



CALIFORNIA ASSOCIATION OF REALTORS[®]

BYLAWS

Effective October 12, 2018

CALIFORNIA ASSOCIATION OF REALTORS®

BYLAWS

Amended October 12, 2018

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ARTICLE I – NAME AND OFFICES

Section 1. Name.

The name of this corporation is California Association of REALTORS[®], Inc. (referred to hereinafter as “C.A.R.”).

Section 2. Other Offices.

The corporation may have such other offices, either within or without the County of Los Angeles, as may be established at any time by the Board of Directors.

ARTICLE II– MEMBERSHIP

Section 1. Classes of Members.

The members of the Association shall consist of nine classes: Member Boards, REALTOR[®] Members, REALTOR-ASSOCIATE[®] Members, Student Members, Affiliate Members, Allied Industry Members, Institute Affiliate Members, Honorary Members-for-Life, and Honorary Members.

Section 2. Member Boards.

2.1 Member Boards shall be those organizations including those known in the industry as a Realty Board, Association of REALTORS[®] or Board of REALTORS[®], which have been accepted into membership hereof, all of whose REALTOR[®] and REALTOR-ASSOCIATE[®] Members are either (1) licensees of the California Department of Real Estate, or any successor thereof, (the “CalDRE”) or appraisers certified or licensed by the California Office of Real Estate Appraisers (“OREA”).

2.2 Member Board jurisdictions shall not overlap. In case of dispute, the Board of Directors, as provided for in Article V hereof, shall recommend Member Board boundaries to the NATIONAL ASSOCIATION OF REALTORS[®] and all parties in interest may appear and be heard. Written agreements entered into by the CALIFORNIA ASSOCIATION OF REALTORS[®] prior to incorporation under these Bylaws shall be incorporated as exceptions herein.

2.3 No Member Board shall enforce an arbitrary numerical or other inequitable limitation on its membership nor shall any Member Board impose any limitation upon membership because of race, color, creed, national origin, sex, handicap or familial status.

2.4 The Board of Directors reserves the right to review, on the application of any Board refused membership in the NATIONAL ASSOCIATION, and of retaining as a Member of this corporation any Member Board which resigned from the NATIONAL ASSOCIATION for any cause other than the non-payment of dues to the NATIONAL ASSOCIATION on a parity with other Member Boards.

Section 3. **REALTOR® Members.**

3.1 Real estate brokers licensed by the CalDRE who are classified by Member Boards as REALTOR® Members of such Member Boards shall be REALTOR® Members of C.A.R., except as provided in Section 3.8 of this Article

3.2 Real estate salespersons licensed by the CalDRE who are classified by Member Boards as REALTOR® Members of such Member Boards and are associated as independent contractors with or engaged as employees by REALTOR® Members as provided for in 3.1 shall be REALTOR® Members of C.A.R., except as provided in Section 3.8 of this Article.

3.3 Appraisers certified or licensed by the OREA who are classified by Member Boards as REALTOR® Members of such Member Boards shall be REALTOR® Members of C.A.R., except as provided in Section 3.8 of this Article.

3.4. A member is a “Primary Member” of the Member Board (or local association or state association of REALTORS® if outside of California), through whom a real estate broker or salesperson pays their state and national membership dues. A “C.A.R. Secondary Member” is a REALTOR® or REALTOR-Associate® under Section 3.8 who is a Primary Member of a local or state association of REALTORS® outside of California.

3.5 Real estate brokers licensed by the CalDRE who have their place of business outside the jurisdiction of any Member Board, or who are Primary Members in a state other than California, may be REALTOR® Members upon admission as provided in this Article II.

3.6 Real estate salespersons licensed by the CalDRE and associated with or engaged by REALTOR® Members as provided for in Section 3.5 hereof may be REALTOR® Members upon admission as provided for in this Article II.

3.7 Appraisers certified or licensed by the OREA who have their places of business outside the jurisdiction of any Member Board or who are Primary Members in a state other than California may be REALTOR® Members upon admission as provided in this Article II.

3.8 Real estate brokers or salespersons licensed by the CalDRE who are Primary Members in a state other than California shall not be REALTOR® members of C.A.R. unless he or she has applied for C.A.R. Secondary membership and fulfilled other membership requirements including payment of C.A.R. dues, assessments and other applicable fees to either (1) the Member Board through which they have joined, or (2) C.A.R. directly. Membership under this section is conditioned on all C.A.R. dues, assessments and fees being received and identified with the member by C.A.R.

Section 4. **REALTOR-ASSOCIATE® Members**

4.1 Real estate salespersons or brokers licensed by the CalDRE who are REALTOR-ASSOCIATE® Members of Member Boards and who are associated as independent contractors with, or are engaged as employees by, REALTOR® Members of Member Boards shall be REALTOR-ASSOCIATE® members of C.A.R. except as provided

in Section 3.8 of this Article.

4.2 Appraisers certified or licensed by the OREA who are classified by Member Boards as REALTOR-ASSOCIATE® Members of such Member Boards shall be REALTOR-ASSOCIATE® Members of C.A.R. except as provided in Section 3.8 of this Article.

Section 5. Student Members.

5.1 Individuals enrolling in or expressing an interest in studying real estate who are classified by Member Boards as Student Members of such Member Boards may be Student Members of C.A.R.

5.2 Individuals enrolling in or expressing an interest in studying real estate but who are not eligible for student membership in a Member Board, or who have not joined a local Member Board, may be student members of C.A.R. upon admission as provided in this Article II.

5.3 Individuals are not eligible for student membership if they are qualified to be a REALTOR® or REALTOR-ASSOCIATE® member. Student Members shall have such rights and privileges as shall be determined by the Board of Directors except the right to vote, hold elective office and except as limited in Article XI.

Section 6. Affiliate Members.

6.1 Persons, corporations or partnerships including property owners and others who are not actively engaged in the real estate business as a broker or salesperson or certified or licensed appraiser in the State of California, who support the objects and purposes of the State Association who are Affiliate Members of Member Boards may be Affiliate Members of this corporation.

6.2 Persons, corporations or partnerships including property owners and others who are not actively engaged in the real estate business as a broker or salesperson or certified or licensed appraiser in the State of California, who support the objects and purposes of the State Association who have their principal place of business outside the jurisdiction of any Member Board may be Affiliate Members of this corporation upon admission as provided for in this Article II.

6.3 Affiliate Members shall have such rights and privileges as shall be determined by the Board of Directors except the right to vote, hold elective office and except as limited in Article XI.

Section 7. Allied Industry Members.

7.1 Persons, corporations or partnerships including property owners and others who are not actively engaged in the real estate business as a broker or salesperson or certified or licensed appraiser in the State of California, who support the objects and purposes of the State Association may be Allied Industry Members of this corporation upon admission as provided for in this Article II.

7.2 Allied Industry Members shall have such rights and privileges as shall be determined by the Board of Directors except the right to vote, hold elective office and except as limited in Article XI.

Section 8. Institute Affiliate Members.

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

Section 9. Honorary Memberships.

9.1 REALTOR® and REALTOR- ASSOCIATE® Members of the State Association who have faithfully served the Association for a period of twenty-five (25) years, or more, and who have attained the age of seventy-five (75) years shall be eligible to be elected an Honorary Member-for-Life. Upon election, State Association dues and assessments shall be deemed paid in full for life and the Honorary Member-for-Life shall be entitled to all rights and privileges of State Association membership accorded all other Members.

9.2 Honorary Members shall be individuals other than those engaged in the real estate business or appraisal business who have contributed notably to this Association. Honorary Members shall have all rights and privileges of REALTOR® Members of the corporation except the right to vote and hold elective office and except the right to use the terms REALTOR®, REALTORS® and REALTOR-ASSOCIATE® as provided in Article XI.

