the Professional Standards Committee for review in conformity with the appropriate procedures for dealing with such complaints.

## ARTICLE XIII - OFFICERS

### Section 1. Category and Duties.

- (a) **Elected Officers.** The elected Officers of the Association shall be: President, President-Elect, Vice-President, Immediate Past President, and Treasurer. Only REALTOR® Members may be an Elected Officer of the Association. Each Elected Officer shall serve in such position for a term of one (1) year. To be eligible for the position of President or President-Elect, a Member shall have served two (2) years as an Association Director, or one (1) year as an Association Director and one (1) year as an Association Officer. Elected Officers other than President must have served at least one (1) year as an Association Director. No Elected Officer shall be eligible to be elected to more than two (2) successive terms for the same Officer position. A Candidate for a position as an Elected Officer of the Association shall not be placed on the ballot for more than one (1) Association elective position. This shall not preclude a candidate for an Association elective position from simultaneously being a candidate for an AAR Director position or a NAR Director position.
- (b) **Staff Officers.** The Chief Executive Officer is currently the only Staff Officer. The Board of Directors in its sole discretion may appoint various vice presidents as needed who will become Staff Officers. The Chief Executive Officer is entitled to serve on the Board of Directors and on the Executive Committee as a non-voting member.
- (c) **Officer Duties.** All Officers of the Association, appointed or elected, shall fulfill their specific job responsibilities specified in these Bylaws, as directed from time to time by the Board of Directors, and as necessarily implied by the office itself. Officers shall act at all times in good faith, with the care that a reasonably prudent person in a like position would exercise under similar circumstances and in a manner the Officer reasonably believes to be in the best interests of the Association. Failure to fulfill these duties may be grounds for removal from Office. All Elected

Officers shall be Members of the Executive Committee and of the Board of Directors. All Officers shall make a good faith effort to participate in as many Association functions as possible.

### Section 2. President – Duties.

The President shall be the chairperson of Association meetings including, but not limited to, Board of Director meetings, Executive Committee meetings, and other special membership meetings. The President shall act as the official representative of and spokesperson for the Association in all matters, public or otherwise, unless instructed to the contrary by the Board of Directors. The Chief Executive Officer shall report to the President subject to the direction of the Board of Directors concerning the management of the day-to-day operations of the Association. The President shall regularly report to the Board of Directors on all matters relevant and significant to the operation of the Association.

### Section 3. President-Elect – Duties.

The President-Elect shall succeed to the Presidency at the expiration of the current President's term. The President-Elect shall assume the responsibilities of and act as the President of the Association in the President's absence. The President-Elect shall perform such other duties as are requested by the President or the Board of Directors. In the event the President is no longer willing or is unable to serve as President for any reason, the President-Elect shall automatically succeed to the office of President to complete the unexpired term of the current President and shall then serve as President for an additional full term.

### Section 4. Vice President – Duties.

In the absence of the President and the President-Elect, the Vice President shall act as President of the Association. The Vice President shall perform such other duties as are requested by the President or the Board of Directors.

### Section 5. Treasurer – Duties.

The Treasurer shall, in addition to responding to relevant requests pertaining to financial matters from the Board of Directors, be responsible for

the following: 1) presenting a comprehensive financial report at each regular meeting of the Board of Directors; 2) reviewing and monitoring the Association's accounts receivable, accounts payable, and dues status of Association Members; 3) being familiar with check signatory authorization and periodically monitoring for compliance; 4) investigating which employees have corporate credit cards and ensuring that adequate safeguards and controls are in place to control the use and accountability thereof; 5) periodically verifying which employees have spending authority and in what amount to ensure that those limits are not being exceeded; 6) reporting to and acting as liaison between the Chief Executive Officer and the Board of Directors to ensure all parties are informed on important financial issues relevant to the management of the Association; 7) reviewing relevant insurance policies to ascertain the appropriateness of the coverage and the cost effectiveness thereof; 8) reviewing each deferred benefit plan ensuring compliance with the Association's responsibilities; 9) reviewing the quality effectiveness and cost of the corporation auditors; 10) confirming that adequate records of the current dues status of all Members by category of Membership are being maintained ensuring accurate billing of Members; and 11) reporting all relevant and significant findings regularly to the Board of Directors. The Treasurer shall coordinate with the Staff Officer in charge of Finance and shall be entitled to have said Staff Officer assist in providing information, records and reports to assist the Treasurer in accomplishing the above duties all without creating interference in the performance of the Staff Officer's regular duties.

