



**Tucson Association of REALTORS®
Multiple Listing Service, Inc.
D.B.A. Multiple Listing Service of Southern
Arizona
BYLAWS**

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ARTICLE I – NAME

Section 1. MLS Name.

The name of this organization shall be the Tucson Association of REALTORS® Multiple Listing Service, Inc., Which shall be doing business as Multiple Listing Service of Southern Arizona, hereinafter referred to as the “MLS.” All the shares of stock of the MLS are solely and wholly-owned by the Tucson Association of REALTORS®, Inc., hereinafter referred to as the “Shareholder.”

Section 2. Definitions.

For the purposes of these bylaws, the following terms are hereby defined:

- (A) Participants:** The Participants of the MLS are real estate companies which hold a valid license in the state of Arizona and are currently paying fees to the MLS. Participants are represented by their Designated Broker.
- (B) Subscribers:** The Subscribers of the MLS are fees paying individuals who hold a valid license in the state of Arizona and are authorized by their Participants to use the services of the MLS.
- (C) Clients:** Clients are those members of the public who are represented by a Subscriber and may have access to MLS data through their agency relationship with a Subscriber and Participant.
- (D) Customers:** Customers are members of the public who do not have representation with a Subscriber and Participant (though they may have representation with another Subscriber/Participant and in that relationship also be a client).
- (E) Prospects:** Prospects are those customers who may become clients of a Subscriber.
- (F) Real Property:** Land and everything attached to it, and the rights that accompany it, which may be transferred by deed.
- (G) Listings:** Listings are offers for sale or rent of Real Property placed on the MLS.
- (H) Limited Subscribers:** Limited subscribership may be available to affiliated unlicensed administrative and clerical staff and personal assistants who are under the direct supervision of a Participant or the Participants licensed designee.
- (I) Non-Member Licensee:** Non-Member Licensees are licensees who are affiliated with a Participant and (a) are designated as Non-Members with their REALTOR® Association or (b) does not qualify or has selected to not to Subscribe to MLSSAZ. Participants are responsible for Non-Member Licensees and payment of Non-Member Licensee fees within their company. Non-Member Licensees are not authorized to act on behalf of Participants in the listing or sale of real estate.

ARTICLE II – PURPOSE

Section 1. Purpose of MLS.

A Multiple Listing Service is a means by which authorized Participants make blanket unilateral offers of compensation to other Participants (acting as buyer agents, or other agency or non-agency capacities defined by law); by which cooperation among participants is enhanced, by which information is accumulated and disseminated to enable authorized participants to prepare appraisals, analyses, and other valuations of real property for bona fide prospects, clients and customers; by which participants engaging in real estate appraisal contribute to common databases; and is a facility for orderly

correlation and dissemination of listing information so participants may better serve their clients and customers and the public. Entitlement to compensation is determined by the cooperating broker's performance as a procuring cause of the sale (or lease.)

ARTICLE III – SERVICE AREA

Section 1. Service Area of MLS.

The area within which the MLS functions shall at all times be Cochise, Graham, Greenlee, Pima, Pinal, and Santa Cruz Counties in the state of Arizona.

ARTICLE IV – PARTICIPATION

Section 1. Participation Defined.

Any REALTOR® of this or any other association who is a principal, partner, corporate officer, or branch manager acting on behalf of a principal, without further qualification, except as otherwise stipulated in these bylaws, shall be eligible to participate in the MLS upon agreeing in writing to conform to the rules and regulations thereof and to pay the costs incidental thereto. Any applicant for MLS participation and any licensee (including licensed or certified appraisers) affiliated with an MLS participant who has access to and use of MLS-generated information shall complete an orientation program, approved by the Board of Directors, of no more than eight (8) classroom hours that shall include the MLS bylaws, Rules and Regulations, Policy Statements and MLS structure within ninety (90) days after access has been provided. However, under no circumstances is any individual or firm, regardless of membership status, entitled to multiple listing membership or participation unless they hold a current, valid Arizona real estate broker's license and offer and/or accept compensation to and from other participants or are licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property. Use of information developed by or published by an association multiple listing service is strictly limited to the activities authorized under a participant's licensure(s) or certification and unauthorized uses are prohibited. Further, none of the foregoing is intended to convey participation or membership or any right of access to information developed by or published by an association multiple listing service where access to such information is prohibited by law. The REALTOR® principal of any firm, partnership, corporation, or the branch office manager designated by said firm, partnership, or corporation as the participant shall have all rights, benefits, and privileges of the service, and shall accept all obligations to the service for the participant's firm, partnership, or corporation, and for compliance with these Bylaws and Rules and Regulations for the MLS by all persons affiliated with the participant who utilize the MLS.