Section 10. Admission.

10.1 Application for membership as a Member Board by local boards shall be made on the corporation's application form, signed by the President and Secretary of the local board applicant, and accompanied by the membership fees specified in Article IX hereof. Such applications shall be approved or disapproved as the Board of Directors in its discretion shall determine.

10.2 Licensees with the DRE, certified or licensed appraisers who are REALTOR® or REALTOR-ASSOCIATE® Members, Student Members, Affiliate Members, and Institute Affiliate Members of and within the jurisdiction of local Member Boards, except Primary Members in a state other than California, are automatically Members with corresponding status in C.A.R. upon payment of the C.A.R. fees provided for in Article IX hereof.

10.3 Application for membership as a REALTOR® Member by individuals outside the jurisdiction of a Member Board (hereinafter referred to as "Individual Members"), or individuals who are Primary Members in a state other than California, or application for

Affiliate and Institute Affiliate membership by individuals or businesses outside the jurisdiction of a Member Board or for allied industry membership shall be made on C.A.R.'s application form, and shall be accompanied by the appropriate C.A.R. membership dues, assessments and fees as set by the Board of Directors. Such application shall be approved upon completion of the application, meeting the requirements for membership in accordance with these bylaws and payment of C.A.R. membership dues, assessments and fees, as set forth in Article IX.

Section 11. Discipline and Termination of Membership.

11.1 Termination of a Member's membership in all Member Boards in which he is a Member shall terminate his membership in the corporation.

11.2 Denial, suspension, or revocation of a license by the CalDRE or the OREA after its order becomes final, or the knowledge by the corporation that a license or certification is not held by a person, partnership or corporation operating as a broker, certified appraiser or licensed appraiser, shall automatically terminate membership and any and all rights and privileges in the corporation. This section applies to memberships of every class which require the holding of a license or certification.

11.3 Any Individual Member or C.A.R. Secondary Member may be reprimanded, fined, suspended, or expelled by the Executive Committee for a violation of these Bylaws or the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® after a hearing as provided in Section 11.4, 11.5 and 11.6 of this Article.

11.4 Upon receipt of a complaint against an Individual Member or C.A.R. Secondary Member, the C.A.R. Professional Standards Committee Chair shall designate a Member Board or such other ad hoc Committee as appropriate to investigate and conduct a hearing under the procedures set forth in Sections 11.5 and 11.6 of this Article.

11.5 Professional Standards hearings of Individual Members and C.A.R. Secondary Members shall be governed by the California Code of Ethics and Arbitration Manual, as from time to time amended and with the exceptions noted in Section 11.6 of this Article, which by this reference is made a part of these Bylaws.

11.6 The following procedures and exceptions to the California Code of Ethics and Arbitration Manual shall apply to disciplinary actions against and arbitrations involving Individual Members and C.A.R. Secondary Members:

(a) For purposes of this Section 11 only, all references to the "Board" or "Association" in the California Code of Ethics and Arbitration Manual mean the CALIFORNIA ASSOCIATION OF REALTORS®, Inc.

(b) All references in the California Code of Ethics and Arbitration Manual to "Directors" or "Board of Directors" shall mean the Executive Committee of the CALIFORNIA ASSOCIATION OF REALTORS® as provided for in Article V of these Bylaws.

(c) "Secretary" shall be either the C.A.R. Chief Executive Officer or the Executive Officer of any Member Board appointed by the C.A.R. Professional Standards Chair to carry out the disciplinary function as provided in Section 11.4.

(d) By becoming or remaining a REALTOR® or REALTOR-ASSOCIATE® Member of C.A.R., every REALTOR® or REALTOR-ASSOCIATE® Member, Individual Member, or C.A.R. Secondary Member, binds himself and the firm for which he or she acts and agrees to submit to arbitration by the arbitration facilities of C.A.R. any dispute with any other C.A.R. REALTOR®, REALTOR-ASSOCIATE® Member, Individual Member or C.A.R. Secondary Member, or nonmembers as provided in Section 42 of Part Two of the California Code of Ethics and Arbitration Manual, or with any REALTOR® or REALTOR-ASSOCIATE® Member of any Member Board of C.A.R., provided the Bylaws of the Member Board contain a provision similar to this binding the Member to submit disputes to arbitration.

(e) Except as provided in Section 11.6(d) above, all such arbitrations shall be governed by the C.A.R. Interboard Arbitration Rules as from time to time amended and not by Part Two of the California Code of Ethics and Arbitration Manual.

11.7 A terminated Member may be reinstated by the Executive Committee on terms satisfactory to it. If a REALTOR® or REALTOR-ASSOCIATE® Member resigns from the corporation or otherwise causes membership to terminate with an ethics complaint pending against the REALTOR® or REALTOR-ASSOCIATE® Member, the Executive Committee may condition the right of the resigning REALTOR® OR REALTORASSOCIATE® Member to reapply for membership upon the applicant's certification that he or she will submit to the pending ethics proceeding and will abide by the decision of the hearing panel. If a REALTOR® or REALTOR-ASSOCIATE® Member resigns or otherwise causes membership to terminate, the obligation to arbitrate set forth in this Article shall remain in effect even after membership lapses or is terminated provided that the dispute arose while the former Member was a REALTOR® or REALTORASSOCIATE® Member.

11.8 Resignation of a Member Board or any Member shall be made in writing to the Board of Directors through the Secretary of C.A.R. The resignation of a Member, or lapse of membership, shall not discharge the obligation to pay unpaid dues, assessments and fees to C.A.R. which have accrued prior to the cessation of such membership.

11.9 Any Member Board which shall fail or refuse to abide by the Articles of Incorporation or these Bylaws, or which shall neglect or refuse to maintain and enforce the Code of Ethics with respect to the business activities of its constituents may, after due notice and opportunity for hearing, be expelled from membership by the Board of Directors.

11.10 Any Member Board which fails to comply with C.A.R. Bylaws and mandatory policies promulgated by the Board of Directors of C.A.R shall be deemed a "Noncompliant Member Board" and may be sanctioned after due notice and opportunity for hearing by a panel of Directors appointed by the President. The panel shall recommend whether the Member Board be deemed "Noncompliant" as well as recommend sanctions. These recommendations may be approved, modified or dismissed by a majority vote of the

President, President-elect and Treasurer.

(a) Mandatory Sanctions. The sanctions against any Noncompliant Member Board must include:

(1) Removal of the President of the Noncompliant Member Board as a Delegate and Director as set forth in Article IV Sections 2.0 and 6.0.

(2) Removal of all members of the Noncompliant Member Board from C.A.R. Committee or Forum leadership positions (chairs, vice chairs and liaisons), Regional Chair, as members of the Executive Committee, Strategic Planning and Finance Committee, any Charter Committee, Task Force, as Trustees from all sponsored PACs, and affiliated charities, and from any other position that the Board of Directors has determined is a “leadership” position for purposes of this provision of the bylaws.

(b) Discretionary Sanctions. The Board of Directors may also approve a list of discretionary sanctions to impose in addition to the Mandatory Sanctions. Such sanctions may include, but are limited to (1) removal of all directors that have membership in the Noncompliant Member Board from all Committees, Task Forces, Charter Committees, N.A.R. directors, if permitted by N.A.R. processes, (2) imposition of fines, (3) removal of some or all membership benefits from the persons at the local Member Board for noncompliance such as the local board of directors and officers,

(c) If the Bylaws so provide, the panel may also recommend suspension or expulsion of the Noncompliant Member Board until such time as the Member Board becomes compliant.

(d) Any sanction imposed shall be reported to the full Board of Directors and made public to the Membership by the usual C.A.R. communication vehicles.

