

ANN ARBOR AREA  BOARD OF REALTORS®

BYLAWS

of the

ANN ARBOR AREA

BOARD of REALTORS® , Inc.

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ARTICLE I - NAME

SECTION 1. NAME.

The name of this organization shall be the Ann Arbor Area Board of REALTORS®, Incorporated, hereinafter referred to as the "Board".

SECTION 2. REALTORS®.

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

ARTICLE II - OBJECTIVES

The objectives of the Board are:

SECTION 1.

To unite those engaged in the recognized branches of the real estate profession for the purpose of exerting a beneficial influence upon the profession and related interests.

SECTION 2.

To promote and maintain high standards of conduct in the real estate profession as expressed in the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®.

SECTION 3.

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

SECTION 4.

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

SECTION 5.

To unite those engaged in the real estate profession in this community with MICHIGAN REALTORS® and the NATIONAL ASSOCIATION OF REALTORS®, thereby furthering their own objectives throughout the state and nation, and obtaining the benefits and privileges of membership therein.

SECTION 6.

To designate, for the benefit of the public, individuals authorized to use the terms REALTOR® and REALTORS® as licensed, prescribed, and controlled by the NATIONAL ASSOCIATION OF REALTORS®.

ARTICLE III - JURISDICTION

SECTION 1.

The territorial jurisdiction of the Board as a Member of the NATIONAL ASSOCIATION OF REALTORS® is: Washtenaw County, Michigan

SECTION 2.

Territorial jurisdiction is defined to mean: The right and duty to control the use of the terms REALTOR® and REALTORS®, subject to the conditions set forth in these Bylaws and those of the NATIONAL ASSOCIATION OF REALTORS®, in return for which the Board agrees to protect and safeguard the property rights of the National Association in the terms.

ARTICLE IV - MEMBERSHIP

SECTION 1.

There are eight classes of Members as follows:

(a) REALTOR® MEMBERS.

REALTOR® Members, whether primary or secondary, will be:

- (1) Individuals who, as sole proprietors, partners, corporate officers (also referred to as owners), or branch office managers, are engaged actively in the real estate profession, including buying, selling, exchanging, renting or leasing, managing, appraising for others for compensation, counseling, building, developing or subdividing real estate and who maintain or are associated with an established real estate office in the state of Michigan or a state contiguous thereto. All persons who are partners in a partnership, or all officers in a corporation, who are actively engaged in the real estate profession within Michigan or a state contiguous thereto shall qualify for REALTOR® membership only, and each is required to hold REALTOR® membership (except as provided in the following paragraph) in a Board of REALTORS® within the state or a state contiguous thereto unless otherwise qualified for Institute Affiliate membership as described in Section 1(b) of Article IV.

In the case of a real estate firm, partnership, or corporation, whose business activity is substantially all commercial, only those principals actively engaged in the real estate business in connection with the same office, or any other offices within the jurisdiction of the board in which one of the firm's principals holds REALTOR® membership, shall be required to hold REALTOR® membership unless otherwise qualified for Institute Affiliate membership as described in Section 1(b) of Article IV.

NOTE: REALTOR® Members may obtain membership in a "secondary" Board in another state.

- (2) Individuals who are engaged in the real estate profession other than as sole proprietors, partners, or corporate officers, or branch office managers and are associated with a REALTOR® Member and meet the qualifications set out in Article V.
 - (3) Licensed individuals who are engaged in the real estate profession other than as sole proprietors, partners, corporate officers or in positions of management control, and are associated with a REALTOR® Member and meet the qualifications set out in Article V.
 - (4) **PRIMARY AND SECONDARY REALTOR® MEMBERS.** An individual is a primary Member if the Board pays state and National dues based on such Member. An individual is a secondary Member if state and National dues are remitted through another Board. One of the principals in a real estate firm must be a Designated REALTOR® Member of the Board in order for licensees affiliated with the firm to select the Board as their "primary" Board.
 - (5) **DESIGNATED REALTOR® MEMBERS.** Each firm (or office in the case of firms with multiple office locations) shall designate in writing one REALTOR® Member who shall be responsible for all duties and obligations of membership including the obligation to arbitrate pursuant to Article 17 of the Code of Ethics and the payment of Board dues as established in Article X of the Bylaws. The "Designated REALTOR®" must be a sole proprietor, partner, corporate officer or branch office manager acting on behalf of the firm's principal(s) and must meet all other qualifications for REALTOR® membership established in Article V, Section 2, of the Bylaws.
 - (6) **FRANCHISE REALTOR® MEMBERSHIP.** Corporate officers (who may be licensed or unlicensed) of a real estate brokerage franchise organization with at least one hundred fifty (150) franchisees located within the United States, its insular possessions and the commonwealth of Puerto Rico, elected to membership pursuant to the provisions in the NAR Constitution and Bylaws. Such individuals shall enjoy all of the rights, privileges, and obligations of REALTOR® membership (including compliance with the Code of Ethics) **except:** obligations related to board mandated education, meeting attendance, or indoctrination classes or other similar requirements; the right to use the term REALTOR® in connection with their franchise organization's name; and the right to hold elective office in the local board, state association, and National Association.
- (b) **INSTITUTE AFFILIATE MEMBERS.**
Institute Affiliate Members shall be individuals who hold a professional designation awarded by an Institute, Society or Council affiliated with the NATIONAL ASSOCIATION OF REALTORS® that addresses a specialty area other than residential brokerage or individuals who otherwise hold a class of membership in such Institute, Society or Council that confers the right to hold office. Any such individual, if otherwise eligible, may elect to hold REALTOR® membership, subject to payment of applicable dues for such membership.

(c) **AFFILIATE MEMBERS.**

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

(d) **PUBLIC SERVICE MEMBERS.**

Public Service Members will be individuals who are interested in the real estate profession as employees or affiliated with educational, public utility, governmental or other similar organizations, but are not engaged in the real estate profession on their own account or in association with an established real estate business.

(e) **HONORARY MEMBERS.**

Honorary Members will be individuals not engaged in the real estate profession who have performed notable service for the real estate profession, for the Board or for the public.

(f) **STUDENT MEMBERS.**

Student Members will be individuals who are seeking an undergraduate or graduate degree with a specialization or major in real estate at institutions of higher learning and who have completed at least two years of college and at least one college level course in real estate, but are not engaged in the real estate profession on their own account or are not associated with an established real estate office.