Mere possession of a broker's license is not sufficient to qualify for MLS participation. Rather, the requirement that an individual or firm offers and/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 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 the 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 national, state and local law.

The key is that the participant or potential participant actively endeavors to make and/or accept offers of cooperation and compensation with respect to properties of the types that are listed on the MLS in which participation is sought. This requirement does not permit the 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 and/or prospects to other participants) if the participant or potential participant actively endeavors to make and/or accept offers of cooperation and compensation. The MLS may evaluate whether a participant or potential participant endeavors during the operation of its real estate business to offer and/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.

Section 2 - Privileges and Obligations.

Participants shall have full rights, benefits, and privileges of the MLS. Participants in the MLS agree to abide by these Bylaws and the Rules and Regulations and written Policies of the MLS and to pay all required Service fees.

Participants shall be responsible to the MLS for compliance with the Bylaws, Rules and Regulations and written Policies of the MLS by all real estate licensees and licensed or certified appraisers who are employed by, or affiliated as independent contractors, or are otherwise directly or indirectly licensed with such Participant’s firm, partnership or corporation and who utilize the MLS.

All REALTOR® Participants and Subscribers shall agree to abide by the Code of Ethics of the National Association of REALTORS®, as from time to time amended.

Section 3. Application for Participation.

Application for participation shall be made in such manner and form as may be prescribed by the Board of Directors of the MLS and made available to any REALTOR® principal of this or any other association requesting it. The application form shall contain a signed statement agreeing to abide by these and any other applicable rules and regulations of the MLS as from time to time amended or adopted.

Section 4. Discontinuance of Service.

Participants of the MLS may discontinue the MLS by giving thirty (30) days written notice and must reapply to the MLS after 12 months by making formal application in the manner prescribed for new applicants for participation provided all past dues and fees are fully paid. Participants may reapply to the MLS within 12 months by making formal application for participation provided all past fees are fully paid.

Section 5. Subscribers.

Subscribers (or users) of the MLS include non-principal brokers, sales associates, and licensed and certified appraisers affiliated with participants.

ARTICLE V – FEES

Section 1. Application Fee.

The Board of Directors shall establish the amount of the application fee for participants and subscribers. The payment of the application fee shall accompany the application.

Section 2. Annual Fees.

The fees for participation in the MLS shall be as determined, and as amended from time to time by the Board of Directors of the MLS.

Section 3. Fees Payable.

In the event a Subscriber is dropped for nonpayment of MLS fees, and the individual remains with the participant’s firm, the fees obligation will become the responsibility of the participant.

Section 4. Nonpayment of Financial Obligation.

Any Participant or Subscriber failing to pay any fees, assessments, or other financial obligations owed to the MLS within thirty (30) days of first notice shall become past due. When the account becomes thirty (30) days past due, the account shall automatically be suspended and all services shall cease. When the account of a Subscriber is sixty (60) days past due, the Subscriber shall become a Non-Member licensee and all future financial obligations will become the responsibility of the Participant until all fees have been paid in full.

When the account of the Participant becomes sixty (60) days past due, the Participation of the delinquent Participant shall automatically terminate unless within that time the full amount due and owing is paid.

The MLS may, at its discretion, charge the legal rate of interest on past dues fees and assessments and other participant/subscriber obligations due the MLS. A participant/subscriber terminated for nonpayment of a financial obligation due the MLS may apply for reinstatement in the manner prescribed for new Applicants for Participation in Article IV, Section 3 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 Participation. If an existing participant/subscriber initiates bankruptcy proceedings, the MLS shall require that the participant/subscriber thereafter be placed on a "cash basis" from the date that bankruptcy is initiated until one (1) year from the date that the participant/subscriber has been discharged from bankruptcy. It shall be the obligation of the participant/subscriber to timely provide evidence of the discharge of bankruptcy to the appropriate MLS staff on or after the first anniversary date of the discharge of the participant/subscriber or the participant/subscriber shall remain on a "cash basis" until such proof is provided.

ARTICLE VI – DIRECTORS

Section 1. Governance of the MLS.