#### **Section 6. Immediate Past President.**

The Immediate Past President shall have such duties as are delegated by the President or the Board of Directors.

#### **Section 7. Conflict of Interest – Officers.**

Officers shall refrain from making any decision on behalf of the Association when a conflict of interest exists. A conflict of interest exists when an Officer is or appears unable to exercise fair and impartial judgment in the best interests of the Association due to a substantial conflict with the Officer's personal or business interests. To constitute a violation, there must be a substantial actual or perceived inappropriate use or

attempted use of the Officer's position for the Officer's personal interest or gain contrary to the best interests of the Association. A violation shall be deemed to be in violation of the Officer's Membership duties and shall be referred to the Professional Standards Committee for review in conformity with the appropriate procedures for dealing with such complaints.

### **ARTICLE XIV - CHIEF EXECUTIVE OFFICER**

#### **Section 1. Employment.**

The Board of Directors shall employ a Chief Executive Officer to manage and supervise the day-to-day affairs of the Association. The Association shall enter into an Employment Agreement with the Chief Executive Officer which shall be in writing, contain the terms of employment, the amount and basis of compensation, the duration of the employment and the rights and responsibilities of the Chief Executive Officer.

#### **Section 2. Duties.**

The duties of the Chief Executive Officer to both the Association and TAR/MLS shall include, but shall not be limited to, the following responsibilities: 1) serve as the Ex-Officio Secretary of the corporation; 2) attend all Board of Directors and Executive Committee meetings unless priorities of the position dictate being elsewhere at the time of a particular meeting; 3) act as a spokesperson authorized to speak publicly on behalf of the Association; 4) be completely familiar with the Association Strategic Plan as it relates to the financial aspects of the Association and monitor its implementation; 5) be accountable for achieving agreed upon objectives for revenue, Member satisfaction, and public awareness; 6) become and remain informed about relevant national, regional and local real estate industry information and trends and provide continuing input to the officers, Board of Directors, staff, and Members as well as provide assessments of Association programs and services measured against such trends; 7) utilizing the most current Business and Strategic Plan, be accountable for prioritizing Association projects and ensuring they are achieved; 8) ensure Association goals and projects are completed timely and within

budget; 9) hire and terminate all Association staff; 10) provide management and leadership training for all staff; 11) maintain high morale among the staff; 12) establish on-going communication with staff, Officers, Directors, Members, vendors and the political, business and social community; 13) report to the Association and TAR/MLS Boards of Directors in appropriate detail concerning relevant financial and operational information about the Association and TAR/MLS; 14) conduct all duties and responsibilities with the highest degree of ethical and moral standards and financial integrity; 15) adhere to Association Bylaws, Policy Statements, and the Association Employee Handbook; 16) create programs and develop relationships that expand the sphere of influence of the Association and TAR/MLS within the Association, within the real estate marketplace and with the public, focusing at all times on instilling credibility, trust, integrity and goodwill; and 17) perform all tasks set forth in the Employment Agreement and as assigned from time to time by the Boards of Directors of the Association and TAR/MLS.

### **Section 3. Conflict of Interest – CEO.**

The Chief Executive Officer shall refrain from making any decision on behalf of the Association when a conflict of interest exists. A conflict of interest exists when the Chief Executive Officer is or appears unable to exercise fair and impartial judgment in the best interests of the Association due to a substantial conflict with the Chief Executive Officer's personal or business interests. To constitute a violation, there must be a substantial actual or perceived inappropriate use or attempted use of his or her position for personal interest or gain contrary to the best interests of the Association. A violation shall be deemed to be in violation of the Chief Executive Officer's employment agreement and shall be subject to such consequences as deemed reasonable by the Board of Directors up to and including termination and demand for and pursuit of restitution, if appropriate.