(g) **LIFETIME MEMBERS.**

Lifetime Members will be REALTOR® Members who have reached the age of sixty-five (65) years and - have either held continuous REALTOR® membership in the Ann Arbor Area Board of REALTORS® and its predecessors for twenty-five (25) or more years or have had 30 years (360 full months) of accumulated REALTOR® membership in the Ann Arbor Area Board of REALTORS® and its predecessors. Applicant must be an active REALTOR® member at time of application. This classification shall be a matter of right, but application shall be made by the Member. Lifetime Members may or may not hold an active real estate license at their discretion.

(h) **SENIOR MEMBERS.**

Senior Members will be individuals who are retired from the real estate business and who shall have held REALTOR® membership in the Ann Arbor Area Board of REALTORS® and its predecessors for at least five (5) years preceding retirement. Senior Members may or may not hold an active real estate license at their discretion. In deciding whether to grant this classification of membership, for which written application must be made, the Board of Directors may also consider past service to the Board.

ARTICLE V - QUALIFICATION AND ELECTION

SECTION 1. APPLICATION.

An application for membership shall be made in such a manner and form as may be prescribed by the Board of Directors and made available to anyone requesting it. The application form shall contain among the statements to be signed by the applicant (1) that applicant agrees as a condition to membership to thoroughly familiarize himself/herself with the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, the Constitutions, Bylaws, and Rules and Regulations of the Board, the State and National Associations, and if elected a Member, will abide by the Constitutions and Bylaws and Rules and Regulations of the Board, State and National Associations, and if a REALTOR®, will abide by the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, including the obligation to arbitrate controversies arising out of real estate transactions as specified in the Code of Ethics, and as further specified in the Code of Ethics and Arbitration Manual of the NATIONAL ASSOCIATION OF REALTORS®, as from time to time amended, and (2) that applicant consents that the Board, may invite and receive information and comment furnished to the Board by any person in response to the invitation shall be conclusively deemed to be privileged and not form the basis of any action for slander, libel or defamation of character. The applicant shall, with the form of application, have access to a copy of the Bylaws, Constitution, Rules and Regulations, and Code of Ethics referred to above.

Applicants for REALTOR® membership shall complete an orientation program on the Code of Ethics of not less than two hours and thirty minutes of instructional time. This requirement does not apply to applicants for REALTOR® membership who have completed comparable orientation in another association, provided that REALTOR® membership has been continuous, or that any break in membership is for one year or less. Failure to satisfy this requirement within sixty days of the date of application will result in termination of membership.

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

SECTION 2. QUALIFICATION.

- (a) An Applicant for REALTOR® membership who is a principal, partner, or corporate officer of a real estate firm shall supply evidence satisfactory to the Board that he/she is actively engaged in the real estate profession; has a place of business within the state or a state contiguous thereto; has no record of official sanctions involving unprofessional conduct; has no recent or pending bankruptcy; shall complete a course of instruction covering the Bylaws and Rules and Regulations of the Board, the Bylaws of the State Association and the Constitution and Bylaws and the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®; and shall pass such reasonable and non-discriminatory written examinations thereon as may be required by the Board, and shall agree that if elected to membership, he/she will abide by such Constitution, Bylaws, Rules and Regulations of the Board, the Bylaws of the State Association and the Constitution and Bylaws and the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®.

NOTE: Article IV, Section 2, of the NAR Bylaws prohibits Member Boards from knowingly granting REALTOR® or REALTOR-ASSOCIATE® membership to any applicant who has an unfulfilled sanction pending which was imposed by another Board or Association of REALTORS® for violation of the Code of Ethics.

- (b) Individuals who are actively engaged in the real estate profession and licensed other than as a principal, partner, corporate officer, or trustee, in order to qualify for REALTOR® membership, shall at the time of application be associated either as an employee of or as an independent contractor with a REALTOR® Member of the Board, or as a Designated REALTOR® Member of another board within the state shall complete a course of instruction covering the Bylaws and Rules and Regulations of the Board, the Bylaws and Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® and shall pass such reasonable and non-discriminatory written examinations thereon as may be required by the Board, and shall agree in writing that, if elected to membership, he/she will abide by the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, and by the Constitution, Bylaws, and Rules and Regulations of the local Board, State Association, and National Association.
- (c) The Board will also consider the following in determining an applicant's qualifications for REALTOR® membership:
- (1) All final findings of Code of Ethics violations and violations of other membership duties in any other association within the past three (3) years.
 - (2) Pending ethics complaints (or hearings).
 - (3) Unsatisfied discipline pending.
 - (4) Pending arbitration requests (or hearings).
 - (5) Unpaid arbitration awards or unpaid financial obligations to any other association or association MLS.
 - (6) Any misuse of the term REALTOR® or REALTORS® in the name of the applicant's firm. "Provisional" membership may be granted in instances where ethics complaints or arbitration requests (or hearings) are pending in other associations or where the applicant for membership has unsatisfied discipline pending in another association (except for violations of the Code of Ethics; See Article V, Section 2(a) NOTE 2) provided all other qualifications for membership have been satisfied. Associations may reconsider the membership status of such individuals when all pending ethics and arbitration matters (and related discipline) have been resolved or if such matters are not resolved within six months from the date that provisional membership is approved. Provisional members shall be considered REALTORS® and shall be subject to all of the same privileges and obligations of REALTOR® membership. If a Member resigns from another association with an ethics complaint or arbitration request pending, the association may condition membership on the applicant's certification that he/she will submit to the pending ethics or arbitration proceeding (in accordance with the established procedures of the association to which the applicant has made application) and will abide by the decision of the hearing panel.

SECTION 3. CONTINUING CODE OF ETHICS TRAINING.

Effective January 1, 2001, through December 31, 2004, and for successive four year periods thereafter, each REALTOR® Member of the association shall be required to complete quadrennial ethics training of not less than two hours and thirty minutes of instructional time. This requirement will be satisfied upon presentation of documentation that the Member has completed a course of instruction conducted by this or another association, the State Association of REALTORS®, the NATIONAL ASSOCIATION OF REALTORS®, or any other recognized educational institution or provider which meets the learning objectives and minimum criteria established by the NATIONAL ASSOCIATION OF REALTORS® from time to time. REALTOR® Members who have completed training as a requirement of membership in another association and REALTOR® Members who have completed the new Member Code of Ethics Orientation during any four year cycle shall not be required to complete additional ethics training until a new four year cycle commences. Failure to satisfy this requirement shall be considered a violation of a membership duty for which REALTOR® membership shall be suspended until such time as the training is completed.

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

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

SECTION 4. NEW MEMBER CODE OF ETHICS ORIENTATION.