(e) Reinstatement as a compliant Member Board shall be determined by the C.A.R. Officers after submission of facts and the determination by the C.A.R. Officers that the violations have been remedied.

Section 12. Proprietary Rights.

No Member of this Association shall have any proprietary rights in any property or other assets which may now exist or hereafter be acquired by the Association.

ARTICLE III - REGIONS AND REGIONAL CHAIRMEN

Section 1. Regions.

The State Association shall be divided into regions, the number and boundaries of which shall be determined by the Board of Directors. Any creation or deletion of regions, or realignment shall become effective in an elective year commencing not less than one hundred twenty (120) days following the approval by the Board of Directors of such action.

Section 2. Chairmen.

The C.A.R. Directors from the respective Region shall annually select one Regional Chair. The Regional Chairs shall hold a current REALTOR® or REALTORASSOCIATE® membership in a Board within the Region and shall have served two full years as a State Association Director. No Regional Chair may be selected or remain a Regional Chair if that person holds membership in any Noncompliant Member Board.

Section 3. Duties.

It shall be the duty of the Regional Chair to call and preside over meetings of the Region as necessary; to call and preside over Regional Caucuses at the State Association Directors' Meetings; if requested, to install local Board officers in their Regions; and to act as liaison between their Regions and the Executive Committee.

ARTICLE IV - MEMBERSHIP AND DELEGATES; MEETINGS AND VOTING

Section 1. Authority of Delegates.

The Delegates of the Association shall have all of the authority of the Members of this Association.

Section 2. Composition of Delegates.

2.1 The Members from each Member Board shall be represented by an allotted number of Delegates from that Board. The number of Delegates from each Member Board shall be determined by dividing the total number of REALTOR® and REALTOR-ASSOCIATE® Members of each Member Board by a factor obtained by dividing the total number of REALTOR® and REALTOR- ASSOCIATE® Members of C.A.R. by 750. Each Member Board with less than one hundred (100) Members shall be entitled to

two Delegates under this Section 2.1, one of which shall be the President of each Member Board during his term in office. Each Member Board with one hundred (100) or more Members shall be entitled to at least three Delegates under this Section 2.1, one of which shall be the President of each Member Board during his term in office. Notwithstanding this Section 2.1, no President of a Member Board that is deemed and remains a Noncompliant Member Board under Article II, Section 11.10 shall be seated as a Delegate or Director under Article V Section 3.0, and no replacement Delegate or Director shall be eligible to serve as long as the Member Board remains Noncompliant.

2.2 In making the calculations utilized in 2.1, the major fraction rule will apply; that is, the number of Delegates will be rounded down to the whole number if the fraction is less than .50 or rounded up to the next whole number if the number equals or exceeds .50. The number of REALTOR® and REALTOR- ASSOCIATE® Members of each Member Board for purposes of the calculations under Section 2.1, shall only include the Members for which the Member Board has paid dues to the State Association and shall be as stated in C.A.R.'s records as of April 1 preceding the elections.

Section 3. Meetings.

3.1 Regular meetings of the Delegates shall be held annually in conjunction with the last regular Directors' Meeting of the year. Ten days written or published notice of regular meetings shall be given each Delegate registered with C.A.R.

3.2 Special meetings of the Delegates may be called by the President at such time and place as he may designate and shall be called by the President upon the written petition of one quarter of the Delegates, provided 30 days notice of special meetings shall have been given to each Delegate at his address as stated in the records of the corporation prior to the holding of such meeting. Special meetings of the Delegates called in conjunction with any regular Directors' Meeting shall only require ten days written notice to each Delegate.

3.3 Fifty percent of the authorized Delegates shall constitute a quorum for the transaction of business, provided that there shall be Delegates present holding membership in and representing not less than one quarter of the Member Boards.

3.4 Special meetings of the general membership of the Association other than meetings of the Delegates may be called by the President at such time and place as may be designated by the President or upon written petition of five percent of the combined REALTOR® and REALTOR- ASSOCIATE® membership and five percent of the Member Boards. Written or published notice of any special meetings of the general membership shall be given not less than 30 days prior to the date of the meeting. Ten percent of the general membership shall constitute a quorum for the transaction of business at general membership meetings.

3.5 The President, by and with the consent of the Board of Directors, may from time to time, call conferences of the Association. The conference shall be composed of those who are interested in solution of problems peculiar to the particular conference, attendance being voluntary. Any action of the conference shall be subject to the approval of the Board of Directors. A Chair of the conference shall be appointed by the President. All fees, dues

and monies paid into the conference shall be deposited in the treasury and become the property of the Association.

Section 4. Voting.

4.1 The voting rights of the general membership of this corporation shall be limited to those matters which the Board of Directors in its discretion may submit to the general membership, approval or rejection of such matters to be indicated by a majority of those Members voting unless otherwise specified. Unless otherwise indicated by the Board of Directors, matters submitted to a vote of the general membership shall be voted upon only by REALTOR® and REALTOR-ASSOCIATE® Members.

4.2 Notwithstanding Section 4.1 of this Article, the general membership hereof shall be entitled to vote on any amendment of the Articles of Incorporation of this Association. The Delegates shall also have authority to amend the Articles of Incorporation of this Association in any manner allowed by law if there is no vote by the general membership.

4.3 No vote of the general membership provided for in this Article IV shall be valid unless the Members represented by ballots cast shall equal or exceed ten percent of the total membership entitled to vote on such a matter.

4.4 On any vote which may be submitted to the general membership, the Board of Directors may implement and utilize proxy procedures. The general membership shall have no voting rights other than as provided for herein.

Section 5. Selection; Vacancies.

5.1 Delegates from Member Boards shall be selected in accordance to Member Board procedures.

5.2 All Delegates selected by and from Member Boards must be registered with the corporation. Delegates selected during the elective year to serve during the remainder thereof shall take office upon notification to C.A.R. The Association must receive written notice of Delegates selected by and from Member Boards during the elective year fourteen days in advance of a given Delegates' Meeting in order for the Delegate to be seated at that meeting.

5.3 Delegates for Member Boards formed between the annual Delegate Meetings and Delegates to fill vacancies, shall be submitted to C.A.R. in accordance with Section 5.2.

ARTICLE V - BOARD OF DIRECTORS

Section 1. Authority.

The authority for the administration of the affairs of the corporation in their entirety shall be vested in the Board of Directors (referred to sometimes herein as the “Board”). The total number of authorized Directors for the Association shall not be less than 500 nor more than 1500.

Section 2. Composition.

The Board of Directors shall be composed of the following:

2.1 The President, the President-elect and the Treasurer of the Association during their term of office;

2.2 Each Honorary and Past President of the Association;

2.3 Each Regional Chair during his term of office;

2.4 Not more than twenty-five (25) Directors-at-Large selected by the President as provided for in Section 5.1 hereof;

2.5 Each N.A.R. director from California during such person’s term of office as an N.A.R. director;

2.6 Immediate retiring Regional Chair from each Region;

2.7 Each Chair of an Association committee or forum;

2.8 Each member of the Executive Committee during his or her term of office;

2.9 Directors-for-Life as provided for in Section 5.2 hereof; and

3.0 Delegates selected by each Member Board as provided in Article IV.

Section 3. Term of Office.

The term of office of any Director, other than Directors-for-Life as provided for in Section 5.2 and each Honorary and Past President as provided for in Section 2.2 of this Article, shall be one (1) year or until his successor is elected and thereafter installed in office and shall commence as provided in Article X. A Director may succeed himself in office.

Section 4. Election to Office; Vacancies.