## **ARTICLE XV - EXECUTIVE COMMITTEE**

### **Section 1. Composition of Executive Committee.**

The Executive Committee shall be comprised of the Association Elected Officers and the Chief Executive Officer.

### **Section 2. Responsibilities of the Executive Committee.**

The Executive Committee shall have the following rights and responsibilities: 1) conduct, when necessary, Association business on an emergency basis or with regard to personnel issues with the full authority of the Board of Directors; 2) transact any matters delegated to it by the Board of Directors; 3) implement responsibilities designated in the Association Authority Matrix.

### **Section 3. Meeting Schedule of the Executive Committee.**

The Executive Committee shall meet in advance of each regularly scheduled meeting of the Board of Directors at a time and place as determined by the Executive Committee.

### **Section 4. Quorum of Executive Committee.**

A quorum of the Executive Committee shall be a majority of the members of the Executive Committee. If a quorum fails to appear for a regularly scheduled meeting, then those members appearing shall schedule a new meeting date of the Executive Committee to be conducted, if feasible, prior to the next regularly scheduled meeting of the Board of Directors.

### **Section 5. Conflict of Interest – Executive Committee.**

When acting as the Executive Committee, the Members thereof shall be subject to and governed by the provisions of Article XII pertaining to conflicts of interest.

## **ARTICLE XVI - ELECTIONS AND VOTING**

### **Section 1. Nominating and Credentials Committee.**

The President shall timely appoint, subject to the confirmation of the Board of Directors, at least five (5) REALTOR<sup>®</sup> Members to serve as the Nominating and Credentials Committee. The Committee shall be responsible to recruit at least one (1) qualified candidate for each vacant Officer, Director, AAR Quota Director and NAR Director position available to be filled.

The Nominating and Credentials Committee shall determine the credentials, qualifications and eligibility of each candidate and shall make recommendations to the Board of Directors concerning potential eligible and qualified candidates for receiving the designation of Life Member.

**Section 2. Declaration of Candidacy.  
Declaration of Intent.**

(a) **Declare Candidacy.** REALTOR® Members or Affiliate Members may declare their candidacy for elective position by notifying the Nominating and Credentials Committee in writing no later than the close of business on the day preceding the Annual Membership Meeting. The Board of Directors shall have the right to determine from time to time additional requirements for candidates for elective positions with the Association. The written notification of intention to run for office shall, at a minimum, include the elective position being sought, the Member's qualifications for the position and a signed statement agreeing to commit to all the responsibilities of the applied for position. The written statement shall also include a written statement that the candidate has not been charged with any pending, unresolved felony charge nor has had a felony conviction within the previous five (5) years and has no unfulfilled sanctions resulting from a REALTOR® Professional Standards hearing pursuant to the REALTOR® *Code of Ethics*. Those Members approved by the Nominating and Credentials Committee as eligible to run for office shall have the right to address the audience at the annual Membership Meeting for one (1) minute concerning their qualifications and reasons for seeking office.

(b) **Floor Nominations.** Nominations may be made from the floor at the Annual Membership Meeting after which time nominations shall be closed and no additional candidates shall be accepted. All candidates nominated from the floor for elective position shall submit to the Association, in writing, no later than the close of business on the day following the Annual Membership Meeting, a written

notification of intention to run for office which shall include the elective position being sought, the Member's qualifications for the position and a signed statement agreeing to commit to all the responsibilities of the applied for position. The written notification shall also include a written statement that the candidate has not been charged with any pending, unresolved felony charge nor has had a felony conviction within the previous five (5) years and has no unfulfilled sanctions resulting from a REALTOR® arbitration or ethics hearing pursuant to the REALTOR® *Code of Ethics*. Those Members nominated from the floor at the annual Membership Meeting shall have the right to address the audience at the annual Membership Meeting for one (1) minute concerning their qualifications and reasons for seeking office.