Applicants for REALTOR® membership shall complete an orientation program on the Code of Ethics of not less than two hours and thirty minutes of instructional time. This requirement does not apply to applicants for REALTOR® membership who have completed comparable orientation in another association, provided that REALTOR® membership has been continuous, or that any break in membership is for one year or less. Failure to satisfy this requirement within sixty (60) days of the date of application will result in termination of membership.

NOTE: Orientation programs must meet the learning objectives and minimum criteria established from time to time by the National Association of REALTORS®.

SECTION 5. ELECTION.

The procedure for election to membership shall be as follows:

- (a) Applicants for REALTOR® membership shall be granted provisional membership immediately upon submission of a completed application form and remittance of applicable association dues and any application fee. Provisional Members shall be considered REALTORS® and shall be subject to all of the same privileges and obligations of membership. Provisional membership is granted subject to subsequent review of the application by the Board of Directors. If the Board of Directors determines that the individual does not meet all of the qualifications for membership as established in the association's bylaws, membership may, at the discretion of the Board of Directors, be terminated.
- (b) Dues shall be computed from the date of application and shall be non-refundable unless the association's Board of Directors terminates the individual's membership in accordance with subsection (a) above. In such instances, dues shall be returned to the individual less a prorated amount to cover the number of days that the individual received association services and any application fee.
- (c) The Board of Directors may not terminate any provisional membership without providing the provisional Member with advance notice, an opportunity to appear before the Board of Directors, to call witnesses on his/her behalf, to be represented by counsel, and to make such statements as he/she deems relevant. The Board of Directors may also have counsel present. The Board of Directors shall require that written minutes be made of any hearing before it or may electronically or mechanically record the proceedings.
- (d) If the Board of Directors determines that provisional membership should be terminated, it shall record its reasons with the Chief Staff Executive. If the Board of Directors believes that termination of provisional membership may become the basis of litigation and a claim of damage by a provisional Member, it may specify that termination shall become effective upon entry in a suit by the Board for a declaratory judgment by a court of competent jurisdiction of a final judgment declaring that the termination violates no rights of

the individual.

- (e) Failure to complete Code of Ethics training, as mandated by the National Association of REALTORS®, within 60 days of application will result in immediate termination of membership and forfeiture of benefits. The individual shall be able to reinstate, subject to all rules and policies of reinstatement, upon satisfactory completion of Code of Ethics training.

SECTION 6. TRANSFERS.

- (a) A REALTOR® who changes the conditions under which he/she holds membership shall be required to provide written notification to the Board within 30 days.

A REALTOR® (non-principal) who becomes a principal in the firm with which he/she has been licensed, or alternatively, becomes a principal in a new firm which will be comprised of REALTOR® principal(s), may be required to satisfy any previously unsatisfied membership requirements applicable to REALTOR® (principal) Members but shall, during the period of transition from one status of membership to another, be subject to all of the privileges and obligations of a REALTOR® (principal). If the REALTOR® (non-principal) does not satisfy the requirements established in these Bylaws for the category of membership to which they have transferred within 30 days of the date they advised the Board of their change in status, their new membership application will terminate automatically unless otherwise so directed by the Board of Directors.

Any REALTOR® Member other than a Principal who transfers from one firm, partnership or corporation to another where the Principal(s) of said firm, partnership or corporation hold REALTOR® membership shall supply evidence to the Board of proper licensure with said firm, partnership or corporation in order to maintain membership in the Board.

NOTE: The Board of Directors, at its discretion, may waive any qualification which the applicant has already fulfilled in accordance with the Board's Bylaws.

- (b) Any application fee related to a change in membership status shall be reduced by an amount equal to any application fee previously paid by the applicant.
- (c) Dues for new Members shall be prorated for the remainder of the year, based on the date of application.

SECTION 7. REINSTATEMENT.

Former Members of the Board may apply for reinstatement within one year from the effective date of their termination.

- (a) Individuals reapplying for membership after one year from the effective date of their termination shall not be eligible for reinstatement but shall be subject to the same requirements and procedures for new applicants.

ARTICLE VI - PRIVILEGES AND OBLIGATIONS

SECTION 1.

The privileges and obligations of Members, in addition to those otherwise provided in these Bylaws, shall be as specified in this Article.

SECTION 2.

Any Member of the Board may be reprimanded, fined, placed on probation, suspended, or expelled by the Board of Directors for a violation of these Bylaws and Board Rules and Regulations not inconsistent with these Bylaws, after a hearing as provided in the Code of Ethics and Arbitration Manual of the Board. Although Members other than REALTORS® are not subject to the Code of Ethics nor its enforcement by the Board, such Members are encouraged to abide by the principles established in the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® and conduct their business and professional practices accordingly. Further, Members other than REALTORS® may, upon recommendation by a hearing panel of the Professional Standards Committee, be subject to discipline as described above, for any conduct, which in the opinion of the Board of Directors, applied on a non-discriminatory basis, reflects adversely on the terms REALTOR® or REALTORS®, and the real estate industry, or for conduct that is inconsistent with or adverse to the objectives and purposes of the local Board, the

State Association, and the NATIONAL ASSOCIATION OF REALTORS®.

SECTION 3.

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

SECTION 4.

Resignations of Members shall become effective when received in writing by the Board of Directors, provided, however, that if any Member submitting the resignation is indebted to the Board for dues, fees, fines, or other assessments of the Board or any of its services, departments, divisions, or subsidiaries, the Board may condition the right of the resigning Member to reapply for membership upon payment in full of all such monies owed.

SECTION 5.

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

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

SECTION 6. REALTOR® MEMBERS.

- (a) REALTOR® Members, whether primary or secondary, in good standing whose financial obligations to the Board are paid in full shall be entitled to vote and to hold elective office in the Board, must use the terms REALTOR® and REALTORS®, which use shall be subject to the provisions of Article VIII, and have the primary responsibility to safeguard and promote the standards, interests and welfare of the Board and the real estate profession.
- (b) If a REALTOR® Member is a principal in a firm, partnership, or corporation and is suspended or expelled, the firm, partnership, or corporation shall not use the terms REALTOR® or REALTORS® in connection with its business during the period of suspension, or until readmission to REALTOR® membership, or unless connection with the firm, partnership, or corporation is severed, whichever may apply. The membership of all other principals, partners, or corporate officers will suspend or terminate during the period of suspension of the disciplined Member, or until readmission of the disciplined Member with the firm, partnership, or corporation is severed, whichever may apply. Further, the membership of REALTORS® other than principals who are employed by or affiliated as independent contractors with the disciplined Member shall suspend or terminate during the period of suspension of the disciplined Member or until readmission of the disciplined Member or until connection of the disciplined Member with the firm, partnership, or corporation is severed whichever may apply. If a REALTOR® Member who is other than a principal in a firm, partnership, or corporation is suspended or expelled, the use of the terms REALTOR® or REALTORS® by the firm, partnership, or corporation shall not be affected.