4.1 Directors provided for in Sections 2.1 through 2.8 of this Article shall become Directors automatically upon attaining the status therein provided. Directors provided for in Section 2.9 shall become Directors once the Member Board submits and certifies the names of the Delegates from that Board to the Association.

4.2 The appointment of Directors-at-Large as provided in Section 2.4 of this Article V shall automatically be vacated in the event the appointee becomes a Director by virtue of any other position or selection under Section 2 of this Article.

4.3 Any Member may become a Director by virtue of appointment or election to one or more positions but shall only have one vote regardless of how many positions or offices held that entitle the Member to be on the Board of Directors.

4.4 Directors to fill vacancies shall be appointed by the President following his request for recommendations, subject to confirmation by the Board of Directors at its next meeting. Directors selected during an elective year to serve for the remainder thereof shall take office upon selection.

Section 5. Election of Directors-for-Life and Directors-at-Large.

5.1 The C.A.R. President may select up to twenty-five (25) Directors-at-Large to serve during the year of the President's term of office subject to the ratification of the Board of Directors. If any Directors-at-Large under this subsection are ratified after January 1 of the elective year of the President, he or she shall only serve as a Director for the balance of the elective year.

5.2 The Board of Directors may select Directors-for-Life who may serve as long as they retain REALTOR® or REALTOR-ASSOCIATE® Membership in the corporation and each of whom shall have the right to vote and hold office. Members shall be eligible for nomination for Director-for-Life upon submitting (1) a completed Director-for-Life form then being utilized by the Association to the Association headquarters' office as well as a copy to the Regional Chair of the Region of the member, and (2) a resolution by the Board of Directors of the Member Board that pays the State and National dues for the nominee. No more than three additional Directors-for-Life shall be selected in any year.

Section 6. Requisite Status.

No person shall be elected, appointed or remain a director, including the Past Presidents and those appointed by virtue of their position in Section 2 of this Article V, unless that person is a, REALTOR® Member or REALTOR-ASSOCIATE® Member of the corporation, and is a licensee of the DRE or an appraiser certified or licensed by the OREA. No person shall be elected, appointed, or remain a director that is a President of a Member Board that has been deemed and remains Noncompliant under Article II, Section 11.10 of these

Bylaws. No Member shall serve as a Director for more than one Member Board at the same time.

Section 7. **Registration.**

All Directors selected by and from Member Boards must be registered with the corporation by the Member Board by September 1 preceding the date of the first regular Directors' Meeting of the year in order to qualify for a full term of office. The Association must receive written notice of Directors selected by and from Member Boards during the elective year 14 days in advance of a given Directors' Meeting in order for the Directors to be seated at that meeting.

Section 8. **Meetings.**

8.1 Regular meetings of the Board of Directors shall be held at a date, time and place designated by the Board of Directors. The convention shall be at a time and place designated by the President or Executive Committee or the Board of Directors. Ten days written or published notice of regular meetings shall be given each Director.

8.2 Special meetings of the Board of Directors may be called by the President at such time and place as he may designate, and shall be called by the President upon the written petition of one-quarter of the Directors, provided thirty days notice of special meetings shall have been given to each Director at his address as stated in the records of the corporation prior to the holding of such meeting.

8.3 Twenty percent of the authorized Directors in any given year shall constitute a quorum for the transaction of business, provided that there shall be present Directors holding membership in and representing not less than one-quarter of the Member Boards.

8.4 The absence of any Director from two consecutive meetings of the Board of Directors, whether regular or special, unless for good cause submitted to the Board of Directors in writing, shall authorize the Board of Directors to declare the office of such director (and if such director is a Regional Chair, that position in addition) vacant. This section shall not apply to Directors-for-Life or Past Presidents.

Section 9. **Executive Committee.**

9.1 **Authority.** The Executive Committee shall have such duties and authority as may be established by these Bylaws and by action of the Board of Directors.

The Executive Committee shall carry out any and all recommendations and instructions from the Board; function as an advisory committee to the President of the Association; and oversee and assure that the policies of the Association as established by the Board Directors are being properly implemented. Reports of Committees that include recommendations for action shall be presented to the Executive Committee before submission to the Board, and the Executive Committee may make advisory

recommendations to the Board with respect to any such Committee reports.

9.2 Composition and Selection.

(a) The Executive Committee shall consist of 16 Members including the President, who shall serve as Chair, the President-elect, the Treasurer, the most recent past State Association President who is eligible and willing to serve, and 12 Members who shall be appointed by the President-elect as set forth in subsection 9.2(b) and (c) of this Article.

(b) Prior to his succession to the presidency, or immediately thereafter, the President-elect shall appoint 11 members from the Board of Directors to serve on the Executive Committee during his term of office as President. The appointments shall include one Member who shall have served as Regional Chair within the preceding three years, and one Member who is currently serving as Regional Chairman and shall be subject to the approval of the Board of Directors then in office. The names of the Directors so appointed by the President-elect shall be posted at the place of the Directors' Meeting 12 hours in advance of the convening of the meeting at which the Board shall consider the appointments. If any appointees are not confirmed by the Board, the President-elect shall propose additional Members in substitution.

(c) Prior to his succession to the presidency, the President-elect shall also appoint one Executive Officer of a local Member Board to serve on the Executive Committee. The Executive Officer so appointed shall not be the Executive Officer of any local Member Board to which the President-elect belongs and shall be subject to the approval of the Board of Directors.

(d) The Chief Executive Officer /State Secretary shall be, ex-officio, the Secretary of the Executive Committee but shall not be a member thereof.

9.3 Quorum. A majority of Members of the Executive Committee shall constitute a quorum for the transaction of business.

9.4 Term of Office. The term of office of each member of the Executive Committee of this corporation shall be one (1) year or until his successor is confirmed. A member may succeed himself in office.

9.5 Vacancies. Members of the Executive Committee may be removed with or without cause by the President subject to approval of the Board of Directors. Vacancies on the Executive Committee occurring for any reason shall be filled by the President subject to approval by the Board of Directors. A successor so elected shall serve for the unexpired term of his predecessor.

9.6 Regular Meetings. Immediately preceding each meeting of the Board, the Executive Committee shall hold a regular meeting. No notice of such regular meetings need be given.

9.7 Special Meetings. Special meetings of the Executive Committee for any purpose or

purposes may be called at any time by the President or by a majority of the officers.

Written notice of the time and place of special meetings shall be delivered personally or sent to each member by first class mail or by other form of written communication, addressed to him at his address as it is shown on the records of the corporation, or if it is not so shown on the records or is not readily ascertainable, at the place at which the meetings of the Members are regularly held. Written notice shall be mailed at least five (5) days before the time of the holding of the meeting. Notice of special meetings may also be given in any manner acceptable under California Law.

The transactions of any meeting of the Executive Committee, shall be as valid as though made at a meeting held after regular call and notice notwithstanding lack of or defective notice, if a quorum is present and if either before or after the meeting each of the members not present signs a written waiver of notice or a consent to hold the meeting or an approval of the minutes. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

9.8 Place of Meeting. Regular meetings of the Executive Committee shall be held at any place, within or without the state, that may be designated from time to time by the President. In the absence of this designation, regular meetings shall be held at the principal office of the corporation. Special meetings may be held either at a place designated or at the principal office. Regular and special meetings of the Executive Committee may take place by telephone conference call or by similar communications.

9.9 Action Without A Meeting. Any action by the Executive Committee may be taken without a meeting if all Members individually or collectively consent in writing to this action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

9.10 Compensation. The members of the Executive Committee shall receive no compensation for their services.

ARTICLE VI– OFFICERS

Section 1. Officers.

1.1 Number of Officers. The officers of the Association shall be as follows: President, President-elect, Chief Executive Officer /State Secretary, and Treasurer.