**Section 3. Voting on Officers and REALTOR® Member Directors.**

All Officers and REALTOR® Member Directors shall be elected by a vote of eligible REALTOR® Members. Only REALTOR® Members in good standing with the Association are eligible to vote.

**Section 4. Voting on Affiliate Director.**

The position of Affiliate Director shall be elected by a vote of eligible Affiliate Members. Each Affiliate Member in good standing with the Association is eligible to cast one (1) vote for the position of Affiliate Director.

**Section 5. Method of Voting.**

The method of voting shall be established by the Board of Directors and may include electronic voting. Cumulative voting is not authorized.

**Section 6. Ballots.**

The balloting and tabulations procedures shall be established by the Board of Directors in the Policy Statements of the Association, and shall be noticed to the Membership not later than January 15 of each year. Balloting and tabulation procedures are to be completed by not later than April 30 of each year.

**Section 7. Vacancies Among Officers or Directors.**

Vacancies of any Officer or Director position shall be filled by appointment. The President

shall expeditiously recommend a candidate to fill the unexpired term of the vacant position subject to approval by the Board of Directors, except for a vacancy of the President, President-Elect or Past President. If the office of President becomes vacant, the President-Elect shall automatically succeed to the position of President for the balance of the term. Should the office of President-Elect become vacant, the Vice President shall automatically succeed to the position of President-Elect for the balance of the term. Should the office of the Past President become vacant, said office shall remain vacant until the next election year. Any appointee named to fill a vacancy on the Board of Directors or as an Officer shall meet the qualifications required by these Bylaws for such position.

### **Section 8. Removal of an Officer or Director.**

- (a) **Resignation.** An Officer or Director may resign at any time by delivering notice to any Officer of the Association and said resignation is effective upon delivery unless the notice specifies a later date or event. In the event the notice specifies a later date or event, the Board of Directors shall have the right upon a majority vote to accept the notice of termination as being effective immediately.
- (b) **Removal by Board of Directors.** A REALTOR<sup>®</sup> Director or Officer, other than the Chief Executive Officer, may be removed from office at any time with or without cause by the Board of Directors by a vote of 75% or more of the voting members of the Board of Directors, not including the person being voted upon.
- (c) **Removal by Membership of an Officer or REALTOR<sup>®</sup> Director.** A REALTOR<sup>®</sup> Director or Officer, other than the Chief Executive Officer, may be removed from office by the REALTOR<sup>®</sup> Membership by a petition requesting the removal which is signed by at least twenty percent (20%) of the eligible REALTOR<sup>®</sup> Membership. The petition 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 subject thereof is to be removed from further

service. An exception to this requirement shall be when a Director is automatically terminated for having multiple absences from scheduled Board of Director meetings as set forth in Article XI Section 8b of these Bylaws.

- (d) **Vote on Petition.** Between the twentieth (20) and thirtieth (30) day (including both the twentieth and the thirtieth days) after the petition for removal of an Officer or a REALTOR<sup>®</sup> Director is filed, a special meeting of eligible voting REALTOR<sup>®</sup> Members of the Association shall be held. The sole business of the meeting shall be to consider the charges against the Officer or Director and to render a decision on such petition. Each member in good standing whose financial obligations to the Association are paid in full shall be entitled to one vote. A vote of seventy five percent (75%) of the Membership present and entitled to vote shall decide the issue.
- (e) **Removal of Affiliate Director.** An Affiliate Director may be removed from office by a petition requesting the removal of the Affiliate Director which is signed by at least twenty percent (20%) of the Affiliate Members. The petition shall be filed with the President and shall specifically set forth the reasons the subject thereof is to be removed from further service. An exception to this requirement shall be when an Affiliate Director is automatically terminated for having multiple absences pursuant to Article XI Section 8b of these Bylaws. Between the twentieth (20) and thirtieth (30) days (including the twentieth and the thirtieth days) after the petition for removal of the Affiliate Director is filed, a special meeting of the voting Affiliate Members shall be held. The sole business of the meeting shall be to consider the charges against the Affiliate Director and to render a decision on such petition. Each Affiliate Member in good standing whose financial obligations to the Association are paid in full shall be entitled to one vote. A vote of seventy five percent (75%) of the Affiliate Members present and entitled to vote shall decide the issue.