SECTION 7. INSTITUTE AFFILIATE MEMBERS.

Institute Affiliate Members shall have rights and privileges and be subject to obligations prescribed by the Board of Directors consistent with the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS®.

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

SECTION 8. AFFILIATE MEMBERS.

Affiliate Members or Firms shall have rights and privileges and be subject to obligations prescribed by the Board of Directors.

SECTION 9. PUBLIC SERVICE MEMBERS.

Public Service Members shall have rights and privileges and be subject to obligations prescribed by the Board of Directors.

SECTION 10. HONORARY MEMBERS.

Honorary Membership shall confer only the right to attend meetings and participate in discussions.

SECTION 11. STUDENT MEMBERS.

Student Members shall have rights and privileges and be subject to obligations prescribed by the Board of Directors.

SECTION 12. LIFETIME MEMBERS.

Lifetime Members shall have all the privileges and obligations of Active Members.

SECTION 13. SENIOR MEMBERS.

Senior Members shall have rights and privileges and shall be subject to obligations prescribed by the Board of Directors. They shall be eligible to retain participation in any group health insurance programs sponsored by the Board. They shall not have the right to vote, hold office nor use the term REALTOR®.

SECTION 14. CERTIFICATION BY REALTOR®.

"Designated" REALTOR® Members of the Board shall certify to the Board during the month of January, on a form provided by the Board, a complete listing of all individuals licensed or certified with the REALTOR®'S firm(s) within the state, and shall designate a primary Board for each individual. These declarations shall be used for purposes of calculating dues under Article X, Section 2(a) of the Bylaws. "Designated" REALTOR® Members shall also notify the Board of any additional individual(s) licensed or certified with the firm(s) within 30 days of the date of affiliation or severance of the individual.

SECTION 15. MANDATORY EDUCATIONAL REQUIREMENTS.

The Board of Directors may, upon a finding that there is a clear and present danger that certain policies and practices of the Board or its Members may result in a significant legal vulnerability and liability to the Board and its Members, require REALTOR® Members to attend educational programs every two years comprising not more than six (6) cumulative hours of instruction on anti-trust laws, agency laws, civil rights laws or the REALTORS®, Code of Ethics its interpretation and meaning and/or the procedures related to its enforcement with respect to any such Board or Member policies and practices. Board Members who have completed similar compulsory educational requirements during the same year as Members of another Board shall be credited with all such hours of instruction for purposes of compliance with this Bylaw.

SECTION 16. HARASSMENT.

Any Member of the Board may be reprimanded, placed on probation, suspended or expelled for harassment of a Board employee or Board Officer or Director after an investigation in accordance with the procedures of the Board. As used in this Section, harassment means any verbal or physical conduct including threatening or obscene language, unwelcome sexual advances, stalking, actions including strikes, shoves, kicks, or other similar physical contact, or threats to do the same, or any other conduct with the purpose or effect of unreasonably interfering with an individual's work performance by creating a hostile, intimidating or offensive work environment. The decision of the appropriate disciplinary action to be taken shall be made by the investigatory team comprised of the President, President-elect and one Member of the Board of Directors selected by the highest ranking officer not named in the complaint, upon consultation with legal counsel for the Board. Disciplinary action may include any sanction authorized in the Board's Code of Ethics and Arbitration Manual. If the complaint names the President or President-Elect, they may not participate in the proceedings and shall be replaced by the Immediate Past President or, alternatively, by another Member of the Board of Directors selected by the highest ranking officer not named in the complaint.

NOTE: Suggested procedures for processing complaints of harassment are available on line at <http://www.REALTOR.org>, or from the Member Policy Department.

ARTICLE VII - PROFESSIONAL STANDARDS AND ARBITRATION

SECTION 1.

The responsibility of the Board and of Board Members relating to the enforcement of the Code of Ethics, the disciplining of Members, and the arbitration of disputes, and the organization and procedures incident thereto, shall

be governed by the Code of Ethics and Arbitration Manual of the NATIONAL ASSOCIATION OF REALTORS®, as amended from time to time, which is by this reference incorporated into these Bylaws, provided, however, that any provision deemed inconsistent with state law shall be deleted or amended to comply with state law.

SECTION 2.

It shall be the duty and responsibility of every REALTOR® Member of this Board to abide by the Constitution and Bylaws and the Rules and Regulations of the Board, Constitution and Bylaws of the State Association, the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS®, and to abide by the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, including the duty to arbitrate controversies arising out of real estate transactions as specified in the Code of Ethics, and as further defined and in accordance with the procedures set forth in the Code of Ethics and Arbitration Manual of this Board as from time to time amended.

SECTION 3.

The responsibility of the Board and Board Members relating to the enforcement of the Code of Ethics, the disciplining of Members, the arbitration of disputes, and the organization and procedures incident thereto, shall be consistent with the cooperative professional standards enforcement agreement entered into by the Board, which by this reference is made a part of these Bylaws.

SECTION 4.

The Designated REALTOR® shall be responsible for the actions of any agent associated with his/her office who is not a Member of the Board of REALTORS®, which are contrary to the NATIONAL ASSOCIATION OF REALTORS®' Code of Ethics, or to any other rules and regulations established by the Members of the Board. The Designated REALTOR® is subject to the Grievance and Professional Standards process to answer for the conduct of non-Member agents.

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

SECTION 1.

Use of the terms REALTOR® and REALTORS® by Members shall, at all times, be subject to the provisions of the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS® and to the Rules and Regulations prescribed by its Board of Directors. The Board shall have the authority to control, jointly and in full cooperation with the NATIONAL ASSOCIATION OF REALTORS® use of the terms within its jurisdiction. Any misuse of the terms by members is a violation of a membership duty and may subject members to disciplinary action by the Board of Directors after a hearing as provided for in the association's Code of Ethics and Arbitration Manual.

SECTION 2.

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

SECTION 3.

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

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

SECTION 4.

Institute Affiliate Members shall not use the terms REALTOR® or REALTORS®, nor the imprint of the emblem seal of the NATIONAL ASSOCIATION OF REALTORS®.

ARTICLE IX - STATE AND NATIONAL MEMBERSHIPS

SECTION 1.