1.2 Election. The Board of Directors shall elect the offices of President-elect, Chief Executive Officer /State Secretary and Treasurer at the regular meeting preceding the last regular Directors' Meeting of the year providing the Nominating Committee has nominated candidates for the office to be elected and any nominations made from the floor for the respective office have been previously submitted to the Nominating Committee. If a nomination has been made for an office that has not been previously submitted to the Nominating Committee, or in the event no nomination has been made, nominations for that office shall remain open for thirty (30) calendar days after the close of the Directors'

meeting and the election for that office shall take place at the next scheduled Directors' meeting.

1.3 Term of Office; Qualifications. Except for the office of Treasurer, which shall serve a two year term, the officers shall hold office for one elective year and thereafter until their successors are elected and qualified. Except for the office of Chief Executive Officer /State Secretary, elected officers of the Association must be, and remain during their entire term in office, REALTOR® and/or REALTOR-ASSOCIATE® Members who are qualified and in good standing. A member shall not be qualified and in good standing under this Section if such member does not maintain a current valid unrestricted DRE or OREA license, or is convicted of a felony or a crime involving moral turpitude.

Section 2. Authority.

The President, President-elect and Treasurer shall have power to act for the Board in carrying out the policies and activities of the Association between meetings of the Board. A majority vote of said officers shall constitute approval and authority to transact such business between meetings of the Board.

Section 3. President.

3.1 The President shall have served as President of a Member Board and shall have been a Member of the Board of Directors for at least five full year terms, with a good attendance record, prior to the commencement of the term to which elected.

3.2 It shall be the duty of the President to preside at all meetings of the Association, Board of Directors and Executive Committee and perform all other duties usual to such office. The President shall have power to appoint and dissolve for cause all committees, subject to the approval of the Board of Directors and the provisions of these Bylaws. The President shall make a summary report of the proceedings of the fiscal year at the last regular Directors' Meeting of the year and shall submit such recommendations as may be deemed necessary.

Section 4. President-elect.

4.1 The President-elect shall have served as President of a Member Board and shall have been a Member of the Board of Directors for at least five full year terms, with a good attendance record, prior to the commencement of the term to which elected.

4.2 . The President-elect shall perform the duties of the President in the event of absence or disability of the President and shall perform such other duties as may be enjoined upon the President-elect by the Board of Directors. The President-elect shall automatically succeed to the presidency as long as such person remains qualified under this Article VI.

Section 5. Chief Executive Officer /State Secretary.

5.1 The Chief Executive Officer /State Secretary shall be the chief administrative officer of

the Association and shall serve as head of staff and have supervision of the entire staff. It shall be the duty of the Chief Executive Officer /State Secretary to administer the business of the Association subject to the approval of the President and Board, and to perform all duties attendant with the office including but not limited to the following:

- (a) Subject to Article VI, to select and remove all other staff officers, employees and agents of the corporation, including assistant secretaries of the corporation prescribe such powers and duties for them as may not be inconsistent with law, the Articles of Incorporation, or the Bylaws, and, subject to the approval of the Officers pursuant to Article VI, Section 2, fix their compensation.
- (b) Establish a bank account or accounts in the name of the Association in such bank or banks as may be necessary;
- (c) Except as otherwise provided in the Articles of Incorporation or the Bylaws, sign directly or by means of duly authorized assistants all warrants or checks upon the treasury for the payment of the expenses of the Association;
- (d) Collect monies, keep the accounts and books and be the custodian of the Association records;
- (e) Secure such group insurance policies covering Members of the Association as the Board of Directors may direct or authorize;
- (f) Execute and deliver contracts, agreements and other written instruments entered into in the ordinary course of business of the Association in accordance with the approved Strategic Plan and Budget or as specifically authorized by the elected officers and designate other department vice presidents employed by the Association to execute such contracts; and
- (g) Report to the Officers and Board of Directors and render an annual report to the Association.

5.2 The Chief Executive Officer /State Secretary shall annually prepare, in conjunction with the Committee on Budget and Finance and the Treasurer a budget for the ensuing year and the Treasurer shall submit the same to the Board of Directors for their approval at the last regular Directors' Meeting of the year.

5.3 The Chief Executive Officer /State Secretary need not be a Member of the Association.

Section 6. Treasurer.

6.1 The Treasurer shall have been a Member of the Board of Directors for at least five full year terms, with a good attendance record, prior to the commencement of the term to which elected.

6.2 It shall be the duty of the Treasurer, in conjunction with the Strategic Planning and Finance Committee, Chief Executive Officer /State Secretary and the Executive Committee, to prepare an annual budget to be approved by the Board of Directors at the last regular Directors' Meeting of the year and render a statement of the Association accounts to the Board of Directors and Executive Committee at each regular meeting and at such other times as either may require.

6.3 All warrants or checks drawn upon an account of the Association for less than \$10,000 shall be signed with the facsimile signature of the Chief Executive Officer /State Secretary or be signed by any two staff members authorized to execute checks. The Board of Directors shall approve a list of staff members authorized to execute checks. Checks in excess of \$10,000, with exception of payment of withholding taxes or transfer of funds from one Association account to another, shall be signed by one officer of the Association and one of the staff members referred to above.

6.4 No person shall be eligible to hold the office of Treasurer for consecutive terms, unless that person has served less than one year of his term.

Section 7. Succession, Removal and Vacancies.

7.1 In the event of the President's death, disability, resignation, removal or failure to remain qualified, the President-elect shall serve the remaining term of the President. The President-elect who fills the vacancy will automatically become President for a full term upon the completion of the unexpired term.

7.2 In the event of the President-elect's death, disability, resignation, removal or failure to remain qualified, prior to his or her succession to President, the Board of Directors shall fill the vacancy by electing a member who is qualified to serve as President at its next regularly scheduled or special directors' meeting.

7.3 In the event of death, disability, resignation, or removal of both the President and President-elect, the next immediate past State Association President who is a Member in good standing, capable of serving and who will accept shall, within fifteen days, call the Executive Committee together, and shall serve, subject to the approval of the Executive Committee, as acting President until such time as the Board of Directors shall elect a successor.

7.4 In the event of the Treasurer's death, disability, resignation, removal or failure to remain qualified, the Board of Directors shall fill the vacancy by electing a member who is qualified to serve as Treasurer at its next regularly scheduled or special Directors' Meeting.

7.5 In the event any officer fails to remain qualified for office as specified in this Article, the office shall automatically be vacated without further action by the Board of Directors. The Board of Directors may also remove any officer by a majority vote of the Board of Directors present at any regular or special meeting.

7.6 A vacancy in any office between Directors' Meetings may, but is not required to be,

filled on an interim basis, by appointment by either the remaining officers, or, if the remaining officers are unable to make such an appointment, the Executive Committee, until such time as the Board of Directors shall elect a qualified member to hold such office at its next regularly scheduled or special Directors' Meeting.

Section 8. Bonding Requirements.

The President, the President-elect, the Chief Executive Officer /State Secretary and assistants authorized to execute checks, and the Treasurer shall furnish a bond to the Association satisfactory in form and amount to the Board.

Section 9. Compensation.

Except for the office of Chief Executive Officer /State Secretary, the officers shall receive no compensation for their services.

ARTICLE VII– NOMINATIONS

Section 1. Nominating Committee.

1.1 Duties and Authority. The Nominating Committee may, but is not required to, place in nomination the names of Officers and Directors specified below to be elected for the ensuing elective year.