The Governance of the MLS shall be vested in a Board of Directors. All Directors must be fee-paying Subscribers in good standing. The membership of the Board of Directors shall consist of 10 Directors and the Association Directors who shall be selected as follows:

- (A)** Market Share Report: Each January, no later than January 15, the CEO shall create a Market Share Report. This report shall rank all Participants according to the largest number of year-to-date Closed Sales of all for sale property types, including both listing and selling sides for the previous year for all Participants, according to the procedures outlined in Policy Statement 29. Listings entered for Comparable Purposes Only will not be included in the Market Share Report. The Market Share Report shall be made available to all Participants no later than January 16th of each year.
- (B)** Each of the elected seats on the Board shall be voted on by the Participants. All Participants in good standing shall be eligible to vote in the election. Each elected seat shall be held by a Subscriber representing a Participant with a specific 10% of the market share.
- (C)** The market share report shall be divided into ten groups, one group for each 10% of market share. Groups shall be organized and Participants divided among the groups from the top down.
 - 1. If a Participant has done all of the business in the first group (from 90% to 100%), that Participant shall appoint a Subscriber for that seat who shall be elected by acclamation. That ten percent shall be retired, and the Participants shall then be re-ranked for the next group. This rule shall be followed until a group consists of no Participant with 10% or more of the market share. Any remaining percentages belonging to Participants who have a seat through the above rule, shall remain theirs and they shall be a part of the first group containing Participants with less than 10% of market share.

2. If a Participant's market share is less than 10% and its share is split between two groups, the Participant shall fall into the group which represents the majority of their market share. If the percentage is evenly split, then the Participant will be considered in the higher group.
 3. If the next group of Participants consists only of one or more Participants without a seat on the Board, then each of those Participants may participate in the election for that seat. If there is only one Participant in that group without a seat and that Participant's percentage is higher than all seated Participants, they shall be elected by acclamation. Any Participant who already has a seat on the Board must have a remaining percentage of business higher than any other non-seated Participant in that group to be eligible for participation in the election for that seat. If all Participants in that group already have a seat then each Participant in the group may participate for that seat's election. An election shall be held between the Participants and their appointed Subscriber for that seat. The process shall be repeated until all ten groups have had a chance to participate in an election for the seats representing each group on the Board.
 4. If any group of Participants fails to participate in the election for a seat on the Board, the Participants for the next higher and/or next lower seat, as determined by the MLS President, shall be considered for that seat in the election. Participants and their appointed Subscriber for the Board shall be introduced to the Participants as determined by the Board of Directors. If there is only one Subscriber appointed by a Participant group for a seat on the Board, that Subscriber shall be elected by acclamation. When more than one has been fielded for a seat, an election for that seat shall be held among the Participants at the time fees are paid for the MLS. Participants may field only one Subscriber for each group in which they are eligible, and that Subscriber must be an active, fee-paying member of that brokerage.
 5. If any Participant who has a seat on the board becomes eligible to participate in an election for a different seat than the one they currently represent, the Participant may complete their current term or place their existing seat up for election in the following year and participate in the election for the seat reflected by the Market Share Report.
- (D) In addition, each October, each participating association shall designate one member of the association board to serve as an Association Director of the MLS Board and liaison to the association board during the next calendar year.
- (E) Each October, the MLS President shall designate one (1) Director, who shall be the incoming MLS President-Elect, to serve as a Shareholder Director and Liaison to the Shareholder Board. If the incoming MLS President-Elect is unable or unwilling to serve as a Shareholder Director, the current MLS President shall designate another MLS Director, to serve as the Liaison and Shareholder Director during the next calendar year.
- (F) In the event a Director's Participant's market share shifts two or more groups from the previous year in the following year's Market Share Report,, or if the Participant is no longer a fee paying member, or if that Participant is no longer a Subscriber of the MLS, or if that Director has changed affiliation to a new Participant, the Director must resign his/her Directorship immediately. Vacancies will be addressed as outlined in ARTICLE VI, Section 10 Vacancy of an Officer or Director. No MLS Director may contemporaneously serve as a Director of an association board with the exception of the liaisons to the association boards as defined in D and E. The associations shall not appoint any subscriber that would result in any Participant having more than one director over the number established in the Market Share Report.

Section 2. Duties of the Board of Directors.

The Board of Directors shall be charged with the responsibility of management of the MLS's business, including the adoption of necessary Rules and Regulations and written policies and the levy of fines and the enforcement thereof. Except as otherwise provided in these Bylaws and the Rules and Regulations and written policies, the action of the Board of Directors shall be final.