**(f) Notice of Meeting To Consider Removal.**

Written or electronic notice of a special meeting to consider removal of an Officer, Director, or Affiliate Director shall be given to all appropriate Members of the Association at least ten (10) days prior to the meeting. The meeting shall be conducted by the President of the Association unless the President's continued service in office is being considered at the meeting in which case, the next ranking Officer will conduct the meeting. A quorum for such meeting shall be those Members present and eligible to vote. A vote of seventy five percent (75%) of the eligible Members present and voting shall be required for removal from office.

**ARTICLE XVII - ASSOCIATION MEETINGS**

**Section 1. Annual Meetings.**

The annual meeting of the Association shall be held during March of each year. The date, place, and hour shall be designated by the Board of Directors. A quorum for the transaction of business shall consist of those Members present and eligible to vote. Written or electronic notice shall be given to every Member entitled to participate in the meeting at least thirty (30) days preceding the Annual Meeting.

**Section 2. Special Meetings.**

Special meetings of the Association 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 five percent (5%) of the Members eligible to vote. When a special meeting is called, it shall be accompanied by a statement of the purpose of the meeting. Written or electronic notice to the Members shall be provided at least ten (10) days in advance of any such meeting. A quorum for the transaction of business shall consist of those Members present and eligible to vote.

**Section 3. Proxy Voting.**

Voting by proxy shall not be permitted for either the annual or special Membership meetings.

**ARTICLE XVIII - COMMITTEES**

**Section 1. Standing Committees.**

The President shall appoint Members to the following standing committees, subject to confirmation by the Board of Directors: 1) Education; 2) Government Affairs; 3) Housing Opportunities; 4) Member Services / Public Relations; 5) Risk Management; and 6) Nominating and Credentials. Standing committees' terms shall coincide with the elective year.

**Section 2. Additional Committees/Task Forces.**

The President shall appoint, subject to confirmation by the Board of Directors, additional Committees and Task Forces as the President deems necessary or appropriate.

**Section 3. Presidential Advisory Group and Task Forces.**

At the President's discretion, one or more persons may be appointed as a Presidential Advisory Group ("PAG") to investigate a matter and report to the President all without the approval of the Board of Directors. The report to the President may be confidential at the discretion of the President. A Task Force is a group of Members selected by the President for the purpose of accomplishing a specific and limited task all subject to the approval of the Board of Directors. The report of the Task Force shall be presented to the Board of Directors.

**Section 4. Committees and Organization.**

All Committees shall be a group of Members recommended by the President and/or the Board of Directors, subject to the approval of the Board of Directors, and shall be presumed to meet on a regular and ongoing basis to accomplish certain defined tasks. Committees shall be of such size and shall have such duties, functions, and powers as assigned by the President or the Board of Directors except as otherwise provided in these Bylaws. The President, with the approval of the Board of Directors, or the Board of Directors by majority vote, may create any Committee they deem necessary.

**Section 5. Statement of Purpose.**

All Committees, Task Forces and/or PAGs formed by the President or the Board of Directors, other than the standing committees,

shall be provided a written statement from the President as to the general purpose of the group and its goals. The President shall also designate any relevant time critical to achieving the purpose and goals of the Committee, Task Force, or PAG.

**Section 6. Removal of Appointed Members.**

The President may remove the Chairperson or any member of a Committee or Task Force of the Association subject to the prior approval of the Board of Directors. The President may remove the Chairperson or any member of a PAG without the prior approval of the Board of Directors.

**ARTICLE XIX - FISCAL AND ELECTIVE YEAR**

**Section 1. Fiscal Year.**

The fiscal year of the Association shall be the calendar year.

**Section 2. Elective Year.**

The elective year for Officers and Directors of the Association shall be the calendar year of January 1 through December 31.

**Section 3. Days.**

When used in these Bylaws, “days” shall mean calendar days unless otherwise specified.