1.2 Composition and Selection. The Nominating Committee shall be selected before December 1 and shall be composed of the following:

(a) The past state President who served the elective year before the immediate past state President who is eligible (i.e., a member in good standing and capable of serving) and willing, who shall serve as Vice Chair; the past state President who served in the second elective year before the immediate past state President, who is eligible and willing, who shall serve as Chair; and the immediate past state President who shall serve, ex-officio, as a non-voting committee member;

(b) One REALTOR® Member or one REALTOR-ASSOCIATE® Member from each Region selected by the C.A.R. Directors from such Region to represent the Region; and

(c) One REALTOR® Member or one REALTOR-ASSOCIATE® Member at-large appointed by the President.

1.3 Alternates.

(a) One REALTOR® or REALTOR-ASSOCIATE® member may be selected as an alternate from each region by the C.A.R. Directors from such region to represent the region in the event the representative selected pursuant to Section 1.2(b) is unable to serve.

(b) The C.A.R. President may select one REALTOR® or REALTOR-ASSOCIATE® member as an alternate to serve in the event the representative selected pursuant to Section 1.2(c) is unable to serve.

(c) Alternates selected pursuant to this section 1.3 shall have the right to attend all Nominating Committee meetings, whether or not the representative from that region is present.

1.4 Vacancies. In the event a vacancy occurs on the Nominating Committee after December 1, and in the event there is no available alternate, the vacancy shall be filled in the same manner as the committee member was originally selected under Section 1.2. In the event the Chair or Vice Chair of the Nominating Committee is unable to serve, the vacancy shall be filled with the most recent past state President who served prior to the past state Presidents eligible to serve under Section 1.1.

1.5 Qualifications. No person may be selected to serve as a Nominating Committee Region representative under Section 1.2(b) of this Article if that person was selected by the same Region under Section 1.2(b) and served in that capacity for any part of the previous elective year. The Region is not required to select an alternate serving in previous years as the Region representative under Section 1.2 of this Article.

Section 2. Nominations for Officers.

2.1 Submission; Meetings. Member Boards and/or their REALTOR® Members and REALTOR-ASSOCIATE® Members may submit to the Nominating Committee such recommendations as they desire for officers of the Association. The Nominating Committee shall hold stated meetings at the regular meeting preceding the last regular Directors' Meeting of the year, at which time candidates and/or their sponsors in their behalf may appear.

2.2 Nominating Committee Nominations. The Nominating Committee may, but is not required to, place in nomination at the regular Directors' Meeting preceding the last regular Directors' Meeting of the year, the name of one or more nominees for the offices of President-elect, Chief Executive Officer /State Secretary and Treasurer. The list of nominees for these offices shall be posted at the place of said Directors' Meetings at least 24 hours prior to the time at which such meeting shall be convened.

2.3 Other Nominations. Nominations for the offices of President Elect, Chief Executive Officer /State Secretary and Treasurer may be made from the floor by any REALTOR® or REALTOR-ASSOCIATE® Member present at the regular meeting preceding the last regular Directors' Meeting of the year or, if the Nominating Committee fails to nominate a candidate, nominations for such offices may be made within thirty (30) calendar days after the meeting preceding the last regular Directors' meeting of the year.

2.4 Qualifications.

No person may be nominated under any provision of this Article unless such person is qualified for office pursuant to Article VI at the time of nomination.

Section 3. Nominations for Directors-for-Life.

The Nominating Committee may, in its discretion, nominate Members completing the requirements set forth in Article V, Section 5 for the office of Director-for-Life. Nothing contained herein shall be interpreted as requiring the Committee to nominate the persons fulfilling said requirements.

ARTICLE VIII- COMMITTEES AND THEIR DUTIES

Section 1. Standing Committees.

1.1 Committees established to handle the ongoing operations of the Association shall be classified as standing committees. Standing committees may be created or eliminated by the Board of Directors.

1.2 The President shall appoint voting committee members from REALTOR® or REALTOR-ASSOCIATE® members or from Member Board Association Executives. The President may also appoint non-voting committee members from member or nonmembers of the Association, who shall serve in advisory capacities without the right to vote. The appointment of a committee member shall run concurrent with the term of the President unless the Board of Directors has specified the committee to have members serve for more than one year with staggered terms.

Section 2. Standing Committee Chairmen and Vice Chairmen.

The President shall appoint chairs and vice chairs for each of the standing committees and forums. No committee or forum chair shall be reappointed to serve in excess of two consecutive terms on the same committee, with the exception of the Chair of the Strategic Planning and Finance Committee, who shall in all instances be the Treasurer of the State Association. Chairs and vice chairs of committees and forums shall serve at the pleasure of the President. The President shall appoint up to two vice chairs for each respective committee and forum unless additional vice chairs are authorized by the Board of Directors.

Section 3. Criteria.

3.1 Chairs and vice chairs shall be, and remain during their service as chairs and vice chairs, REALTOR® or REALTOR-ASSOCIATE® members except that Association Executives of Member Boards may be appointed to be chair and vice chair of the Association Executives Committee.

3.2 Committee Chairs must have served either as Directors or members of the subject

committee, or any combination thereof, for any two of the preceding five years. In making these appointments, the President shall give primary consideration to current or previous members of the respective committee.

3.3 No person is eligible to be appointed as a chair or vice chair or member of any type of committee, subcommittee, forum, or task force if they have been found to have violated the confidentiality, nondisclosure, or conflict of interest policies of the Nominating Committee. A determination of such a finding shall be done by the Nominating Committee Leadership, or their designees, in accordance with a process approved by Association counsel. The determination shall specify the time such person shall be ineligible for such an appointment, which shall be (a) a minimum of one year of ineligibility for appointment to chair or vice chair and (b) one year of ineligibility for appointment to committees and task forces.

3.4 No person is eligible to be appointed, or remain, as a chair or vice chair of any type of committee, subcommittee, forum, or task force if the person holds membership in any Member Board that has been found to be Noncompliant under Article II, Section 11.10 of these Bylaws.

Section 4. Task Forces.

The President may appoint, subject to the approval of the Board of Directors, task forces to address short term issues of importance requiring timely action and special expertise. The Chair, Vice Chair, and members of such task forces shall be appointed by the President. The President will identify the specific goals which the task force is being appointed to fulfill, and a designated time certain for the fulfillment of these goals. The task force and all appointments thereto will automatically sunset at the end of the designated time or upon action of the Board of Directors.

Section 5. Charter Committees.

The Board of Directors may establish charter committees to be governed by bylaws approved by the Board of Directors. Such charter committees may provide for appointment to the committee for longer than one year and may provide that the committee may act without approval by the Board of Directors. Any amendments to the bylaws of the charter committee shall be subject to approval by the Board of Directors.

Section 6. Vacancies.

The President shall have power to remove any standing committee member, with the exception of the Nominating Committee, with or without cause. If the President removes a person who the President did not appoint who is serving a term longer than one year, such removal will be subject to approval by the Board of Directors. The Board of Directors shall have the power to remove any member of a task force with or without cause. The President shall fill any vacancies by appointment for the unexpired term.

Section 7. Authority.

Except as otherwise authorized by the Articles of Incorporation or Bylaws, any action by a committee or task force shall be subject to the approval of the Board of Directors.

Section 8. Accountability.

Committees may report to the Board of Directors annually or by publication in the official magazine.

Section 9. Duties and Authority of Strategic Planning and Finance Committee.

It shall be the duty of the Committee on Strategic Planning and Finance to consider and recommend ways and means to finance the Association and, in conjunction with the Treasurer and Chief Executive Officer /State Secretary, and Executive Committee to prepare a budget of estimated receipts and expenditures for the upcoming year to be submitted for approval by the current President and Board of Directors at the last Directors' Meeting of the year.

Section 10. California Distinguished REALTOR® Awards Selection Committee; California Distinguished REALTOR® Award.