Section 3. Term of Office.

Directors shall serve for a term of three (3) years, except in the case where a Director has been elected to serve as incoming President-Elect. In this case their term shall be extended to cover the year of their Presidency. No Director shall hold a MLS Director seat for more than 8 consecutive years. Directors who have reached the maximum years served will be eligible to serve after a one year absence. A Director may not begin a new term if they will be unable to complete a full term before they reach their maximum years served.

No Association Director shall serve for more than six (6) consecutive years.

Incoming Directors shall attend at least four Board meetings prior to the start of their term to understand ongoing issues and will be eligible to vote for Officers.

Section 4. Regular Meetings of Directors.

A quorum for the transaction of business shall require one-half of the number of Directors fixed by ARTICLE VI, Section 1 of these Bylaws. At all meetings of the Board of Directors of the MLS, each Director present shall be entitled to one (1) vote.

Section 5. Annual Budget.

The Board of Directors shall, prior to end of each fiscal year, prepare a budget reflecting projected costs and expenses of the MLS for the next fiscal year, indicating projected income from all sources. The budget shall be submitted to the Shareholder for approval not less than sixty (60) days prior to the first day of the next fiscal year. The Shareholder and MLS Finance Committees shall jointly meet at least once prior to the budget being submitted to the Shareholder for approval.

Section 6. Deposit of Funds.

The Board of Directors shall establish approved repositories for the deposit of all funds incoming to the MLS. All these funds shall be deposited to federally insured financial accounts. All monies received by the MLS from any source and for any purpose shall be expeditiously deposited to the appropriate financial account of the MLS.

Section 7. Expenditures.

The Board of Directors shall not incur any obligation in excess of \$15,000 per non-budgeted item per annum without authorization by a two-thirds (2/3) vote of the entire Board of Directors. Funds designated as reserves may be expended for the applicable purpose for which the reserve was established.

Section 8. Audit.

An annual audit of the accounting books and records of the MLS shall be performed by a Certified Public Accountant.

Section 9. Removal of Officers and Directors.

An Officer or Director may be removed from office for cause by a majority vote of the Directors of the Shareholder.

Section 10. Vacancy of an Officer or Director.

If a vacancy should occur in the office of President, the President-Elect shall succeed to the Presidency as stipulated in Section 3 of Article VIII. All other vacancies occurring among the MLS Officers and Directors shall be filled from the source from which they came. Vacancies shall be filled by an alternate member of the same Participant's brokerage, unless the Participant is unwilling or unable to do so. If a Participant's seat becomes vacant more than once during a term, the Executive Committee may, by majority vote, force a forfeiture of that seat. In the case where a Participant is unable or unwilling to appoint an alternate Subscriber, the next highest vote-getter from that group from the previous election who meets the qualifications will be offered the position. In the event there is no one to serve from the

elected positions, the Board of Directors shall appoint a replacement Participant from that group with a majority vote. In the event there is no qualifying Participant in that group, the Board of Directors shall appoint a replacement Participant with a majority vote. That Participant may appoint a Subscriber to fill the vacant seat. Participants currently represented on the Board of Directors are not eligible to fill a vacancy by Board vote. Vacancies must be filled by the next Board meeting.

ARTICLE VII – 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 MLS, is or appears unable to exercise fair and impartial judgment in the best interests of the MLS 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 MLS, 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 MLS for the Director’s personal interest or gain contrary to the best interests of the MLS.

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 Arizona Association of REALTORS® Professional Standards Committee for review in conformity with the appropriate procedures for dealing with such complaints.

ARTICLE VIII – OFFICERS

Section 1. Category and Duties

(A) Elected Officers. The elected Officers of the MLS shall be: President-Elect, Vice President, and Treasurer. 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 Subscriber shall have served one (1) year as an MLS Director.

(B) Staff Officers. The Chief Executive Officer is currently the only Staff Officer. 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 MLS. The Board of Directors in its sole discretion may appoint various vice presidents as needed who will become Staff Officer. 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 MLS, 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 MLS. 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 MLS functions as possible.

Section 2. President – Duties.

The President shall be the chairperson of all MLS meetings including, but not limited to, Board of Director meetings, Executive Committee meetings, and other special MLS membership meetings with the exception of Standing Committee Meetings. The President shall act as the official representative of and spokesperson for the MLS in all matters, public or otherwise, unless instructed to the contrary by the Board of Directors. The President shall regularly report to the Board of Directors on all matters relevant and significant to the operation of the MLS.