The Board shall be a Member of the NATIONAL ASSOCIATION OF REALTORS® and MICHIGAN REALTORS®. By reason of the Board's membership, each REALTOR® Member of the Board shall be entitled to membership in the NATIONAL ASSOCIATION OF REALTORS® and MICHIGAN REALTORS® without further payment of dues. The Board shall continue as a Member of the State and National Associations, unless by a majority vote of all of its REALTOR® Members, decision is made to withdraw, in which case the State and National Associations shall be notified at least one month in advance of the date designated for the termination of such membership.

SECTION 2.

The Board recognizes the exclusive property rights of the NATIONAL ASSOCIATION OF REALTORS® in the terms REALTOR® and REALTORS®. The Board shall discontinue use of the terms in any form in its name, upon ceasing to be a Member of the National Association or upon a determination by the Board of Directors of the National Association that it has violated the conditions imposed upon the terms.

SECTION 3.

The Board adopts the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® and agrees to enforce the Code among its REALTOR® Members. The Board and all of its Members agree to abide by the Constitution, Bylaws, Rules and Regulations, and policies of the NATIONAL ASSOCIATION OF REALTORS® and MICHIGAN REALTORS®.

SECTION 4.

The President and President Elect of the Ann Arbor Area Board of REALTORS® will be the Board's delegates to MICHIGAN REALTORS®. Any alternate delegates shall be appointed by the Board of Directors.

ARTICLE X - DUES AND ASSESSMENTS

SECTION 1. APPLICATION FEE.

The Board of Directors may adopt an application fee for REALTOR® membership in reasonable amount, not exceeding three times the amount of the annual dues for REALTOR® membership, which shall be required to accompany each application for REALTOR® membership and which shall become the property of the Board upon final approval of the application.

- (a) The application fee (minus a processing fee) shall be refunded if the application is withdrawn within 60 days of application or denied prior to final approval.

SECTION 2. DUES.

The annual dues of Members shall be as follows:

- (a) Designated REALTOR® Members. The annual dues of each Designated REALTOR® Member shall be in such amount as established annually by the Board of Directors, plus an additional amount to be established annually by the Board of Directors times the number of real estate salespersons and licensed or certified appraisers who:
 - (1) are employed by or affiliated as independent contractors, or who are otherwise directly or indirectly licensed with such REALTOR® Member, and
 - (2) are not REALTOR® Members of any Board in the state or a state contiguous thereto or Institute Affiliate Members of the Board.

In calculating the dues payable to the Board by a Designated REALTOR® Member, non-Member licensees as defined in Section 2(a) (1) and (2) of this Article shall not be included in the computation of dues if the Designated REALTOR® has paid dues based on said non-Member licensees in another Board in the state or a state contiguous thereto, provided the Designated REALTOR® notifies the Board in writing of the identity of the Board to which dues have been remitted. In the case of a Designated REALTOR® Member in a firm, partnership, or corporation whose business activity is substantially all commercial, any assessments for non-Member licensees shall be limited to licensees affiliated with the Designated

REALTOR® (as defined in Section 2(a) (1) and (2) of this Article in the office where the Designated REALTOR® holds membership, and any other offices of the firm located within the jurisdiction of this Board.

For the purpose of this Section, a REALTOR® Member of a Member Board shall be held to be any Member who has a place or places of business within the state or a state contiguous thereto and who, as a principal, partner, corporate officer, or branch office manager of a real estate firm, partnership, or corporation, is actively engaged in the real estate profession as defined in Article III, Section 1, of the Constitution of the NATIONAL ASSOCIATION OF REALTORS®. An individual shall be deemed to be licensed with a REALTOR® if the license of the individual is held by the REALTOR®, or by any broker who is licensed with the REALTOR®, or by any entity in which the REALTOR® has a direct or indirect ownership interest and which is engaged in other aspects of the real estate business (except as provided for in Section 2 (a) (1) hereof) provided that such licensee is not otherwise included in the computation of dues payable by the principal, partner, corporate officer, or branch office manager of the entity.

A REALTOR® with a direct or indirect ownership interest in an entity engaged exclusively in soliciting and/or referring clients and customers to the REALTOR® for consideration on a substantially exclusive basis shall annually file with the association on a form approved by the association a list of the licensees affiliated with that entity and shall certify that all of the licensees affiliated with the entity are solely engaged in referring clients and customers and are not engaged in listing, selling, leasing, managing, counseling or appraising real property. The individuals disclosed on such form shall not be deemed to be licensed with the REALTOR® filing the form for purposes of this Section and shall not be included in calculating the annual dues of the Designated REALTOR®.

Membership dues shall be prorated for any licensee who during the same calendar year applies for REALTOR® membership in the association. However, the National Association of REALTORS® component of membership dues shall not be prorated if the licensee held REALTOR® membership during the preceding calendar year.

- (b) REALTOR® Members.
The annual dues of REALTOR® Members other than the Designated REALTOR® shall be established annually by the Board of Directors
 - (1) The annual dues of each REALTOR® Member other than a principal partner or corporate officer shall be the same as those established for REALTOR® Members other than the Designated REALTORS® who are principals, partners, corporate officers, or branch officers.
- (c) Institute Affiliate Members.
The annual dues of each Institute Affiliate Member shall be established in Article II of the Bylaws of the NATIONAL ASSOCIATION OF REALTORS®.
- (d) Affiliate Members.
The annual dues of each Affiliate Member shall be established annually by the Board of Directors.
- (e) Public Service Members.
The annual dues of each Public Service Member, if any, shall be established annually by the Board of Directors.
- (f) Honorary Members.
The annual dues of each Honorary Member, if any, shall be established annually by the Board of Directors.
- (g) Student Members.
The annual dues of each Student Member, if any, shall be established annually by the Board of Directors
- (h) Lifetime Members.
The annual dues of each Lifetime Member, if any, shall be established annually by the Board of Directors.
- (i) Senior Members.
The annual dues of each Senior Member, if any, shall be established annually by the Board of Directors.
- (j) REALTOR® Emeriti.
The annual dues of REALTOR® Members who are REALTOR® Emeriti (as recognized by the National

Association), Past Presidents of the National Association or recipients of the Distinguished Service Award shall be established annually by the Board of Directors.

SECTION 3. DUES PAYABLE.

Dues for all renewing Members shall be payable annually in advance. Dues for new Members shall be computed from the date of application.

- (a) In the event a sales licensee or licensed or certified appraiser who holds REALTOR® membership is terminated, and the individual remains with the Designated REALTOR®'s firm, the dues obligation of the Designated REALTOR® applies (as set forth in Article X, Section 2 (a)).