**ARTICLE XX - RULES OF ORDER & NOTIFICATION**

**Section 1. Rules of Order.**

*Robert’s Rules of Order*, latest edition, shall be recognized as the authority governing the meeting procedures of the Association, its Board of Directors, and Committees in all instances wherein its provisions do not conflict with these Bylaws.

**Section 2. Notification.**

Unless otherwise specified herein, any notification requirement or “written notice” required by these Bylaws may be interpreted as printed information in or by: 1) the official Association publication; 2) electronic mail; 3) facsimile; 4) bulk mail; 5) any major national carrier such as Federal Express or United Parcel

Service; or 6) regular, registered or certified United States mail.

**ARTICLE XXI - AMENDMENTS**

**Section 1. Vote of Membership.**

These Bylaws may be amended by a majority vote of the Members present and qualified to vote at any properly convened meeting of the Membership, provided the substance of such proposed amendment or amendments shall be plainly stated in the notice of the meeting.

**Section 2. Notice of Meeting.**

Notice of any meeting at which amendments to these Bylaws are to be considered shall be given to every Member eligible to vote at least thirty (30) days prior to the meeting.

**Section 3. Approval of the NAR.**

Amendments to these Bylaws affecting the admission to Membership or qualifications for Membership or any alteration in the territorial jurisdiction of the Association shall become effective upon their approval by the Board of Directors of the NAR.

**Section 4. Mandatory Amendments.**

Amendments to these Bylaws that are mandatory changes required by the NAR or the AAR shall be automatically incorporated herein without the necessity of further approval of the Board of Directors or the Membership.

**Section 5. Access to Copy of Bylaws.**

Each Member shall have access to a written set of these Bylaws upon submission of an application for Membership. Copies of the Bylaws shall be provided by the Association to any Member upon request. The Association may comply with this requirement by posting these Bylaws on the Association website in a section thereof which is accessible to all Members.

**ARTICLE XXII - DISSOLUTION**

Upon the dissolution or winding up of affairs of this Association, the Board of Directors, after providing for the payment of all obligations, shall distribute any remaining assets to the AAR

or, within its discretion, to any other non-profit tax exempt organization.

### **ARTICLE XXIII - MULTIPLE LISTING SERVICE**

The Multiple Listing Service (“MLS”) is operated as a separate corporation wholly-owned by the Association (“Shareholder”).

#### **Section 1. Authority for Multiple Listing Service.**

The Association shall maintain, for the use of its Members, a Multiple Listing Service. The business shall be conducted in an Arizona for-profit corporation, all the stock of which shall be owned by the Association. MLS and Shareholder may share a common facility and staff. There shall be a fair and equitable allocation of any and all shared costs and expenses as appropriate between MLS and Shareholder.

#### **Section 2. Purpose.**

A Multiple Listing Service is a means by which:

- 1) authorized Participants make blanket unilateral offers of compensation to other Participants;
- 2) information is accumulated and disseminated to enable authorized Participants to prepare appraisals, analyses, and other valuations of real property for bona fide clients and customers;
- 3) Participants engaging in real estate appraisal contribute to common databases;
- 4) entitlement to compensation is determined by the cooperating broker’s performance as a procuring cause of the sale (or lease); and
- 5) is a facility for the orderly correlation and dissemination of listing information so that Participants may better serve their clients and the public.

#### **Section 3. Governing Documents.**

The Board of Directors shall cause the MLS established pursuant to this Article XXIII to conform to the MLS Articles of Incorporation, Bylaws, Rules and Regulations, Policy Statements, Practices, and Procedures, and also to conform to the Constitution, Bylaws, Rules, Regulations, and Policies of the NAR relative to the establishment and maintenance of a Multiple Listing Service.

#### **Section 4. Participation.**

Any REALTOR<sup>®</sup> of this or any other Board 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 a Board 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 a Board 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. Use of Information.**

Use of all information developed by or published by the Association's MLS is strictly limited to the activities authorized under a Participant's licensure(s). 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 the Association's MLS where access to such information is prohibited by law. Currently only MLS Participants are entitled to receive statistical reports, sold information, and other informational reports derived from MLS, however, with the approval of the MLS Board of Directors, MLS may make such information available to REALTOR® Members and others who do not participate in MLS.