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 MLS 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 term.

Section 4. Vice President - Duties

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

Section 5. Treasurer - Duties.

The Treasurer in addition to responding to relevant requests pertaining to financial matters from the Board of Directors, shall 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 MLS's accounts receivable, accounts payable, and dues status of MLS Members; 3) 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 MLS; 4) reviewing the current dues status and the billing of all Subscribers, Participants and Assistants; and 5) 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. Additionally, the Treasurer shall meet with the Shareholder's Treasurer semi-annually to review, coordinate and communicate any pertinent financial issues between Boards.

Section 6. Conflict of Interest – Officers.

Officers shall refrain from making any decision on behalf of the MLS 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 MLS 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 MLS. A violation shall be deemed to be in violation of the Officer's Membership duties and shall be referred to the Arizona Association of REALTORS® Professional Standards Committee for review in conformity with the appropriate procedures for dealing with such complaints.

Section 7. Officer Elections.

The individuals serving on the Board of Directors shall elect, no later than December 15 a, President-elect, Vice President, Treasurer and any other officers deemed necessary. At no time shall an association appointed Director serve as an officer of the MLS.

ARTICLE IX – EXECUTIVE COMMITTEE

Section 1. Composition of Executive Committee.

The Executive Committee shall be comprised of the MLS Elected Officers and as a non-voting member, the Chief Executive Officer.

Section 2. Responsibilities of Executive Committee.

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

Section 3. Meeting Schedule of 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 President.

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.

ARTICLE X – MEETINGS

Section 1. Meetings of the Participants.

(A) Annual Meeting. The annual meeting of the Participants shall be held at least once per year at a time and place to be determined by the Board of Directors, but no later than June 30.

(B) Other Meetings. Meetings of the Participants may be held at any time as the President of the Board of Directors may determine, or upon written request of at least 5% of the Participants eligible to vote. A quorum for the transaction of business shall consist of those Participants present and eligible to vote.

Section 2. Regular Meetings of Directors.

(A) 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. Telephonic or other electronic attendance is permitted for attendance 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.

(B) Attendance At Board Meetings.

Directors of the MLS Board are expected to attend all Meetings of the MLS Board of Directors. The failure of a Director to attend two consecutive Board meetings or a total of three scheduled MLS Board 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 remaining on the Board of Directors. The Chief Executive Officer shall be responsible for maintaining the official record of attendance which shall be distributed on the meeting report to the MLS Board of Directors.

Section 3. Special Director Meetings.

Special Meetings of the Board of Directors may be called from time to time by the President or by a quorum of the Board of Directors. Written notice stating the day, place, and hour of the meeting and the purpose(s) for which the meeting is called, shall be delivered to all Directors not less than fourteen (14) days prior to said meeting.

Section 4. Emergency Director Meetings.

In the event of an emergency as determined by the President or the Chief Executive Officer, there shall be a minimum of twenty-four (24) hours-notice of an emergency meeting given to the Board of Directors. Such notice need not be in writing. A quorum for an emergency meeting shall be one-half of the Board of Directors as set by Article VI, Section 1 and Section 4 of these Bylaws. 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 5. Open Meetings.

All meetings are open to fee-paying Participants or Subscribers in good standing unless an Executive Session is called.

ARTICLE XI – COMMITTEES

Section 1. Organization.

(A) Creation.

The President, with approval of the Board of Directors, shall create and appoint standing or ad hoc Committees as necessary. Each Committee shall consist of not less than three (3) Subscribers.

(B) Duties.

All Committees shall have such duties, functions and powers as assigned by the President and approved by the Board of Directors.

(C) Statement of Purpose.

All Committees, Task Forces and Presidential Advisory Groups (PAG) formed by the President or the Board of Directors, other than the standing committees, shall be provided a written statement 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.

(D) Orientation.

All new committee members shall be given an orientation packet (prepared by staff under the direction of the Chair), consisting of at least a copy of the previous years' committee meeting reports and a synopsis of any ongoing projects and a written statement of the Committee's purpose and its goals.

(E) Attendance.

Committee members are expected to attend all committee meetings to which they are appointed. The failure of a committee member to attend two (2) consecutive committee meetings or a total of three (3) scheduled committee 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 committee.

(F) Chair Appointment.