SECTION 4. NONPAYMENT OF FINANCIAL OBLIGATIONS.

If dues, fees, fines or other assessments including amounts owed to the Board or the Board's Multiple Listing Service are not paid in accordance with policies adopted by the Board of Directors, the nonpaying Member is subject to suspension and/or termination. A former Member who has had his/her membership terminated for nonpayment of dues, fees, fines or other assessments duly levied in accordance with the provisions of these Bylaws or the provisions of other Rules and Regulations of the Board or any of its services, departments, divisions or subsidiaries may apply for reinstatement after making payment in full of all accounts.

SECTION 5. DEPOSIT.

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

SECTION 6. CAPITAL EXPENDITURES.

Capital expenditures in excess of \$10,000 over the approved annual budget for capital expenditures must be authorized by a majority of the eligible Members present and voting at any regular or special meeting where a quorum is present. If no quorum is present at the meeting where a vote is to be taken on a properly noticed request for approval, authority to approve said capital expenditures, after review by the Finance Committee, reverts to the Board of Directors.

SECTION 7. NOTICE OF DUES, FEES, FINES, ASSESSMENTS, AND OTHER FINANCIAL OBLIGATIONS OF MEMBERS.

All dues, fees, fines, assessments, or other financial obligations to the Board or Board Multiple Listing Service shall be noticed to the responsible party setting forth the amount owed and due date.

SECTION 8. ANNUAL BUDGET.

The Board of Directors shall adopt an annual budget prior to the beginning of each fiscal year. The Finance Committee shall submit a proposed budget to the Board of Directors. The Directors shall recommend a preliminary budget and shall submit a one page budget summary with a notice to each REALTOR® Member. The notice shall be submitted at least 14 days prior to the General Membership Meeting (GMM) meeting and include date, time and location information and an invitation for Members to contact the Board Treasurer if they have any questions about the proposed budget. A two-thirds (2/3) vote of the entire Board of Directors shall be necessary for final approval. Failure to adopt a budget prior to the beginning of the fiscal year shall extend the current budget until approval is obtained. The new budget shall then be retroactive to the beginning of the fiscal year.

SECTION 9. SPECIAL ASSESSMENTS.

Any proposal for a special assessment must first be presented to the Board of Directors. Upon Board of Director approval, notice shall be given to each REALTOR® Member at least 14 days prior to the meeting at which the proposal is to be voted upon. A majority vote of eligible Members present and voting at the meeting shall be sufficient to pass such special assessments.

ARTICLE XI - OFFICERS AND DIRECTORS

SECTION 1. OFFICERS.

The officers of the Board shall be: a President, a President-Elect, a Treasurer, and a Treasurer-Elect. The President-Elect is elected to a two-year term serving the first year as the President-Elect and the second year as President. The Treasurer-Elect is elected to a two-year term serving the first year as the Treasurer-Elect and the second year as Treasurer.

- (a) Election of the Officers shall take place each year after the annual election of Directors at a special

organizational meeting of the existing and newly constituted Board of Directors. The President in office at the time of the election shall open the meeting and then turn the meeting over to the President-Elect who shall preside. Directors whose terms expire at the end of the current year are not eligible for nomination.

SECTION 2. DUTIES OF OFFICERS.

The duties of the officers shall be such as their titles, by general usage, would indicate and such as may be assigned to them by the Board of Directors. The Treasurer shall serve as Chair of the Finance Committee and the Treasurer-Elect shall serve as Vice Chair.

SECTION 3. BOARD OF DIRECTORS.

The governing body of the Board shall be a Board of Directors consisting of twelve (12) REALTOR® Members elected to terms of three (3) years and one (1) Affiliate Member elected to a term of two (2) years. Four (4) REALTOR® Member Directors shall be elected each year for three (3) year terms. One (1) affiliate Member shall be elected every two (2) years for a two (2) year term. Affiliate Directors are not eligible to hold office or to serve successive terms, but they shall have full voting privileges on the Board of Directors.

- (a) If the President-Elect and/or Treasurer-Elect is serving the last of a regular three (3) year term, that person's term will be automatically extended for one (1) year to be served as President and/or Treasurer and only three (3) new Directors with three (3) year terms will be elected at the Annual Election for that year. At the Annual Election the following year, four (4) three-(3) year positions and one (1) two- (2) year position shall be elected.

SECTION 4. ELECTION OF DIRECTORS.

- (a) At least two (2) months before the Annual Meeting, a Nominating Committee of five REALTOR® Members and one Affiliate Member shall be appointed by the President with the approval of the Board of Directors. If able and available, the Immediate Past President shall serve as chairman.
 - (1) The Nominating Committee shall have as its objective to place in nomination a minimum of as many REALTOR® candidates as the number of vacancies to be filled on the Board of Directors for the ensuing year. The Nominating Committee shall also have as its objective to place in nomination a minimum of two Affiliate candidates to be elected on a separate slate in years when the current Affiliate Director's term is to expire. There shall be no maximum number of candidates on either slate.
 - (2) No Member of the Nominating Committee shall be eligible to be placed in nomination by the committee.
 - (3) The Nominating Committee shall encourage Members interested in election to the Board of Directors to circulate nominating petitions. All such Members submitting nominating petitions shall automatically be placed in nomination.
 - (4) The Nominating Committee shall place in nomination the names of all candidates who have submitted appropriately signed petitions. A petition is required from any person placed on the nomination slate.
- (b) The full slate compiled by the Nominating Committee shall be distributed to each REALTOR® Member and to each Affiliate Member at least fourteen (14) days prior to the Annual Meeting.
- (c) REALTOR® Candidates for each of the terms to be filled on the Board of Directors may be placed in nomination by petition signed by at least twenty-five (25) REALTOR® Members. Affiliate Candidates may be placed in nomination by petitions signed by at least 25 REALTOR® Members. All such petitions must be submitted to the Board Office at least three (3) weeks prior to the Annual Meeting.
- (d) The President, with the approval of the Board of Directors, shall appoint an election committee of three (3) REALTOR® Members to conduct the election.
- (e) The election of Directors shall take place at the Annual Meeting. Election shall be by ballot and all votes shall be cast in person. The ballot shall contain the names of all candidates. There shall be separate ballots for REALTOR® and Affiliate Candidates. REALTOR® Members shall vote for REALTOR® and Affiliate Candidates. Affiliate Members shall vote only for Affiliate candidates. Those candidates receiving the largest number of votes shall be elected to the available positions. A ballot containing fewer or more votes than the number of vacant positions shall be determined an invalid ballot. In case of a tie vote for the last available position, the issue shall be determined by lot.