#### **Section 6. Participants.**

The REALTOR® Principal or Non-Member licensee who is a Principal of any firm,

partnership, corporation, or limited liability company designated by said firm, partnership, corporation or limited liability company, shall be termed the "Participant" in the MLS and shall have all rights, benefits, and privileges of the MLS, and shall accept all obligations to the MLS for the Participant's firm, partnership, or corporation, and for compliance with the Bylaws, Rules and Regulations, and Policies of the MLS by all persons affiliated with the Participant who utilizes the MLS.

#### **Section 7. Removal of Officers and Directors.**

A Director or Officer of MLS may be removed from office by a majority vote of the Directors of the Shareholder.

### **ARTICLE XXIV - INDEMNIFICATION**

#### **Section 1. Indemnification and Hold Harmless.**

(a) **Terms of Indemnification.** The Association shall indemnify any person who incurs expenses or losses by reason of the fact he or she is or was an Officer, Director, volunteer, employee, or agent of the Association, acting on behalf of the Association at the time of the alleged act in question ("Indemnitee"). This shall apply in all circumstances and be construed together with those circumstances where indemnity is permissible pursuant to Arizona Revised Statutes §10-3851 through §10-3858 and any subsequent amendments or additions thereto.

(b) **Extent of Indemnification.** The Association shall indemnify and hold harmless all Indemnitees against all expenses and loss incurred by them and each of them including, but not limited to, legal fees, judgments, penalties and amounts paid in settlement or compromise, which may arise or be incurred, rendered, or levied in any legal action brought or threatened against any of them for or on account of any action or omission alleged to have been committed while acting within the scope of employment as an Officer, Director, volunteer, employee, Committee, Task Force or PAG member, or agent of the Association at the time of the alleged act in question, whether or not any action is or has

been filed against them and whether or not any settlement or compromise is approved by a court or administrative body.

- (c) **Consideration By Board of Directors.** Whenever an Indemnitee shall advise the President or Chief Executive Officer of the Association that he or she has incurred or may incur any such expense or loss, the Board of Directors shall consider the issue at its next regular meeting or at a special meeting held within a reasonable time thereafter.
- (d) **Entitlement to Indemnification.** The Indemnitee shall be indemnified against all expenses and loss if the Board of Directors at such meeting determines in good faith that with regard to the matter involved in the action or contemplated action, the Indemnitee acted reasonably and believed his actions or failure to act was done in the best interest of the Association, and in the case of a criminal action or proceedings, the Board of Directors has no reasonable cause to believe the conduct was unlawful at the time.
- (e) **Notice to Association.** As a condition of indemnification, the Indemnitee shall notify the Association of any claim or potential claim within thirty (30) days after first becoming aware of the same, and shall permit the Association, at its sole expense and through counsel of its choice, to represent and defend the Indemnitee in connection with such claim. Indemnitee shall fully cooperate with the Association and its counsel in said defense.
- (f) **Refusal of Indemnification.** The Association shall have the right to refuse indemnification in any instance in which the Indemnitee shall have failed to timely notify the Association of the claim or shall have refused to cooperate with the Association in the defense of the matter or refused to permit the Association, at its own choosing, to defend him or her in the action.
- (g) **Reservation of Rights.** The Association may, at its option and in its sole discretion, elect to provisionally retain counsel and investigate such claims or potential claims and/or defend the same reserving its right to

refuse indemnification and withdraw such defense at any time, in the event it is later determined that the Indemnitee is not entitled to indemnification under the terms of this Article XXIV of these Bylaws. If the Association elects to proceed under such a conditional basis, it shall notify the person in writing of its intent to proceed under a reservation of rights.

#### **ARTICLE XXV– EFFECTIVE DATE**

These Bylaws of the Tucson Association of REALTORS<sup>®</sup>, Inc. shall become effective December 19, 2011.