The Chairperson shall be appointed by the President subject to the confirmation by the Board of Directors for a one (1) year term. No Chairperson shall serve more than two (2) consecutive terms. The President shall appoint a Chairperson to each standing committee.

(G) Vice Chair Appointment.

The Vice Chair shall be appointed by the Committee Chairperson and shall fulfill the duties of the Chair in any and all circumstances where the Chair cannot perform these functions, through the Chairperson's term.

(H) Committee Members.

Members shall be appointed or reconfirmed by the Chair of that committee, and ratified by the Board of Directors. All committees' composition shall reflect the composition of the MLS Subscribers to the extent possible.

(I) President Ex-Officio Member.

The President shall be an ex-officio member of all committees and shall be notified of their meetings.

(J) Committee Terms.

Terms shall coincide with the elective year. Members of the Technology and Standards Committees shall serve not more than three (3) consecutive terms.

Section 2. Presidential Advisory Groups and Task Forces.

(A) 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 without the approval of the Board of Directors. The report to the President may be confidential at the discretion of the President.

(B) A Task Force is a group of members selected by the President, and approved by the Board of Directors, 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 3. Standing Committees and Regional Advisory Council.

(A) Each Committee Chair shall appoint or reconfirm members to the following standing committees, subject to the confirmation by the Board of Directors: Technology Committee, Standards Committee, and Finance Committee.

(B) Regional Advisory Council. The council will be composed of at least two (2) and not more than four (4) representatives from each of the associations participating in MLS. Each association will appoint their representatives.

ARTICLE XII– FISCAL AND ELECTIVE YEAR

Section 1. Fiscal Year.

The fiscal year of the MLS shall be the calendar year of January 1 through December 31.

Section 2. Elective Year.

The elective year for Officers and Directors of the MLS 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 XIII– 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 MLS, 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 MLS 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 XIV- AMENDMENTS

Section 1. Vote.

Amendments to these Bylaws shall be by recommendation of the MLS Board of Directors or the Participants of the MLS, at a meeting in accordance with the provisions of ARTICLE VI and subject to final approval by the Board of Directors of the Shareholder. Said amendments shall be effective immediately or as stated in the amending resolution.

Section 2. Approval by NAR.

Amendments to these Bylaws that are mandatory changes required by the National Association of REALTORS® shall be incorporated herein, with approval of the Board of Directors of MLS and the Shareholder with any variances to those mandatory changes be approved by the National Association of REALTORS®.

Section 3. Changes to Rules and Regulations

Amendments to the Rules and Regulations of the MLS shall be by consideration and approval of the Board of Directors of the MLS in accordance with the provisions of ARTICLE VI, Section 2, concerning Meetings of the Board of Directors.

Said amendments shall be effective immediately or as stated in the amending resolution.

Section 4. Amendments to Policy Statements.

Amendments to the Policy Statements of the MLS shall be by consideration and approval of the Board of Directors of the MLS, in accordance with provisions of ARTICLE VI, Section 2, concerning Meetings of the Board of Directors. Said amendments shall be effective immediately or as stated in the amending resolution.

ARTICLE XV– DISSOLUTION

In the event this MLS shall at any time terminate its activities, the Board of Directors of the MLS shall adopt a plan of liquidation and dissolution with the approval of the Board of Directors of the Shareholder. Said plan shall provide for the collection of assets, the payment of liabilities, and any remaining assets shall be assigned to the parent corporation, namely the Shareholder.

ARTICLE XVI– INDEMNIFICATION

Section 1. Indemnification and Hold Harmless.

(A) Terms of Indemnification. The MLS 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 MLS, acting on behalf of the MLS 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 MLS 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 MLS 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 MLS 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 MLS, 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 MLS.** As a condition of indemnification, the Indemnitee shall notify the MLS of any claim or potential claim within thirty (30) days after first becoming aware of the same, and shall permit the MLS, 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 MLS and its counsel in said defense.
- (F) Refusal of Indemnification.** The MLS shall have the right to refuse indemnification in any instance in which the Indemnitee shall have failed to timely notify the MLS of the claim or shall have refused to cooperate with the MLS in the defense of the matter or refused to permit the MLS, at its own choosing, to defend him or her in the action.
- (G) Reservation of Rights.** The MLS 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 XIII of these Bylaws. If the MLS 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 XVII– EFFECTIVE DATE

These Bylaws of the MLS shall become effective 12/13/2018.