- (f) Vote counts shall not be announced to Members: however, the counts shall be made available to the individual candidates in said election at their request.
- (g) Absentee voting will be available at the AAABoR office the day before and the day of the Annual Meeting. Voting at the AAABoR office will conclude one hour prior to the meeting start time.

SECTION 5. VACANCIES.

Vacancies among the Officers and the Board of Directors shall be filled by a simple majority vote of the Board of Directors until the next annual election.

SECTION 6. EXECUTIVE VICE PRESIDENT.

The Board of Directors shall employ an Executive Vice President who shall serve at the pleasure of the Board of Directors and may delegate to that person all of the duties of the Secretary and any other functions that the Board of Directors may from time to time designate or prescribe. The Executive Vice President shall be paid such compensation as the Board of Directors may from time to time designate. The Executive Vice President may employ such other persons as may be necessary for the proper conduct of the activities of the Board with Director concurrence.

SECTION 7. REMOVAL OF OFFICERS AND DIRECTORS.

In the event that an Officer or Director is deemed to be incapable of fulfilling the duties for which elected, but will not resign from office voluntarily, the Officer or Director may be removed from office under the following procedure:

- (a) A petition requiring the removal of an Officer or Director and signed by not less than one-third of the voting membership or a majority of all Directors shall be filed with the President, or if the President is the subject of the petition, with the next-ranking officer, and shall specifically set forth the reasons the individual is deemed to be disqualified from further service.
- (b) Upon receipt of the petition, and not less than twenty (20) days or more than forty-five (45) days thereafter, a special meeting of the voting membership of the Board shall be held, and the sole business of the meeting shall be to consider the charge against the Officer or Director, and to render a decision on such petition.
- (c) The special meeting shall be noticed to all voting Members at least ten (10) days prior to the meeting, and shall be conducted by the President of the Board unless the President's continued service in office is being considered at the meeting. In such case, the next-ranking officer will conduct the meeting of the hearing by the Members. Provided a quorum is present, a three-fourths vote of Members present and voting shall be required for removal from office.

SECTION 8. EXECUTIVE COMMITTEE.

The elected officers of the Board shall comprise an Executive Committee which shall have such duties as its title, by general usage would indicate. It shall be subject to the orders of the governing body of the Board, and none of its acts shall conflict with action taken by the governing body. The President and the Executive Vice President, each year, will establish a regular meeting schedule for the Executive Committee. Special meetings may be called by the President or the Executive Vice President as needed. Minutes of all Executive Committee meetings will be recorded and presented at the following Board of Directors Meeting for approval.

ARTICLE XII - MEETINGS

SECTION 1. ANNUAL MEETING.

The Annual Meeting of the Board shall be held during September of each year, the date, place and hour to be designated by the Board of Directors.

SECTION 2. MEETINGS OF DIRECTORS.

The Board of Directors shall designate a regular time and place of monthly meetings. Absence from three (3) regular meetings within any 12-month period shall be construed as resignation therefrom. The Directors may, upon a majority vote, reinstate the Director so resigned.

SECTION 3. OTHER MEETINGS.

Meetings of the Members may be held at other times as the President or the Board of Directors may determine, or

upon the written request of at least ten percent (10%) of the Members eligible to vote.

SECTION 4. NOTICE OF MEETINGS.

Written notice shall be given to REALTOR® Members through the Board bin system or by mail at least one week preceding all meetings. If a special meeting, it shall be accompanied by a statement of the purpose of the meeting.

SECTION 5. QUORUMS.

A Quorum for the transaction of business at meetings of the general membership shall consist of ten percent (10%) of the Members eligible to vote. A quorum for the transaction of business at meetings of the Board of Directors shall be a simple majority of the Board of Directors. A quorum for the transaction of business at committee meetings of the Board shall consist of at least three (3) committee Members, except that in those committees of less than five (5) Members a quorum shall consist of at least two (2) Members.

SECTION 6. ACTION BY WRITTEN CONSENT.

If and when a majority of the Directors shall severally or collectively consent in writing to any action to be taken by the Directors, such action shall be as valid as though it had been authorized at a meeting of the Directors.

SECTION 7. VOTING.

Voting shall be in person, and not by proxy. Except in particular cases otherwise provided for in these bylaws, the action of a majority of the Members eligible to vote who are present and voting at any meeting of the Members duly held shall be the action of the membership.

ARTICLE XIII - COMMITTEES

SECTION 1. COMMITTEES.

The President shall appoint from among the Active Members, such committees and Chairs as the Directors may deem appropriate from time to time. The President-elect shall appoint the committee vice chairman. Members in other classifications may also be appointed, if willing to serve, to those committees where it may be appropriate. All appointments are subject to confirmation by the Board of Directors. The standing committees of the Board shall be:

- Finance
- Grievance
- Multiple Listing
- Nominating
- Professional Standards

SECTION 2. TERM.

The term for all committee Members shall be for two (2) years unless otherwise specified elsewhere in these Bylaws. The President each year shall appoint enough Members to such committees to represent one-half (1/2) of the total committee membership, and to fill such other vacancies to those committees as may exist.

SECTION 3. SPECIAL COMMITTEES and TASK FORCES.

The President shall appoint, subject to confirmation by the Board of Directors, such special committees or task forces as deemed necessary.

SECTION 4. ORGANIZATION.

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

SECTION 5. EX-OFFICIO MEMBERS.

The President and Executive Vice President shall be ex-officio Members of all committees and shall be notified of their meetings.

SECTION 6. ATTENDANCE.

Absence from three (3) meetings during a calendar year shall be deemed as resignation from the committee and the vacancy shall be filled as herein provided for original appointments. The Committee Chairman may reinstate the Member to the Committee at the Chair's discretion.

ARTICLE XIV - FISCAL AND ELECTIVE YEAR

SECTION 1. The fiscal and elective year of the Board shall be January 1 to December 31.

ARTICLE XV - RULES OF ORDER

SECTION 1.

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

ARTICLE XVI - AMENDMENTS

SECTION 1.

These Bylaws may be amended by majority vote of the Members present and qualified to vote at any meeting at which a quorum is present, provided the substance of such proposed amendment or amendments shall be plainly stated in the call for meeting, except that the Board of Directors may, at any regular or special meeting of the Board of Directors at which a quorum is present; approve amendments to the Bylaws which are mandated by the NATIONAL ASSOCIATION OF REALTORS® policy.

SECTION 2.