The California Distinguished REALTOR® Awards Selection Committee may select, subject to the Board of Directors approval, a recipient of the California Distinguished REALTOR® Award. The California Distinguished REALTOR® Awards Selection Committee shall consist of six members, one of whom shall be selected by the President to serve as chairman. All members of the committee shall have been recipients of the California Distinguished REALTOR® award or shall have been an honorary C.A.R. President. Recipients of the California Distinguished REALTOR® award must have been a California REALTOR® for a minimum of twenty years, must have demonstrated outstanding service to C.A.R. for no less than fifteen of the twenty years of service and must be a C.A.R. Director-for-Life. The California Distinguished REALTOR® Award shall not be awarded posthumously, shall not be awarded to the current C.A.R. President, President-elect, or Treasurer, Past Presidents, or Honorary Presidents or to more than one recipient in any elective year. The California Distinguished REALTOR® award will be the highest recognition that C.A.R. can bestow on a member.

Section 11. Meetings.

All standing committees meet in conjunction with the regular Directors' Meetings, unless canceled by the Chair. Any additional meetings, unless dictated by the current policy of the Association, require the approval of the President. In the absence of a committee chair, the appropriate Vice Chair shall act as temporary chair.

ARTICLE IX - DUES AND FEES

Section 1. Member Board Dues, Fees and Assessments.

1.1 (A) The dues of each Member Board shall be an amount established annually by the Board of Directors times the total of: (1) the number of REALTOR® and REALTOR-ASSOCIATE® Members of the Member Board, plus (2) the total number of DRE licensed salespersons or OREA certified or licensed appraisers who are not REALTOR® or REALTOR- ASSOCIATE® Members of the Member Board but are employed by or affiliated as independent contractors or otherwise directly or indirectly licensed with REALTOR® Members.

(B) A REALTOR® with a direct or indirect ownership interest in an entity engaged exclusively in soliciting and/or referring clients and customers to the REALTOR® for consideration on a substantially exclusive basis shall annually file with the Member Board on a form approved by the Member Board a list of the licensees affiliated with that entity and shall certify that all of the licensees affiliated with the entity are solely engaged in referring clients and customers and are not engaged in listing, selling, leasing, managing, counseling, appraising or arranging financing for real property and are not participants or subscribers in any Multiple Listing Service. The individuals disclosed on such form shall not be deemed to be licensed with the REALTOR® filing the form for purposes of this Article IX, Section 1.1 (A) and shall not be included in calculating the annual dues of the Member Board, providing the Member Board provides a list in the format proscribed by C.A.R. and the Member Board certifies it has such forms in its possession.

(C) A REALTOR® with a direct or indirect ownership interest in an entity engaged in the real estate business which also provides services for which a Mortgage Loan Originators license endorsement (MLO) is required may annually file with the Member Board, on a form approved by C.A.R., a list of the MLO licensees affiliated and certify that all of the licensees listed (1) have a MLO license or endorsement, (2) are not engaged in real estate licensed activities except those for which a MLO is required, and (3) are not participants or subscribers in any Multiple Listing Service. The individuals disclosed on such form shall not be deemed to be licensed with the REALTOR® filing the form for purposes of this Article IX, Section 1.1 (A) and shall not be included in calculating the annual dues of the Member Board, providing the Member Board provides a list in the format proscribed by C.A.R. and the Member Board certifies it has such forms in its possession.

1.2 In calculating a Member Board's dues, the Member Board shall not include REALTOR® and REALTOR- ASSOCIATE® Members if (1) another Member Board has included the Members in the calculation of their C.A.R. dues, (2) the Individual Member paid C.A.R. dues as provided in Section 2 of this Article or (3) the C.A.R. Secondary Member has directly paid C.A.R. dues as provided in Section 2 of this Article.

1.3 Each Member Board shall pay a new member fee to the Association for each new REALTOR®, REALTOR-ASSOCIATE®, Student Member or Affiliate Association Member.

Section 2. **Individual Member and Other Dues, Fees and Assessments.**

2.1 (A) The dues of an Individual REALTOR® Member from areas not within the jurisdiction of Member Boards or C.A.R. Secondary Member shall be an amount established annually by the Board of Directors times the total of the number of CalDRE licensed salespersons or OREA certified or licensed appraisers who are not REALTOR® or REALTOR- ASSOCIATE® Members and are employed by or affiliated as independent contractors or otherwise directly or indirectly licensed with the REALTOR® Member.

(B) 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 C.A.R. on a form approved by C.A.R. a list of the licensees affiliated with that entity and shall certify that all of the licensees affiliated with the entity are solely engaged in referring clients and customers and are not engaged in listing, selling, leasing, managing, counseling, appraising or arranging financing for real property and are not participants or subscribers in any Multiple Listing Service. The licensees disclosed on such form shall not be deemed to be licensed with the REALTOR® Member or C.A.R. Secondary Member filing the form for purposes of this Article IX, Section 2.1 (A) and shall not be included in calculating the annual dues of the REALTOR® Member or Secondary Member, providing the Member provides a list in the format proscribed by C.A.R. certifying the above.

(C) A REALTOR® with a direct or indirect ownership interest in an entity engaged in the real estate business which also provides services for which a Mortgage Loan Originators license endorsement (MLO) is required may annually file, on a form approved by C.A.R., a list of the MLO licensees affiliated and certify that the licensees (1) have a MLO license or endorsement, (2) are not engaged in real estate licensed activities except those for which a MLO is required, and (3) are not participants or subscribers in any Multiple Listing Service. The individuals disclosed on such form shall not be deemed to be licensed with the REALTOR® filing the form for purposes of this Article IX, Section 2.1 (A) and shall not be included in calculating the annual dues of the Member or Secondary Member, providing the Member provides a list in the format proscribed by C.A.R. certifying the above.

2.2 The dues of the various classes of membership shall be established annually by the Board of Directors and such dues may vary depending on the class and type of membership.

2.3 Other members who do not join through a Member Board who join the Association shall pay the Association a new member fee and such fees may vary depending on the class and type of membership.

2.4 The Board of Directors, as an order of business at any regular meeting, may authorize fees for administrative purposes.

2.5 The Board of Directors, as an order of business at any regular meeting may authorize

assessments for special purposes; such assessments shall apply only to Member Boards, REALTOR® and REALTOR-ASSOCIATE® Members of this Corporation. Assessments must be approved by two-thirds of the Board of Directors present at any regular or special meeting. Notice shall specify amount of the proposed assessment and the purpose of such assessment.

Section 3. **Annual Budget.**

The dues established annually by the Board of Directors shall be approved with and shall be consistent with the annual budget approved by the Board of Directors at the last regular Directors' Meeting of the year.

Section 4. **Payment.**

4.1 Member Boards and other Members shall pay all dues in advance, on January 1st; dues received thereafter shall be past due. Member Boards shall submit to the Association all dues for Members reinstating membership by the end of the month following the month in which the Member reinstates membership.

4.2 Member Boards shall submit to the Association all dues in full, prorated in accordance with Section 5.2, for new Members on or before the end of the month following the month in which the person becomes a Member.

4.3 (A) The Board of Directors may, in its discretion, drop from membership any Member Board or other Member whose dues, assessments or financial obligations are past due two (2) months or more.

(B) Any Member Board or other Member whose dues, assessments or financial obligations are past due three (3) months or more shall be automatically dropped from membership.

(C) In lieu of dropping a Member Board which has made substantial payment, but less than full payment, due to membership record or data issues in accordance with guidelines and measurements approved by the Strategic Planning and Finance Committee, the Member Board may be sanctioned as a Noncompliant Member Board under Article II, Section 11.10 of these bylaws. If minimal thresholds are not met, however, the threshold amount must be paid in full while the determination of Noncompliant sanctions are pending. Imposition of sanctions as a Noncompliant Member Board, however, does not forgive the amount owed and the Board of Directors may override any such decision and nevertheless drop the Member Board from membership for nonpayment of dues.

4.4 Any Member Board or other Member dropped from membership under this Article subsequently applying for reinstatement shall be subject to the application-processing fee of a new Member.

4.5 The Association shall remit dues owed to N.A.R. in a timely fashion by the end of the month following the month of which the Association receives payment from Member

Boards.

Section 5. Prorating Dues.

5.1 Individual members outside the jurisdiction of a Member Board or C.A.R. Secondary Members, as provided in Article II Section 10.3, who join during the year shall pay dues prorated in accordance with the policies of the National Association of REALTORS® from the date of the application.

5.2 Dues submitted by Member Boards for Members who join the Member Board during the year shall be prorated in accordance with the policies of the National Association of REALTORS® from the date of application and paid in accordance with Section 4.2.

Section 6. Separate Accounting.

In the collection of the dues of Members by Member Boards, the Member Board shall list as a separate item the amount of Member Board dues the Member Board shall pay to the State Association, which when collected shall be kept as a separate fund and remitted to the Association as provided in Section 4 above.

Section 7. Convention Fees.

The Strategic Planning and Finance Committee shall recommend each year the fees to be charged for convention activities with approval of the Board of Directors. Registration fees shall be payable to the Association for the purpose of defraying expenses of the convention. Approval of such fees in the approval of the annual budget shall be sufficient approval for purposes of this Section.

Section 8. Conference Fees.

Fees in any conferences provided for in these Bylaws shall be determined by the Strategic Planning and Finance Committee with the approval of the Board of Directors. Approval of such fees in the approval of the annual budget shall be sufficient approval for purposes of this Section.

Section 9. Unauthorized Fees and Funds.

No fees shall be charged by any committee or Region without specific authority by the Board of Directors.

ARTICLE X - FISCAL AND ELECTIVE YEAR

Section 1. Date.

The fiscal year shall be the calendar year, beginning January 1 and ending December 31. The elective year shall begin the day following the official closing of the NATIONAL ASSOCIATION OF REALTORS® (N.A.R.) Annual Convention and end the last day of the N.A.R. Annual Convention of the following year.

Section 2. Commencement of Term of Office for Board of Directors.

The Members of the Board of Directors shall take office on the day following the official closing of the N.A.R. Convention after their designation or election, and shall hold office for one elective year or until such subsequent date as their successors shall be elected and take office.

Section 3. Commencement of Term of Office for Officers.

The President-elect will take office on the day following the official closing of the N.A.R. Convention after his election and shall hold office as President-elect for one elective year after which he will automatically become President for one more elective year or, if there is no successor at the end of the year, until the new President-elect succeeds to office or until a new President is elected and takes office. The remaining officers shall take office on the day following the official closing of the N.A.R. Annual Convention after their election and shall hold office for one elective year or until their successors are elected and take office.

ARTICLE XI USE OF THE TERMS REALTOR®, REALTORS®, OR REALTOR-ASSOCIATE®, AND CALIFORNIA ASSOCIATION OF REALTORS®

Section 1. N.A.R. Constitution and Bylaws.

Use of the terms REALTOR®, REALTORS®, or REALTOR- ASSOCIATE® by Members shall at all times be subject to the provisions of the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS® and to the Rules and Regulations prescribed by its Board of Directors. The State Association otherwise shall have primary control of the use of the terms within those areas of California not within the jurisdiction of a Member Board of the National Association.

Section 2. Individual Members.

Individual Members of the State Association shall have the privilege of using the terms REALTOR[®], REALTORS[®], or REALTOR- ASSOCIATE[®] in connection with their business so long as they remain REALTOR[®] Members in good standing.

Section 3. Individual Principal REALTOR[®] Members.

An Individual Member of a firm, partnership, corporation or trust may use the terms REALTOR[®] or REALTOR-ASSOCIATE[®] only if all of the principals of such firm, partnership, corporation, or trust who are actively engaged in the real estate business are REALTOR[®] Members.

Section 4. Use of the Name CALIFORNIA ASSOCIATION OF REALTORS[®].

A Member Board, or group of Member Boards, shall not use the name of the CALIFORNIA ASSOCIATION OF REALTORS[®], C.A.R. or its logo as a sponsor of its meetings or conferences without approval of such sponsorship by the Board of Directors, and requests for approval therefore shall be made to the Board three months in advance of the date proposed. This Section shall not be construed to restrict the holding of Regional meetings of officers of Member Boards.

Section 5. Use of Terms by Affiliate and Allied Industry Members.

Notwithstanding Sections 1 through 4 of this Article, Affiliate and Allied Industry Members of the CALIFORNIA ASSOCIATION OF REALTORS[®] are not licensed to use the terms REALTOR[®], REALTORS[®] and REALTOR-ASSOCIATE[®] as provided in this Article. Affiliate members shall not use the name of California Association of REALTORS[®], including stating membership in CALIFORNIA ASSOCIATION OF REALTORS[®] or C.A.R. or use its logo in advertising or any other material. Allied Industry Members may state membership in the CALIFORNIA ASSOCIATION OF REALTORS[®] or C.A.R. or use its logo only in accordance with guidelines set by C.A.R.

ARTICLE XII - AMENDMENT

Section 1. Authority to Amend.

These Bylaws may be amended or repealed, and new Bylaws adopted, at any meeting of the Delegates or Board of Directors (when allowed by law) by a majority vote of those Delegates or Directors present and constituting a quorum provided that written, electronic or published notice of the proposed change or changes shall have been sent to each Delegate or Director at least thirty days prior to the meeting at which the change or changes are to be considered. The Executive Committee shall have no authority to amend or repeal these Bylaws.

Section 2. **Notice.**

Publication in the official State Association magazine or by written or electronic communications as per Article XIII, Section 4 shall be deemed proper manners of notice for amendments to the Articles of Incorporation or the Bylaws.

ARTICLE XIII - MISCELLANEOUS

Section 1. **Rules of Order.**

Robert's Rules of Order, revised, shall be recognized as the authority governing all meetings and conferences of the Association, when not in conflict with its Articles of Incorporation and Bylaws.

Section 2. **Order of Business.**

2.1 The order of business of the Association meetings, except when otherwise provided, shall be:

1. Call to Order.
2. Taking of the Roll of Member Boards.
3. Approval of the Minutes.
4. Reports of Officers.
5. Reports of Committees.
6. Unfinished Business.
7. New Business.

2.2 The following shall be the order of business at all regular meetings of the Board of Directors:

1. Call to Order.
2. Roll Call of Directors by Registration.
3. Approval of Minutes.
4. Applications for Membership.
5. Reports of Officers.
6. Reports of Committees.
7. Unfinished Business.
8. New Business

2.3 The President may, with approval of a majority of the Board of Directors or Delegates present and voting change the order of business provided for in this Section.

Section 3. **Official Magazine.**

The State Association shall publish an official magazine, subscriptions to which shall be included in the membership dues.

Section 4. **Manner of Notice.**

Unless otherwise provided herein, all notices referred to in these Bylaws may be given by publication in the official State Association magazine or by written notice by personal delivery or by written or electronic communications mail addressed to the persons entitled to receive the same at their written or electronic mail address as shown on the records of the corporation. All notices shall be mailed or delivered at least fifteen (15) days before the date of the meeting, unless the Bylaws specify otherwise.

Section 5. **North/South Geographical Division.**

For the purpose of appointments, elections or any other matter in which a north/south consideration is to be given effect, the designated line of division shall be the northern line of San Luis Obispo and southern line of Kings, Tulare and Inyo Counties.