Notice of all meetings at which amendments are to be considered shall be distributed to each REALTOR® Member through any official Board publication, electronically, or by mail at least fourteen (14) days prior to the meeting.

SECTION 3.

Amendments to these Bylaws affecting the admission or qualification of REALTOR® and Institute Affiliate Members, the use of the terms REALTOR® and REALTORS®, or any alteration in the territorial jurisdiction of the Board shall become effective upon their approval as authorized by the Board of Directors of the NATIONAL ASSOCIATION OF REALTORS®.

SECTION 4.

Proposed amendments to these Bylaws may be initiated by the Board of Directors, majority vote of any committee submitting such proposal to the Board of Directors, or by petition signed by not less than ten (10) Active Members in good standing and presented to the Board of Directors.

- (a) Proposed amendments initiated by committee or petition shall be submitted to the membership together with optional proposal or recommendation, if any, of the Board of Directors. Before any proposed amendments are submitted to the membership, a Bylaws Task Force shall review same and make its recommendation to the Board of Directors.

ARTICLE XVII - DISSOLUTION

SECTION 1.

Upon the dissolution or winding up of affairs of this Board, the Board of Directors, after providing for the payment of all obligations, shall distribute any remaining assets to MICHIGAN REALTORS® or, within its discretion, to any other non-profit tax exempt organization.

ARTICLE XVIII - MULTIPLE LISTING

SECTION 1. AUTHORITY.

The Board of REALTORS® shall maintain for the use of its Members a Multiple Listing Service which shall be subject to the Bylaws of the Board of REALTORS® and such Rules and Regulations as may be hereinafter adopted.

SECTION 2. PURPOSE.

A Multiple Listing Service is a means by which authorized Participants make blanket unilateral offers of compensation to other Participants (acting as subagents, buyer agents, or in other agency or nonagency 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 clients and customers; by which Participants engaging in real estate appraisal contribute to common databases; and is a facility for the orderly correlation and dissemination of listing information so participants may

better serve their clients and the public. Entitlement to compensation is determined by the cooperating broker's performance as a procuring cause of the sale (or lease).

SECTION 3. PARTICIPATION.

Any Active REALTOR® Member of this or any other Member Board, who is a sole proprietor, partner, or corporate officer, or branch manager without further qualification, shall be eligible to participate in Multiple Listing upon agreeing in writing to conform to the Rules and Regulations thereof and to pay the costs incidental thereto. However, under no circumstances is any individual or firm, regardless of membership status, entitled to Multiple Listing Service "Membership" or "Participation" unless they hold a current, valid real estate broker's license and offer or accept compensation to and from other Participants or are licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property. If one such Member in a firm so elects to participate in the Service, all such Members who are defined as Principals of that firm must also participate in the Service and all such Principals must agree in writing to conform to the Rules and Regulations thereof and to pay the costs incidental thereto. Use of information developed by or published by the Board Multiple Listing Service is strictly limited to the activities authorized under a Participant's licensure(s) or certification and unauthorized uses are prohibited. Further, none of the foregoing is intended to convey "Participation" or "Membership" or any right of access to information developed by or published by the Board Multiple Listing Service where access to such information is prohibited by law.

Note: Mere possession of a broker's license is not sufficient to qualify for MLS participation. Rather, the requirement that an individual or firm 'offers or accepts cooperation and compensation' means that the Participant actively endeavors during the operation of its real estate business to list real property of the type listed on the MLS and/or to accept offers of cooperation and compensation made by listing brokers or agents in the MLS. "Actively" means on a continual and on-going basis during the operation of the Participant's real estate business. The "actively" requirement is not intended to preclude MLS participation by a Participant or potential Participant that operates a real estate business on a part time, seasonal, or similarly time-limited basis or that has its business interrupted by periods of relative inactivity occasioned by market conditions. Similarly, the requirement is not intended to deny MLS participation to a Participant or potential Participant who has not achieved a minimum number of transactions despite good faith efforts. Nor is it intended to permit an MLS to deny participation based on the level of service provided by the Participant or potential Participant as long as the level of service satisfies state law.

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

SECTION 4. SUPERVISION.

The activity shall be operated under the supervision of the Multiple Listing Committee, in accordance with the Rules and Regulations, subject to the approval of the Board of Directors, except that the Board's Finance Committee shall have primary responsibility for recommending such dollar amounts to the Board of Directors as may be necessary to apply to the various service charges of the Service in order to meet annual budget requirements. The Multiple Listing Committee shall elect one of its Members to serve on the Board's Finance Committee.

SECTION 5. APPOINTMENT OF COMMITTEE.

The President shall appoint, subject to the confirmation of the Board of Directors, a Multiple Listing Committee of eleven (11) Members. All Members of the committee shall be Participants in Multiple Listing, except, REALTORS® affiliated with Participants may be appointed to serve.

- (a) The committee Members so named shall serve two-year terms, the original appointments being divided between one-year and two-year terms. The chairman shall be designated by the President.
- (b) Any single real estate firm may not have more than two (2) Active Member serving on the committee at the same time.

SECTION 6. VACANCIES.

Vacancies in un-expired terms shall be filled as in the case of original appointees.

SECTION 7. ATTENDANCE.

Absence from three (3) meetings during a calendar year shall be deemed as resignation from the committee and the vacancy shall be filled as herein provided for original appointments. The President may reinstate the Member to the committee upon formal recommendation of the committee.

SECTION 8. ACCESS TO COMPARABLE AND STATISTICAL INFORMATION.

Board Members who are actively engaged in real estate brokerage, management, mortgage financing, appraising, land development or building, but who do not participate in the MLS, are nonetheless entitled to receive, by purchase or lease, information other than current listing information that is generated wholly or in part by the MLS including "comparable" information, "sold" information, and statistical reports. This information is provided for the exclusive use of Board Members and individuals affiliated with Board Members who are engaged in the real estate business and may not be transmitted, retransmitted, or provided in any manner to any unauthorized individual, office or firm except as otherwise specified in the MLS Rules and Regulations. Board Members who receive such information, either as a Board service or through the Board's MLS, are subject to the applicable provisions of the MLS Rules and Regulations whether they participate in the MLS or not.

SECTION 9. RULES AND REGULATIONS.

- (a) The Board of Directors may adopt such Rules and Regulations as may be required from time to time, which shall be subject to the Bylaws of the Board.
- (b) Proposed Rules and Regulations may be initiated by the Board of Directors, majority vote of the Multiple Listing Committee submitting such proposal to the Board of Directors or by petition signed by not less than ten (10) Participants of the Service in good standing submitting such petition to the Board of Directors.